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: H2320
Audit ID: 861
Part D Sponsor Name: PRIORITY HEALTH

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: MR09
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/12/2007
Date Report Due: 10/27/2007
Element Accepted Date: 11/23/2007
Element Release Date: 1/24/2008
Element Projected Completion Date: 12/4/2007
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/6/2007
Estimated Visit Start Date: 8/10/2007
Actual Visit Start Date: 8/6/2007
Actual Visit End Date: 8/9/2007
Part D Sponsor Response Received Date: 12/31/2007
Part D Sponsor Response Due Date: 10/27/2007
CAP Release Date: 1/28/2008
CAP Accepted Date: 1/24/2008

Requirement:

Provision of Notices Regarding Formulary Changes - Prior to removing a covered Part D drug from its formulary or making any changes to the preferred or tiered cost-sharing status of a covered Part D drug, the Part D sponsor must provide a written notice to affected enrollees at least 60 days prior to the date the change becomes effective, or provide such enrollee with a 60 day supply of the Part D drug under the same terms as previously allowed, and written notice of the formulary change at the time an affected enrollee requests a refill of the Part D drug. If the change involves immediate removal of a Part D drug deemed unsafe by the Food and Drug Administration (FDA) or removed from the market by the manufacturer, the Part D sponsor must provide retrospective notice to the affected enrollees.

Reference:

42 CFR § 423.120(b)(5)(i-iii); § 423.120(b)(7); § 423.578(d); Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans

Deficiencies:

Priority Health does not meet the CMS 95% compliance standard because CMS reviewed ten cases from a universe of ten and found ten cases that did not meet the notice and effectuation in a timely manner.

Corrective Action Required:

Priority Health must conduct training of appropriate staff on the timely notification and effectuation of notices regarding formulary changes. This should include situations where the Part D sponsor is removing a covered Part D drug from its Part D plan's formulary or making any change in the preferred or tiered cost-sharing status of a covered Part D drug. The Part D plan must either provide direct written notice to affected enrollees at least 60 days prior to the date the change becomes effective. Or, at the time an affected enrollee requests a refill of the Part D drug, provide such enrollee with a 60 day supply of the Part D drug under the same terms as previously allowed and written notice of the formulary change. Priority Health must submit documentation to the Chicago Regional Office that details the nature of this training including: the materials used in the training, the individuals conducting the training, and the individuals being trained. Priority Health must also establish a mechanism for ongoing monitoring of this area to ensure continued compliance.

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

Findings: Not Met
Contract Number: H2320
Audit ID: 861
Part D Sponsor Name: PRIORITY HEALTH

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD03
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/12/2007
Date Report Due: 10/27/2007
Element Accepted Date: 11/23/2007
Element Release Date: 1/24/2008
Element Projected Completion Date: 12/4/2007
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/6/2007
Estimated Visit Start Date: 8/10/2007
Actual Visit Start Date: 8/6/2007
Actual Visit End Date: 8/9/2007
Part D Sponsor Response Received Date: 12/31/2007
Part D Sponsor Response Due Date: 10/27/2007
CAP Release Date: 1/28/2008
CAP Accepted Date: 1/24/2008

Requirement:

Timely Notification of Coverage Determination Concerning Drug Benefit - In response to a drug benefit request, the Part D sponsor must notify the enrollee (and the prescribing physician involved, as appropriate) of its determination as expeditiously as the enrollee¿s health condition requires, but no later than 72 hours after receipt of the request, or, for an exceptions request, the physician¿s supporting statement. If the coverage determination was denied and the initial notification was provided orally, the Part D sponsor must send the written notice to the enrollee within 3 calendar days of the oral notice. Failure to notify the enrollee within the 72 hour timeframe constitutes an adverse coverage determination requiring the Part D sponsor to forward the enrollee¿s request to the Independent Review Entity (IRE) within 24 hours of the expiration of the adjudication timeframe. The Part D sponsor must also inform the enrollee, within 24 hours of the expiration of the adjudication timeframe, when the case is forwarded to the IRE.

Reference:

42 CFR § 423.568(a); § 423.568(e); § 423.578(c)(2); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

For the samples reviewed, Priority Health did not notify the enrollee (and the prescribing physician involved, as appropriate) of either a favorable or unfavorable coverage determinations. Neither oral nor written notifications (unfavorable determinations) were given to the enrollees. In addition, Priority Health did not forward on requests not meeting the 72 hour requirement to the Independent Review Entity (IRE).

Corrective Action Required:

Priority Health must conduct training of appropriate staff on policies and procedures relating to timely notification of coverage determination and submit documentation to CMS that details the nature of this training including: the materials used in the training, the individuals conducting the training, and the individuals being trained.

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Date Report Generated: 9/30/2008

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

Findings: Not Met
Contract Number: H2320
Audit ID: 861
Part D Sponsor Name: PRIORITY HEALTH

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD04
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/12/2007
Date Report Due: 10/27/2007
Element Accepted Date: 1/15/2008
Element Release Date: 1/24/2008
Element Projected Completion Date: 12/31/2007
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/6/2007
Estimated Visit Start Date: 8/10/2007
Actual Visit Start Date: 8/6/2007
Actual Visit End Date: 8/9/2007
Part D Sponsor Response Received Date: 12/31/2007
Part D Sponsor Response Due Date: 10/27/2007
CAP Release Date: 1/28/2008
CAP Accepted Date: 1/24/2008

Requirement:

Coverage Determinations Concerning Payment - The Part D sponsor must notify the enrollee of its determination no later than 72 hours after receipt of the payment request, or, for an exceptions request, after receiving the physician's supporting statement. If the coverage determination was denied and the initial notification was provided orally, the Part D sponsor must send the written notice to the enrollee within 3 calendar days of the oral notice. For favorable determinations, the Part D sponsor must authorize payment and notify the enrollee within 72 hours after receiving the request, or, for an exceptions request, after receiving the physician's supporting statement. The Part D sponsor must also make payment (i.e., mail the payment) within 30 calendar days of the request, or, for an exceptions request, after receiving the physician's supporting statement. Failure to notify the enrollee within the 72 hour timeframe constitutes an adverse determination requiring the Part D sponsor to forward the enrollee¿s request to the Independent Review Entity (IRE) within 24 hours of the expiration of the adjudication timeframe. The Part D sponsor must also inform the enrollee, within 24 hours of the expiration of the adjudication timeframe, when the case is forwarded to the IRE. Note: This element also applies to out-of-network (OON) paper claims submitted by beneficiaries or their appointed representatives.

Reference:

42 CFR § 423.568(b); § 423.568(e); MA-PD Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

Priority Health¿s policies and procedures did not include a provision stating that the Sponsor must authorize payment and notify the enrollee of its determination no later than 72 hours after receipt of the payment request. If the payment is authorized, the sponsor must make payment within 30 calendar days of the request. For the samples reviewed, Priority Health failed to notify the enrollee (and the prescribing physician involved, as appropriate) of either a favorable or unfavorable coverage determinations concerning payment. Neither oral nor written notifications (unfavorable determinations) were given to the enrollees. In addition, Priority Health did not forward on requests not meeting the 72 hour requirement to the Independent Review Entity (IRE).

Corrective Action Required:

Priority Health must develop and implement policies and procedures that include a provision stating that the Sponsor must authorize payment and notify the enrollee of its determination no later than 72 hours after receipt of the payment request. If the payment is authorized, the sponsor must make payment within 30 calendar days of the request. Priority Health must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained.

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Date Report Generated: 9/30/2008

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

Findings: Not Met
Contract Number: H2320
Audit ID: 861
Part D Sponsor Name: PRIORITY HEALTH

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD05
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/12/2007
Date Report Due: 10/27/2007
Element Accepted Date: 11/23/2007
Element Release Date: 1/24/2008
Element Projected Completion Date: 12/4/2007
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/6/2007
Estimated Visit Start Date: 8/10/2007
Actual Visit Start Date: 8/6/2007
Actual Visit End Date: 8/9/2007
Part D Sponsor Response Received Date: 12/31/2007
Part D Sponsor Response Due Date: 10/27/2007
CAP Release Date: 1/28/2008
CAP Accepted Date: 1/24/2008

Requirement:

Denial Notice Requirements for Coverage Determinations - If the Part D sponsor makes an adverse determination, in whole or in part, it must provide the enrollee with written notification, using approved notice language that is readable and understandable, states the specific reasons for the denial, and informs the enrollee of his or her right to a redetermination.

Reference:

42 CFR § 423.568(c-d); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

In the event of an adverse coverage determination, Priority Health did not send out written notification of that denial to the enrollee (or enrollee¿s appointed representative, if applicable). This was verified by two of the samples concerning coverage determination concerning payment where the sponsor made unfavorable decisions. I did not review any samples related to coverage determinations concerning benefit that were unfavorable but the sponsor stated that notices were not sent out to individuals in these circumstances.

Corrective Action Required:

In the event of an adverse coverage determination, Priority Health must send out written notification of that denial to the enrollee (or enrollees appointed representative, if applicable). The notice must use approved language that is readable and understandable, stating specific reasons for the denial and his or her right to a redetermination. Priority Health must conduct training of appropriate staff on this notification and submit documentation to CMS that details the nature of this training including: the materials used in the training, the individuals conducting the training, and the individuals being trained.

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

Findings: Not Met
Contract Number: H2320
Audit ID: 861
Part D Sponsor Name: PRIORITY HEALTH

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CE01
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/12/2007
Date Report Due: 10/27/2007
Element Accepted Date: 11/23/2007
Element Release Date: 1/24/2008
Element Projected Completion Date: 12/4/2007
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/6/2007
Estimated Visit Start Date: 8/10/2007
Actual Visit Start Date: 8/6/2007
Actual Visit End Date: 8/9/2007
Part D Sponsor Response Received Date: 12/31/2007
Part D Sponsor Response Due Date: 10/27/2007
CAP Release Date: 1/28/2008
CAP Accepted Date: 1/24/2008

Requirement:

Exceptions Procedures and Criteria (Tiered Cost-Sharing) - The Part D sponsor must establish and maintain reasonable and complete exceptions procedures, subject to CMS¿ approval, for exceptions requests to the Part D sponsor¿s tiered cost-sharing structure. The exceptions procedures must address situations where a formulary¿s tiering structure changes during the year, and an enrollee is using a drug affected by the change. The Part D sponsor must grant an exception for non-preferred drugs when medically necessary and consistent with the prescribing physician¿s statement that meets CMS criteria. The Part D sponsor¿s tiered cost-sharing exceptions process and exception criteria must meet CMS requirements including for unplanned transitions.

Reference:

42 CFR § 423.578(a)(1-2); § 423.578(a)(4); MA-PD Solicitation and EP Attestation Addendum; Reporting Requirements for Section VI: Prior Authorization, Step Edits, Non-Formulary Exceptions, and Tier Exceptions; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Information for Part D Sponsors on Requirements for a Transition Process

Deficiencies:

Priority Health¿s procedure relating to processing requests for exceptions to tiered cost-sharing did not include a provision allowing an enrollee or an enrollee¿s appointed representative to file a request for a tiering exception. It also did not include a provision stating that if the Sponsor is waiting on a physician¿s statement to support a tiering exception, they must wait a minimum of 96 hours after receiving a standard request or a minimum of 48 hours after receiving an expedited request before issuing a determination.

Corrective Action Required:

Priority Health must revise its policies and procedures for processing requests for exceptions to tiered cost-sharing to include a provision allowing an enrollee or an enrollee¿s appointed representative to file a request for a tiering exception. They also need to include a provision stating that if the Sponsor is waiting on a physician¿s statement to support a tiering exception, they must wait a minimum of 96 hours after receiving a standard request or a minimum of 48 hours after receiving an expedited request before issuing a determination. Priority Health must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained.

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

Findings: Not Met
Contract Number: H2320
Audit ID: 861
Part D Sponsor Name: PRIORITY HEALTH

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CE02
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/12/2007
Date Report Due: 10/27/2007
Element Accepted Date: 11/23/2007
Element Release Date: 1/24/2008
Element Projected Completion Date: 12/4/2007
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/6/2007
Estimated Visit Start Date: 8/10/2007
Actual Visit Start Date: 8/6/2007
Actual Visit End Date: 8/9/2007
Part D Sponsor Response Received Date: 12/31/2007
Part D Sponsor Response Due Date: 10/27/2007
CAP Release Date: 1/28/2008
CAP Accepted Date: 1/24/2008

Requirement:

Exceptions Procedures and Criteria (Non-Formulary Drugs) - The Part D sponsor must establish and maintain exceptions procedures, subject to CMS¿ approval, for receipt of an off-formulary drug. The Part D sponsor must grant an exception for a non-formulary Part D drug whenever it determines that the drug is medically necessary, consistent with the prescribing physicians¿ statement that meets CMS criteria, and that the drug would be covered but for the fact that it is an off-formulary drug. The Part D sponsor¿s formulary exceptions process and exception criteria must meet CMS requirements including for unplanned transitions.

Reference:

42 CFR § 423.578(b); § 423.578(b)(1); § 423.578(b)(2); § 423.578(b)(5); MA-PD Solicitation and EP Attestation Addendum; Reporting Requirements for Section VI: Prior Authorization, Step Edits, Non-Formulary Exceptions, and Tier Exceptions; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Information for Part D Sponsors on Requirements for a Transition Process

Deficiencies:

Priority Health¿s procedure relating to processing requests for exceptions for receipt of a non-formulary drug did not include a provision allowing an enrollee or an enrollee¿s appointed representative to file a request for a non-formulary exception. It also did not include a provision stating that if the Sponsor is waiting on a physician¿s statement to support a non-formulary exception, they must wait a minimum of 96 hours after receiving a standard request or a minimum of 48 hours after receiving an expedited request before issuing a determination.

Corrective Action Required:

Priority Health must revise its policies and procedures for processing requests for exceptions for receipt of a non-formulary drug to include a provision allowing an enrollee or an enrollee¿s appointed representative to file a request for a non-formulary exception. They also need to include a provision stating that if the Sponsor is waiting on a physician¿s statement to support a non-formulary exception, they must wait a minimum of 96 hours after receiving a standard request or a minimum of 48 hours after receiving an expedited request before issuing a determination. Priority Health must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained.