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[Notices]
[Page 39683-39684]
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-4123-N]

Medicare Program; Solicitation for Proposals for Medical Savings
Account Demonstration Project

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice is to inform interested parties of an opportunity to apply to participate in the Medicare Advantage (MA) Medical Savings Account (MSA) demonstration project. The MA MSA demonstration design waives certain MA MSA plan requirements under sections 1859(b)(3), 1853(e), and 1854(c) of the Social Security Act. This waiver will allow entities to offer products that more closely resemble high deductible health plans (HDHPs) that are offered with Health Savings Accounts to the non-Medicare population. This demonstration will be conducted in accordance with the Secretary's demonstration authority under section 402(a)(1)(A) of the Social Security Amendments of 1967, 42 U.S.C. 1395b-1(a)(1)(A).

DATES: Applications will be considered timely if we receive them by July 21, 2006.

FOR FURTHER INFORMATION CONTACT: Yolanda Robinson at (410) 786-7627. Interested parties can obtain a complete solicitation, application, and supporting information on the following CMS Web site at <http://www.cms.hhs.gov/MedicareAdvantageApps/>

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ADDRESSES: Mail or deliver applications and NOIs to the following address: Centers for Medicare and Medicaid Services, Attn: Yolanda Robinson CBC/MAG/DQPM, Mail Stop C4-23-07, 7500 Security Blvd., Baltimore, MD 21244.

Because of staff and resource limitations, we cannot accept applications by facsimile (FAX) transmission or by e-mail.

SUPPLEMENTARY INFORMATION:

I. Background

Sections 1851(a)(2)(C) and 1859(b)(3) of the Social Security Act (the Act) authorize Medicare Advantage plans to offer Medical Savings Accounts (MSAs) to beneficiaries. However, the required benefit structure is not perceived by insurance organizations as easily marketable. Similar to Health Savings Accounts (HSAs) accounts currently

[[Page 39684]]

available in the commercial market, the MSA demonstration allows more flexible benefits that will allow beneficiaries the freedom to exercise control over their health care spending while providing important protection against catastrophic health care costs. CMS is providing flexibility with this MSA demonstration project to make the increasingly popular consumer-directed plans available to Medicare beneficiaries. The demonstration framework includes the flexibility we are allowed under our demo authority.

The goal of the demonstration is to test whether the consumer directed health plans in Medicare will help lower health care cost for enrollees without adversely affecting the quality of health care services. We expect that this demonstration will make ``HSA like'' MSAs available to Medicare beneficiaries beginning January 1, 2007.

We are establishing this demonstration under section 402(a)(1)(A) of the Social Security Amendments of 1967, 42 U.S.C. Sec. 1395b-1(a)(1)(A), which authorizes the Secretary to conduct demonstrations designed to test whether changes in methods of payment under Medicare would have the effect of increasing the efficiency and economy of Medicare services without adversely affecting the quality of services.

II. Provisions of the Notice

The purpose of this notice is to inform Medicare Advantage organizations of an opportunity to apply to participate in the Medicare Advantage (MA) Medical Savings Account (MSA) demonstration project. To assist in the planning process, we have posted the MA MSA plan demonstration framework as well as the MA MSA application on our Web site at <http://www.cms.hhs.gov/MedicareAdvantageApps/>. The framework outlines specific parameters for design flexibilities. The MA MSA application must be completed and the benefit design must stay within the boundaries of the MA MSA plan demonstration framework. The applicant must provide an operational discussion of the following:

- Product offering;
- Deposit calculations;
- Recovery policy for the current-year deposit, and procedures for members who are disenrolled from the plan before the end of the contract year. (Note that disenrollment may occur only for the reasons such as death or moving out of the service area as specified in section 1851(e)(5)(B) of the Act);
- Items and services to be counted toward the member's deductible;
- Whether a Prescription Drug Plan will be offered by your organization and marketed to potential MSA enrollees;
- Policy and procedures on portability of the member's account;
- Use of networks and whether/how cost sharing and the member out-of-pocket maximum will vary in-network versus out-of-network;
- Service area for product offering and whether it is individual and/or employer group; and

Any other aspects making the product offering different from the statutory requirements of an MSA plan and as allowed under the framework.

Medicare Advantage organizations interested in participating in 2007 must submit a complete MA MSA application, which is available on the CMS Web site at <http://www.cms.hhs.gov/MedicareAdvantageApps/>, no

later than July 21, 2006. Your organization's bid and benefit submission is due no later than August 10, 2006. Organizations interested in participating for 2008 are requested to submit an NOI to CMS as soon as possible for us to understand the level of future interest in the product. Submitting an NOI does not require your organization to apply, nor is it required to apply. The NOI form is posted at the above Web site.

III. Collection of Information Requirements

This information collection requirement is subject to the Paperwork Reduction Act of 1995 (PRA); however, the collection is currently approved under OMB control number 0938-0935 entitled ``Medicare Advantage Applications'' with a current expiration date of July 31, 2006.

Authority: Section 402(a)(1)(A) of the Social Security Act, 42 U.S.C. 1395b-1.

(Catalog of Federal Domestic Assistance Program No. 93.778, Medical Assistance Program; No. 93.773 Medicare--Hospital Insurance Program; and No. 93.774, Medicare--Supplementary Medical Insurance Program)

Dated: May 30, 2006.
Mark B. McClellan,
Administrator, Centers for Medicare & Medicaid Services.
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