
CMS Manual System

Pub. 100-16 Medicare Managed Care

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 56

Date: JULY 9, 2004

I. SUMMARY OF CHANGES:

Section 100.5 - Administrative Contracting Requirements - In the fifth bulleted list item, changed text from "...M+C organizations do..." to "...the delegated entity does...."

NEW/REVISED MATERIAL - EFFECTIVE DATE: July 9, 2004

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.) (R = REVISED, N = NEW, D = DELETED – (Only One Per Row.)

| R/N/D | CHAPTER/SECTION/SUBSECTION/TITLE |
|-------|------------------------------------------------------|
| R | 11/100/100.5/Administrative Contracting Requirements |
| | |
| | |

III. ATTACHMENTS:

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|----------|--------------------------------------|
| | Business Requirements |
| X | Manual Instruction |
| | Confidential Requirements |
| | One-Time Notification |
| | Recurring Update Notification |

100.5 - Administrative Contracting Requirements

(Rev. 56, 07-09-04)

The M+C administrative contracting requirements apply both to first tier contracts and to downstream contracts in the manner specified for provider contracts, as described above. At the same time, the responsibility of the M+C organization is to assure that its contractor and any downstream contractors have the information necessary to know how to comply with the requirements under the M+C program.

These requirements do not apply to administrative contracts that do not directly relate to the M+C organization's core functions under its contract with CMS. For example, a contract between the M+C organization and a clerical support firm would not need to contain these provisions. Similarly, a contract between the M+C organization and a real estate broker to identify rental properties for office space would not be required to address these areas. CMS would, however, view contracts for administration and management, marketing, utilization management, quality assurance, applications processing, enrollment and disenrollment functions, claims processing, adjudicating Medicare organization determinations, appeals and grievances, and credentialing to be administrative contracts subject to M+C requirements as articulated in the M+C regulation and this OPL.

The following provisions must be addressed in the administrative service contracts:

- The person or entity must agree to comply with all applicable Medicare laws, regulations, and CMS instructions;
- The person or entity must agree to comply with all State and Federal confidentiality requirements, including the requirements established by the M+C organization and the M+C program;
- The person or entity must agree to grant DHHS, the Comptroller General, or their designees the right to inspect any pertinent information related to the contract during the contract term, for up to six years from the final date of the contract period, and in certain instances described in the M+C regulation, periods in excess of six years, as appropriate.
- The contract must clearly state the responsibilities of the administrative services provider and its reporting arrangements.
- The contract must provide that the M+C organization and any first tier and downstream entities has/have the right to revoke the contract *if the delegated entity does* not perform the services satisfactorily, and if requisite reporting and disclosure requirements are not otherwise fully met in a timely manner;
- The contract must acknowledge that the responsibilities performed by an administrative service entity and/or any delegated administrative service entities

are monitored by the M+C organization on an ongoing basis, and that the M+C organization is ultimately responsible to CMS for the performance of all services;

- If the written arrangement provides for credentialing activities by a first-tier or downstream entity, the first-tier or downstream entity must meet all applicable M+C credentialing requirements;
- If the written arrangement provides for the selection of providers by a first-tier or downstream entity, written arrangements must State that the M+C organization retains the right to approve, suspend, or terminate any such arrangement;
 - Contracts between M+C organizations and first tier entities, and first tier entities and downstream entities must contain provisions specifying M+C delegation requirements specified at [§422.502\(i\)\(3\)\(iii\)](#) and [§422.502\(i\)\(4\)](#). A written agreement specifies the delegated activities and reporting responsibilities of the entity and provides for revocation of the delegation or other remedies for inadequate performance. Contracts must indicate what functions have been delegated and must require the entity to comply with the requirements of these standards and of applicable law and regulations. When a function is only partially delegated, contract provisions must clearly delineate which responsibilities have been delegated and which remain with the organization. In the QAPI area, for example, the organization might develop topics for projects in consultation with an affiliated medical group, but delegate the actual conduct of a specific project to the group. The agreement must specify how the delegate is to conduct QAPI activities, at what points in the process decisions by the delegate (for example, on data collection methodologies) are subject to the organization's review, and how the delegate's activities will be integrated into the organization's overall QAPI program (for example, through participation in an organization-wide committee).