

§ 422.505

42 CFR Ch. IV (10–1–06 Edition)

reports directly to such officer, must certify (based on best knowledge, information, and belief) that the information in its bid submission is accurate, complete, and truthful and fully conforms to the requirements in § 422.254.

[63 FR 35099, June 26, 1998; 63 FR 52614, Oct. 1, 1998, as amended at 64 FR 7980, Feb. 17, 1999; 65 FR 40327, June 29, 2000. Redesignated at 70 FR 4736, Jan. 28, 2005 and amended at 70 FR 4737, Jan. 28, 2005; 70 FR 52027, Sept. 1, 2005]

§ 422.505 Effective date and term of contract.

(a) *Effective date.* The contract is effective on the date specified in the contract between the MA organization and CMS and, for a contract that provides for coverage under an MSA plan, not earlier than January 1999.

(b) *Term of contract.* Each contract is for a period of at least 12 months.

(c) *Renewal of contract.* In accordance with § 422.506, contracts are renewed annually only if—

(1) CMS informs the MA organization that it authorizes a renewal; and

(2) The MA organization has not provided CMS with a notice of intention not to renew.

(d) *Renewal of contract contingent on reaching agreement on the bid.* Although an MA organization may be determined qualified to renew its contract under this section, if the organization and CMS cannot reach agreement on the bid under subpart F of this part, no renewal will take place, and the failure to reach an agreement is not subject to the appeals provisions in subpart N of this part.

[63 FR 35099, June 26, 1998, as amended at 65 FR 40328, June 29, 2000. Redesignated at 70 FR 4736, Jan. 28, 2005 and amended at 70 FR 4737, Jan. 28, 2005]

§ 422.506 Nonrenewal of contract.

(a) *Nonrenewal by an MA organization.* (1) An MA organization may elect not to renew its contract with CMS as of the end of the term of the contract for any reason provided it meets the timeframes for doing so set forth in paragraphs (a)(2) and (a)(3) of this section.

(2) If an MA organization does not intend to renew its contract, it must notify—

(i) CMS in writing, by the first Monday in June of the year in which the contract would end;

(ii) Each Medicare enrollee, at least 90 days before the date on which the nonrenewal is effective. This notice must include a written description of alternatives available for obtaining Medicare services within the service area, including alternative MA plans, Medigap options, and original Medicare and must receive CMS approval prior to issuance.

(iii) The general public, at least 90 days before the end of the current calendar year, by publishing a notice in one or more newspapers of general circulation in each community located in the MA organization's service area.

(3) CMS may accept a nonrenewal notice submitted after the first Monday in June if—

(i) The MA organization notifies its Medicare enrollees and the public in accordance with paragraph (a)(2)(ii) and (a)(2)(iii) of this section; and

(ii) Acceptance is not inconsistent with the effective and efficient administration of the Medicare program.

(4) If an MA organization does not renew a contract under this paragraph (a), CMS will not enter into a contract with the organization for 2 years unless there are special circumstances that warrant special consideration, as determined by CMS.

(b) *CMS decision not to renew.* (1) CMS may elect not to authorize renewal of a contract for any of the following reasons:

(i) The MA organization has not fully implemented or shown discernable progress in implementing quality improvement projects as defined in § 422.152(d).

(ii) For any of the reasons listed in § 422.510(a), which would also permit CMS to terminate the contract.

(iii) The MA organization has committed any of the acts in § 422.752(a) that would support the imposition of intermediate sanctions or civil money penalties under subpart O of this part.

(2) *Notice.* CMS provides notice of its decision whether to authorize renewal of the contract as follows:

(i) To the MA organization by May 1 of the contract year.