CMS Part D Audit Report

Auditing Results (Public Website Version)

Date Report Generated: 9/30/2008

Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Contract Number: S5557
Audit ID: 3061
Part D Sponsor Name: FOX INSURANCE COMPANY

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: ZZ95
Audit Type: Ad-Hoc Compliance Event
Audit Location: Desk Review
Date Report Issued: 10/18/2007
Date Report Due: 12/2/2007
Element Accepted Date: 3/12/2008
Element Release Date: 3/12/2008
Element Projected Completion Date: 3/12/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/12/2007
Estimated Visit Start Date: 2/28/2008
Actual Visit Start Date: 9/12/2007
Actual Visit End Date: 3/12/2008
Part D Sponsor Response Received Date:
Part D Sponsor Response Due Date: 12/2/2007
CAP Release Date: 3/12/2008
CAP Accepted Date:

Requirement:

Ad-Hoc Compliance Event 1

Deficiencies:

Administrative Management Arrangements

Corrective Action Required:

The Centers for Medicare and Medicaid Services (CMS) is writing to express its concern that Fox Insurance Company (Fox) may not have the administrative and management arrangements necessary to operate its Medicare prescription drug plan (PDP) sponsor contract (S#5557). CMS developed this concern after Fox staff failed to return any CMS phone calls for at least two consecutive weeks during July 2007 and Fox missed several reporting requirement deadlines. The Medicare Part D regulations at 42 C.F.R. §423.504(b)(4)(ii) require PDP sponsors to maintain personnel and systems sufficient for the operation of the PDP sponsor to organize, implement, and control the furnishing of prescription drug services. CMS has reason to believe that Fox Rx is not meeting this requirement for the following reasons: - Both the CMS account manager responsible for overseeing Fox¿s contract and the CMS program analyst responsible for oversight of Fox¿s compliance with the terms of its CMS-granted waiver of the Part D risk bearing licensure requirement placed several unreturned calls to Fox staff over a two-week period during the month of July. - CMS notes that as of July 2007, almost all of the staff functions entered by Fox into the CMS Health Plan Management System (HPMS) were divided among two employees, with Jaydip Dattary holding ten positions and Anthony Arloro holding 14 positions. We question whether only two people can efficiently and effectively administer a national PDP program consistent with all of the CMS requirements. - As of July 2007, Fox did not have a general telephone number through which a caller could reach a live operator who can take messages. - Fox has been consistently late in submitting financial statements since the start of its PDP operations in January 2006. The documents that remain outstanding at this time are the independently audited financial statements (for the period ending 12/31/06) and the auditor¿s letter to Fox management providing recommendations for the elimination of identified weaknesses in Fox¿s internal controls. Both of these items were due on the 30th of April. CMS requests that Fox report back within 30 days of the date of this letter with a corrective action plan which includes the following information: 1) The overdue financial reports described above. 2) An updated response to Section 3.1.2.B. of the Medicare Prescription Drug Plan Sponsor Solicitation which requires a brief summary of the history, structure, and ownership of your organization. This submission should include an organizational chart depicting the placement of the Part D operations within your organization as well as the reporting structure within your organization. 3) A discussion of how Fox¿s current management staffing arrangements are sufficient to ensure proper administration of the Part D benefit, or Fox¿s plans for hiring additional personnel to take over responsibility for certain parts of its Part D operations. 4) A statement explaining how Fox has revised its telephone system and operational procedures to ensure prompt responses to CMS calls. CMS expects Fox to implement fully and immediately the corrective action plan it provides to CMS in response to this letter. If CMS determines that Fox¿s non-compliance with Part D requirements persists in the coming months, we may impose intermediate sanctions (e.g., suspension of marketing and enrollment activities) against Fox or pursue the termination of the Fox PDP sponsor contract.