

80.3 - Immediate MA Contract Termination by CMS

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In instances where the MA organization experiences financial difficulties so severe that life and physical well being of beneficiaries is in jeopardy, or otherwise fails to make services available to the extent that such a risk to health exists, CMS can immediately sever its relationship with an MA organization in order to protect beneficiaries and to safeguard taxpayer confidence in CMS's administration of the Medicare program.

When this occurs, CMS:

1. Notifies the MA organization in writing that its contract has been terminated effective the date of the termination decision by CMS. If termination is effective in the middle of a month, CMS has the right to recover the prorated share of the capitation payments made to the MA organization covering the period of the month following the contract termination;
2. Notifies the MA organization's Medicare enrollees in writing of CMS's decision to immediately terminate the MA organization's contract. This notice occurs no later than 30 days after CMS notifies the plan of its decision to terminate the MA

contract. CMS simultaneously informs the Medicare enrollees of alternative options for obtaining Medicare services, including alternative MA organizations in a similar geographic area and original Medicare;

3. Notifies the general public of the termination no later than 30 days after notifying the plan of CMS' decision to terminate the MA contract. This notice is published in one or more newspapers of general circulation in each community or county located in the MA organization's service area.

If a contract is immediately terminated by CMS, the MA organization will not have the opportunity to submit a corrective action plan to correct the finding that precipitated CMS's contract termination action. However, affected MA organizations do maintain appeal rights that become effective following the effective date of the termination. See Chapter 14 for a full discussion of the MA contract appeal rights afforded MA organizations.