

**§ 422.504**

(1) The contract will be amended to exclude any M+C plan or State-licensed entity specified by HCFA; and

(2) A separate contract for any such excluded plan or entity will be deemed to be in place when such a request is made.

(1) *Certification of data that determine payment.* As a condition for receiving a monthly payment under subpart F of this part, the M+C organization agrees that its chief executive officer (CEO), chief financial officer (CFO), or an individual delegated the authority to sign on behalf of one of these officers, and who reports directly to such officer, must request payment under the contract on a document that certifies (based on best knowledge, information, and belief) the accuracy, completeness, and truthfulness of relevant data that HCFA requests. Such data include specified enrollment information, encounter data, and other information that HCFA may specify.

(1) The CEO, CFO, or an individual delegated the authority to sign on behalf of one of these officers, and who reports directly to such officer, must certify that each enrollee for whom the organization is requesting payment is validly enrolled in an M+C plan offered by the organization and the information relied upon by HCFA in determining payment (based on best knowledge, information, and belief) is accurate, complete, and truthful.

(2) The CEO, CFO, or an individual delegated with the authority to sign on behalf of one of these officers, and who reports directly to such officer, must certify (based on best knowledge, information, and belief) that the encounter data it submits under § 422.257 are accurate, complete, and truthful.

(3) If such encounter data are generated by a related entity, contractor, or subcontractor of an M+C organization, such entity, contractor, or subcontractor must similarly certify (based on best knowledge, information, and belief) the accuracy, completeness, and truthfulness of the data.

(4) The CEO, CFO, or an individual delegated the authority to sign on behalf of one of these officers, and who reports directly to such officer, must certify (based on best knowledge, information, and belief) that the informa-

**42 CFR Ch. IV (10-1-00 Edition)**

tion in its ACR submission is accurate, complete, and truthful and fully conforms to the requirements in § 422.310.

[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]

**§ 422.504 Effective date and term of contract.**

(a) *Effective date.* The contract is effective on the date specified in the contract between the M+C organization and HCFA 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) HCFA informs the M+C organization that it authorizes a renewal; and

(2) The M+C organization has not provided HCFA with a notice of intention not to renew.

[63 FR 35099, June 26, 1998, as amended at 65 FR 40328, June 29, 2000]

**§ 422.506 Nonrenewal of contract.**

(a) *Nonrenewal by an M+C organization.* (1) An M+C organization may elect not to renew its contract with HCFA 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 M+C organization does not intend to renew its contract, it must notify—

(i) HCFA in writing, by July 1 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 M+C plans, Medigap options, and original Medicare and must receive HCFA approval.

(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 M+C organization's service area.

(3) HCFA may accept a nonrenewal notice submitted after July 1 if—

(i) The M+C 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 M+C organization does not renew a contract under this paragraph (a), HCFA will not enter into a contract with the organization for 5 years unless there are special circumstances that warrant special consideration, as determined by HCFA.

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

(i) The M+C 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 HCFA to terminate the contract.

(iii) The M+C 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.* HCFA provides notice of its decision whether to authorize renewal of the contract as follows:

(i) To the M+C organization by May 1 of the contract year.

(ii) If HCFA decides not to authorize a renewal of the contract, to the M+C organization's Medicare enrollees by mail at least 90 days before the end of the current calendar year.

(iii) If HCFA decides not to authorize a renewal of the contract, to 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 or county located in the M+C organization's service area.

(3) *Notice of appeal rights.* HCFA gives the M+C organization written notice of its right to appeal the decision not to renew in accordance with § 422.644.

[63 FR 35099, June 26, 1998, as amended at 65 FR 40328, June 29, 2000]

#### § 422.508 Modification or termination of contract by mutual consent.

(a) A contract may be modified or terminated at any time by written mutual consent.

(1) If the contract is terminated by mutual consent, except as provided in paragraph (b) of this section, the M+C organization must provide notice to its Medicare enrollees and the general public as provided in § 422.512(b)(2) and (b)(3).

(2) If the contract is modified by mutual consent, the M+C organization must notify its Medicare enrollees of any changes that HCFA determines are appropriate for notification within timeframes specified by HCFA.

(b) If the contract terminated by mutual consent is replaced the day following such termination by a new M+C contract, the M+C organization is not required to provide the notice specified in paragraph (a)(1) of this section.

#### § 422.510 Termination of contract by HCFA.

(a) *Termination by HCFA.* HCFA may terminate a contract for any of the following reasons:

(1) The M+C organization has failed substantially to carry out the terms of its contract with HCFA.

(2) The M+C organization is carrying out its contract with HCFA in a manner that is inconsistent with the effective and efficient implementation of this part.

(3) HCFA determines that the M+C organization no longer meets the requirements of this part for being a contracting organization.

(4) The M+C organization commits or participates in fraudulent or abusive activities affecting the Medicare program, including submission of fraudulent data.

(5) The M+C organization experiences financial difficulties so severe that its ability to make necessary health services available is impaired to the point of posing an imminent and serious risk to the health of its enrollees, or otherwise fails to make services available to the extent that such a risk to health exists.