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: H4525
Audit ID: 2701
Part D Sponsor Name: SHA, L.L.C

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD04
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/27/2007
Date Report Due: 11/11/2007
Element Accepted Date: 3/6/2008
Element Release Date: 6/27/2008
Element Projected Completion Date: 6/30/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 8/13/2007
Estimated Visit Start Date: 8/17/2007
Actual Visit Start Date: 8/13/2007
Actual Visit End Date: 8/17/2007
Part D Sponsor Response Received Date: 2/8/2008
Part D Sponsor Response Due Date: 11/11/2007
CAP Release Date: 6/27/2008
CAP Accepted Date: 3/6/2008

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:

The CMS auditor reviewed one case file as this is the number of coverage determinations concerning drug benefit that the Part D sponsor reported in the universe. The sponsor delegates the Part D claims processing function to Medco, its PBM. The beneficiary submitted receipts to Medco showing he had paid for prescriptions at the pharmacy. The case file includes an undated letter from Medco to the beneficiary stating more information is needed and the beneficiary would have to resubmit the claim. The sponsor failed to notify the enrollee of the coverage determination. The written coverage determination must be sent to the beneficiary on a CMS approved notice which includes the date sent. This notice must be from the Part D sponsor.

Corrective Action Required:

The Part D sponsor must develop internal policies and procedures, and work with Medco to update its policies and procedures, to clarify the roles between the two entities with respect to notifying beneficiaries of coverage determinations. Refer to the Prescription Drug Benefit Manual, Chapter 18, Sections 30 and 40, and Appendix 1. The sponsor and Medco 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. The sponsor needs to submit the notice to CMS for approval through HPMS if it does not already have an approved coverage determination notice. The Part D sponsor must monitor its delegated entities' activities, in this case Medco, and provide to CMS a description of how and when the monitoring will take place. The sponsor must describe the steps it is taking to ensure compliance with these provisions.

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Findings: Not Met
Contract Number: H4525
Audit ID: 2701
Part D Sponsor Name: SHA, L.L.C

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD05
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 9/27/2007
Date Report Due: 11/11/2007
Element Accepted Date: 3/6/2008
Element Release Date: 6/27/2008
Element Projected Completion Date: 6/30/2008
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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:

The CMS auditor reviewed one case file as this is the number of coverage determinations concerning drug benefit that the Part D sponsor reported in the universe. The Part D sponsor failed to notify the enrollee of the coverage determination. Instead, Medco, the sponsor's PBM, sent the beneficiary a notice. The adverse coverage determination notice must: 1) be from the Part D sponsor, 2) show the date sent, 3) include appeal rights, and 4) be approved by CMS.

Corrective Action Required:

The Part D sponsor must develop internal policies and procedures, and work with Medco to update its policies and procedures, to clarify the roles between the two entities with respect to notifying beneficiaries of coverage determinations. Refer to the Prescription Drug Benefit Manual, Chapter 18, Sections 30 and 40, and Appendix 1. The sponsor and Medco 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. The sponsor needs to submit the notice to CMS for approval through HPMS if it does not already have an approved coverage determination notice. The Part D sponsor must monitor its delegated entities' activities, in this case Medco, and provide to CMS a description of how and when the monitoring will take place. The sponsor must describe the steps it is taking to ensure compliance with these provisions.