

6/2/2005

2006 Bidding Guidance for Employer/Union Direct Contract PDPs and Part C and Part D Plans Offering Employer-only Group Plans

The purpose of this guidance is to provide information for the bidding process to Employer/Union Direct Contract PDPs, and Part C and Part D Plans Offering Employer-only Group Plans. This guidance highlights any differences in the bidding process for these entities.

General Information

- All of the standard Part C and Part D bidding guidelines apply with the exception of the differences described in this guidance.
- Risk adjustment applies the same as for non-group plans.
- Risk-sharing:
 - Part D and Regional plan A/B risk corridors will not be available for any employer-only plans.
- Calendar Year and Non-Calendar Year Plan Bids:
 - For plans intending to offer calendar year and non-calendar year plans, two bids must be submitted, one for calendar year, and one for non-calendar year. Each bid must reflect the intended enrollment population for each plan.
 - Non-calendar year plans must submit bids at the same time as calendar year plans.
 - CMS will not provide Part D catastrophic reinsurance payments for non-calendar year plans, however such plans must still provide catastrophic coverage comparable to the standard benefit.
- Part C Bids:
 - In general, the allocation of rebates may vary employer group to employer group within the plan. (The bid form will reflect a basic allocation.) However, Part B premium buydowns must be the same for all enrollees, and total rebates per enrollee are uniform across employer groups in the plan and all rebates are accounted for and used for only for the purposes provided in the statute.
 - Documentation must be retained by the plan that supports the use of all of the rebates on a detailed basis.
- Part D Bids:
 - All Part D bids submitted must reflect the standard Part D benefit design, and must exclude any supplemental benefits.

Employer/Union Direct Contract PDPs

- Part D bids due July 1, 2005.
- Submit one “national” basic bid covering all retirees nationwide, rather than submitting separate bids for each region.

PDPs Offering Employer-only Plans

- Part D bids due July 1, 2005.
- Bids need not be employer-specific.
- May submit one “national” basic bid. This will enable PDPs to cover retirees nationwide in the event the “nexus” test is met for one or more of its employer group clients (*see* April 6, 2005 Part D waiver guidance for employer/union retiree coverage for details on the “nexus” test). Please note that after the bidding deadline, no mid-year service area expansions will be granted.

Local MA-PD Plans Offering Employer-only Plans

- Part C and Part D bids due July 1, 2005.
- Bids need not be employer-specific.
- For each state in which the MA-PD operates in the Medicare non-group market, the plan may submit bids for identified employer-only group service areas. Alternatively, a plan may submit a bid based on a service area that includes every county in that state(s) if at some point during the year the plan intends to offer additional employer-only group service areas within the state. Please note that after the bidding deadline, no mid-year service area expansions will be granted.

Local MA-only Plans Offering Employer-only Plans

- Part C bids due July 1, 2005.
- Bids need not be employer-specific.
- For each state in which the MA plan operates in the Medicare non-group market, plan may submit bids for identified employer-only group plan service areas. Alternatively, a plan may submit a bid based on a service area that includes every county in that state(s) if at some point during the year the plan intends to offer additional employer-only group service areas within the state. Please note that after the bidding deadline, no mid-year service area expansions will be granted.

Regional MA-PD Plans Offering Employer-only Plans

- Part C and Part D bids due June 6, 2005.
- Bids need not be employer-specific.
- For each region in which the MA-PD operates in the Medicare non-group market, submit basic bids for the employer-only plans.

Regional MA-only Plans Offering Employer-only Plans

- Part C bids due June 6, 2005.
- Bids need not be employer-specific.
- For each region in which the MA plan operates in the Medicare non-group market, submit basic bids for the employer-only plans.

Cost Plan Sponsors Offering Employer-only Plans

- Cost plans do not submit Part C bids. Part D bids for the optional Part D benefit are due July 1, 2005.
- Bids need not be employer-specific.
- For each state in which the cost plan sponsor operates in the Medicare non-group market, plan may submit a bid for an identified employer-only group plan service area. Alternatively, a plan may submit a bid based on a service area that includes every county in that state(s) if at some point during the year the plan intends to offer additional employer-only group service areas within the state. Please note that after the bidding deadline, no mid-year service area expansions will be granted.

MA-only Non-group Plans That Include Employer Group Members (Mixed Enrollment Plans)

- Non-group market bids due June 6, 2005.
- Bids need not be employer-specific.
- All employer group waivers granted in guidance documents dated February 11, 2005, March 9, 2005, and April 6, 2005 are limited to employer-only plans and are not available for mixed enrollment plans. The only employer group flexibility in mixed enrollment plans is that of actuarial swaps and actuarial equivalence.
- Bid(s) submitted must include pricing on any actuarial swaps or actuarial equivalence which may be used to customize the plan for employer group enrollees (consistent with Appendix D of the April 12, 2005 MA bid instructions).
- If a Part D benefit is also offered, no modifications to the Part D portion of the benefit are permissible.