



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

February 20, 1998

Dear State Medicaid Director:

This letter is another in a series of letters that provides guidance on the implementation of the Balanced Budget Act of 1997 (BBA). The BBA contains numerous provisions relating specifically to managed care. In order to provide guidance on these as quickly as possible, we are issuing a number of managed care policy letters (a list of those already issued is attached). This letter is the sixteenth in the managed care series. The purpose of this letter is to inform States that HCFA is setting July 1, 1998 as the effective date for the provision requiring State review of marketing materials.

According to the BBA requirement, managed care entities may not distribute, directly or indirectly, marketing materials without prior state approval and these materials may not contain false or misleading information. In addition, during the process of approving marketing materials, states must consult with a medical care advisory committee (please reference the State Medicaid letter of December 30, 1997 for further policy clarification). Under the BBA, HCFA is required to consult with states regarding an effective date for this provision.

In the letter dated December 30, 1997, HCFA proposed February 1, 1998 as the effective date for this marketing restriction provision. However, after receiving comments from several states requesting additional time to establish the required advisory committee, HCFA has decided to establish July 1, 1998 as the effective date for prior approval of marketing materials.

If your staff has any questions about this letter or the BBA provisions described, please have them contact Kristin McGinn on (410) 786-4581 or by e-mail at kmcginn@hcfa.gov.

Sincerely,

/s/

Sally K. Richardson
Director
Center for Medicaid and State Operations

Attachment

cc: All HCFA Regional Administrators

All HCFA Associate Regional Administrators for Medicaid and State Operations

Lee Partridge - American Public Welfare Association

Jennifer Baxendell - National Governors' Association

Joy Wilson - National Conference of State Legislatures

HCFA Press Office

BBA MANAGED CARE STATE LETTERS

Section Subject Date Issued

4701 SPA Option for Managed Care 12/17/97

4704(a) Specification of Benefits 12/17/97

4707(a) Marketing Restrictions 12/30/97

4704(a) Miscellaneous Managed Care Provisions 12/30/97

4704(b) 4706 4707(a) 4707(c) 4708(b) 4708(c) 4708(d)

4701 Choice, MCE Definition, Repeal of 75/25, and Approval Threshold 1/14/98

4703

4708(a)

4705 External Quality Review 1/20/98

4704(a) Mental Health Parity 1/20/98

4701(a) Enrollment, Termination, and Default Assignment 1/21/98

4702 PCCM Services Without Waiver 1/21/98

4707(a) Sanctions for Noncompliance 2/20/98

4701(a) Provision of Information & Effective Dates 2/20/98

4710(a)

4704(a) Emergency Services 2/20/98

4704(a) Grievance Procedures 2/20/98

4707(a) Prohibiting Affiliations with Debarred Individuals 2/20/98

4704(a) Antidiscrimination of Providers, Anti-Gag Rule, and Adequate Capacity 2/20/98