



---

*This letter is intended to inform providers of a new option, not to endorse*  
Deseret Healthcare Employee Benefits Trust, Medicare Contract #E5088

January 25, 2007

Dear Provider:

In the Centers for Medicare & Medicaid Services' (CMS) continuing mission to improve access to health care for the 42 million Medicare beneficiaries nationwide, we have worked with various organizations that have expressed an intent to contract with CMS as Medicare Advantage (MA) Organizations, and to offer MA plans to Medicare beneficiaries. Historically, all MA plans offered to beneficiaries were "managed care" products, under which beneficiaries who enrolled were limited, at least to some extent, to a specified network of providers.

On September 28, 2006, Deseret Healthcare Employee Benefits Trust (Deseret) received authorization from CMS to offer as of January 1, 2007 a MA "private fee-for-service" (PFFS) plan to its own retirees only, under which a beneficiary who enrolls is free to use any provider willing to treat the enrollee. Because this type of MA plan is new, the following information is provided concerning some of the unique criteria contained in the regulations, which an MA Organization must meet in order to offer a MA PFFS plan.

In order to offer a PFFS plan without entering into signed contracts with a sufficient number of providers to meet MA access standards, the MA Organization must agree to pay all Medicare eligible providers the current Medicare Allowable rates (including original Medicare deductibles and coinsurance) minus any MA plan specific enrollee cost sharing. This payment rate is mandated via regulation (42 CFR 422.114) as well as the contract that CMS holds with the MA Organization. **(For details on provider eligibility see Provider Q&A #1 at CMS's web site: <http://www.cms.hhs.gov/PrivateFeeforServicePlans/Downloads/Provqa.pdf>)**

- CMS monitors the MA Organization to ensure that it pays providers the Medicare allowable amount for services furnished to plan enrollees and that it pays clean claims within 30 days.
- An authorized MA Organization that offers a PFFS plan is subject to financial solvency requirements established and approved by CMS.
- Payments made by an MA Organization that offers a PFFS plan cannot place providers at risk by using such reimbursement methods as capitation or withholds, and correspondingly, cannot base payment on the organization's performance using bonuses or incentives.

We recognize that as with any new plan, there can be confusion both from the provider and beneficiary communities. We continue to work with Deseret to make sure all parties involved have sufficient information when deciding whether to accept the PFFS plan as offered by Deseret Healthcare Employee Benefits Trust or any Medicare Advantage program available to them in the area. Additional information can be found on CMS's web site at:

<http://www.cms.hhs.gov/PrivateFeeForServicePlans/>

and

<http://www.cms.hhs.gov/EmpGrpWaivers/>

as well as the Deseret web site at:

[www.dmba.com/provider/medicare](http://www.dmba.com/provider/medicare)

Sincerely,

A handwritten signature in black ink, appearing to read "Brenda J. Tranchida". The signature is fluid and cursive, with the first name being the most prominent.

Brenda J. Tranchida  
Deputy Director  
Employer Policy and Operations Group