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HCFA & Medicare + Choice: Contract Year 2001 Changes

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The Health Care Financing Administration (HCFA) has made major changes to the Adjusted Community Rate Proposal (ACRP) process, the annual vehicle Medicare+Choice Organizations (M+COs) use to receive approval from HCFA to offer products to Medicare beneficiaries.

Starting in contract year 2000, which spans the calendar year, the ACRP is comprised of two sections. One is a detailed description of benefits to be offered to Medicare beneficiaries, which has been known as the Beneficiary Information Form (BIF). The other is the Adjusted Community Rate (ACR), an Excel-based spreadsheet program that HCFA uses to compile information about premiums and cost sharing to be charged to beneficiaries for the benefits offered in the BIF, as well as the cost of those benefits.

HCFA held a training seminar on April 4-5, 2000, at its Baltimore headquarters to inform M+COs about the ACRP filing process for contract year 2001. While the process is similar to the one used in contract year 2000, significant differences exist. They include:

- HCFA has replaced the BIF with the Plan Benefit Package (PBP). While the PBP asks for information similar to the BIF, the format has been expanded. The PBP provides greater flexibility to describe benefits and has been designed to more closely coordinate with the ACR format. Also, the data entry process will automatically populate Medicare Compare fields, eliminating the need for duplicate entry.
- HCFA no longer requires non-Medicare costs to be detailed by type of service in the ACR.
- HCFA has added a standardized worksheet to calculate the Average Payment Rate (APR) to the ACR. The APR is the average capitation payment the M+CO expects to receive for the beneficiaries it enrolls.
- HCFA has discontinued the use of rel-

ative cost ratios to determine contract year 2001 Medicare costs. Instead, trends will be used.

- HCFA now allows a M+CO to file one plan for all Part B-only enrollees within its service area. Previously, a M+CO had to link Part B-only enrollees to the Part A/B plan(s) available in the Part B-only enrollee's geographic area.
- HCFA requires COB costs to be reported on a potential recovery basis, rather than an actual recovery basis.
- HCFA has added color-coded cells to the ACR spreadsheets to differentiate input items and errors from other calculated cells.
- HCFA has created a pre-upload validation tool to identify process errors, including coordination between the PBP and the ACR, which would otherwise delay the submission and approval process.
- HCFA has reduced the amount of paper-based documentation required to be submitted as part of the ACRP.
- A M+CO can upload its plans one at a time instead of all at the same time.
- More than one person within a M+CO can upload the ACRP

While the changes HCFA has made to the contract year 2001 ACRP will enhance an M+CO's ability to manage the process, the ACRP will require significant resources to complete.

Important considerations include:

- If applicable, out-of-network and in-network benefit listings for POS products will need to be entered separately by type of service in the PBP.
- The ACR determines contract year 2001 Medicare costs by applying non-Medicare trend to contract year 1999 Medicare costs. M+COs will need to consider any potential differences in the level of Medicare trend versus non-Medicare trend. These differences could include utilization, cost, contracting arrangements, utilization management, or cost sharing, to name a few.

- M+COs will need to identify potential COB recoveries instead of actual COB recoveries
- Costs and premiums for benefits provided exclusively to beneficiaries belonging to employer-based groups need to be excluded from contract year 1999 Medicare data.
- If applicable, capitation payments must be appropriately allocated by type of service.
- M+COs must receive HCFA approval to deviate from the type of service classification included in the ACR.
- M+COs must tie the data included in the ACR to their financial accounting systems.
- M+COs must calculate the effect of risk adjustment on the APR (last year this effect was calculated by HCFA)
- M+COs must appropriately classify out-of-area members.
- M+COs must develop appropriate documentation for use during a potential HCFA ACR audit
- M+COs should identify a single point of contact for the upload process. Some important dates to keep in mind:
 - April 10: The PBP and the ACR are available for download from the HCFA Web site.
 - May 1 (or thereabouts): HCFA will provide the pre-upload validation tool to M+COs.
 - July 3: The last day an M+CO can successfully upload electronically its ACR and PBP via MDCN. Any associated paper documentation is also due to HCFA by this date. HCFA has strongly encouraged M+COs to file in advance of this date because the upload process is lengthy and any potential problems with the upload process may not be immediately discovered.

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