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
Audit ID: 1441
Contract Number: S4802
Part D Sponsor Name: STERLING LIFE 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: 8/8/2007
Date Report Due: 9/22/2007
Element Accepted Date: 12/10/2007
Element Release Date: 12/10/2007
Element Projected Completion Date: 12/10/2007

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 4/30/2007
Estimated Visit Start Date: 10/31/2007
Actual Visit Start Date: 4/30/2007
Actual Visit End Date: 12/10/2007
Part D Sponsor Response Received Date:
Part D Sponsor Response Due Date: 9/22/2007
CAP Release Date: 12/10/2007
CAP Accepted Date: 12/10/2007

Requirement:

Ad-Hoc Compliance Event 1

Deficiencies:

Inadequate systems for receiving auto enrollees

Corrective Action Required:

Basis for Requesting Corrective Action Plan During 2006 and 2007, CMS has routinely calculated measures of Part D sponsors' performance in several operational areas. In some areas where CMS has established minimum performance standards, Sterling has a demonstrated pattern of failure to meet those standards. In other areas, CMS has identified sponsors whose performance represents an outlier relative to all other sponsors. Sterling is an outlier in three of these performance measures. CMS had also previously identified some of these issues during its August 2006 audit of Sterling¿s readiness to provide services to automatically assigned low-income subsidy (LIS) eligible beneficiaries. In a letter dated September 25, 2006, CMS informed Sterling that it had determined that it was not prepared to perform the tasks critical to ensure the effective transition of LIS beneficiaries to Sterling¿s plans during the fall of 2006, with an enrollment effective date of January 1, 2007. In the same letter, CMS informed Sterling that it could receive automatic enrollments of individuals who became LIS-eligible Medicare beneficiaries during 2007 if it requested and passed a second readiness audit. To date, Sterling has not requested such an audit and its plans remain closed to automatic enrollment of US beneficiaries. 4rx Since January 2007, Sterling has failed to meet the required standard for multiple months. This finding is consistent with the August 2006 audit which indicated that Sterling did not have adequate processes or systems to meet the 4Rx requirements. US Beneficiary Match Rate As of April 2007, Sterling failed to meet the required standard. This finding is consistent with the August 2006 audit results which indicated that the Sterling did not have the processes and systems in place to meet the LIS data processing requirements. Rate of Timely Processing ofBeneficiarv Requests for Exceptions and Appeals Part D sponsors are required to make decisions on beneficiary requests for exceptions and appeals within the timeframes stated in 42 CFR §423, Subpart M. When sponsors fail to issue determinations within the established timeframes, the failure constitutes an adverse determination, and the sponsors must forward the matter to the independent review entity (IRE) within 24 hours. CMS' most recent analysis indicates that Sterling's exceptions and appeals were auto-referred to the IRE for failure to make timely decisions at a rate of 14.4 per 10,000 enrollees. This rate placed Sterling as an outlier among other PDP sponsors, as Sterling¿s rate was among the worst, 5 percent. Request for Corrective Action Plan CMS issues this contract renewal qualification notice based on the information it has available as of the date of this notice and the evaluation standard it must apply to that information to make the determination pursuant to 42 CFR §423.507(b)(2). However, CMS notes that Sterling is currently out of compliance with several Part D requirements. Therefore, CMS is requesting that Sterling take corrective action on the issues described below.