313 - CERTIFICATION OF MEDICARE ADVANTAGE ORGANIZATIONS PLANS SERVING DUAL ELIGIBLE MEDICARE—AHCCCS MEMBERS

Effective Dates: 11/01/12, 06/01/15, 10/01/18

Revision Dates: 05/12/15, 11/02/17

Staff Responsible for Policy: DHCM Finance

I. PURPOSE

This Policy applies to Acute Care Integrated AHCCCS Complete Care (ACC) Contractors, ALTCS/EPD, and RBHA Contractors, pursuing and becoming Medicare Advantage/Prescription Drug/Special Needs Plans (MA/PD/SNP—hereafter MA Plan), serving dual eligible Medicaid and Medicare members. This Policy outlines the steps necessary for a to gain Medicare Advantage Organization (MAO) to obtain state certification by AHCCCS and the ongoing requirements to stay certified.

State certification is required as part of the CMS Medicare Advantage application. Under Arizona State Law, certification of Contractors serving persons who are eligible for Medicaid, including persons eligible for both Medicare and Medicaid (dual eligible members), can be completed by AHCCCS or through state licensure by the Arizona Department of Insurance (DOI).

Contractors serving dual eligible members can choose to be licensed by DOI, rather than certified by AHCCCS, if desired. However, if a Contractor does serve more than dually eligible Medicare and Medicaid members under its Medicare Plan, the Contractor is required to obtain certification by DOI and not AHCCCS. Also, Contractors that are applying to become stand-alone Prescription Drug Plans (PDPs) shall apply for certification with the DOI. For current AHCCCS Contractors who have a MA Plan that serves members enrolled in the Arizona Long Term Care System Developmentally Disabled program, certification can be extended to include this population.

AHCCCS will only provide certification to Contractors if they are currently a Medicaid Contractor in that same Geographic Service Area (GSA). However, due to the timing of the MA Plan application process, AHCCCS may provide a conditional certification that would allow an Offeror to start the process of becoming an MA Plan during the AHCCCS bid process for a new contracting cycle. The certification would be conditional upon being awarded a contract in that GSA for the new contracting period. Conditional approval in a particular GSA will be revoked if the Offeror is not awarded a contract in that

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1 Clarification of title to use MAO
2 Date changes are effective
3 Date published to RFP Bidders’ Library
4 Removing adds no substance to Policy
5 Adding standard purpose to provide overview of Policy and who applies to

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GSA. Likewise, conditional approval will be made final in a particular GSA if the Offeror is awarded a contract in that GSA. ⁶

### II. DEFINITIONS

<table>
<thead>
<tr>
<th><strong>AFFILIATED ORGANIZATION</strong> ²</th>
<th>A party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with or of an entity. Synonymous with “corporate affiliate.”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)</strong></td>
<td>An organization within the United States Department of Health and Human Services, which administers the Medicare (Title XVIII) and Medicaid (Title XIX) programs, and the State Children’s Health Insurance Program (Title XXI).</td>
</tr>
<tr>
<td><strong>DUAL ELIGIBLE MEMBER (FOR PURPOSES OF THIS POLICY)</strong> ⁸</td>
<td>A member enrolled with an AHCCCS Contractor for full Medicaid services who is also a Medicare beneficiary. These persons are considered full dual eligible members. A full dual—eligible member does not include persons who are members of the Medicare Cost Sharing populations: Qualified Medicare Beneficiary only (QMB only), Specified Low-income Medicare Beneficiary only (SLMB only) or Qualified Individual-1 (QI-1).</td>
</tr>
<tr>
<td><strong>DUAL ELIGIBLE SPECIAL NEEDS PLAN (D-SNP)</strong></td>
<td>A type of Medicare Advantage plan offered by a CMS-contracted MAO that limits its enrollment to those beneficiaries who are entitled to benefits under both Medicare (Title XVIII) and Medicaid (Title XIX) programs ⁹</td>
</tr>
<tr>
<td><strong>EQUITY PER MEMBER</strong></td>
<td>Net assets that are not designated or restricted for specific purposes divided by the number of Medicare Advantage Dual Eligible Members. Refer to the ACOM Policy 305 for further clarification.</td>
</tr>
<tr>
<td><strong>MEDICARE ADVANTAGE</strong></td>
<td>The Medicare managed care program (Part C) as administered by CMS.</td>
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</tbody>
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⁶ Moved
⁸ Not necessary – definitions are policy-specific
⁹ Added definition to conform with changes to ACOM 107.
A public or private entity organized and licensed by a State as a risk-bearing entity (with the exception of provider-sponsored organizations receiving waivers) that is certified by CMS as meeting the Medicare Advantage contract requirements.

CMS Medicare Advantage program contracts with each approved MAO for a one-year term beginning January 1 and ending December 31 of each calendar year.

Health benefits coverage offered under a policy or contract by a Medicare Advantage Organization (MAO) that includes a specific set of health benefits offered at a uniform premium and uniform level of cost-sharing to all Medicare beneficiaries residing in the service area. A D-SNP is defined type of Medicare Advantage plan. An organization that provides Medicare services to Medicare beneficiaries pursuant to a Medicare risk contract with CMS under §1876 of the Social Security Act.

A Form required by CMS to be completed by the applicable State agency (either AHCCCS or the Arizona Department of Insurance) authorized to attest a Medicare Advantage Organization (MAO) applicant’s status as a public or private entity organized and licensed by the State as a risk-bearing entity. The Form is included in the annual Medicare Advantage application as published by the federal Centers for Medicare and Medicaid Services (CMS). The executed Form is to be returned to the Medicare Advantage applicant prior to CMS’ due date for Medicare Advantage applications.

An organization that provides the full Medicare benefit, including prescription drugs, to a very specific group of Medicare beneficiaries pursuant to a Medicare risk contract with CMS under §1876 of the Social Security Act. Specific groups served may include members eligible for Medicare and Medicaid (dual eligibles) and/or members residing in nursing facilities.
PERFORMANCE BOND

In general, a performance bond is a surety instrument that provides a financial guarantee to AHCCCS in an amount of one month’s capitation or an established amount per enrolled member. Refer to the ACOM Policy 305 for further clarification.

II.III. POLICY

A. CERTIFICATION REQUIREMENTS

State certification is required as part of the CMS Medicare Advantage application. Under Arizona State Law, certification of Contractors serving persons who are eligible for Medicaid, including dual eligible members, can be completed by AHCCCS or by the Arizona Department of Insurance (DOI).

Contractors serving dual eligible members can choose to be licensed by DOI, rather than certified by AHCCCS. However, if a Contractor does serve Medicare beneficiaries in addition to dual eligible members through an MAO, the Contractor is required to obtain certification by DOI and not AHCCCS. Also, Contractors applying to become a Medicare Part D stand-alone Prescription Drug Plan (PDP) shall request certification only from the DOI. For Contractors having a State-contracted MAO offering a D-SNP that serves dual eligible members enrolled in DES/DDD, such certifications can be extended to include this population.

AHCCCS will only provide certification to a Contractor for their currently contracted Medicaid if it is currently an AHCCCS Contractor in the same Geographic Service Area (GSA).

A.B. CONTRACTOR RESPONSIBILITIES

Contractors pursuing certification from AHCCCS as an MAO Plan serving only dual eligible members shall submit the CMS State Certification Request Form to the AHCCCS Division of Health Care Management (DHCM), Medicare Administrator Operations Compliance Officer for Medicare, at least no later than 30 calendar days prior to the date the

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15 Moved from above
16 Change in definition to reflect Medicare definition of certifying entity, which is a Medicare Advantage Organization, not MA Plan., see changes in definitions above; change made throughout...
such certification Form is required to be sent to the Center for Medicare and Medicaid Services (CMS). The State Certification Request Form is included in, and can be obtained from, the annual Medicare Advantage application on the CMS website at www.cms.gov.

In addition to, and in the same request and at the same time as the request for completion of the State Certification Request Form, the Contractors shall submit a Specific Plan of Action to AHCCCS for its review that includes the following information in narrative form:

1. Timing of the MAO start-up (coincident with the first proposed Medicare Advantage Contract Year start date).
2. GSA(s) that certification is being requested for,
3. Projected MAO enrollment for each proposed D-SNP at the first proposed Medicare Advantage Contract Year start date start up 2 and at the end of the first proposed Medicare Advantage Contract Year one, by GSA(s).
4. Projected amount of and description of, how separate MAO line of business Equity per Member requirements will be met at the first proposed Medicare Advantage Contract Year start date, initially and ongoing, in accordance with ACOM Policy 305.
5. Projected amount of and description of, how separate MAO line of business Performance Bond requirements will be met at the first proposed Medicare Advantage Contract Year start date initially, and ongoing, in accordance with Refer to ACOM Policy 305 for performance bond requirements.
6. Statement of understanding regarding ongoing, separate financial viability, monitoring and reporting requirements to be met by the MAO for each D-SNP offered to dual eligible members as outlined in the appropriate contract and AHCCCS Financial Reporting Guide for Contractors for the line of business to which the MAO is an Affiliated Organization.

B.C. AHCCCS RESPONSIBILITIES

1. Within two weeks of receiving the State Certification Request Form request, DHCM will notify the plan of the specific financial viability requirements and/or determine if any additional information is necessary to review and approve the request.
2. Prior to the approval, DHCM will verify that the plan will be able to comply with specific Equity per Member and Performance Bond standards the requirements by obtaining a Specific Plan of Action narrative that includes information requested in

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17 Adding financial viability, monitoring and reporting included in both contract(s) and the respective LOB Financial Reporting Guide(s).
Section B of this Policy, addressing how the standards will be met.

3. Upon review and acceptance of the Offeror’s proposed Specific Plan of Action noted in number 2 above, DHCM will forward a recommendation and the completed State Certification Request Form to the AHCCCS Office of the Director for final signature.

3.4. and then back—DHCM shall promptly return the executed State Certification Request Form to the Contractor to be sent to CMS to continue the as part of the Medicare Advantage application process.

FINANCIAL VIABILITY STANDARDS AND REPORTING

In order to receive certification, the Contractor is required to be in compliance with current financial viability, claims, and administrative standards per the AHCCCS Contract.

Performance Bond — AHCCCS requires that the Contractor obtain and maintain a performance bond specifically for the purpose of the MA Plan in accordance with ACOM Policy 305.

Equity per Member — AHCCCS requires that the Contractor maintain equity per MA Dual Eligible Member in accordance with ACOM Policy 305.

Ongoing Monitoring — The Contractor is required to self-monitor their compliance with the equity per member and performance bond requirements and to report to AHCCCS when approaching non-compliance along with a corrective action plan. AHCCCS reserves the right to investigate issues brought to the agency’s attention related to the MA Plan.

Financial Reporting — The Contractor will be required to submit quarterly financial statements and an annual audit report and supplemental financial schedules reporting on the MA Plan line of business separately.

The Contractor shall report financial data to AHCCCS using the appropriate AHCCCS Financial Reporting Guide for the line of business to which the MA Plan is related.

REFERENCE

Acute Care Contract, Section D
ALTCS/EPD Contract, Section D
ACOM Policy 305
§1876 of the Social Security Act

18 Removed and applicable information moved above
19 Removed reference list- applicable references are included in the policy