

(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.