

Dated: March 31, 2004.

**Mark B. McClellan,**  
Administrator, Centers for Medicare &  
Medicaid Services.

Approved: August 6, 2004.

**Tommy G. Thompson,**  
Secretary.

[FR Doc. 04-28158 Filed 12-29-04; 8:45 am]

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

[CMS-4077-FN]

RIN 0928-ZA59

#### Medicare Program; Approval of the National Committee for Quality Assurance Deeming Authority for Medicare Advantage Local Preferred Provider Organizations

**AGENCY:** Centers for Medicare &  
Medicaid Services (CMS), HHS.

**ACTION:** Final notice.

**SUMMARY:** This final notice announces the approval of the National Committee for Quality Assurance for deeming authority as a national accreditation program for local preferred provider organizations that wish to participate in the Medicare Advantage program.

**FOR FURTHER INFORMATION CONTACT:**  
Gwyneveyre Pasquale, (410) 786-7701.

#### I. Background

Under the Medicare program, eligible beneficiaries may receive covered services through a managed care organization (MCO) that has a Medicare Advantage (MA) (formerly, Medicare+Choice) contract with the Centers for Medicare & Medicaid Services (CMS). The regulations specifying the Medicare requirements that must be met in order for an MCO to enter into an MA contract with CMS are located at 42 CFR part 422. These regulations implement Part C of Title XVIII of the Social Security Act (the Act), which specifies the services that an MCO must provide and the requirements that the organization must meet to be an MA contractor. Other relevant sections of the Act are Parts A and B of Title XVIII and Part A of Title XI pertaining to the provision of services by Medicare certified providers and suppliers.

Generally, for an organization to enter into an MA contract, the organization must be licensed by the State as a risk bearing organization as set forth in part 422 of our regulations. Additionally, the

organization must file an application demonstrating that it meets other Medicare requirements in part 422 of our regulations. Following approval of the contract, we engage in routine monitoring and oversight audits of the MA organization to ensure continuing compliance. The monitoring and oversight audit process is comprehensive and incorporates ongoing analysis of various performance data in addition to biennial audits by CMS staff who use a written protocol that itemizes the Medicare requirements the MA organization must meet.

As an alternative for some Medicare requirements, an MA organization may be exempt from CMS monitoring of certain requirements in subsets listed in section 1852(e)(4)(B) of the Act as a result of an MA organization's accreditation by a CMS-approved accrediting organization (AO); that is, the Secretary deems that the Medicare requirements are met based on a determination that the AO's standards are at least as stringent as Medicare requirements. As we specify at § 422.157(b)(2) of our regulations, the term for which an AO may be approved by CMS may not exceed 6 years. For continuing approval, the AO must re-apply to CMS.

The applicant organization is generally recognized as an entity that accredits MCOs that are licensed as a health maintenance organization (HMO) or a preferred provider organization (PPO).

#### II. Deeming Application Approval Process

Section 1852(e)(4)(C) of the Act requires that within 210 days of receipt of an application, the Secretary shall determine whether the applicant meets criteria specified in section 1865(b)(2) of the Act. Under these criteria, the Secretary will consider for a national accreditation body, its requirements for accreditation, its survey procedures, its ability to provide adequate resources for conducting required surveys and supplying information for use in enforcement activities, its monitoring procedures for provider entities found out of compliance with the conditions or requirements, and its ability to provide the Secretary with necessary data for validation.

Section 1865(b)(3)(A) of the Act further requires that we publish, within 60 days of receipt of an organization's complete application, a notice identifying the national accreditation body making the request, describing the nature of the request, and providing at least a 30-day public comment period. We must publish a finding of approval

or denial of the application within 210 days from the receipt of the completed application.

#### III. Provisions of the Proposed Notice

On September 24, 2004, we published a proposed notice in the **Federal Register** (69 FR 57310) announcing the National Committee for Quality Assurance's (NCQA's) request for recognition as a national accreditation program for PPOs that wish to participate in the MA program. This notice informed the public of our consideration of NCQA's application for approval as a deeming authority for MA organizations that are licensed as a PPO for the following six categories:

- Quality improvement.
- Access to services.
- Antidiscrimination.
- Information on advance directives.
- Provider participation rules.
- Confidentiality and accuracy of enrollees' records.

In the notice, we described our evaluation criteria. Under § 422.158(a), we conducted a review of NCQA's application in accordance with the criteria specified by our regulations, which include, but are not limited to, the following:

- The equivalency of NCQA's requirements for PPOs to CMS' comparable MA organization requirements.
- NCQA's survey process, to determine the following:
  - + The frequency of surveys.
  - + The types of forms, guidelines, and instructions used by surveyors.
  - + Descriptions of the accreditation decision making process, deficiency notification and monitoring process, and compliance enforcement process.
  - Detailed information about individuals who perform accreditation surveys including—
    - + Size and composition of the survey team;
    - + Education and experience requirements for the surveyors;
    - + In-service training required for surveyor personnel;
    - + Surveyor performance evaluation systems; and
    - + Conflict of interest policies relating to individuals in the survey and accreditation decision process.
    - Descriptions of the organization's—
      - + Data management and analysis system;
      - + Policies and procedures for investigating and responding to complaints against accredited organizations; and
      - + Types and categories of accreditation offered and MA organizations currently accredited within those types and categories.

In accordance with § 422.158(b) of our regulations, the applicant must provide documentation relating to—

- Its ability to provide data in a CMS-compatible format;
- The adequacy of personnel and other resources necessary to perform the required surveys and other activities; and
- Assurances that it will comply with ongoing responsibility requirements specified in § 422.157(c) of our regulations.

In accordance with section 1865(b)(3)(A) of the Act, the proposed notice also solicited public comment on the ability of the NCQA's accreditation program to meet or exceed the Medicare requirements for which it seeks authority to deem. We did not receive any public comment in response to the proposed notice.

#### IV. Provisions of the Final Notice

On August 4, 2004, NCQA submitted all the necessary information to permit us to make a determination concerning its request for approval as a deeming authority for MA organizations that are licensed as a PPO.

We compared the standards contained in NCQA's PPO crosswalk and its survey process with the Medicare regulations and the PPO survey monitoring guide. Our review and evaluation of NCQA's deeming application determined that the NCQA standards meet or exceed those established by the Medicare program. Therefore, we recognize NCQA as a national accreditation organization for local preferred provider organizations that wish to participate in the Medicare Advantage program, effective October 20, 2004 through October 20, 2010.

#### V. Collection of Information Requirements

This final notice does not impose any information collection and record keeping requirements subject to the Paperwork Reduction Act (PRA). Consequently, it does not need to be reviewed by the Office of Management and Budget (OMB) under the authority of the PRA.

#### VI. Executive Order 12866 Statement

In accordance with the provisions of Executive Order 12866, this notice was not reviewed by the Office of Management and Budget.

**Authority:** Sections 1852 and 1865 of the Social Security Act (42 U.S.C. 1395w-23 and

1395bb) (Catalog of Federal Domestic Assistance Program No. 93.773, Medicare—Hospital Insurance; and Program No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: November 24, 2004.

**Mark B. McClellan,**

*Administrator, Centers for Medicare & Medicaid Services.*

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

[CMS-1249-CN2]

RIN 0938-AM46

#### Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities; Corrections

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Correction notice.

**SUMMARY:** This document corrects technical errors that appeared in the July 30, 2004 **Federal Register**, entitled "Medicare Program; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities—Update—Notice."

**EFFECTIVE DATE:** This correction is effective October 1, 2004, except for certain wage index corrections that are effective January 1, 2005.

**FOR FURTHER INFORMATION CONTACT:** Jeanette Kranacs, (410) 786-9385, Bill Ullman, (410) 786-5667, or Sheila Lambowitz, (410) 786-7605.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

On October 7, 2004, we published a correction notice (FR Doc. 04-22399, 69 FR 60158) to correct a number of technical errors that had appeared in the FY 2005 SNF PPS update notice published on July 30, 2004 (FR Doc. 04-17443, 69 FR 45775). In that notice we indicated that the corrected wage tables and other tables were being posted on the CMS Web site at <http://www.cms.hhs.gov/providers/snfpps>, and we also expressed our intent to publish them in a forthcoming **Federal Register** notice. In this notice we are fulfilling that intent, as well as correcting certain

additional technical errors in wage index values that have been recently identified. The corrections appear in this document under the heading "Correction of Errors." The provisions in this correction notice are effective as if they had been included in the document published in the **Federal Register** on July 30, 2004, that is, as of October 1, 2004, except for those wage index value corrections that we specifically note to be effective as of January 1, 2005.

In this notice, we hereby set forth the corrected versions of Tables 8, 9, 10, and 12 that were referenced in FR Doc. 04-22399 (69 FR 60158).

In addition, Table 8 is further revised to reflect the following additional corrections, which become effective as of January 1, 2005:

1. The entry of "0.7959" for Metropolitan Statistical Area (MSA) 3960 (Lake Charles, LA) is revised by adding "(0.7972, effective January 1, 2005)".

2. The entry of "0.8053" for MSA 4280 (Lexington, KY) is revised by adding "(0.9219, effective January 1, 2005)".

3. The entry of "1.0025" for MSA 5000 (Miami, FL) is revised by adding "(0.9870, effective January 1, 2005)".

4. The entry of "1.2921" for MSA 5380 (Nassau-Suffolk, NY) is revised by adding "(1.2907, effective January 1, 2005)".

5. The entry of "1.3587" for MSA 5600 (New York, NY) is revised by adding "(1.3586, effective January 1, 2005)".

6. The entry of "1.0975" for MSA 6780 (Riverside-San Bernardino, CA) is revised by adding "(1.0970, effective January 1, 2005)".

7. The entry of "0.9964" for MSA 8780 (Visalia-Tulare-Porterville, CA) is revised by adding "(0.9975, effective January 1, 2005)".

8. The entry of "1.0059" for MSA 8960 (West Palm Beach-Boca Raton, FL) is revised by adding "(1.0362, effective January 1, 2005)".

9. The entry of "0.9472" for MSA 9040 (Wichita, KS) is revised by adding "(0.9468, effective January 1, 2005)".

##### II. Correction of Errors

In FR Doc. 04-17443 (69 FR 45775), make the following corrections:

1. On pages 45787 through 45814, in Table 8—Wage Index for Rural Areas the table is corrected to read as follows: