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Insurers prepare for Medicare's annual change and coverage documents deadline; What to know

Health plans must finalize their bids to CMS by June 6 and start creating their Annual Election Period materials.



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Payers have until June 6 to submit documents for Medicare's Annual Election Period materials including the Annual Notification of Change, Evidence of Coverage and Summary of Benefits documents.

The Centers for Medicare and Medicaid Services released model documents earlier this month. Health plans must finalize their bids to CMS by June 6 and start creating their Annual Election Period materials.

"It's all the data a member needs to have in hand to prepare for care," said Deb Mabari, CEO of Cody Consulting, which works with health plans to build these documents.

The Annual Notice of Change is essential to members because it outlines the year-over-year plan benefit changes the health plan is making, including alterations to coverage and service areas. It helps members and beneficiaries make decisions around their health plan choices, such as the type of services they choose based on what is covered in the plan, or whether their current policy still covers their what they need for care.

The Evidence of Coverage explains what the plan covers, how much a member pays and more. This is the contract between member and beneficiary and outlines hospitalization and pharmaceutical coverage.

The Summary of Benefits tells the consumer what is covered.

"The ANOC and EOC are critical documents that members needs to have in hand to prepare for their care in the upcoming year," Mabari said. "CMS has tight deadlines and high standards for accuracy and both documents are due to members by September 30."

Preparing AEP materials can be a time-consuming, labor-intensive process wrought with compliance risk, Mabari said. The documents can be 200 pages long.

The implications for errors include sanctions, fines and possible shutdown if these documents are not 100 percent accurate, Mabari said.

"The rigor around this process is beyond difficult," Mabari said.

In a highly regulated industry, CMS has taken an increasingly tough stance on plans that distribute documents with unclear or inaccurate benefit information.

In July 2015 alone, CMS cited six Medicare Advantage sponsors with fines as high as \$350,000 for these errors, according to Mabari.

CMS handed out a record number of civil money penalties for non-compliance Medicare Advantage plans in 2015, according to HighRoads, a management solutions firm in Massachusetts.

As the number of Medicare Advantage plans trends upwards, it's especially important that the data in the EOCs and ANOCs matches what's in the associated plan benefit package, according to HighRoads. If it doesn't, the insurer must send an errata sheet of corrections to participants, which can lead to civil money penalties, or in a worst-case scenario, restrict the ability to expand into new markets.

Most health plans start building the documents in May and finish up in September.

"At that time of year plans are strapped and planning for next contract year," said Brad Boyer, senior vice president of Sales and Marketing for Cody Consulting.

There is a bid process that gets approved or denied by CMS. Prior to the bid, actuaries have to get involved.

There's decisions to be made on the mechanics of populating information. It's a project that goes across all departments, but the burden of getting the job done tends to fall on to the marketing and compliance departments.

"The majority of organizations still try to do it in house," Boyer said.

Cody Consulting is currently working with at least 14 clients and promotes outsourcing the work to increase compliance and reduce risk.

Cody also recommends:

- Creating a comprehensive task list and production timeline, as numerous tasks and various departments are involved in creating the materials;

- Using the 2017 model documents rather than updating the 2016 templates. If one data point of the thousands updates is missed, the health plan is out of compliance.
- Use a central source of truth data grid for all plan benefit information that has variables that can number in the tens of thousands.
- Address critical timeline challenges immediately. If any tasks on the timeline are slipping, address the critical missed deadlines first and increase the frequency of meetings within the team as often as necessary. In addition, the marketing communications team should communicate daily and keep management abreast of the status of projects, as well as staying alert for possible progress roadblocks.
- When working with a health plan's internal subject matter experts, marketing communications directors should clearly express their needs, the deadlines and anticipate what would be helpful for them to know in advance. This could include letting them know of potential compliance issues that may arise while they are preparing content for the documents to increase the likelihood they provide usable content the first time around.
- Update software if needed, to streamline the process and organize and manage the materials creation process.

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