



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

7500 Security Boulevard  
Baltimore, Maryland 21244

**This letter is intended to inform providers of a new option, not to endorse  
Aetna, H5736**

Dear Provider:

In the Centers for Medicare and 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 October 19, 2006, Aetna Life Insurance Company (Aetna) received authorization from CMS to offer an MA "private fee-for-service" (PFFS) plan ("Aetna Medicare Open<sup>SM</sup> Plan"), 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 an 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 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 the same financial solvency requirement as any other MA Organization 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.
- Any advertising, marketing material or marketing practice must be approved by CMS prior to their use.
- An organization that wants to offer a PFFS plan is required to seek and receive acknowledgement and approval from every State Department of Insurance prior to offering a PFFS plan.

We recognize that as with any new plan, there can be confusion both from the provider and beneficiary communities. We continue to work with Aetna to make sure all parties involved have sufficient information when deciding whether to accept the PFFS plan as offered by Aetna Medicare Open Plan or any Medicare Advantage program available to them in the area. Additional information, including questions and answers addressing frequently asked beneficiary and provider questions could be found on CMS's web site at:

<http://www.cms.hhs.gov/PrivateFeeforServicePlans/Downloads/benqa.pdf>,  
as well as the Aetna web site at [www.aetnamedicare.com](http://www.aetnamedicare.com).

Sincerely,



David A. Lewis  
Acting Director  
Medicare Advantage Group