



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: November 9, 2012

TO: Medicare Advantage Organizations and Prescription Drug Plan Sponsors

FROM: Danielle R. Moon, J.D., M.P.A., Director

SUBJECT: Marketing in Medicare-Medicaid Plan Demonstration Areas

In July 2011, the Centers for Medicare & Medicaid Services' (CMS) Medicare-Medicaid Coordination Office announced the Financial Alignment Demonstration as a new opportunity for States to participate in demonstration projects to align financing between Medicare and Medicaid to support improvements in the quality and cost of care for Medicare-Medicaid enrollees. States may choose one of two approaches under this initiative – managed fee-for-service and a capitated approach. Under the latter, CMS will enter into a three-way contract with States and Medicare Advantage-Prescription Drug (MA-PD) plans or other qualified entities (referred to as Medicare-Medicaid Plans, or MMPs) to cover all required Medicare parts A, B, and D benefits, as well as all Medicaid benefits. Demonstrations under this program will last three years.

CMS is developing plans for marketing surveillance when MMP marketing begins in 2013 and beyond. In the interim, CMS has heightened its marketing surveillance of Medicare Advantage Organizations (MAOs) and Prescription Drug Plan (PDP) Sponsors during the CY 2013 Annual Election Period (AEP) that began on October 15, 2012. Given that demonstrations have not yet been implemented, and three-way contracts with MMPs have not yet been effectuated, MAOs and PDPs operating in prospective demonstration areas should ensure that their agents, brokers, contracted providers, and/or plan representatives do not distribute marketing materials that are materially inaccurate, misleading, or otherwise make material misrepresentations about the possible impacts of the demonstration on Medicare Advantage (MA) plans and Prescription Drug Plan (PDP) enrollees. Please visit the CMS website at: <http://cms.hhs.gov/Medicare/Health-Plans/ManagedCareMarketing/FinalPartCMarketingGuidelines.html> for a copy of CMS' Medicare Marketing Guidelines and at: <http://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/Part-C-and-Part-D-Compliance-Actions.html> for a copy of CMS' report of its surveillance activities during last year's AEP.