

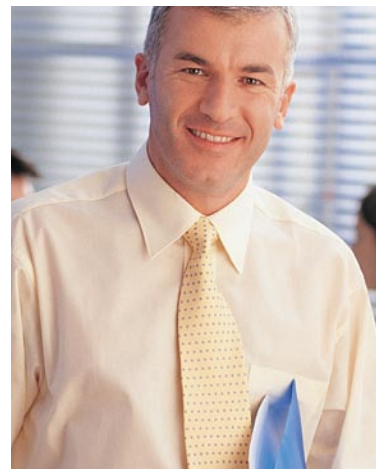


Health Net®
MEDICARE PROGRAMS

2010

PRODUCER

Policies & Procedures



HEALTH NET | A *better* DECISIONSM

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INTRODUCTION TO SALES POLICIES AND PROCEDURES

PURPOSE:

Health Net (HN) has established the following Policies and Procedures (P&Ps) that will ensure HN is in compliance with CMS marketing requirements.

PROCEDURE:

ESTABLISHING QUALIFICATIONS FOR PRODUCERS AND PLAN SALES STAFF – INITIAL CERTIFICATION AND TRAINING

HN has established the qualifications that Producers and plan sales staff must meet to market and sell our Medicare Advantage and Part D plans. HN will:

- Collect information from Producers, such as, licensure, AHIP certification, product training and other required information.
- Require Producers and plan sales staff to obtain passing test scores on the HN AHIP certification training.
- Require Producers and plan sales staff to complete plan-specific training that provides detailed information about the plan types and the benefits offered by HN.

ANNUAL RECERTIFICATION, TARGETED RETRAINING AND ONGOING COMMUNICATION

HN has established requirements for Producers and plan sales staff to achieve passing test scores on annual recertification tests approved by HN and required product training. HN requires targeted training or retraining to address topics that require special attention during the year. HN provides updated information through e-mails, Web sites such as HN AHIP (<http://ppg6.pinpointglobal.com/HealthNet/Production/Apps/Medicare/>), or other means on an ongoing basis.

MAINTENANCE OF RECORDS

HN requires maintenance of sales records/files on all sales Producers and plan sales staff in accordance with CMS requirements. Records will be a combination of electronic data maintained by HN and hard copy files maintained as described below. HN will maintain sales files on HN associates and direct contractors. The Sales Entity will maintain files for Producers authorized with HN through a Sales Entity respectively. HN sales leaders will monitor the maintenance of hard copy files by Sales Entities. All Producers are required to maintain a copy (hardcopy or electronic) of the Scope of Appointment (SOA) for a period no less than 10 years and make the SOA available to HN upon request.

MONITORING COMPLIANCE AND ADDRESSING DEFICIENCIES

HN has instituted processes for tracking and analyzing individual Producer and plan sales staff performance in such areas as rapid disenrollments and allegations. This ongoing process of evaluation allows HN to promptly identify sales conduct that merits investigation, such as: provision of incorrect,

misleading, or inaccurate information; unauthorized contact or home visits; fraudulent enrollment submission; or intimidation. Complaints will be treated as grievances as required by CMS. HN's Special Investigations Unit (SIU) will receive referrals and investigate complaints involving alleged fraud or misrepresentation. Corrective action against Producers and plan sales staff will be initiated as required. HN will make reports of Producer terminations to State agencies overseeing Producer licensure, when warranted. Health Net will use rapid disenrollment data to identify and correct adverse compliance trends.

PROTECTING BENEFICIARIES

HN has instituted processes for rapidly investigating complaints and taking rapid and decisive action when complaints are verified, that may include re-qualification, suspension, or termination of the Sales Producer involved.

COMPENSATION

Compensation arrangements must comply with CMS Medicare Marketing Guidelines and must be documented using HN's approved agreements. HN will withhold or recover payment according to CMS guidelines.

SALES ALLEGATION COMMITTEE

The Sales Allegation Committee is responsible for reviewing sales allegations to determine appropriate corrective actions. The Regional VP of Medicare Programs will chair the Committee.

UPDATING AND MAINTAINING POLICIES AND PROCEDURES

These P&Ps will be updated annually, or when changes are necessary. The P&Ps will be available on the Producer Web site (<http://ppg6.pinpointglobal.com/HealthNet/Production/Apps/Medicare/>) and internally in the National Policy Library located on Health Net Connect at:

http://sacdom50.healthnet.com/npl/NPL.NSF/sys_wv?OpenForm&View=vwSV&Sort=0&Start=1&Count=15.

QUALIFICATIONS AND PRIMARY DUTIES FOR PRODUCERS

THIS POLICY APPLIES TO: SALES PRACTICES

POLICY STATEMENT:

Health Net follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to the qualifications and primary duties of Producers. CMS requires that Medicare Advantage (MA) and Part D plans utilize only state-licensed marketing representatives to perform marketing. In addition, the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 requires MA organizations and Part D plans to comply with state appointment laws.

Health Net (HN) is committed to ensuring that only qualified Producers sell HN Medicare products and have created this P&P to outline the qualifications for Producers.

POLICY PURPOSE:

The purpose of this policy is to ensure that qualifications are met and that primary duties and responsibilities are understood by each HN sales associate, and contracted Producer, whether independent or affiliated with a Agency, GA, or FMO, who will represent and sell HN Medicare products.

SCOPE/LIMITATIONS:

This P&P applies to all internal sales associates and external sales Producers contracted by HN, including independent Producers, Agency, General Agents (GA's), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

- EJ914-15659 Disclosure Requirements
- LE113-144342 Introduction to Sales
- EJ914-151722 Medicare Sales Materials
- EJ914-152632 Oversight and Monitoring of Producers
- EJ914-15290 Producer Book of Business – Churning
- EJ914-153352 Required Documentation of Sales Practices
- EJ914-15376 Sales Allegations
- FD713-14344 Monthly Sales and Marketing Event Reporting to Medicare Compliance
- EJ914-15394 Sales Producer Training
- EJ914-154037 Standards of Professionalism
- EJ914-154237 Auditing Sales
- LE211-93151 Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

- CFR 422 §422.2268
- CFR 422 §422.2272

CFR 422 §422.2274

CFR 423 §423.2268

CFR 423 §423.2272

CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

DEFINITIONS:

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Everyone who has Medicare Parts A and B is eligible, except those who have End-Stage Renal Disease (ESRD).

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE:

A. GENERAL QUALIFICATIONS

The following qualifications are applicable to all HN internal sales associates and Sales Entities:

1. Be appropriately licensed by each state in which the individual or entity plans to sell HN products.
2. Must be appointed pursuant with state appointment laws, as detailed in attachment 1.
3. Not be censured, restricted, or otherwise sanctioned by any regulatory body within the past two years.
4. Not be excluded from the Medicare program.

5. Sales Entities must have a Federal Tax ID. Contracting under a Social Security number or a Federal Tax ID is only permitted for individual producers.
6. Review, acknowledge and agree to abide by Health Net's Sales Producer Code of Conduct, Sales & Marketing Do and Don't Chart, the Medicare Marketing guidelines, HN Producer Policies & Procedures, and product specific training acknowledgement on-line at the HN AHIP web site (<http://ppg6.pinpointglobal.com/HealthNet/Production/Apps/Medicare/>)
7. Abide by the requirements in the applicable Producer/Sales Entity contract.

*The following qualifications are **applicable to All Sales Entities**:*

1. Minimum experience requirements operating as a Sales Entity or have equivalent experience and expertise as determined by HN.

B. SUMMARY OF PRODUCER DUTIES AND RESPONSIBILITIES

The following are applicable to HN internal sales associates, all individual Producers and Sales Entities:

1. Represent HN and all HN's Medicare products with the highest level of honesty and integrity, always putting the needs of the each Medicare beneficiary ahead of any personal consideration.
2. Offer all available HN Medicare products to each eligible Medicare beneficiary with whom the producer meets (non-discrimination). Help the prospect determine the most appropriate product based on their personal needs and situation.
3. Solicit and sell HN's products using only HN/CMS-approved advertising, sales presentations/seminars, and marketing/enrollment materials.
4. Validate the accuracy and completeness of all applications prior to submitting to HN.
5. Provide HN with all required and/or requested reports and information within timeframes determined by HN.
6. Abide by all applicable federal and state laws, rules, regulations, and HN P&Ps that pertain to the solicitation, sale, and administration of any HN Medicare product, including the prevention of fraud, waste and abuse.
7. Actively participate with HN and/or any government agency regarding all inquiries, investigations and audits resulting from member, provider, CMS, and/or DOI concerns or allegations regarding any type of misconduct, fraud, or associated sales and marketing misrepresentation issues.
8. Annually complete the HN Medicare re-certification training and pass the re-certification exam(s) – **this applies to Producers (anybody who sells) and internal sales associates only.**
9. Maintain records for 10 years.

APPLICATION PROCESSING

Authorized Producers:

- Applications for all authorized producers are to be submitted through their respective Sales Entity [Agency, General Agency (GA) or Field Marketing Organization (FMO)]
- Authorized Producers must date stamp every application received as prescribed by Health Net per CMS regulation.

- Applications received on the final marketing day of each month may be either faxed or directly provided to Health Net by authorized producers. Authorized producers should use Health Net provided batch sheets and batching process to submit final day of month applications (as it applies to a specific region). Failure to follow Health Net requirements for submitting applications may result in processing delays, which may then impact enrollees', requested coverage date and/or Sales Entity and producer commission payments.

Sales Entities:

- Forward applications to the Health Net sales hub and are responsible for the validity and eligibility of the data and for the completeness of each application submitted prior to sending to Health Net.
- Submit all enrollment applications to Health Net within 48 hours of receipt via Right Fax, hand delivery to the Health Net sales hub, by mail, or use of a delivery service.
- Must verify that the authorized producer date stamp is on every application received as prescribed by Health Net per CMS regulation prior to submission to Health Net.
- Will be contacted by Health Net's sales hub if an incomplete application is received and are responsible to follow-up with the authorized producer to obtain missing or to correct erroneous information.
- Will use Health Net provided batch sheets and batching process to submit all applications (as it applies to a specific region). Failure to follow Health Net requirements for submitting applications may result in processing delays, which may then impact enrollees', requested coverage date and/or Sales Entity and producer commission payments.

Individual Producers and Sales Associates:

- Forward applications to Health Net Regional Sales Support and are responsible for the validity and eligibility of the data and for the completeness of each application submitted prior to sending to Health Net.
- Submit all enrollment applications to Health Net within 48 hours of receipt via Right Fax, hand delivery to the Health Net sales hub, by mail, or use of a delivery service.
- Must date stamp every application received as prescribed by Health Net per CMS regulation and verify that the date stamp is on every application prior to submission to Health Net.
- Will be contacted by Health Net's Regional Sales Support if an incomplete application is received and are responsible to follow-up with the Medicare beneficiary to obtain missing or to correct erroneous information.
- Will use Health Net provided batch sheets and batching process to submit all applications (as it applies to a specific region). Failure to follow Health Net requirements for submitting applications may result in processing delays which may then impact enrollees' requested coverage date and/or individual producer or sales associate's commission payments.

The following are applicable to Sales Entities:

1. Responsible for all aspects of organizing training sessions for the Sales Entity producers using training materials and presentations provided by HN. HN may require that HN associates conduct such training directly or may delegate in writing the responsibility to the Sales Entity.
2. Sales Entities and/or management will be responsible for training all producers about HN products,

processes, etc. Sales Entity must provide ongoing training and oversight so that the Sales Entity producers remain knowledgeable about all HN Medicare related products and services, along with CMS regulations relative to the sales and marketing of Medicare Advantage and Part D plans. Designees will also be responsible for disseminating all HN communications to the Sales Entity producers throughout the course of the contract.

3. Maintain records as required by the Sales Entity HN contract, plus an individual record on each contracted Producer. This will include sales production, retention and disenrollments, sales allegations, training documentation and sign-in sheets, and other criteria as determined by HN (requirements can be found in the “Required Documentation of Sales Practices” P&P).
4. Perform quality checks of Producers’ sales processes as defined by HN and report on the same.
5. Validate the accuracy and completeness of all applications sold by Sales Entity producers prior to submitting to HN. All application errors will be the responsibility of the Sales Entity to work with the Producer to obtain correct information.
6. Provide ongoing communication to the Sales Entity producers as required or requested by HN. At a minimum, ensure and verify that all educational and informational content developed by HN is distributed in the manner and timeframes prescribed by HN.
7. Provide HN with all required and/or requested reports and information. This includes, but is not limited to, contributions to any and all federal or state required reports and reports at the individual producer level within timeframes required by HN.
8. Maintain a written compliance program and provide reports to HN as requested.
9. Provide monthly to HN a list of all individual producers affiliated with the Sales Entity who solicit and/or sell HN Medicare products.
10. Sales Entities that have a call center (in-house or sub-contracted) to field prospect calls must be approved by HN. Producers and solicitors who close sales must be certified by HN and all must follow HN policies and procedures. In addition, the Sales Entity must follow state laws relative to non-licensed solicitors.

REVIEW/REVISION HISTORY

First Issued – August 2007

Revised – September 2008

Revised – September 1, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2010, this does not apply to contracts H5721, H5996, and R5863.

APPOINTMENT OF PRODUCERS BY INSURERS

11/07

The date following each state indicates the last time information for the state was reviewed/changed.

STATE	CITATIONS	APPOINTMENT FEE	PROVISION
AL (11/07)	§§ 27-4-2; 27-7-4	\$30 notice of appointment; \$10 annual continuation	An insurance producer shall not act on behalf of an insurer unless he is appointed by the insurer.
AK (11/07)	§ 21.27.100		Insurer must file written notice of appointment not less than 30 days after the first application is submitted.
AZ (11/07)	No provision		
AR (11/07)	§§ 23-61-401; 23-64-514; 23-64-219	\$10 annual fee for resident agents, each insurer \$30 annual fee for nonresident agents, each insurer \$7 for limited line appointments	A producer shall not act as agent of an insurer unless producer becomes an appointed agent of the insurer. The insurer files a list with the department of all its agents whose appointment will remain in effect, with insurers being billed for appointments on June 1.
CA (11/07)	Ins. § 1704	\$22 annual fee	An agent shall not act as an agent of insurer unless insurer files notice of appointment with commissioner. Authority to transact insurance by appointment shall be effective as of date notice is signed.
CO (11/07)	§ 10-2-401		No person shall act or hold himself to be an insurance producer in this state unless he is licensed. Does not specify appointment prior to solicitation.
CT (11/07)	§§ 38a-702m; 38a-782	Application fee \$25 Appointment fee domestic \$40 foreign \$20 NY domicile \$0	A producer's authority to act as an agent shall be activated on the date the insurer signs a written appointment form. The appointing insurer shall file a notice of appointment not later than 15 days after the date agency contract is executed or the first application is submitted.
DE (11/07)	tit. 18 §§ 701; 1715	\$25 fee paid once	An insurance producer shall not act as agent of insurer unless appointed. Insurer shall file with commissioner notice of appointment within 15 days from execution of agency contract or submission of first insurance application. Commissioner shall verify eligibility within 30 days.

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STANDARDS OF PROFESSIONALISM

THIS POLICY APPLIES TO: SALES PRACTICES

POLICY STATEMENT:

Health Net follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to standards of professionalism. Health Net expects that each Producer who sells Health Net Medicare Advantage (MA) and Part D Plans behave professionally when interacting with Medicare beneficiaries. Health Net expects that each Producer will assist Medicare beneficiaries to obtain Medicare coverage that best meets their needs and provides a high quality customer solution for them.

POLICY PURPOSE:

The purpose of this policy is to ensure that contracted Producers adhere to Health Net's (HN) Standards of Professionalism and personal behavior when representing, soliciting and selling HN MA and Part D Plan products.

In addition, the purpose is to promote the ethical representation of HN's Medicare products with the highest level of honesty, integrity, and professionalism.

SCOPE/LIMITATIONS:

This policy applies to all Health Net Sales Associates, external Producers contracted by Health Net, including independent Producers, Agency, General Agents (GA's), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

- EJ914-15659 Disclosure Requirements
- LE113-144342 Introduction to Sales
- EJ914-151722 Medicare Sales Materials
- EJ914-152632 Oversight and Monitoring of Producers
- EJ914-15290 Producer Book of Business – Churning
- EH914-153043 Qualification and Primary Duties for Producers
- EJ914-153352 Required Documentation of Sales Practices
- EJ914-15376 Sales Allegations
- FD713-14344 Monthly Sales and Marketing Event Reporting to Medicare Compliance
- EJ914-15394 Sales Producer Training
- EJ914-154237 Auditing Sales
- LE211-93151 Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

- CFR 422 §422.2272
- CFR 422 §422.2274
- CFR 423 §423.2272
- CFR 423 §423.2274

DEFINITIONS:

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Everyone who has Medicare Parts A and B is eligible, except those who have End-Stage Renal Disease (ESRD).

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE:

GENERAL REQUIREMENTS

Producers and HN plan sales staff are expected to adhere to the following requirements:

1. Be prompt for appointments and presentations.
2. Any unsolicited means of direct contact of beneficiaries is prohibited, including door-to-door solicitation or any outbound telemarketing without the beneficiary initiating the contact or giving
3. Appropriate business attire for the region of the country is required at all times.
4. If it is not possible to keep an appointment or presentation, a call must be made as early as possible to reschedule; habitual missed appointments are not acceptable.
5. Producers shall not smoke when representing, soliciting, and selling HN's Medicare products.
6. Producers shall not be under the influence of illegal drugs when representing, soliciting and selling HN's Medicare products.
7. Producers shall not drink alcohol during working hours on days when they're representing, soliciting and selling HN's Medicare products or prior to sales meetings conducted outside of normal business hours.
8. Producers shall not use inappropriate language while representing, soliciting, and selling HN

Medicare products.

9. Upon request, Producers shall produce a photo ID to the prospect; driver's license is acceptable.
10. Producers shall provide and leave behind a current business card to all Medicare beneficiaries prior to all sales presentations and/or meetings. In addition, Producers shall leave behind the Summary of Benefits, copy of the enrollment application (if any portion is completed), and may leave behind the Health Net/A Better Decision booklet.
11. "Hard Sell" tactics are never to be employed. The goal is to assist the Medicare beneficiary to enroll in a benefit plan that will meet their needs and provide a positive customer experience during the benefit year.
12. Acknowledge electronically in AHIP (<http://ppg6.pinpointglobal.com/HealthNet/Production/Apps/Medicare/>) the Sales Producer Code of Conduct (Appendix A).

REVIEW/REVISION HISTORY

First Issued – August 2007

Revised – September 2008

Revised – September 1, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2010, this does not apply to contracts H5721, H5996, and R5863.

REQUIRED DOCUMENTATION OF SALES PRACTICES

THIS POLICY APPLIES TO: SALES PRACTICES

POLICY STATEMENT:

Health Net (HN) follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to required documentation of sales practices.

Health Net maintains records on each HN sales associate, directly contracted HN Producers, and some information on Producers who are affiliated with a Sales Entity, who are selling HN's Medicare Advantage (MA) and Part D plans. The records are a combination of hard copy files and electronic data. Agencies, General Agents (GAs), or Field Marketing Organizations (FMOs) must maintain hard copy files for all Producers who are part of their organizations.

POLICY PURPOSE:

The purpose of this Policy and Procedure is to ensure that HN and/or its contractors maintain thorough and auditable records on each individual sales producer that document compliance with CMS and Health Net (HN) sales practices.

SCOPE/LIMITATIONS:

This P&P applies to all internal sales associates and external Producers contracted by HN, including Independent Producers, Agencies, General Agencies (GAs), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

- EJ914-15659 Disclosure Requirements
- LE113-144342 Introduction to Sales
- EJ914-151722 Medicare Sales Materials
- EJ914-152632 Oversight and Monitoring of Producers
- EJ914-15290 Producer Book of Business – Churning
- EH914-153043 Qualification and Primary Duties for Producers
- EJ914-15376 Sales Allegations
- FD713-14344 Monthly Sales and Marketing Event Reporting to Medicare Compliance
- EJ914-15394 Sales Producer Training
- EJ914-154037 Standards of Professionalism
- EJ914-154237 Auditing Sales
- LE211-93151 Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

- CFR 422 §422.2268
- CFR 422 §422.2272

CFR 422 §422.2274

CFR 423 §423.2268

CFR 423 §423.2272

CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

DEFINITIONS

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End-Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Everyone who has Medicare Parts A and B is eligible, except those who have End-Stage Renal Disease (ESRD).

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Rapid Disenrollment

A rapid disenrollment is considered a member disenrollment during 3 continuous months of the member's effective date, i.e., member effective 6/1/2010, disenrolls either 6/1, 7/1, or 8/1, this is considered a rapid disenrollment.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE:

GENERAL REQUIREMENTS

HN will maintain individual files for Producers who contract with HN and HN sales associates at the health plan level. Sales Entities will also maintain individual files for Producers contracted or employed through those entities.

Note: HN maintains limited documentation for Producers who are affiliated with a Sales Entity, i.e. copy of license, certification and training documentation.

a. CMS requires the following documentation (either hard copy or in a database, as long as the information is reproducible in hard copy form):

- Copy of state license
 - All applicable licenses or certifications must be present
- Evidence of training on products
 - Evidence that Producer participated and completed formal training (initial and annual re-training) for each state the Producer will represent
 - Evidence of subsequent trainings should also be included
- Performance data
 - Any data such as volume of sales that the entity maintains on Producers
 - Information regarding salary structure, quota systems, and commissions
 - Information regarding “rapid” disenrollments that are tracked back to the Producers
 - Sales allegations and outcomes for each Producer
 - Documentation of Producer oversight, if available
- Personnel actions
 - Corrective actions from confirmed sales allegations
 - Documentation of any other complaints filed against the individual Producer
 - Management oversight/response where sales allegations or training needs have been identified
- Contract
 - Must have provisions within the contract that the organization is responsible for ensuring that the Producer abides by all applicable MA and/or PDP laws, all other Federal health care laws, CMS policies including CMS marketing guidelines, and HN policies.
 - Must include a provision stating that any coordinated marketing must be done in accordance with all applicable MA and/or PDP laws, CMS policies, including CMS marketing guidelines, all Federal health care laws, and HN policies.
 - Must have compensation schedules in the written contract

Note: Sales Entity Producers will not have direct contracts.

b. HN requires the following acknowledgements during initial certification and re-certification:

- Acknowledge that the Producer has received and will abide by the HN Sales Producer Code of Conduct, Sales & Marketing Do and Don't chart, the CMS Marketing guidelines, and the HN Producer Policies & Procedures. In addition, the Producer will acknowledge that he/she must complete State specific product training prior to being able to sell HN Medicare products.
- The acknowledgements will be done electronically via HN AHIP website (<http://ppg6.pinpointglobal.com/HealthNet/Production/Apps/Medicare/>)

c. HN requires that the following documentation be maintained in Spring CM:

- Signed agreement coversheet

- Copy of license(s)
- W9 (directly contracted Producers or where split commissions are paid to the Producer and overrides to their affiliated organization)
- Copy of agency authorization (if applicable)
- Copy of online certification results
- Electronic Funds Transfer form (optional)
- Training Acknowledgement Forms

d. All other documentation must be maintained in the hard copy file.

REVIEW/REVISION HISTORY

First issued – August 2007

Revised – September 2008

Revised – September 1, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2010, this does not apply to contracts H5721, H5996, and R5863.

SALES PRODUCER TRAINING

THIS POLICY APPLIES TO: TRAINING

POLICY STATEMENT:

Health Net follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to the qualifications and primary duties of Producers. CMS requires that Medicare Advantage (MA) and Part D plans utilize only state-licensed marketing representatives to perform marketing. In addition, the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 requires MA organizations and Part D plans to comply with state appointment laws.

The Centers for Medicare & Medicaid Services (CMS) requires that Medicare Advantage (MA) and Part D plans have effective training programs for all producers and internal Health Net sales teams who sell MA and Part D plans. In addition, CMS requires that all producers and Health Net sales associates who sell MA and Part D plans pass a regulated written test and take a producer training class, for each state they will represent, to demonstrate their knowledge of the Medicare program and the plan specific Health Net products they intend to sell.

Health Net (HN) believes that each Medicare beneficiary should be able to understand the benefits of the Medicare plans they are reviewing and be able to select the Medicare plan with the right health care coverage that appropriately meets their personal needs. Health Net recognizes that Producers play a significant role in helping Medicare beneficiaries with their coverage choices. Accordingly, Health Net's policy states that each Producer selling our plans should be highly qualified and properly trained according to the company's philosophy, policies and processes.

It is Health Net's direct policy that appointed producers and the company's sales associates will not be authorized/certified to sell our Medicare health plans until all of Health Net's training requirements are completed and documented. It is part of Health Net's policy that sales commissions will not be paid on any enrollments made by a Producer or a company sales associate who is not appropriately certified. Our policies and procedures also specify that any appointed Health Net Producer and HN sales associates who wish to continue selling our Medicare products annually must go through recertification prior to the Annual Open Enrollment Period. In addition, Health Net may require re-training and/or re-certification of any appointed Producer and Health Net sales associate, at any time, if sales allegations are identified or there is a high volume of rapid disenrollments.

Health Net does not recognize the certification status of any other Medicare Advantage or Part D Plan organization. However, the company recognizes AHIP as the CMS approved on-line training site. In fact, Health Net has contracted with AHIP to provide on-line testing for all Health Net appointed producers. Producers who have already taken the AHIP training test and passed it will not be required to take the certification exam again. However, whether a producer has taken the on-line test or not yet taken it, they must still register on the HN AHIP site (<http://ppg6.pinpointglobal.com/HealthNet/QA/Apps/Medicare/>) to acknowledge that all required documentation related to selling Health Net plans has been read and understood. HN may accept certification trainings of other organizations on a case-by-case basis.

POLICY PURPOSE:

The intent of this operational policy is to document the sales training, certification requirements, and identify business owners and other participants related to training development, execution, and documentation for both internal and contracted sales Producers.

SCOPE/LIMITATIONS:

This Policy and Procedure applies to all appointed Health Net Producers including Independent Producers, Agency, General Agencies (GAs), and Field Marketing Organizations (FMOs), as well as Health Net sales associates who sell our plans.

RELATED POLICIES:

EJ914-15659 Disclosure Requirements
LE113-144342 Introduction to Sales Policies and Procedures
EJ914-151722 Medicare Sales Materials
EJ914-152632 Oversight and Monitoring of Producers
EJ914-15290 Producer Book of Business – Churning
EH914-153043 Qualification for Agents and Producers
EJ914-153352 Required Documentation of Sales Practices
EJ914-15376 Sales Allegations
FD713-14344 Monthly Sales and Marketing Event Reporting to Medicare Compliance
EJ914-154037 Standards of Professionalism
EJ914-154237 Auditing Sales
LE211-93151 Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

CFR 422 §422.2268
CFR 422 §422.2272
CFR 422 §422.2274
CFR 423 §423.2268
CFR 423 §423.2272
CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

DEFINITIONS

AHIP

America's Health Insurance Plans. National association representing member companies providing health insurance coverage.

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Anyone who has Medicare Parts A and/or B is eligible, except those who have End-Stage Renal Disease (ESRD).

Medicare Advantage (MA) Organization

A public or private entity organized and licensed by a state as a risk-bearing entity (with the exception of provider sponsored organization receiving waivers) that is certified by CMS as meeting the Medicare Advantage contract requirements.

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Part D Plan Sponsor

Refers to an organization offering a PDP, MA or MA-PD plan, a PACE organization offering a PACE plan including qualified prescription drug coverage, and a cost plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE

SEQUENCE OF HEALTH NET'S CERTIFICATION POLICY

Health Net's Medicare certification process means that each Producer as well as all plan sales staff will be required to complete the following training program (in addition to any other on-boarding requirements/state appointment):

1. All Producers and Health Net (HN) sales associates will be required to begin the certification registration process by accessing the healthnet.com broker portal (This is a required process even if Producer took the AHIP training by going directly to the AHIP website)
2. All Producers and HN sales associates will be directed to the HN landing page on the AHIP Web training site.
3. On the HN landing page of the AHIP website, there will be documentation that all Producers and HN sales associates will be required to read and acknowledge before they can take the AHIP test. Producers and Health Net sales associates who have already taken the test must still acknowledge

they have read the Health Net policy documents. The documentation includes the HN Producer Policies & Procedures, the HN Producer Code of Conduct, the Sales & Marketing Do & Don't Chart, and the Medicare Marketing Guidelines.

4. All Producers and HN sales associates must review all required AHIP training modules before taking the test.
5. All Producers and HN Associates must pass the AHIP training with a score of at least 90% as required by AHIP.
6. All Producers and HN sales associates must print out a test certificate and an attestation document from the Health Net/AHIP web site. These documents are required to attend HN regional field-based training sessions for each state the Producer will be selling business (in person, webinar, or conference call)
7. All Producers and HN sales associates must provide any other required documentation to HN as instructed.

TRAINING MODULES AND THE CERTIFICATION EXAM(S)

1. **HN National Certification Exam:** For 2010, Health Net has moved its national on-line certification exam to AHIP, which means that Producers and HN sales associates must pass the AHIP exam each year with a score of 90% or greater before they will be permitted to sell.
 - a. Each Producer and plan sales staff will be allowed three (3) attempts to successfully pass the HN AHIP certification exam. If the Producer or plan sales staff is unable to pass with a satisfactory score after three (3) attempts, the Producer or plan sales associate may re-register with HN AHIP, pay the fee and retake the exam.
 - b. The AHIP certification exam consists of 50 randomized questions. Agents are strongly encouraged to study all modules.
2. **HN Certification Period:** Producers and HN plan sales associates must be certified for the plan year in which they are selling. Additionally, Producers and HN plan sales associates must be product trained for the plan year for the products they are selling.
 - a. **EXAMPLE:** A Producer first becomes certified on February 3, 2009 to sell the current year's HN Medicare products. The certification will remain valid to sell through December 1, 2009 member effective dates.
 - b. **EXAMPLE:** A Producer first becomes certified to sell HN Medicare products on September 20, 2009 by passing the 2010 HN AHIP online training. The certification is accepted as valid for the remainder of 2009, and to sell through December 1, 2010 member effective dates. Additionally, the Producer must take the product specific training for the 2009 selling year and for the 2010 selling year.
3. **HN Region Specific Training Modules:** Each Health Net region will develop training modules for their field-based training program that will provide regional specific information to Producers and plan sales associates about:
 - Health Net's Medicare Advantage and/or Part D plan products offered in the region
 - Region specific processes and procedures
 - Other information that regional management wants to communicate to sales Producers and plan sales staff.

- Producers and plan sales staff who are not able to attend one of the scheduled product specific trainings will be required to attend a make-up session and will not become certified or be authorized to sell HN products until training is completed.

DOCUMENTATION AND RECORD-KEEPING

The Health Net Medicare Broker Contracting Unit will document the completion of the certification training requirements by using two databases:

1. AHIP: Producers will register for the annual certification training and exam at the AHIP website. The AHIP registration database will track and record that the Producer or HN sales associate has read all the required documentation plus verifying certification exam scores (in addition to other demographic information).
2. Spring CM is a database that will house information about Producers including, but not limited to:
 - Signed agreement coversheet
 - Copy of license(s)
 - W9 (if directly contracted)
 - Copy of agency affiliation (if applicable)
 - Copy of online certification results from HN or AHIP
 - Electronic Funds Transfer form (optional)

Each Health Net region and contracted sales entity who provides product specific training will maintain documentation of the training, including:

- Copies of the actual training documents
- Date and time of the training
- Topic/subject of the training
- Sign-in sheets with the Producer/plan sales associate name and signature

CONTRACTED SALES ORGANIZATIONS INVOLVEMENT IN THE TRAINING AND CERTIFICATION PROCESS

Sales Entities (Agencies, General Agencies, Field Marketing Organizations, etc.) contracted with HN will assist by working with regional sales management to schedule entity specific field training seminars. In some cases, a train-the-trainer approach will be used where a HN representative will train a designated representative of the Sales Entity, who then trains the authorized Producers of the Sales Entity. HN will occasionally sit-in on some training sessions to ensure quality and that accurate information is being provided. The Sales Entity will also require that all of their Producers complete the online certification training (or AHIP training), complete field training, have a writing number, and be approved by HN prior to being allowed to sell any HN MA and Part D plan products.

REVIEW/REVISION HISTORY

First issued – August 2007

Revised – September 2008

Revised – September 1, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2009, this does not apply to contracts H5721, H5996, and R5863.

MONTHLY SALES AND MARKETING EVENT REPORTING TO MEDICARE COMPLIANCE

THIS POLICY APPLIES TO: SALES PRACTICES

POLICY STATEMENT:

Health Net (HN) follows the Centers for Medicare & Medicaid's (CMS) requirements contained in the regulations, Chapter 3 of the Medicare Managed Care Manual (Medicare Marketing Guidelines) and other CMS guidance in regard to CFR 422 §422.2268 (Standards for MA organization marketing) and CFR 423 §423.2268 (Standards for Part D Sponsors).

All Medicare Advantage plans (MA, MAPD, PFFS, etc.) and Prescription Drug Plan sales and Marketing events must be reported to CMS via HPMS by the 30th of the month prior to the month the sales event will be taking place.

CMS has requirements specific to the cancellation of sales and marketing events. Notification must be made to beneficiaries who may have been invited to events that have been cancelled. Whenever possible, notification will be made more than 48 business hours prior to the originally scheduled date and time of the event.

POLICY PURPOSE:

To ensure Health Net is in compliance with all CMS rules and guidance regarding the collection and submission of sales and marketing event data, the collection and reporting of the cancellation of sales and marketing events and the proper notification of beneficiaries of any cancelled events.

SCOPE/LIMITATIONS:

This policy and the related procedures apply to all Associates employed, and/or contracted brokers, agencies, General Agents, Field Marketing Organizations (FMOs), or otherwise representing Health Net, Inc. and its subsidiaries.

RELATED POLICIES:

Monthly Sales and Marketing Event Reporting to CMS- Policy Number LE630-135755

REFERENCES:

CFR 422 §422.2268

CFR 423 §423.2268

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

DEFINITIONS:

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

HPMS

Health Plan Management System. The computer system used by plans and CMS to submit a variety of data to one another.

NMC

Health Net National Medicare Compliance

NMC Submitter

The Health Net National Medicare Compliance team member that is assigned to submit Sales Event data to CMS.

MAO

Medicare Advantage Organization

AHIP

Association of Health Insurance Plans

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

POLICY/PROCEDURE:

SUBMISSION OF SALES EVENT DATA TO HEALTH NET COMPLIANCE

Sales Events

Outside contracted producers must send all requests for producer-sponsored, HN sales events to Health Net in advance.

1. Producers will be required to submit all producer-sponsored, Health Net sales events for the up-coming month on the Health Net Sales Event Spreadsheet (see Attachment 1) by the 20th of the current month for the following month. The spread-sheet must be filled out according to the detailed instructions provided by the NMC Submitter and submitted via fax or email to the producer's Health Net Territory Manager, Account Executive or Broker Services team.
 - All requests for event participation must be submitted using only the HN prescribed form (Attachment 1) or the request will be denied.
 - The form must be 100% complete.
2. Health Net reserves the right to deny Producer's request for a producer-sponsored, Health Net sales event at their sole discretion. If an event request is denied, the producer will be notified.
3. For Producer-sponsored, Health Net sales events, where the Producer is conducting the sales presentation, Health Net requires that the CMS approved Sales Presentation (where available) and materials for the appropriate market be used.
4. *At the sole discretion of the Health Net Medicare Sales Director or Vice President*, a Health Net representative **may be** required to attend the event and conduct the sales presentation.

Reporting of Events

1. Regional Medicare Sales team associate will gather and submit all sales event data for their respective markets, which will include all approved producer events as well as any Health Net sponsored events, and submit to the NMC Submitter using the attached spreadsheet (Attachment 1) on or before the dead-line set by the NMC Submitter (on or about the 25th of the month). A copy will be maintained in the Sales and Marketing Event file. No new/additional events can be reported to CMS past the 30th of the month for the following month. All sales events **MUST** be reported to the NMC submitter by the dead-line provided monthly.
2. Regional Medicare Sales team associate will also send an attestation for each contract number/plan they are responsible for to the NMC Submitter. This attestation will be signed by a Sales Director or above. A copy will be maintained in the Sales and Marketing Event file.

Reporting Updated or Changed Events:

Any updated or changed sales events received *after* the 28th of the month will be submitted on a new spreadsheet prior to the event taking place. Regional Sales and/or Broker Services will submit this information to the NMC Submitter with at least 48 business hours notice before the sales event is/was scheduled to occur.

1. Producers will submit information regarding any updated or changed sales events reported *after* the 28th of the month to their Regional Sales contact and/or Broker Services on a new spread-sheet. Producers will indicate the new data is an “Updated Event.” Producers will submit this information to their Regional Sales contact and/or Broker Services with **at least** 48 business hours notice before the sales event is/was scheduled to occur.
2. Regional Sales and/or Broker Services will collect all data regarding additional or updated sales events submitted by producers or Health Net associates after the 28th of the month. A new spreadsheet will be created and sent to the NMC Submitter at least 48 business hours in advance of when the sales event is/was scheduled to occur. A copy will be maintained in the Sales and Marketing Event file.
3. Regional Sales and/or Broker Services will ensure that a newly signed and dated attestation will accompany each revised spreadsheet. Any new attestations will be signed by a Sales Director or above. A copy will be maintained in the Sales and Marketing Event file.

Reporting of Cancelled Events:

Any cancellation of a sales event received *after* the 28th of the month will be submitted on a new spreadsheet prior to the event taking place. Regional Sales and/or Broker Services will submit this information to the NMC Submitter with at least 48 business hours notice before the sales event is/was scheduled to occur.

1. Producers will submit information regarding any sales events cancelled *after* the 28th of the month to their Regional Sales contact and/or Broker Services on a new spread-sheet. Producers will indicate “Cancelled Event.” Producers will submit this information to their Regional Sales contact and/or Broker Services with **at least** 48 business hours notice before the sales event is/was scheduled to occur.
2. Regional Sales and/or Broker Services will collect all data regarding cancelled sales events submitted by producers or Health Net associates after the 28th of the month. A new spreadsheet will be created and sent to the NMC Submitter at least 48 business hours in advance of when the sales event is/was scheduled to occur. A copy will be maintained in the Sales and Marketing Event file.

3. Regional Sales and/or Broker Services will ensure that a newly signed and dated attestation will accompany each revised spreadsheet. Any new attestations will be signed by a Sales Director or above. A copy will be maintained in the Sales and Marketing Event file.

Notification of Cancelled Sales and Marketing Events:

CMS has requirements specific to the cancellation of sales and marketing events. Notification must be made to beneficiaries who may have been invited to events that have been cancelled. Whenever possible, notification will be made more than **48 business hours** prior to the originally scheduled date and time of the event.

1. All Producers or Health Net associates who cancel a sales or marketing event must notify their Regional Sales office and/or Broker Services as to which of the required steps, described below, will/have been taken to meet CMS's **notification requirements**. This information will be emailed by the Producer or Health Net Associate to their Regional Sales office and/or Broker Services, who in turn will submit the information to the NMC Submitter via email.

CMS Required Notification includes:

1. If a sales event is *cancelled within 48 hours* of its originally scheduled date and time, a representative of the Regional sales team/or Health Net certified broker must be present at the site of the cancelled sales event, at the time that the event was scheduled to occur, to inform attendees of the cancellation and distribute information about the plan (disaster/weather permitting). The representative must remain for at least fifteen (15) minutes after the scheduled start time before leaving and must include signage stating that the event was cancelled. If appropriate, notice can include alternate event opportunities.
In cases where this may not be possible due to weather or disaster, the Regional sales team or Health Net certified broker will notify the local news media for purposes of making a cancellation broadcast. In addition, if beneficiaries were identified through **personal calls**, then a representative of the Regional sales team/or Health Net certified broker will also call the beneficiaries to inform them of the cancellation.
2. If a sales event is *cancelled more than 48 hours* in advance of its originally scheduled date and time, the Regional Sales team must cancel the event in HPMS by submitting to the NMC submitter and the Regional sales team/or Health Net certified broker will notify beneficiaries of the cancellation by the same means the used to advertise the event. If beneficiaries are notified of a cancellation more than 48 hours before the event, then there is no expectation that a representative of the plan should be present at the site of the event. Examples of reasonable notification include, but are not limited to:
 - If an announcement of the sales event was made in the **newspaper**, then the cancellation of the event will also be announced through the same newspaper. If cancellation cannot be updated in the newspaper, plans must provide an alternative method for notifying beneficiaries (e.g. leave or post signage at the event of the cancellation)
 - If beneficiaries were identified through **personal calls**, then a representative of the Regional Sales team/or Health Net certified broker will call the beneficiaries to inform them of the cancellation.
 - If **beneficiaries RSVP'd** for the sales event, then a representative of the Regional Sales team/or Health Net certified broker will call the beneficiaries to inform them of the cancellation.
 - If an announcement of the sales event was sent through a **mass mailing**, then the Regional Sales team will notify their NMC submitter who will consult with the CMS account manager to determine a reasonable way to notify beneficiaries of the cancellation instead of sending another

mass mailing within a short time frame.

- Regional Sales team/or Health Net certified broker should have documentation related to the above cancellation types and be prepared to provide a copy of the documentation to CMS upon request.
- If beneficiaries are notified of a cancelled event **more** than 48 hours prior to the originally scheduled date and time, the Regional Sales team/or Health Net certified broker should not have a representative at the site of the event. The Regional Sales team/or Health Net certified broker should attest that the event was cancelled and that beneficiaries were notified. Notification documentation should include a list of beneficiary names and phone numbers and the date and time beneficiaries were notified. The Regional sales team is expected to keep the attestation on file and make it available upon CMS request.

It is the responsibility of the Regional Medicare Sales team to ensure that these procedures are followed for both Health Net sponsored sales events and producer sponsored sales events.

Training

Sales will provide training regarding the required process for sales event notification, including the reporting of additional/updated events or cancelled events, to all contracted Producers, General Agents, Agencies, and Field Marketing Organizations. This training will be included as part of the Initial Certification and the Annual Re-certification process and will be required for all Health Net Medicare Sales Associates and contracted producers.

Compliance:

1. All contracted producers are responsible for complying with any and all CMS requirements as well as all costs associated with publicizing and/or the cancellation of events unless written permission is approved by the region's Director of Sales or the VP of Medicare Programs.
2. Health Net will conduct random audits to ensure that all event requirements are met.
3. Producers or Health Net Associates who fail to comply with this policy will be subject to disciplinary action up to and including possible termination.

First Issued – July 31, 2009

Revised – August 10th, 2009

Revised – August 18, 2009

Revised – August 26, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2009, this does not apply to contracts H5721, H5996, and R5863.



Health Net®

MEDICARE PROGRAMS

HEALTH NET [Plan Name] ATTESTATION OF SCHEDULED SALES EVENT(S)

Pursuant to the contract(s) between the Centers for Medicare & Medicaid Services (CMS) and [Health Net Business Entity(ies)], hereafter referred to as the Medicare Health Plan(s), governing the operations of the following [Plan Type(s) (MA, MA-PD, SNP, PFFS, etc.)] health plan(s): Health Net [Plan Name(s)] [Plan Contract Number(s)]

The Medicare Health Plan hereby attests that the scheduled Health Net [Plan Name(s)] Sales Event(s) provided are accurate and complete as instructed by current CMS memos.

The Medicare Health Plan acknowledges that the information concerning the scheduled sales event(s) attached are for use by CMS and based on best knowledge, information, and belief as of the date indicated below, all information submitted to CMS in these documents are accurate, complete, and truthful.

[Name of Person Signing - Director or higher]

[Title]

Health Net [Plan Name(s)]

On behalf of

Health Net [Business Entity(ies)]

DATE

SCOPE OF APPOINTMENT DOCUMENTATION/48-HOUR WAITING PERIOD & CROSS-SELLING

THIS POLICY APPLIES TO: SALES MATERIALS

POLICY STATEMENT:

Health Net (HN) follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to Scope of Appointment (SOA) documentation. As per CMS requirements, Health Net secures SOA documentation prior to any face-to-face person/individual Marketing appointment, including beneficiary walk-ins. The SOA documentation is obtained either in writing (and signed by the beneficiary) or obtained verbally via recorded phone conversation and is maintained for 10 years. SOA documentation is not required for Marketing presentations, as the products to be discussed should be mentioned in the advertising materials for the event.

In addition, as per CMS requirements, Health Net follows guidelines regarding the 48-hour waiting period and the prohibition against cross-selling Non Health Care Related Products during any Marketing activity.

POLICY PURPOSE:

To ensure Health Net is in compliance with all CMS rules and guidance regarding obtaining SOA documentation by internal staff and contracted Producers. In addition, to ensure Health Net is in compliance with all CMS rules and guidance regarding the 48-hour waiting period and the CMS prohibition on cross-selling.

SCOPE/LIMITATIONS:

This policy and the related procedures apply to all Associates employed, contracted, or otherwise representing Health Net, Inc. and its subsidiaries, including independent Producers, Agency, General Agents (GAs), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

- EJ914-15659 Disclosure Requirements
- LE113-144342 Introduction to Sales
- EJ914-151722 Medicare Sales Materials
- EJ914-152632 Oversight and Monitoring of Producers
- EJ914-15290 Producer Book of Business – Churning
- EH914-153043 Qualification and Primary Duties for Producers
- EJ914-153352 Required Documentation of Sales Practices
- EJ914-15376 Sales Allegations
- FD713-14344 Monthly Sales and Marketing Event Reporting to Medicare Compliance
- EJ914-15394 Sales Producer Training
- EJ914-154037 Standards of Professionalism

EJ914-154237 Auditing Sales

LE211-93151 Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

CFR 422 §422.2268(g) and (h)

CFR 422 §422.2272

CFR 422 §422.2274

CFR 423 §423.2272

CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

- Section 70.10 – Personal/Individual Marketing Appointments
- Section 70.10.1 – Scope of Appointment

CMS Memo, October 17, 2008, 2nd Group of Marketing Questions for Regulations CMS 4131-F and CMS 4138-IFC

CMS Memo, November 7, 2008, Instructions for Scope of Sales Appointment Confirmation Form

DEFINITIONS

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Cross-Selling

Selling any non-health care related product (annuities, Life Insurance, etc.) during any Medicare Advantage or Part D sales activity or presentation. CMS prohibits cross-selling.

Marketing

Steering, or attempting to steer, an undecided Medicare beneficiary toward Health Net Medicare Advantage and Part D plans through advertising, media, and sales activities.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Everyone who has Medicare Parts A and B is eligible, except those who have End-Stage Renal Disease (ESRD).

Medicare Advantage (MA) Organization

A public or private entity organized and licensed by a state as a risk-bearing entity (with the exception of provider sponsored organization receiving waivers) that is certified by CMS as meeting the Medicare Advantage contract requirements.

Non-Health Care Related Products

Any insurance product not involving medical/health coverage (for example, annuities and life insurance). Dental coverage is considered medical/health coverage.

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Part D Plan Sponsor

Refers to an organization offering a PDP, MA or MA-PD plan, a PACE organization offering a PACE plan including qualified prescription drug coverage, and a cost plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Walk-In

The term used when a beneficiary walks into an establishment (Agency, Producer Office) unsolicited by a producer for the sole purpose of obtaining information to enroll into a plan or discuss plan options to assist in their decision making process.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE:

A. Health Net requires that each Producer obtain a signed SOA form **prior to** any Marketing appointment with a beneficiary (includes existing Health Net members who wish to discuss alternative Plans). The SOA form must be signed by the beneficiary and returned prior to the appointment. If it is not feasible for the SOA form to be executed prior to the appointment, as an exception, a Producer may have the beneficiary sign the form at the beginning of the appointment.

1. A Producer may obtain an SOA form and the beneficiary may return the form in the following ways:

- Mail
- Fax
- Email

2. **Step 1:** Producer completes a CMS approved Scope of Appointment form and forwards it by **Mail, Fax or E-mail** to the Medicare Beneficiary.

Step 2: The Medicare Beneficiary signs the form and returns it to the Producer by **Mail, Fax or E-mail**.

The Producer is required to retain the completed Scope of Appointment form, signed by the Medicare Beneficiary, for a time of no less than 10 years. The form must be retained regardless of appointment outcome and must be readily accessible to Health Net upon request.

B. Verbal Recording documentation of SOA

Step 1: Receive Medicare Beneficiaries permission to record the conversation.

Step 2: While recording, confirm the Medicare Beneficiaries Name. Confirm the products, or Product lines to be discussed. Confirm the date and time of the appointment. Confirm that the Medicare Beneficiary authorizes the appointment.

- The Producer is required to retain the completed appointment verification recording for a time of no less than 10 years. The recording must be retained regardless of appointment outcome and must be readily accessible to Health Net upon request. (Producers are responsible for securing their own source for recording and archiving.)
- Internal Health Net associates will use Protocol's recording software to verbally record documentation of the SOA. Internal Health Net sales associates will contact their Regional Sales Office to obtain these instructions.

C. Beneficiary Walk-Ins

1. If a beneficiary or existing Health Net member unexpectedly visits a Health Net office or Producer office to discuss MA or Part D plans, Producers are required to complete a Scope of Appointment immediately prior to discussing plan options with the beneficiary. A 48-hour Cooling Off Period is not required.
2. Complete a Scope of Appointment indicating what will be discussed with the beneficiary.
3. Producers may then discuss the products with the beneficiary.
Do not begin discussing MA or PDP plans prior to the beneficiary signing the Scope of Appointment form.

D. SOA Form Document Maintenance

1. Producers are responsible for maintaining records for a minimum of 10 years and having them immediately available to provide to Health Net upon request.

E. Business Reply Cards (BRC) Used to Fulfill SOA Requirement

1. A BRC may be used to fulfill the SOA documentation requirement. If Health Net Marketing or a contracted Producer decides to create a BRC to document the SOA requirement, the following elements must be included on the BRC:
 - a. Beneficiary name, address and phone number
 - b. Location for the beneficiary to clearly initial (or orally agreed to) the plan type (PDP, MA, or MA-PD and other Medicare plans that will be discussed). Plans do not have to specify the product type (HMO, PPO, etc.).
 - c. Identify the plan type (PDP, MA, or MA-PD) – description not required.
 - d. A beneficiary signature line (for the recorded script, a clear “Yes” oral agreement)
 - e. Plan Marketing ID#, as required for all Marketing pieces
 - f. The following 3 disclaimer sentences:
 1. By signing this you are agreeing to a Sales telephone call from a sales agent to discuss the specific types of products you initialed above.
 2. The person that will be discussing plan options with you is either employed or contracted by a Medicare Health Plan or prescription drug plan that is not the Federal government, and they may be compensated based on your enrollment in a plan.
 3. Signing this does NOT affect your current enrollment, nor will it enroll you in a

Medicare Advantage Plan, Prescription Drug Plan, or other Medicare plan.

F. 48-Hour Waiting Period & Cross-Selling

1. Health Net requires that each internal agent and authorized/contracted Producer wait 48 hours prior to discussing products that were not agreed upon by the beneficiary for the initial appointment.
 - a. If an SOA form was completed and signed by a beneficiary prior to the initial appointment to discuss either an MA or PDP product (i.e. MA), and the beneficiary wishes to discuss other products (i.e. PDP) not agreed upon for the initial appointment, the Producer will do the following:
 1. Request that the beneficiary complete and sign another SOA form to discuss the additional products.
 2. The Producer may proceed with the appointment.
 - b. If an SOA form was not completed and signed by the beneficiary prior to the initial appointment, i.e. Medigap or non-health care related products, and the beneficiary wishes to discuss an MA or PDP product, the Producer will do the following:
 1. Request that the beneficiary complete and sign a SOA form to discuss MA and/or Part D products.
 2. The Producer must wait 48 hours before the next appointment to discuss the MA or Part D products.
2. Health Net prohibits any internal agent and contracted Producer from cross-selling non-health care related products during any MA or Part D Marketing activity.
 - a. If during a Marketing appointment with a beneficiary, the beneficiary wants to discuss a Non-Health Care Related Product, the Producer will do the following:
 1. The Producer will arrange for another appointment, no sooner than 48 hours after the initial appointment, with the beneficiary to discuss the Non-Health Care Related Product.

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2010, this does not apply to contracts H5721, H5996, and R5863.

SCOPE OF APPOINTMENT

FREQUENTLY ASKED QUESTIONS (FAQS)

Question 1: A Producer has a pre-scheduled appointment at a beneficiary's home to discuss Medicare Supplement plans. No Scope of Appointment was obtained. During the meeting, the beneficiary asks about Medicare Advantage (MA) and/or PDP plans. Can the Producer discuss MA or Part D plans?

Answer: No. The Producer would have to schedule a different appointment with a minimum of 48 hours between appointments since the beneficiary's appointment was to discuss Medicare Supplement plans and not MA/PDP plans. In addition, the Producer would need to obtain the scope of appointment documentation.

- The Producer may leave plan brochures regarding the other lines of business, but may not discuss or conduct marketing activities related to the product.
- Enrollment applications for other lines of business may not be included in any materials provided to the beneficiary during the initial appointment.

Question 2: A Producer has an appointment with a beneficiary to discuss a PDP product and Scope of Appointment documentation was obtained as required. During the appointment, the beneficiary requests to discuss an MA product. Can the Producer discuss an MA product with the beneficiary?

Answer: Yes, since an SOA form was completed for the initial appointment, the Producer must have the beneficiary sign a new Scope of Appointment form to discuss MA products and then may continue the marketing appointment. A new separate appointment is not required.

Question 3: A Producer has a pre-scheduled sales appointment at a beneficiary's home. At the end of the meeting, the beneficiary invites the Producer to his next-door neighbors house because he mentioned the meeting to his friend, who is also interested in meeting with the Producer regarding Medicare Advantage and/or PDP plans. Can the Producer meet with the neighbor?

Answer: No. The Producer does not have an appointment with the neighbor. The neighbor must schedule an appointment with the Producer and the specific lines of business to be discussed must be identified and documented on the Scope of Appointment form or via a recorded telephone conversation when the appointment is scheduled. In addition, the Producer cannot go next door to meet the neighbor, as this would be considered door-to-door solicitation.

Question 4: A Producer arrives at the beneficiary's home to find several of the beneficiaries friends there, who are interested in hearing the sales presentation. Can the Producer proceed with the sales presentation in the presence of the beneficiary's friends?

Answer: Yes. The Producer can still give his/her presentation in the presence of friends, as long as the additional beneficiaries complete the Scope of Appointment form prior to conducting the sales discussion (indicate on the form "beneficiary-initiated contact"). The Producer may also enroll the friends. Note: the Producer must have been unaware that the additional beneficiaries or friends would be there prior to the appointment.

Question 5: Is a 2nd SOA form required when the Producer returns a second time to close the sale, complete paperwork, etc.

Answer: As long as the same products are being discussed, the SOA would still apply. The SOA form doesn't include a date, so the scope isn't tied to a specific appointment. It applies to the products that will be discussed. So, the SOA would still be valid unless there is change in the products to be discussed.

Question 6: If a prospect needs to reschedule an appointment (same plan discussions), do we need a new SOA or voice recording?

Answer: No, a new SOA form is not required for rescheduled appointments.

Question 7: Do we need a scope of appointment form for a non-sales appointment? Example, a member requests a buy up option form or a directory or mail order prescription form, etc.

Answer: No. The Scope of Appointment documentation is only required for Sales related appointments. Producers meeting with their current clients for purposes unrelated to sales would not require this documentation.

Question 8: Can a beneficiary sign an SOA form at a marketing presentation? If so, can a Producer meet with the beneficiary immediately, or do they have to wait 48 hours?

Answer: A beneficiary can sign an SOA form at a marketing/sales presentation and the Producer can arrange to meet individually with that beneficiary immediately after the marketing/sales presentation. The 48-hour waiting period does not apply.

Question 9: Can Health Net accept an SOA form from another Organization?

Answer: Yes, a Producer who contracts with multiple organizations will sometimes use an SOA form from one Organization but enroll the beneficiary into another Organization.

CMS encourages Plans to use the Model SOA form, which is not Organization specific.

SCOPE OF SALES APPOINTMENT CONFIRMATION FORM

To be completed by person with Medicare.

Please initial below in the box beside the plan type that you want the agent to discuss with you. If you do not want the agent to discuss a plan type with you, please leave the box empty. (Please note that an agent may also discuss a Medicare Supplement policy with you.)

<input type="checkbox"/>	Stand-alone Medicare Prescription Drug Plans (Part D)
	Medicare Prescription Drug Plan (PDP) — A stand-alone drug plan that adds prescription drug coverage to the Original Medicare Plan, some Medicare Cost Plans, some Medicare Private-Fee-for-Service Plans, and Medicare Medical Savings Account Plans.
<input type="checkbox"/>	Medicare Advantage (Part C), Medicare Advantage Prescription Drug Plans, and other Medicare Plans
	Medicare Health Maintenance Organization (HMO) — A Medicare Advantage Plan that must cover all Part A and Part B health care. In most HMOs, you can only go to doctors, specialists, or hospitals in the plan's network except in an emergency.
	Medicare Preferred Provider Organization (PPO) Plan — A type of Medicare Advantage Plan available in a local or regional area in which you pay less if you use doctors, hospitals, and providers that belong to the network. You can use doctors, hospitals, and providers outside of the network for an additional cost.
	Medicare Private Fee-For-Service (PFFS) Plan — A type of Medicare Advantage Plan in which you may go to any Medicare-approved doctor or hospital that accepts the plan's payment and terms and conditions.
	Medicare Special Needs Plan (SNP) — A special type of Medicare Advantage Plan that provides more focused and specialized health care for specific groups of people, such as those who have both Medicare and Medicaid, who reside in a nursing home, or have certain chronic medical conditions.
	Medicare Medical Savings Account (MSA) Plan — MSA Plans combine a high deductible Medicare Advantage Plan and a bank account. The plan deposits money from Medicare in the account. You can use it to pay your medical expenses until your deductible is met.
	Medicare Cost Plan — A type of health plan. In a Medicare Cost Plan, if you get services outside of the plan's network without a referral, your Medicare-covered services will be paid for under the Original Medicare Plan (your Cost Plan pays for emergency services, or urgently needed services).

By signing this you are agreeing to a sales meeting with a sales agent to discuss the specific types of products you initialed above. The person that will be discussing plan options with you is either employed or contracted by a Medicare health plan or prescription drug plan that is not the Federal government, and they may be compensated based on your enrollment in a plan.

Signing this does NOT affect your current enrollment, nor will it enroll you in a Medicare Advantage Plan, Prescription Drug Plan, or other Medicare plan.

Beneficiary Signature: _____

If you are the authorized representative, you must sign above and provide the following information:

Name: _____

Address: _____ Phone Number: _____

Relationship to Beneficiary: _____

To be completed by Agent:

Agent Name:	Agent Phone:
Beneficiary Name:	Beneficiary Phone:
Beneficiary Address:	
Initial Method of Contact: (Indicate here if beneficiary was a walk-in.)	
Agent's Signature:	
Plan Use Only:	

6018613
Material ID#: Marketing ID # M0004-LR-09-1245 (H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863), S5678-LR-09-1245

MEDICARE SALES MATERIALS

THIS POLICY APPLIES TO: SALES MATERIALS

POLICY STATEMENT:

Health Net follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to the use of sales materials in the selling of all CMS-contracted products.

POLICY PURPOSE:

The purpose of this policy is to ensure that HN Sales Producers are properly using sales materials when selling Medicare products, that they are not misrepresenting the plans in any way, and that the guidelines set forth by the Centers for Medicare and Medicaid Services (CMS) and HN policies are being followed.

SCOPE/LIMITATIONS:

This P&P applies to all internal sales associates and external Producers contracted by HN, including independent Producers, Agency, General Agencies (GAs), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

EJ914-15659	Disclosure Requirements
LE113-144342	Introduction to Sales
EJ914-152632	Oversight and Monitoring of Producers
EJ914-15290	Producer Book of Business – Churning
EH914-153043	Qualification and Primary Duties for Producers
EJ914-153352	Required Documentation of Sales Practices
EJ914-15376	Sales Allegations
FD713-14344	Monthly Sales and Marketing Event Reporting to Medicare Compliance
EJ914-15394	Sales Producer Training
EJ914-154037	Standards of Professionalism
EJ914-154237	Auditing Sales
LE211-93151	Sales Practices Involving Vulnerable Beneficiaries
HG-MKTG-001	Medicare Advantage (MA) and Part D Marketing Material Development
HG-MKTG-002	Medicare Advantage (MA) and Part D Marketing Material Pre-Production Quality Review
HG-MKTG-003	Medicare Advantage (MA) and Part D Marketing Material Post Production Quality Maintenance
HG-MKTG-004	Medicare Advantage (MA) and Part D Marketing Material Obsolescence
LB-10312008	Health Net Government Programs Transition of Medicare Sales Materials

REFERENCES:

CFR 422 §422.2268

CFR 422 §422.2272

CFR 422 §422.2274

CFR 423 §423.2268

CFR 423 §423.2272

CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

DEFINITIONS

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Creative Services

Health Net in-house creative team responsible for the writing, design, and production of advertising, pre-enrollment and some post-enrollment Marketing Material.

Health Net Medicare Compliance

Internal Health Net department that acts as a liaison between CMS and Health Net to provide oversight of Health Net's Medicare Programs and its functions.

Health Net Medicare Compliance Marketing Lead

A Health Net Medicare Compliance staff member who acts as a subject matter expert relating to the CMS Marketing Guidelines. This lead works with the appropriate functional areas to implement marketing regulations, perform Marketing Material reviews, Marketing Material submissions, and performs general oversight functions concerning Marketing Materials.

Health Net Medicare Marketing Lead

A Health Net associate, designated by the Marketing department Vice President or Director, that has responsibilities for Producer and Provider Marketing Materials as well as other assigned Marketing responsibilities.

Marketing

Steering, or attempting to steer, an undecided potential enrollee towards a plan, or limited number of plans, and for which the individual or entity performing marketing activities expects compensation directly or indirectly from the plan for such marketing activities. "Assisting in enrollment" and "education" does not constitute marketing.

Marketing Creative Services Database

Software program used to initiate and house marketing job requests produced through the Creative Services team (i.e. advertising, pre-enrollment and some post-enrollment marketing material).

Marketing Materials

Marketing materials include any informational materials that perform one or more of the following actions: Promote an organization; provide enrollment information for an organization; explain the benefits of enrollment in an organization; describe the rules that apply to enrollees in an organization; explain how Medicare services are covered under an organization, including conditions

that apply to such coverage; communicate with the individual on various membership operational policies, rules, and procedures.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Everyone who has Medicare Parts A and B is eligible, except those who have End-Stage Renal Disease (ESRD).

Medicare Advantage (MA) Organization

A public or private entity organized and licensed by a state as a risk-bearing entity (with the exception of provider sponsored organization receiving waivers) that is certified by CMS as meeting the Medicare Advantage contract requirements.

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Part D Plan Sponsor

Refers to an organization offering a PDP, MA or MA-PD plan, a PACE organization offering a PACE plan including qualified prescription drug coverage, and a cost plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE:

PRODUCER GENERATED MATERIALS

All Producer marketing materials must be submitted to HN for approval by HN and CMS before the HN name/logo can be added.

1. The Producer will submit Marketing Material to HN via e-mail to MedicareMktgReview@healthnet.com along with the following information:
 - a. Description of Marketing Material

- b. If Marketing Material is a revision
 - c. Medium that Marketing Material will be used, i.e. Newspaper Ad, Flyer, Poster, Direct Mail
 - d. Geographic areas that Marketing Material will be distributed (to determine Plan Benefit Package numbers)
 - e. Proposed distribution date
 - f. Target Audience
2. The Health Net Medicare Marketing Lead will retrieve the submission from the above referenced e-mail inbox within 3 business days.
 3. The Health Net Medicare Marketing Lead will assign the submitted Marketing Material a Health Net job number and enter it into the Health Net Marketing Creative Services database.
 4. The Health Net Medicare Marketing Lead will forward the proposed Marketing Material to Health Net's Compliance Marketing Lead along with a description as required by 1.
 5. The Health Net Medicare Compliance Marketing Lead will begin reviewing the submitted material to ensure material compliance based on CMS requirements. It is the responsibility of the Marketing Lead to determine if the submitted Marketing Material needs to be filed with CMS as File and Use Certification, 45-day CMS filing review, or Compliance Approval Only. The Health Net Compliance Marketing Lead will respond to initial reviews within 5 to 7 business days.
 6. If the Marketing Material does not need to be submitted to CMS for approval, the Health Net Medicare Compliance Marketing Lead will notify the Health Net Medicare Marketing Lead of the decision via e-mail.
 7. If the Marketing Material needs to be submitted to CMS for approval, the Health Net Medicare Compliance Marketing Lead will notify the Health Net Medicare Marketing Lead if the piece qualifies for File and Use status or must be submitted for a 45-day review process via e-mail.
 8. If any mandatory content has been omitted, the Health Net Medicare Compliance Marketing Lead will contact the Health Net Medicare Marketing Lead via above reference e-mail to request inclusion of the missing content.
 9. Once a decision is made about the submitted sales and marketing material, the Health Net Medicare Marketing Lead will notify the Producer through an email of the CMS required edits as well as the need for additional information.
 10. The process described above will repeat until the Health Net Medicare Compliance Marketing Lead deems the Marketing Material suitable for submission to CMS. ** 2nd and 3rd reviews by the Health Net Medicare Compliance Marketing Lead will be completed within 3 business days.
 11. If the submitted Marketing Material is approved with comments, the Health Net Medicare Marketing Lead proceeds as above until Marketing Material has met all requirements.
 12. Once the edits have been added by the Producer and submitted to Compliance, the Health Net Medicare Compliance Marketing Lead will notify the Health Net Medicare Marketing Lead of the date that the Marketing Material may be distributed.

13. If the Marketing Material is approved as a File and Use piece, the Health Net Medicare Compliance Marketing Lead will notify the Health Net Medicare Marketing Lead who will then notify the Producer of the day that Marketing Material may be distributed. A File and Use (F&U) note must be added to piece prior to distribution.
14. If Marketing Material is approved after the 45-day CMS review, the Health Net Medicare Compliance Marketing Lead will notify the Health Net Medicare Marketing Lead of the approval date to add to the Marketing Material for distribution.
15. Upon final approval, the Health Net Medicare Marketing Lead will notify the Producer that they may proceed with use of the Marketing Material including the first date of approved distribution.
16. The Health Net Medicare Marketing Lead will upload approved Marketing Material into the Creative Services Marketing database, note approval on the file, and proceed with customary additional approval processes as outlined in the Medicare Marketing Material Desktop Instructions, including submission to the company's Quality Control Review Committee.
17. If the Marketing Material is denied, the Health Net Medicare Compliance Marketing Lead will notify the Health Net Medicare Marketing Lead of reasons for denial and suggested edits that would make the Marketing Material compliant with CMS regulations so that it will be ready for resubmission. The Health Net Medicare Marketing Lead will notify the Producer via email that this Marketing Material may not be distributed for use. A return receipt of email notification will serve as confirmation of denial notification.
18. The Health Net Medicare Marketing Lead will upload denied Marketing Material into the Creative Services Marketing database and note "not approved" on the file.

Note: The Marketing Material would then begin the above stated steps as a newly submitted Marketing Material.

Producers have the option of translating current CMS approved/Health Net marketing materials for use in their sales territory. Producers who want to translate marketing materials into a language other than English should submit the CMS-approved English copy, the translated copy and an attestation form from the translation company to the MedicareMktgReview@healthnet.com mailbox for final approval. All submitted materials will be reviewed for accuracy and compliance. It is the responsibility of the HN Associate in charge of the HN Producer mailbox to obtain the attestation signature from the HN VP of Marketing for submitted materials. All of these materials are then submitted to the Medicare Compliance Marketing lead for submission to CMS before it can be used. The HN Associate will inform the producer when production of these materials can be completed. To recap, here are the materials needed to obtain approval by Medicare Compliance and CMS:

1. A copy of the Compliance/CMS approved English version
2. The translated document (verbatim to the English - the translated material's page count can be more than English version's page count) – including the language identifier after the material ID (i.e. SPA, CHI, etc.)
3. A copy of the translation service's attestation of translation (as reliable evidence so the VP of HN Marketing can sign the HN attestation form)

PRODUCER WEBSITES

Producers are responsible for the following when using their own website to market to beneficiaries:

1. The Producer will forward a copy of the website to MedicareMktgReview@healthnet.com where the request will be handled according to the above procedure.
2. The Producer website must be maintained and updated with the most current information for Annual Enrollment, Open Enrollment, and Lock-in periods.

CMS AND HN APPROVED MARKETING MATERIALS

1. Producers may access HN/CMS approved marketing materials on the Broker portal section of Healthnet.com.
2. Within the Broker portal, the Producer will access the “Brochures & Forms” section.
3. A list of HN/CMS approved materials will display in PDF format on the screen. The Producer can access any of the approved materials and make edits to the bracketed sections of the PDF only. Non-bracketed areas of the material will be locked to prevent unauthorized edits to the material.
4. Producers who mail marketing materials to beneficiaries are required to include one of three statements on any envelope or the mailing itself (if no envelope is being sent) regardless of the material inside of the envelope.
 - Advertising pieces – “This is an advertisement”
 - Plan Information – “Important plan information about your enrollment”
 - Health – “Health or wellness or prevention information”

MARKETING MATERIAL OBSOLESCENCE

1. When a Producer is no longer using a Marketing Material that has been previously reviewed by HN, the Producer will follow the below procedure:
2. The Producer will send a copy of the material to Broker Services or their designated HN representative indicating that the material is no longer in use.
3. Broker Services or the designated HN representative will send an email to the HN Medicare Compliance Marketing Lead who will process the material for obsolescence, following the procedures as outlined in the P&P “Medicare Advantage (MA) and Part D Marketing Material Obsolescence.”
4. Materials that have been marked as obsolete can no longer be used in marketing to Medicare beneficiaries.

AUDITING

1. The Health Net Medicare Marketing Lead or the Health Net Medicare Compliance Marketing Lead may periodically request copies of Producer marketing materials that have been used to ensure only HN/CMS approved materials are being used and that the HN/CMS approved content was not modified by the Producer.

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2010, this does not apply to contracts H5721, H5996, and R5863.

SALES ALLEGATION

THIS POLICY APPLIES TO: SALES MATERIALS

POLICY STATEMENT:

Health Net (HN) follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to the activities of Producers, to ensure that they do not mislead, confuse, or misrepresent the organization.

HN is committed to ensuring that all HN sales Producers and HN plan sales staff follow the guidelines set forth by the Centers for Medicare and Medicaid Services (CMS) and in HN policies when representing HN plans and products. When HN is informed of a possible allegation of inaccurate or improper sales activity or inappropriate conduct by a sales Producer or HN plan sales staff, the issue is investigated thoroughly and reviewed through the Grievance process with oversight on each case through the Sales Allegation Committee.

CMS considers sales allegations to be Plan grievances. Therefore, all sales allegations are handled in the HN Appeals & Grievances (A&G) departments, and are forwarded for further review to outside departments, such as Sales and/or the Special Investigations Unit (SIU) for issues concerning possible fraud.

Producers may NOT engage in any of the following activities when conducting marketing activities (please see the "Sales & Marketing Do and Don't Chart" located on the Health Net producer web portal, at www.healthnet.com and the Health Net AHIP web page for a complete list as well as detailed information on the below activities):

- *Engage in activities which mislead, confuse or misrepresent the plan*
- *Engage in discriminatory marketing practices*
- *Offer gifts or payments as an inducement to enroll or solicit referrals*
- *Solicit door-to-door for Medicare beneficiaries or through other unsolicited means of direct contact, including calling a beneficiary without the beneficiary initiating the contact or giving express permission.*
- *May not claim recommendation or endorsement by CMS or that CMS recommends that the person enroll in HN*
- *May not make erroneous written or oral statements including any statement, claim, or promise that conflict with, materially alters, or erroneously expands upon the information contained in CMS approved materials*
- *May not use providers or provider groups to distribute printed information comparing benefits of different health plans, unless the materials have concurrence of all Medicare Advantage (MA) plans involved or the materials have received prior approval from CMS*
- *May not cross-sell any non-health care related products (such as annuities, life insurance, etc) during any sales or marketing activity or presentation conducted with respect to an MA plan or Part D plan.*
- *May not provide meals of any sort, regardless of value, at any event at which plan benefits are being discussed and/or plan materials are being distributed.*

- *May not conduct sales or marketing activities at educational events*
- *May not conduct sales or marketing activities in areas where patients primarily intend to receive health care services or where health care is delivered*

POLICY PURPOSE:

To ensure HN is in compliance with all CMS rules and guidance regarding all sales allegations filed against HN Medicare Sales Producers (Company Sales Associates and contracted Producers, GAs, FMOs and Agencies) are properly investigated and corrective action taken as warranted.

SCOPE/LIMITATIONS:

This policy and the related procedures apply to all Associates employed, contracted, or otherwise representing Health Net, Inc. and its subsidiaries who represent and are authorized to sell Medicare Health Net products. This includes, but is not limited to all internal sales associates and external sales Producers contracted by HN, including independent Producers and Sales Entity [Agency, General Agency (GA) or Field Marketing Organization (FMO)].

RELATED POLICIES:

- EJ914-15659 Disclosure Requirements
- LE113-144342 Introduction to Sales
- EJ914-151722 Medicare Sales Materials
- EJ914-152632 Oversight and Monitoring of Producers
- EJ914-15290 Producer Book of Business – Churning
- EH914-153043 Qualification and Primary Duties for Producers
- EJ914-153352 Required Documentation of Sales Practices
- FD713-14344 Monthly Sales and Marketing Event Reporting to Medicare Compliance
- EJ914-15394 Sales Producer Training
- EJ914-154037 Standards of Professionalism
- EJ914-154237 Auditing Sales
- LE211-93151 Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

- CFR 422 §422.2268
- CFR 422 §422.2272
- CFR 422 §422.2274
- CFR 423 §423.2268
- CFR 423 §423.2272
- CFR 423 §423.2274
- Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)
 - Section 70 – Promotional Activities, Events, and Outreach

DEFINITIONS

At Fault

An “At Fault” result occurs when an allegation is validated based on the results of the investigation. Corrective action is required for all At Fault determinations.

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

No Determination

A “No Determination” result is made when a determination cannot be made due to not having enough information to review the complaint, i.e., the researcher was unable to contact the member.

No Fault

A “No Fault” result is made when it is determined that the Producer or HN plan sales staff is found not at fault for the allegation.

Sales Allegation

A beneficiary complaint of a potential marketing problem. A beneficiary, family beneficiary, advocate, Power of Attorney, provider, CMS, or the Health Insurance Counseling Advocacy Program (HICAP) may initiate sales allegations either verbally or in writing. Sales allegations may originate from communication obtained during an outbound verification call, inbound telephone calls, as well as outbound quality control calls.

Sales Allegation Committee

A Committee comprised of various associates within Sales, Compliance, Appeals & Grievances, the Special Investigations Unit (SIU), and other attendees as necessary. The Committee meets on a regular basis to review sales allegations and recommend corrective actions.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE:

A. Beneficiary sales allegations may be received by HN via the member call centers, member correspondence, CMS correspondence, state Departments of Insurance, or other communication to anyone within HN.

- B. When a beneficiary sales allegation is received, HN will conduct a thorough investigation of the issue.
- C. The Producer will be asked to complete the Sales Allegation Form (attached). The form must be completed and returned within 7 calendar days. It is critical that Producers respond timely.
- D. HN will review the sales allegation and the Producers response and will make a determination of “at fault”, “no fault” or “no determination.”
- E. Corrective actions will be implemented as needed and could include but are not limited to:
 1. Coaching/counseling
 2. Additional training
 3. Ride-alongs
 4. Verbal warning
 5. Documented verbal warnings
 6. Written warning
 7. Suspension
 8. Termination

In the event a sales allegation is not responded to by the Producer as required, Health Net has a right to take any of the above actions. Note: It is part of all Producer agreements/Sales Entity contracts that all sales allegations require a response.

CORRECTIVE ACTION PLANS:

Fraud

- Any documented incidence(s) of producer fraud will result in immediate termination.

At Fault Determinations

- Immediate termination will occur if a producer has an At Fault determination that substantiates a direct violation of the CMS marketing guidelines, such as:
 - Door to Door sales
 - Unsolicited outbound telemarketing, which violates the CMS regulations
 - For serious allegations, failure to respond to Health Net regarding sales and marketing allegations.

Other At Fault Determinations

- If a producer has an At Fault determination, documented corrective action must take place.
- If a producer has three At Fault determinations in a rolling 12-month period with the same issue post-CAP notification, the producer is subject to termination.
- If there is a pattern of At Fault issues with a Sales Entity, Health Net will develop corrective action steps and/or pursue termination.

No Determinations

- If a producer has a pattern of No determinations related to the same issue in a rolling 12-month period, HN will make outbound calls to all or a significant sampling of members enrolled through that producer for the current selling period (AEP, OEP, lock-in) to document and ensure understanding of HN program. Any additional issues discovered from these calls will result in further actions as deemed appropriate by the Sales Allegation Committee. Additionally, HN or a HN Sales Entity will develop a CAP with Producer.

REVIEW/REVISION HISTORY

First Issued – August 2007

Revised – September 2008

Revised – October 2008

Revised – January 2009

Revised – March 5, 2009

Revised – March 13, 2009

Revised – April 20, 2009

Revised – September 1, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2010, this does not apply to contracts H5721, H5996, and R5863.

Sales Allegation Form

Allegation Description

Regional A&G to Complete

MARKET	AZ	CA	CT	GA	HI	MA	NC	NM	NY	OR	TX	VA
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Origination A & G Code (see key below)

CTM YES NO CTM Number

SIU YES NO A&G Counselor

Member Name ID #

Enrollment Effective Date Disenrollment Date (if applicable) Date of Incident

Name of Person Reporting Incident Relationship to Member

Phone # of Person Reporting Incident Product Type Date Incident Reported

MANDATORY: Attach the following support documents (where applicable) (X)

- 1. Copy of application (**IMPORTANT**)
- 2. Copy of any written correspondence from member
- 3. Member claim history
- 4. ABS Notes History
- 5. MC400 Notes History

Attach Documents Below

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HN Assoc. Broker GA HN Assoc/Broker Name/GA Affiliation

RSM/GA Handling Allegation (Direct/to router - GA/Send to GA for Response) Date Response Due

Description Of Incident (To be completed by Appeals and Grievances)

Please make an extra effort to contact members - more than two attempts, different dates/times, etc.

Date/Time Member Contacted Attempt #1 Attempt #2 Attempt #3

ENTER DATE HERE →

Who did you contact when the error was discovered? (member interview) TM Member Services

Broker Other

Date you Contacted Health Net? (if applicable)

Did you have an appointment and was a scope of appointment, or voice stamp completed in advance? YES NO N/A

Did you receive a complete enrollment packet? YES NO N/A

Was it explained that you were joining a Medicare Advantage Plan? YES NO N/A

Was the Lock-In provision explained? (if applicable) YES NO N/A

Were the new member expectations reviewed? (e.g. id card arrival, etc) YES NO N/A

Were you provided valid contact information? (agent, Member Services, etc) YES NO N/A

Was the referral process explained? (if applicable) YES NO N/A

Do you feel all your questions were answered during the presentation? YES NO N/A

Did you receive a timely response to your issue? YES NO N/A

Is there anything else that needs to be resolved? YES NO N/A

Please provide detailed explanation of conversation (issues to be resolved, etc)

Router to Complete				
# Rapid Disenrollments		# Apps on TM/Broker Book of Business		
# Total Sales Allegations (History) <small>Router finalizes allegation history prior to distribution</small>		# Sales Allegations 6 Mos		# Sales Allegations 12 Mos
Please answer all that apply to situation (to be answered by Licensed HN Representative/Broker)				
<small>Please attach any voice recordings, voicestamps, scope of appt document, application, contact mgmt record/ notes (evidence of what happened) Below</small>				
Describe Incident: (to be completed by Licensed HN Representative/Broker)				
<small>Must be completed by broker - not paraphrased by the manager (ok to attach additional back up documentation)</small>				
When was your initial contact with the member?				
Did you have an appointment and was a scope of appointment, or voice stamp completed in advance?	YES		NO	N/A
Did you provide a complete enrollment packet?	YES		NO	N/A
Was it explained that the prospect was joining a Medicare Advantage Plan?	YES		NO	N/A
Was the Lock-In provision explained? (if applicable)	YES		NO	N/A
Were the new member expectations reviewed? (e.g. id card arrival, etc)	YES		NO	N/A
Did you provide valid contact information? (agent, Member Services, etc)	YES		NO	N/A
Was the referral process explained? (if applicable)	YES		NO	N/A
Do you feel you thoroughly answered all questions during the presentation?	YES		NO	N/A
Did you provide a timely response to any issues with this prospect?	YES		NO	N/A
Were there any outstanding issues that needed to be resolved? (If yes, explain below)	YES		NO	N/A
Do you have a record of this in your contact management system? (If yes, please attach)	YES		NO	N/A
<i>If yes, please provide explanation</i>				
Corrective Action Plan Completion				
<small>to be completed by Regional Sales Manager/GA/FMO where applicable</small>				
Recommendation				
		AT FAULT*		
		NO FAULT*		
		NO DETERMINATION		
			Require Corrective Action *	
None		Ride Along(s)		Written Warning
Coaching/Counseling		Verbal Warning		Suspension
Additional Training		Documented Verbal Warning		Termination
Describe:				
Date(s) CAP Completed:				
RSM GA/FMO (name/title of person completing CAP form)				Date

Regional Oversight Committee Approval			
Determination			
		APPROVED	
		NOT APPROVED	
If Not Approved, the following steps are recommended:			
Preventative Steps for Future Compliance	Member Audit		Agent Profiling
New Member Welcome Calls	None		Other (use Additional notes below)
Additional Notes *any external correspondence must be encrypted https://hnconnect.healthnet.com/business_units/security/guidelines/Encrypted_Internet_Email_Instructions.doc			
Date of Meeting		Medicare Officer Name	
Copy of this allegation has been placed in the Licensed HN Representative/Broker file (Spring CM) for future reference. Any "Corrective Action" documentation and/or back up documentation is also stored in the file.			

- A&G CODE KEY:**
- 1 Misrepresentation of company
 - 2 Misrepresentation of medical benefits/services
 - 3 Misrepresentation of provider/PPG/provider network
 - 4 Misrepresentation of Part D benefits/formulary
 - 5 Misrepresentation of pharmacy network
 - 6 Misrepresentation of member cost sharing
 - 7 Sales rep behavior issue
 - 8 Miscommunication to prospect/member
 - 9 Sales rep did not confirm applicant understood plan rules
 - 10 Application form not filled out correctly
 - 11 Out of area enrollment
 - 12 Eligibility not verified
 - 13 Use of materials not approved by CMS or Compliance
 - 14 Gift or payments given to enroll
 - 15 Door to door solicitation
 - 16 Sales rep did not answer questions
 - 17 Sales rep did not answer questions correctly
 - 18 Sales rep made unauthorized modifications to application
 - 19 Individual did not want to join the plan
 - 20 Individual did not sign enrollment application
 - 21 Other

- PRODUCT KEY**
- HMO
 - PFFS
 - PDP
 - SNP
 - PPO
 - ED SUP

9/11/09

EA-L/jmb 1

PRODUCER BOOK OF BUSINESS - CHURNING

THIS POLICY APPLIES TO: SALES PRACTICES

POLICY STATEMENT:

Health Net follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to the qualifications and primary duties of Producers. CMS requires that Medicare Advantage (MA) and Part D plans utilize only state-licensed marketing representatives to perform marketing. In addition, the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 requires MA organizations and Part D plans to comply with state appointment laws.

Health Net (HN) invests considerable resources to identify, educate, enroll, and retain members who have selected our Medicare plans. The company relies on and appropriately compensates contracted Producers to help with membership growth and retention. Accordingly, HN has a justifiable expectation that no contracted sales Producer or Sales Entity will engage in activities known as "churning" or "flipping" their clients (who are HN members) to other health care carriers, if the products offered by HN are competitive and continue to meet the member's needs. When the primary goal of the Producer or Sales Entity is to generate additional commissions from other companies, this practice is not acceptable to HN and is typically not in the best interests of members. This policy does not diminish the appropriate purpose of a Producer, which is to help clients evaluate their needs and make sound choices about their Medicare coverage.

Health Net complies with the Centers for Medicare & Medicaid (CMS) requirements contained in the regulations regarding compensation. Health Net will recover compensation when a member disenrolls from the plan for the months in which the member is not enrolled and during months 1 through 3 if the member disenrolls during the first three months.

POLICY PURPOSE:

The purpose of this policy is to establish a procedure for overseeing Producers and Sales Entities in order to identify and prevent churning of clients.

SCOPE/LIMITATIONS:

This P&P applies to all external Producers contracted by HN, including independent Producers, Agency, General Agents (GA's), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

EJ914-15659	Disclosure Requirements
LE113-144342	Introduction to Sales Policies and Procedures
EJ914-151722	Medicare Sales Materials
EJ914-152632	Oversight and Monitoring of Producers
EH914-153043	Qualification for Agents and Producers
EJ914-153352	Required Documentation of Sales Practices

EJ914-15376	Sales Allegations
FD713-14344	Monthly Sales and Marketing Event Reporting to Medicare Compliance
EJ914-15394	Sales Producer Training
EJ914-154037	Standards of Professionalism
EJ914-154237	Auditing Sales
LE211-93151	Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

CFR 422 §422.2272

CFR 422 §422.2274

CFR 423 §423.2272

CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

DEFINITIONS

Churning

The practice of soliciting a current Client to change health care plans for the sole purpose of receiving compensation.

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Compensation

Compensation includes pecuniary or non-pecuniary remuneration of any kind relating to the sale or renewal of a policy including, but not limited to, commissions, bonuses, gifts, prizes, awards, and finder's fees.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Rapid Disenrollment

A rapid disenrollment is considered a member disenrollment during the first 3 continuous months of the member's effective date, i.e. member effective 6/1/2010, disenrolls either 6/1, 7/1, or 8/1, this is considered a rapid disenrollment.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE

A. OVERSIGHT

1. HN Sales Leaders will evaluate on a monthly basis Producers and/or Sales Entities to determine the membership retention rate of their overall HN book-of-business (BOB) and to identify any adverse trends.
2. Indicators for specific actions include the following:
 - a. Analyzing rapid disenrollment rates
 - b. Other member- or Producer-specific evaluations, including member complaints.
3. When unacceptable member termination trends are apparent from the data, the Producer or Sales Entity will be flagged. HN management will take actions to identify why members have left HN, which include:
 - a. Calling or otherwise surveying former members to determine why they terminated their HN coverage
 - b. Evaluating the new plan they selected
 - c. Determining what the member was told about changing coverage

B. ACTIONS

1. Rapid Disenrollments: Compensation will be adjusted according to CMS regulations.
2. When adverse trends are documented, HN's goal will be to work with the Producer or Sales Entity to understand the high termination rates and/or why recommendations to leave HN are being made.
3. Depending on the severity and nature of the disenrollment trends, HN may take corrective action up to, and including, Producer contract termination

All corrective actions will be tracked to completion.

REVIEW/REVISION HISTORY

First Issued – August 2007

Revised – September 2008

Revised – November 10, 2008

Revised – September 1, 2009

ADDITIONAL INFORMATION:

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2009, this does not apply to contracts H5721, H5996, and R5863.

OVERSIGHT AND MONITORING OF PRODUCERS

THIS POLICY APPLIES TO: AUDITING PROCESS

POLICY STATEMENT

Health Net follows the Centers for Medicare & Medicaid's (CMS) requirements contained in Chapter 3 of the Medicare Managed Care Manual and in the applicable regulations, in regard to the qualifications and primary duties of Producers. CMS requires that Medicare Advantage (MA) and Part D plans utilize only state-licensed marketing representatives to perform marketing. In addition, the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 requires MA organizations and Part D plans to comply with state appointment laws.

The HN Regional VPs of Medicare Programs are responsible for implementing oversight and monitoring of sales Producers, sales training, and other processes to ensure that sales activities in their Regions are compliant with CMS requirements and consistent with HN Policies and Procedures.

POLICY PURPOSE

To ensure Health Net is in compliance with all CMS rules and guidance regarding the oversight and monitoring of Producers.

SCOPE/LIMITATIONS

This policy and the related procedures apply to all Associates employed, contracted, or otherwise representing Health Net, Inc. and its subsidiaries who represent and are authorized to sell Medicare Health Net products. This includes, but is not limited to all internal sales associates and external sales Producers contracted by HN, including independent Producers, Agency, General Agencies (GA's), and Field Marketing Organizations (FMOs).

RELATED POLICIES:

EJ914-15659	Disclosure Requirements
LE113-144342	Introduction to Sales Policies and Procedures
EJ914-151722	Medicare Sales Materials
EJ914-15290	Producer Book of Business – Churning
EH914-153043	Qualification for Agents and Producers
EJ914-153352	Required Documentation of Sales Practices
EJ914-15376	Sales Allegations
FD713-14344	Monthly Sales and Marketing Event Reporting to Medicare Compliance
EJ914-15394	Sales Producer Training
EJ914-154037	Standards of Professionalism
EJ914-154237	Auditing Sales
LE211-93151	Sales Practices Involving Vulnerable Beneficiaries

REFERENCES:

CFR 422 §422.2268

CFR 422 §422.2272

CFR 422 §422.2274

CFR 423 §423.2268

CFR 423 §423.2272

CFR 423 §423.2274

Medicare Managed Care Manual Chapter 3: Medicare Marketing Guidelines (Revision 91, August 7, 2009)

– Section 11 – Guidelines for Promotional Activities

DEFINITIONS

CMS

Centers for Medicare and Medicaid Services. The federal agency within the Department of Health and Human Services that administers the Medicare program.

Medicare

The federal health insurance program for people 65 years of age or older, certain younger people with disabilities, and people with End Stage Renal Disease (ESRD).

Medicare Advantage (MA)

A Medicare program that allows for more choices among Medicare health plans. Everyone who has Medicare Parts A and B is eligible, except those who have End-Stage Renal Disease (ESRD).

Medicare Advantage (MA) Organization

A public or private entity organized and licensed by a state as a risk-bearing entity (with the exception of provider sponsored organization receiving waivers) that is certified by CMS as meeting the Medicare Advantage contract requirements.

Part D Plan

A prescription drug plan (PDP), an MA-PD plan, or a PACE plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Part D Plan Sponsor

Refers to an organization offering a PDP, MA or MA-PD plan, a PACE organization offering a PACE plan including qualified prescription drug coverage, and a cost plan offering qualified prescription drug coverage. This includes employer- and union-sponsored plans.

Sales Entity

Field Marketing Organization (FMO), General Agency (GA) or Agency.

Field Marketing Organization (FMO)

An FMO is an agency contracted to provide broad coverage for the marketing and sales of a health plan. Areas of support will include, but are not limited to, Marketing / Lead Generation, Call Center capabilities, and Administrative functions.

General Agency (GA)

A GA is an agency contracted to provide sales of a health plan. Typically its focus is on Producer recruitment and sales. Areas of support will include, but are not limited to, Producer Certification, Sales Training, Product Training and Compliance Oversight.

Agency

An agency that allows Producers to write underneath them.

Producer

Any person who is authorized to sell Health Net Medicare products, including persons who are directly contracted with Health Net and persons who are affiliated with a contracted Sales Entity.

PROCEDURE

GENERAL REQUIREMENTS

Producers are expected to adhere to standards of professionalism at all times (see “Standards of Professionalism” Policy and Procedure).

INDIVIDUAL PRODUCERS AND AGENCIES

1. Markets *with* HN sales staff:

- HN will provide the same or similar oversight activities for contracted producers or authorized agents, as it would for HN employed or captive field sales representatives. This could include such sales monitoring activities as ride-a-longs, attending sales seminars, and other activities as determined appropriate by local market sales leaders. Oversight activities will be conducted on either scheduled or random basis and will include general and compliance issues related monitoring.

2. PDP-Only Markets:

- Sales allegations in PDP-Only markets will be addressed using the sales allegation process.

PRODUCERS AUTHORIZED WITH A SALES ENTITY

1. Per HN policies, each Sales Entity has the responsibility to conduct oversight of their contracted Producers and maintain Producer records. Appropriate HN sales management will audit each Sales Entity against HN’s P&Ps. Corrective actions will be implemented when requirements have not been met. Areas to be audited include (but are not limited to):

- Compliance with the Sales Entity’s own internal policies and procedures
- Compliance with CMS and HN policies and the applicable HN contract
- Training and re-training
- Complaint tracking, actions, and outcomes
- License status changes
- Advertising and marketing materials used
- Scope of Appointment documentation
- Producer record maintenance
- Sales Entities will be responsible to cooperate with HN’s investigation of sales allegations that involve their Producers. They must comply with all corrective or disciplinary actions against a Producer that are deemed appropriate by the responsible HN VP of Medicare Programs or HN Sales Leader. Failure to cooperate with HN’s investigation or to implement corrective actions timely may result in corrective action against the GA, or FMO.

ACTIONS RELATED TO SINGLE SIGNIFICANT INCIDENT OR CONTINUED NON-COMPLIANCE

1. All Producers: Any individual Producer or Sales Entity, that has either a documented single significant incident of non-compliance, continual non-compliance, or a combination of single significant incidents and continual non-compliance will be subject to disciplinary action. The HN Regional Medicare Vice President, in conjunction with the Regional Sales Allegation Committee, will be responsible for determining the corrective action to be taken, which includes counseling, retraining, warnings, suspension, contract termination, withholding commissions, and reporting to CMS and the states Department Of Insurance (as required). Producer-specific corrective action plans will be developed to appropriately address the non-compliance issues and will be tracked to completion.
2. National Entities & Multiple Region Producers: In the event HN determines that systemic compliance issues exist within a multi-region producer or national entity the Chief Medicare Officer, in conjunction with the Regional Sales Allegation Committees, will be responsible for executing all corrective actions to be taken, potentially including contract termination.

RECORD KEEPING

CMS audits will focus on the maintenance of a “file” for each sales Producer. The Regional Medicare Vice Presidents are accountable for oversight of record keeping. Records will be maintained pursuant to HN’s record keeping policy and will be a combination of HN maintained hard copy files and electronic data (maintained on a HN data base) for HN sales associates and direct contracting Producers of all types. All records must be kept for 10 years and are subject to audit as required by Medicare regulations.

HN and each Sales Entity must maintain at least the following information in each Producer sales file:

- Copy of state license
- Copy of HN AHIP annual certification exam results
- Training documents, sign in sheets
- Documentation of sales allegations, investigation outcomes, and all corrective actions
- Performance data, i.e. sales volume, commissions paid, commission chargebacks, etc.
- Copy of Sales Attestation form

HN may conduct scheduled or random audits of Sales Entities record-keeping. In the event deficiencies are discovered, HN will reserve the right to develop corrective action plans and re-audit the Sales Entities as necessary until the deficiencies are fully corrected. Failure of a Sales Entity to cooperate in such audits may be grounds for contract termination including the potential loss of sales commissions.

REVIEW/REVISION HISTORY

First Issued – August 2007

Revised – September 2008

Revised – September 1, 2009

ADDITIONAL INFORMATION

Applies to contract numbers H0351, H0562, H0755, H5439, H5520, H5721, H5996, R5863, and S5678. As of January 1, 2009, this does not apply to contracts H5721, H5996, and R5863.

APPENDIX A

HEALTH NET GOVERNMENT PROGRAMS SALES PRODUCER CODE OF CONDUCT

As a Health Net (HN) sales producer, I agree to abide by all of the following while representing HN Medicare products to Medicare beneficiaries and/or their representatives, family members, friends, and in the communities in which I solicit. I will:

1. Treat each individual with whom I work representing HN Medicare products with respect, courtesy, understanding, professionalism, and empathy.
2. Accurately represent my professional designations, qualifications, professional licenses, and other such endorsements or criteria. I will not provide advice or guidance beyond my professional capabilities or qualifications, nor under any circumstance will I represent or infer that I work for or am endorsed by Medicare (CMS) or any other governmental agency.
3. Represent HN Medicare products with complete accuracy, thoroughness, and honesty. Under no circumstance will I exaggerate, lie about or knowingly misrepresent the benefits, premiums, member cost-sharing, administrative rules, or any other feature about any HN Medicare product. If I don't know the answer to a question, I will find the correct answer and will not simply guess or make-up an answer. I will not make any promises on behalf of HN that I have not been specifically authorized in writing to make.
4. Confirm that each Medicare beneficiary comprehends the fundamentals of the HN products in which they are enrolling, that each understands the impacts of enrolling in a HN product and terminating any other Medicare coverage, and that all required materials have been provided before enrollment occurs. I will refrain from using technical or industry jargon to describe HN products unless law or regulation requires such specific terminology.
5. Abide by all applicable federal and state laws, regulations, and HN policies and procedures governing the solicitation and sale of Medicare products and the associated confidentiality provisions (HIPAA).
6. Use my professional skills and ethical judgment to always provide proper guidance and act in the best interest of each Medicare beneficiary with whom I work. This means that I will place my client's and prospective client's needs ahead of my own considerations in all situations.
7. Use only advertising, marketing, sales presentation, enrollment and other materials which have been provided to me by HN or that have been approved in writing by HN for my usage. I will also obtain prior written approval from HN for any advertising medium I would like to use to solicit prospective HN members.
8. Abide by professional courtesy. Under no circumstance will I put any Medicare beneficiary in the "middle" of any type of dispute or debate relative to compensation or client relationship. If a Medicare beneficiary has an existing appointment or relationship with another HN sales producer, I will not intercede unless the Medicare beneficiary specifically asks me to do so for their benefit.

9. Continue to learn about the Medicare Program, HN Medicare products, and other government programs that may impact my clients and potential clients.
10. Provide timely service to my clients with professionalism, competence, and sincerity.
11. Ensure the Medicare beneficiary understands the person discussing plan options with them is either employed, contracted or authorized through a contracted entity with Health Net and may be compensated based on the beneficiary's enrollment in a plan.

APPENDIX B

Sales & Marketing Do and Don't Reference to follow.

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
MARKETING/SALES EVENT & GENERAL MARKETING PRACTICES	
<p>Marketing/sales events are defined by both the range of information provided and the way in which the content is presented to the Medicare beneficiary. There are 2 main types of Marketing/sales events:</p> <ul style="list-style-type: none"> • Formal marketing/sales events – events that are structured in an audience/presenter style with a sales person providing specific plan information via a presentation. • Informal marketing/sales events – These are a less structured presentation and typically use a kiosk or table manned by a sales person who can discuss the plan when approached by a Medicare beneficiary. 	
<p>Market MA and Part D plans to all eligible Medicare beneficiaries</p> <p>Accept and perform enrollments</p>	<p>Do not participate in discriminatory activities</p> <p>Examples:</p> <ul style="list-style-type: none"> ➢ Race, sex, age ➢ Targeting marketing to high income areas ➢ Health screening/cherry picking (except chronic care SNPs) ➢ Giving priority to newly eligible Medicare beneficiaries over other beneficiaries during sales activities
<p>Distribute health plan brochures and pre-enrollment materials that have been provided by the plan and approved by CMS</p>	<p>Do not engage in activities that mislead or confuse Medicare beneficiaries</p> <p>Do not use materials that have not been approved by CMS and Health Net</p>
<p>State that the plan sponsor is approved for participation in Medicare programs and/or that it is contracted to administer Medicare benefits</p> <p>Use the term “Medicare-approved” to describe benefits and services within marketing materials</p>	<p>Do not alter anything outside the bracketed areas of templated material</p> <p>Do not identify yourself as an agent of Medicare or the Federal Government</p> <p>Do not use words or symbols including “Medicare”, “Centers for Medicare and Medicaid Services”, “Department of Health and Human Services” or “Health and Human Services” in a manner that would convey the false impression that the business or product is approved or endorsed by Medicare or any other government agency.</p>
<p>Formally present benefit information by following the</p>	<p>Do not misrepresent the benefits or services Health Net provides</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>benefit information found in the Summary of Benefits or Sales Presentation</p> <p>Provide educational content to the audience or passersby</p> <p>Clearly explain the following during SNP presentations/events:</p> <ul style="list-style-type: none"> • Eligibility requirements • Process for disenrollment if the beneficiary loses his/her Medicaid status (or becomes eligible for enrollment for a Chronic SNP) 	<p>Do not imply that any of Health Net's MA plans (including PFFS plans) are Medicare supplement plans</p> <p>Do not solely focus on the positive or good benefits of the plan</p> <p>Do not provide false or misleading information about the plan, including benefits, provider rules and other plan information</p>
<p>Use qualified superlatives</p> <p>Examples:</p> <ul style="list-style-type: none"> ➤ One of the best, among the highest ranked 	<p>Do not say that the plan you are marketing/selling is the best plan</p> <p>Examples:</p> <ul style="list-style-type: none"> ➤ "the best", "highest ranked", "rated number one" (can only use if substantiated with supporting data) <p>Do not compare HN to another Organization/Plan by name unless you have written concurrence from all plan sponsors being compared.</p>
<p>Discuss ONLY those products (MA, PDP) that were included in the advertising material for the sales event</p> <p>Provide REFRESHMENTS/LIGHT SNACKS at promotional or sales activities</p> <ul style="list-style-type: none"> ➤ Coffee, soft drinks, fruit, raw vegetables, pastries, cookies or other small dessert items, crackers, muffins, cheese chips, yogurt, nuts 	<p>Do not discuss products that were not included in the advertisement for the sales event</p> <p>Do not provide or subsidize MEALS at promotional or sales activities, regardless of value to prospects or current enrollees</p> <ul style="list-style-type: none"> • Applies at any event or meeting where plan benefits are being discussed and/or plan materials are being distributed • Light snacks cannot be bundled and provided like a meal <p>Do not market any MA or Part D plans where meals are being provided,</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
	<p>even if the meal is not sponsored by HN and is the normal activity in that location. Example: soup kitchens, senior centers, etc.</p> <p>Do not co-sponsor meals Example: Co-sponsoring a meal with a provider is not allowed</p> <p>Do not give a beneficiary a gift card or gift certificate to a restaurant or any place where food is served.</p>
<p>Do include one of three statements on the outside of the envelope or mailing itself (ONLY if no envelope is used) that best fits the information being sent to the Medicare beneficiary:</p> <ul style="list-style-type: none"> ➤ Advertising pieces: "This is an advertisement" ➤ Plan Information: "Important plan information about your enrollment" ➤ Health: "Health or Wellness or prevention information" 	<p>Do not mail information to Medicare beneficiaries or current HN members if one of the three statements is not included on the envelope or mailing itself if no envelope is used (e.g., a postcard)</p>
CROSS SELLING OF NON-HEALTH RELATED PRODUCTS	
<p>Allowed on inbound calls when requested by the beneficiary</p>	<p>Do not cross-sell any non-health care related products (annuities, life insurance, etc) during any MA or Part D sales activity or presentation</p> <p>CMS defines "non-health care related products" as any insurance product not involving medical/health coverage. Dental coverage is considered medical/health coverage.</p> <p>Do not leave brochures on non-health care related products during any MA or Part D sales activity or presentation.</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
UNSOLICITED CONTACTS/OUTBOUND TELEMARKETING <i>Unsolicited contact prohibitions applies to the Health Plan, assigned Producers, and third party organizations utilized to generate sales leads and/or appointments.</i> <i>Applies to Medicare age-ins as well as existing beneficiaries</i>	
<p>Call a beneficiary when the beneficiary has given express permission to contact them. Permission is to be considered SHORT TERM, EVENT-SPECIFIC BASIS and may not be treated as an open-ended permission for future contacts.</p> <p>EXAMPLES:</p> <ul style="list-style-type: none"> • A lead was generated based on an ad that references specific dates for a sales presentation and the date of the last sales presentation listed is 12/15/09. You can contact the beneficiary only up to 12/15/09. • A lead is generated based on an ad that does not specify a timeframe. The beneficiary should be contacted asap. • A beneficiary calls HN directly requesting more information about the plan. The beneficiary should be contacted asap. 	<p>Do not participate in DOOR-TO-DOOR SOLICITATION of Medicare beneficiaries (exception for Medicare Supplement plans in some states)</p> <p>Do not approach individuals in common areas such as parking lots, hallways, lobbies, etc.</p> <p>Do not call or approach a beneficiary without the beneficiary initiating the contact (unsolicited contacts & outbound telemarketing)</p> <p>Do not use old lists or old consents to contact beneficiaries to satisfy the new MIPPA rules regarding unsolicited contacts</p> <p>Do not conduct or allow unsolicited contacts, including unsolicited outbound calls, to beneficiaries to offer a non-MA or non-PDP product (Medigap, discount drug card, educational event, etc.) if the unsolicited contact also discusses MA or PDP.</p> <p>Exception for Medicare Supplement policy outbound telephone calls.</p> <p>Example:</p> <ul style="list-style-type: none"> • If during the course of an outbound call for a Medicare Supplement product the beneficiary initiates interest in an MA or PDP product, then that MA or PDP product may be discussed, as long as the call is recorded, including the beneficiary-initiated request for MA or PDP information.
<p>CMS approved plan/Producer mailings are allowed, e.g.,</p>	<p>Do not call beneficiaries to confirm receipt of mailed information</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>advertising, marketing materials, etc.</p> <p>ORGANIZATIONS may call former members who have VOLUNTARILY disenrolled for a disenrollment survey for quality improvement purposes.</p> <ul style="list-style-type: none"> • Only after the disenrollment effective date • Neither calls nor mailings may include sales or marketing information <p>ORGANIZATIONS may call existing members to conduct normal business related to the plan and/or to discuss other healthcare products and services that may be available through the organization</p> <p>EXAMPLES:</p> <ul style="list-style-type: none"> • Members aging-in to Medicare from Commercial products offered by HN • Calls to HN Medicaid plan members to talk about HN Medicare products <p>ORGANIZATIONS may call LIS-eligible members being reassigned</p> <ul style="list-style-type: none"> • Limited circumstances, subject to advance approval from CMS <p>ORGANIZATIONS may call beneficiaries who submit enrollment applications to conduct quality control and Producer oversight activities. Scripts for this purpose require CMS approval.</p>	<p>Do not call former members who have disenrolled or current members who are in the process of VOLUNTARY DISENROLLING to market plans or products or request consent to further sales contacts.</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>PRODUCERS may call members that they enrolled in a plan to discuss plan issues and market other plan options.</p> <p>PRODUCERS may call to confirm an appointment that has already been agreed to by the beneficiary via a completed SOA form.</p>	<p>PRODUCERS cannot conduct unsolicited phone calls to other beneficiaries or plan members that they did not enroll in the plan.</p> <p>Do not call/visit beneficiaries after attendance at a sales event, unless the beneficiary gave express permission at the event for a follow-up or visit (including a completed SOA form)</p>
<p>Plans and/or Producers may return beneficiary PHONE CALLS or messages as these are not unsolicited</p> <p>Plans can enroll a beneficiary if the beneficiary makes a request to enroll via an INBOUND PHONE CALL.</p>	<p>Do not initiate any unsolicited OUTBOUND PHONE CALLS to beneficiaries.</p> <p>Plans cannot enroll beneficiaries via any OUTBOUND PHONE CALLS (see section on Unsolicited Contacts for additional information on unsolicited outbound calls)</p>
<p>You may contact members who are being INVOLUNTARILY disenrolled (while they are still members) to resolve eligibility issues.</p> <p>Examples of involuntary disenrollment include moves out of the service area, plan non-renewals, member loses entitlement to Medicare Part A or Part B, etc.</p>	<p>Do not contact members who are INVOLUNTARILY disenrolling from the plan for sales purposes or to ask for consent in any format to further sales contacts.</p>
<p>Call a beneficiary in response to a BUSINESS REPLY CARD if: The beneficiary included his/her phone number, and the reply card specifically says the beneficiary is giving the plan permission to call him/her.</p> <p>All BUSINESS REPLY CARDS used for documenting beneficiary agreement for a contact must be submitted to CMS for review/approval.</p> <p>Note: BUSINESS REPLY CARDS may be used as a</p>	<p>Do not call a beneficiary in response to a BUSINESS REPLY CARD if the business reply card did not expressly state that the beneficiary was giving the plan permission to call him/her.</p> <p>Note: RAFFLE CARDS cannot be considered initiating contact, unless the raffle card specifically says the beneficiary is giving the plan permission to call them. (NOTE: Cannot collect member contact information at educational events. See section on Educational Events</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>Scope of Appointment forms if they include CMS mandatory elements. These must be submitted to CMS for review and approval.</p>	<p>for more information).</p>
<p>Only discuss the product(s) referenced on the BUSINESS REPLY CARD and/or in the advertisement included with the business reply card</p>	<p>Do not discuss any product(s) during the call that were not referenced on the BUSINESS REPLY CARD and/or in the advertisement included with the business reply card</p>
<p>THIRD PARTY LEADS may be generated through mailings, websites, advertising and public sales events</p>	<p>THIRD PARTIES may not make unsolicited calls to beneficiaries for non-MA and PDP products and provide those contacts to plans for ultimate use as an MA or PDP sales appointment EXAMPLE: A “benefits compare” meeting.</p> <p>Do not accept an MA or PDP appointment from a THIRD PARTY LEAD that resulted from an unsolicited contact with a beneficiary (including if the call started based on a non-MA or non-PDP product)</p>
<p>Do obtain the beneficiary HICN number ONLY if the beneficiary initiates contact and asks the plan contact to verify Medicaid eligibility for a SNP plan</p>	<p>Unsolicited THIRD PARTY LEADS are prohibited</p> <p>Do not request beneficiary identification numbers (e.g. Social Security Numbers, bank account numbers, credit card numbers, HICN).</p>
<p>You may leave your business card or contact information with the beneficiary to give to their friends. In all cases, the REFERRED beneficiary needs to call the plan/agent directly.</p>	<p>Do not call a beneficiary who was REFERRED to you by a friend or another third party.</p>
<p>Do EMAIL a beneficiary only if the beneficiary agrees to receive e-mails from HN or a Producer and the beneficiary has provided his/her email address to HN or a Producer.</p> <p>The permission to send emails to a beneficiary must be received by HN and not by an unaffiliated third party.</p>	<p>Do not rent or purchase EMAIL lists to distribute information about MA plans or the Part D benefit.</p> <p>Do not acquire EMAIL addresses through any type of directory.</p> <p>Do not EMAIL a beneficiary if the beneficiary has not agreed to receive</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
	<p>emails from HN or a contracted Producer.</p> <p>Do not EMAIL a beneficiary if the permission to receive an email was received by an unaffiliated third party.</p> <p>Example: A prospect searches the internet for Medicare health plans and comes across xyz website. The prospect requests more information about Medicare health plans and completes the online request for information form. A third party purchases the lead and tries to sell the lead to a HN contracted Producer. The HN Producer cannot contact the prospect because the prospect did not give HN or the contracted Producer permission for the contact.</p>
<p style="text-align: center;">SCOPE OF APPOINTMENTS (SOA) – In Person, Individual Appointments with Beneficiaries</p>	
<p>Have a pre-set appointment with an individual to market MA and/or Part D plans</p>	<p>Do not participate in DOOR-TO-DOOR SOLICITATION of Medicare beneficiaries (exception for Medicare Supplement plans in some states)</p>
<p>The SOA Form is required for any face-to-face personal/individual marketing appointment with a beneficiary and must be signed & returned by the beneficiary PRIOR TO the appointment</p>	<p>Do not return uninvited to an earlier “no show” appointment</p> <p>Do not obtain the SOA Form immediately prior to the Sales appointment (exception: If it is not feasible to obtain the SOA Form prior to the appointment, the Producer may have the beneficiary sign the form at the beginning of the appointment).</p>
<p>Prior to any marketing appointment, Producers must clearly identify the types of products that will be discussed during the in-home appointment (e.g., MediGap, MA and PDP).</p> <p>Do request that the beneficiary sign a new SOA Form if the beneficiary wants to discuss other products not agreed upon for the initial appointment.</p> <p>EXAMPLE:</p>	<p>Do not discuss plan products not agreed upon by the beneficiary prior to the appointment.</p> <p>EXAMPLES:</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>A Producer has a pre-scheduled appointment with a beneficiary to discuss MA products. During the appointment, the beneficiary wants to discuss a PDP product. The beneficiary must sign a new SOA Form and then the Producer may continue the marketing appointment. A new separate appointment is not required. <i>This only applies if an SOA Form was completed for the initial appointment. It does not apply if a form was not completed prior to the initial appointment, i.e., Med Supp. A new appointment would need to be set, at least 48 hours later.</i></p> <p>Do request that additional beneficiaries who are present at a pre-set individual appointment sign an SOA form (ONLY IF additional beneficiaries were unexpected).</p> <p>EXAMPLE:</p> <ul style="list-style-type: none"> A Producer has a pre-scheduled appointment to meet with Mr. and Mrs. John Jones. The Producer arrives at the Jones' residence and learns additional beneficiaries have been invited. The Producer may continue with the appointment in the presence of the additional beneficiaries, as long as the additional beneficiaries complete the scope of appointment form prior to conducting the sales discussion (indicate on the form "beneficiary-initiated contact"). The Producer may enroll Mr. and Mrs. Jones, as well as the additional beneficiaries. <p>Note: The Producer can market the plans to the additional beneficiaries as long as he/she was unaware of the additions before the appointment.</p>	<ul style="list-style-type: none"> A Producer meets with a beneficiary to discuss a Med Supp product. An SOA Form was not completed. During the meeting, the beneficiary wants to discuss MA products. The Producer would have to schedule a different appointment at least 48 hours after the initial meeting and obtain a signed <u>Scope of Appointment Form</u> since the beneficiary did not set up an appointment to discuss MA products. <p>Do not conduct an appointment with another beneficiary if the beneficiary was not identified when the initial appointment was set up.</p> <p>EXAMPLE:</p> <ul style="list-style-type: none"> A Producer has a pre-scheduled sales appointment at a beneficiary's home. At the end of the meeting, the beneficiary invites the Producer to his next-door neighbor's house because he'd mentioned the meeting to his friend, who is also interested in meeting with the Producer regarding Medicare Advantage and/or PDP plans. Because the Producer does not have an appointment with the neighbor, the neighbor must schedule an appointment with the Producer and the specific lines of business to be discussed must be identified and documented (recorded phone conversation or signed Scope of Appointment form) when the appointment is scheduled.

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>Do obtain a SOA Form for existing clients/members as well as new member prospects.</p> <p>Example: A Producer meets with a current HN member to discuss switching from the HN Ruby to HN Violet plan. An SOA Form would need to be obtained for this appointment</p> <p>Do obtain a signed SOA Form from a beneficiary at a sales presentation/seminar if the beneficiary is interested in discussing MA and/or Part D plans. The appointment does not need to be held 48 hours later; it may be held at the venue immediately following the sales presentation.</p> <p>Appointments made over the phone must be recorded in order to provide documentation. <u>If the Producer does not have phone recording capability, an SOA Form may be mailed to the beneficiary that can be returned as written documentation PRIOR TO the appointment²</u> However, if it is not feasible for the Scope of Appointment form to be executed prior to the appointment, a Producer may have the beneficiary sign the form at the beginning of the appointment (Note: Producer needs to explain why it was not feasible to obtain the completed form prior to the appointment).</p> <p>The beneficiary must agree to the scope of the appointment and that agreement must be documented by the plan, in writing by using the SOA Form or via recorded phone conversation.</p>	<p>Do not call or visit a beneficiary who attended a sales event, unless the beneficiary gave express permission at the event for a follow-up call or visit.</p> <p>Do not make an appointment with a beneficiary to discuss MA and/or Part D products over the phone if the phone conversation is not being recorded.</p> <p>Do not meet with a beneficiary if an SOA Form or recorded phone conversation documenting the products to be discussed was not obtained.</p> <p>Do not document the agreement by using any other means other than the</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO		DON'T	
			SOA form or recorded phone conversation.
Leave materials/brochures for health care products the beneficiary did not agree to discuss when the appointment was set up.			Do not leave an enrollment form for products the beneficiary did not agree to discuss when the appointment was set up.
Keep records of all your appointments for 10 YEARS , i.e., retain all appointment books, calendars, etc.			Do not discard SOA Forms or phone recordings for at least 10 YEARS .
SCOPE OF APPOINTMENT – ADDITIONAL INFORMATION			
For beneficiary WALK-INS to a Plan or Producers office or other similar beneficiary-initiated face-to-face sales event, complete the SOA Form and obtain the beneficiaries signature prior to discussing MA or PDP plans. Indicate on the form that the beneficiary was a WALK-IN . There is no waiting period; you may discuss the plans agreed upon at that time.			For beneficiary WALK-INS , do not begin discussing MA or PDP plans prior to the beneficiary signing the SOA Form .
EDUCATIONAL EVENTS			
<ul style="list-style-type: none"> Educational events are defined by the way in which an event is described to the Medicare beneficiary. An event hosted by the plan sponsor or an outside entity is considered an educational event if the event is advertised to beneficiaries as “educational”. 			
Respond to questions asked at educational events.			Do not conduct sales or marketing activities at educational events including, but not limited to: <ul style="list-style-type: none"> No distribution and/or acceptance of enrollment forms No set-up of personal sales appointments or attempts to get permission for an outbound call to the beneficiary No discussion, display or distribution of materials that include plan specific information, which includes specific premiums, copayments, or other benefit information No distribution, display and/or acceptance of business reply cards, scope of appointment forms, or sign-up sheets No distribution of business cards that include marketing information
May distribute Medicare and/or HEALTH EDUCATIONAL materials that meet the CMS definition of education, i.e., informing a potential enrollee about MA or other Medicare programs, but not steering a potential enrollee towards a specific plan.			
May distribute Producer business cards, upon beneficiary request or if the beneficiary requests information on how to contact the agent for additional information, as long as they do not contain any plan marketing or benefit information			

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
<p>May use a BANNER with the plan name and/or logo displayed</p> <p>May use PROMOTIONAL ITEMS (pen, magnets, etc), including those with plan name, logo, and toll-free customer service number and/or website. Promotional items must be free of benefit information.</p> <p>Meals are allowed at educational events only and the total retail cost may not exceed \$15.</p>	<ul style="list-style-type: none"> • No distribution of business cards unless requested by the beneficiary • Do not attach business cards or plan/agent contact information to educational materials • No collection of member contact information (names, addresses, phone numbers) of potential enrollees • Do not advertise an educational event and then have a marketing event immediately following in the same general location • Hold an educational event where participants are asked if they want information about a specific plan or limited number of plans
<p>Use the following disclaimer when an educational event is organized, sponsored or promoted by the plan:</p> <p>“This event is only for educational purposes and no plan specific benefits or details will be shared”</p> <p>Refer to an event as a marketing event if you plan on marketing at the event</p>	<p>Do not use the disclaimer when the plan is invited to be a participant in an educational event sponsored, organized or promoted by an entity other than the plan (the disclaimer is not required in this instance).</p> <p>Do not refer to an event as “educational” if you plan on marketing at the event</p>

MEDICARE SALES & MARKETING ACTIVITIES DO AND DON'T REFERENCE CHART FOR MEDICARE ADVANTAGE AND PART D PLANS

DO	DON'T
HEALTH FAIRS & HEALTH PROMOTIONAL EVENTS	
<p>Note: If a health fair or health promotional event is billed as educational, then the plan sponsor must abide by the rules for an educational event.</p> <ul style="list-style-type: none"> • HEALTH FAIRS & Health Promotional Events are defined by the venue, the room design, and the way in which the event is advertised to Medicare beneficiaries. • HEALTH FAIRS & Health Promotional events tend to have a more casual atmosphere and are typically held in convention centers, church basements, and gymnasiums. 	
Respond to questions asked at the event	Do not conduct Sales Presentations at HEALTH FAIRS
Distribute advertisements for the event to either enrollees, non-enrollees, or both	Do not collect or accept completed enrollment forms at HEALTH FAIRS
Distribute pre-enrollment advertising materials (including enrollment forms)	Providers may not distribute materials at health fairs, unless the materials describe the benefits of all plan sponsors with which they contract.
Providers may only distribute materials that compare the benefits of different health plans if they accept and display materials from all plan sponsors with which they contract	
PROMOTIONAL ACTIVITIES	
Offer GIFTS to potential enrollees, as long as the gifts are provided whether or not the individual enrolls in the plan and the gift is worth \$15 or less per <u>marketing event</u> , based on the retail purchase price of the item. <ul style="list-style-type: none"> ➤ If more than one GIFT is offered, the combined value of all items offered cannot exceed \$15. <p>Example:</p> <ul style="list-style-type: none"> ➤ The plan would like to offer gifts of nominal value (less than \$15) to people who call for more information about our plan. The plan would then like to offer additional gifts if they come to a <u>separate</u> marketing event. Each of these gifts meets the CMS definition of nominal value, but taken 	<ul style="list-style-type: none"> ➤ Do not offer a PRIZE over \$15 based on the retail purchase price of the item ➤ Do not offer gifts and prizes as an inducement to enroll. ➤ Do not provide individual gifts with a retail value of more than \$15. ➤ Do not provide cash GIFTS. ➤ Do not provide gift certificates and gift cards that can readily be converted to cash, regardless of dollar amount. ➤ Do not offer post enrollment promotional items to compensate beneficiaries based on their utilization of services. <p>Example:</p> <ul style="list-style-type: none"> ➤ Question: Can a plan send a \$1 lottery ticket as a gift to prospective members?

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DO	DON'T
<p>together, the gifts are more than nominal value. Is this permissible? Answer: Yes.</p> <p>Offer a PRIZE worth over \$15 to the <u>general public</u> as long as it is not offered to just Medicare beneficiaries and is not routinely or frequently awarded.</p> <p>Example:</p> <ul style="list-style-type: none"> ➤ \$1000 sweepstakes on the corporate website 	<p>Answer: Offering a \$1 lottery ticket to prospective members violates the “no cash or equivalent” rule, since the unscratched ticket has a cash value of \$1.</p> <p>Do not offer a PRIZE worth over \$15 solely to Medicare beneficiaries</p>
<p>Sole Sponsor Event:</p> <ul style="list-style-type: none"> ➤ Offer a door/raffle PRIZE that does not exceed \$15 limit based on the retail purchase price of the item ➤ Offer free items (GIFT, ENTERTAINMENT) that do not exceed \$15 per attending person, based on the retail purchase price of the item. Note: Room rental is not included in the \$15 limit 	<p>Sole Sponsor Event:</p> <ul style="list-style-type: none"> ➤ Do not offer a door/raffle PRIZE that exceeds \$15 limit based on the retail purchase price of the item ➤ Do not offer free items (GIFT, ENTERTAINMENT) that exceed the \$15 per person limit, based on the retail purchase price of the item. Note: Room rental is not included in the \$15 limit.
<p>Multi Sponsor Event:</p> <ul style="list-style-type: none"> ➤ Offer free items (gift, entertainment) that do not exceed \$15 per attending person, based on the retail purchase price of the item. Note: room rental is not included in the \$15 limit ➤ Offer a door prize that exceeds \$15 limit if the organization contributes to a pool of cash for prizes or contributes to a pool of prizes such that the prize(s) is not individually identified with the organization, but is identified with a list of contributors 	<p>Multi Sponsor Event:</p> <ul style="list-style-type: none"> ➤ Do not offer free items (gift, entertainment) that exceeds the \$15 per person limit, based on the retail purchase price of the item. Note: room rental is not included in the \$15 limit. ➤ Do not offer a door prize that exceeds \$15 limit and claim to be the sole donor of the prize.

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<p>➤ Contribute cash toward prize money to a foundation or other entity sponsoring the event</p> <p>Example:</p> <p>➤ Radio station, along with many sponsors organizes a senior health fair. Anyone who attends may register for the door prize. The organization may participate in the fair, contribute to the door prize, and permit attendees to register for the prize at its booth.</p>	
MARKETING IN HEALTHCARE SETTINGS	
<p>Conduct sales or marketing activities in COMMON AREAS of health care settings.</p> <p>Examples:</p> <ul style="list-style-type: none"> ➤ Hospital cafeteria ➤ Nursing home cafeteria ➤ Community/recreational rooms ➤ Conference rooms ➤ Space outside of where patients wait for services or interact with providers and obtain medications ➤ Upon request of the beneficiary, plans can schedule an appointment with a beneficiary residing in a long term care facility 	<p>Do not conduct sales or marketing activities in areas where patients primarily intent to receive health care services or where health care is delivered.</p> <p>Examples:</p> <ul style="list-style-type: none"> ➤ Physician Offices ➤ Pharmacies ➤ Waiting rooms/examination rooms ➤ Hospital patient rooms ➤ Pharmacy counter areas
<p>Schedule an appointment with a beneficiary residing in a LONG TERM CARE FACILITY</p> <p>PROVIDERS should attempt to display plan-marketing materials for all plans with which the Provider participates. If a particular plan fails to provide materials, the provider may display the materials for only those plans that have provided them.</p>	<p>Conduct promotional activities (collect enrollment form, go door-to-door) in RESIDENT ROOMS OF NURSING HOMES without a prior appointment</p> <p>PROVIDERS may not steer their patients to particular plan(s) and may not limit distribution of plan materials to a sub-set of the plans that they contract with.</p>

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<p>PROVIDERS are also permitted to display posters or other materials announcing all plan contractual relationships.</p> <p>PROVIDERS should remain neutral parties in assisting plans to market to beneficiaries or assisting in enrollment decisions</p> <p>PROVIDERS may:</p> <ul style="list-style-type: none"> • Provide the names of plan sponsors with which they contract • Provide information & assistance in applying for the low income subsidy • Provide objective information on ALL plan sponsors specific plan formularies, based on the patients medications & health care needs • Provide objective information regarding ALL plan sponsors specific plans being offered, such as covered benefits, cost sharing, and utilization management tools • Distribute all PDP marketing materials with whom the provider contracts with, including enrollment application forms • Make available and/or distribute plan marketing materials for all plans with which the provider participates (including PDP enrollment forms, but not MA or MA-PD enrollment applications) • Refer patients to other sources of information, such SHIPS, plan marketing representatives, State Medicaid office, local SS office, CMS website. • Print out and share information with patients from CMS's website 	<p>PROVIDERS may not display posters or other materials announcing a sub-set of their plan contractual relationships.</p> <p>PROVIDERS may not be involved in any of the following actions:</p> <ul style="list-style-type: none"> • Offering sales/appointment forms • Accepting enrollment applications • Mailing marketing materials on behalf of plans • Making phone calls or steering beneficiaries, in any way, to a limited number of plans • Offering anything of value to induce plan enrollees to select them as their provider • Offering inducements to persuade beneficiaries to enroll in a particular plan or organization • Health screening when distributing information to patients • Accepting compensation directly or indirectly from the plan for beneficiary enrollment activities

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DO	DON'T
REFERRAL PROGRAMS	
Request names and addresses on REFERRALS received from current MA or Part D plan members.	Do not request phone numbers on REFERRALS received from current MA or Part D plan members.
Offer a THANK YOU GIFT of less than \$15 based on the retail purchase of the item when an enrollee responds to a plan solicitation for referrals. <ul style="list-style-type: none"> ➤ Thank you GIFTS are limited to one gift per member per year 	Do not offer a GIFT (cash or other) to a current MA or Part D plan member in return for a lead or referral Do not use cash promotions as part of a referral program
CO-BRANDING	
<ul style="list-style-type: none"> • Co-branding is defined as a relationship between two or more legal entities, one of which is an organization that sponsors a Medicare plan. 	Do not request phone numbers on REFERRALS received from current MA or Part D plan members.
Display the names and/or logos of CO-BRANDED NETWORK PROVIDERS on the member's ID card, but only if the member selects the co-branded provider as their primary provider.	Display the names and/or logos of CO-BRANDED NETWORK PROVIDERS on the member's ID card, if the member does not select the co-branded provider as their primary provider.
Include the CMS REQUIRED DISCLAIMER on any materials, other than the ID card, that include the name and/or logo of a co-branded network partner or entity	Include the CMS REQUIRED DISCLAIMER on any materials, other than the ID card, that include the name and/or logo of a co-branded network partner or entity
COMMISSIONS	
Receive commissions for the business you have sold as a Producer.	Do not split commissions with any third party who assisted in making a sale who is not licensed, appointed or otherwise eligible under applicable law to receive such compensation.

