

20.1 - Actuarial Equivalence of Part C Benefits

(Rev. 111, 05-03-13, Effective: 05-03-13, Implementation: 05-03-13)

MAOs offering plans for individual enrollment (i.e., not employer-only plans) have the flexibility when negotiating with employers/unions to raise cost sharing (coinsurance,

³ Sections 1852(a)(1)(A) and 1852(b) of the Act; 42 CFR 422.101

copayments and/or deductibles) for plan benefits by providing a higher benefit level and/or a modified premium compared to what is offered for non-employer/union group members.

Example: An MAO might offer a plan to individual beneficiaries with a \$10 copayment for all physician office visits (primary care and specialist). The MAO might want to offer employers/unions an MA plan that includes a \$5 copayment for primary care physician visits and a \$20 copayment for specialist physician visits.

An MAO may take advantage of this flexibility by informing CMS of its intentions when it submits its bid proposals and providing supporting documentation for the MA plans it intends to offer to employer/union sponsors. In its supporting documentation to CMS, the MAO must identify the following:

- The cost sharing amounts the MAO intends to change and the MA plan containing the cost sharing;
- Any modification to the premium charged; and
- Any improvement in the benefit related to the changed cost sharing.

An MAO is permitted to modify the cost sharing, benefit level and/or premium offered only to employers/unions from the levels of cost sharing, benefits and premiums offered to individual enrollees as long as the minimum required Medicare coverage levels are met and the modification does not have the effect of denying or discouraging access to covered medically-necessary health care items and services. Unlike the actuarial swapping flexibility outlined below in §20.2, this customization can apply to Medicare-covered benefits and non-Medicare-covered benefits. Please note this waiver/modification applies only to employer/union group sponsorship of individual MA plans.