

**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Centers for Medicare & Medicaid Services**



**Center for Medicaid and State Operations**  
**7500 Security Boulevard**  
**Baltimore, MD 21244-1850**

January 13, 1998

Dear State Medicaid Director:

We are writing to inform you of changes regarding the oversight of implementation of the Physician Incentive Plan (PIP) regulation by the Health Care Financing Administration (HCFA). Also we are sending sample disenrollee surveys and review materials that you may find helpful in meeting the survey and disclosure requirements contained in the regulation.

HCFA's Office of Managed Care (OMC) previously maintained the sole responsibility for all guidance and instructions on the regulation for both Medicare and Medicaid. Under this previous structure, PIP information was released from OMC simultaneously to the State Medicaid Directors and Medicare Contractors regarding HCFA's recommendations for Medicare and Medicaid enrollee surveys required under the PIP regulation. Under HCFA's recent reorganization, the Center for Medicaid and State Operations (CMSO) now has the lead role for Medicaid program issues related to PIP, and the Center for Health Plans and Providers (CHPP) has the lead for PIP related Medicare issues. Staff from CMSO and CHPP have been collaborating their efforts on the implementation of the regulation.

The PIP regulation contains a requirement that managed care organizations (MCO) conduct a customer satisfaction survey of both enrollees and disenrollees if any physicians or physician groups contracting with the MCO are placed at substantial financial risk for referral services, as defined by the regulation. The survey must include either all current Medicaid enrollees in the MCO and those who have disenrolled in the past twelve months, or a sample of these same enrollees and disenrollees. Recognizing that different questions are asked of the disenrollees than those asked of enrollees, the same survey cannot be used for both populations.

Information collected on over 27 State Medicaid programs revealed that the majority of States track and collect information regarding reasons for disenrollment from their beneficiaries. This same information indicated that data collection concerning beneficiary disenrollment was gathered in two ways:

- 1 Administering a one or two page form to all disenrollees at the time of the disenrollment (thus capturing information on their entire disenrollee population); or
- 2 Conducting disenrollment surveys (or contract with the plans or enrollment broker to do so) with a sample of disenrollees sometime after disenrollment.

Currently, most of the states surveyed use the first method to capture disenrollee information. The second option could prove difficult in securing high response rates from disenrolled Medicaid beneficiaries.

Attached, with their permission, are examples of disenrollee forms from Utah, New Hampshire, and Washington. These samples illustrate the disenrollee format acceptable to HCFA. At this time, those States currently collecting disenrollment information from their Medicaid beneficiaries may continue their current process and will be considered to be in compliance with the disenrollment survey requirement of the PIP regulation. Any State that does not currently collect disenrollment information from its Medicaid beneficiaries, should adopt one of the two processes described above either in whole or in part, or create one more suitable to its program.

Sylvia Hendel of CHPP, a leader for the PIP Workgroup, has provided CMSO with a copy of the review material CHPP analysts are using in their analysis of PIP disclosures from the Medicare MCOs. At her request, we are attaching a copy of this package and her cover note. Once again, please feel free to use the material as is, or modify it as necessary. If you have any questions concerning this material, please contact Sylvia on (410) 786-1126.

If you have any questions regarding this information, please contact Sharon Jackson at (410) 786-3388 or Wanetah Pinder at (410) 786-3854.

Sincerely,

/s/

Charlene Brown for Sally K. Richardson

Director

Center for Medicaid and State Operations

Attachments

cc: HCFA Regional Administrators

HCFA Associate Regional Administrators for Medicaid and State Operations Lee Partridge - American Public Welfare Association Joy Wilson - National Conference of State Legislature Jennifer Baxendell - National Governors' Association Director, Health Plan Purchasing & Administration - Center for Health Plans and Providers