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: H1099
Audit ID: 5741
Part D Sponsor Name: HEALTH FIRST HEALTH PLANS, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 2
Auditing Element: ZZ95
Audit Type: Ad-Hoc Compliance Event
Audit Location: Desk Review
Date Report Issued: 7/23/2008
Date Report Due: 9/6/2008
Element Accepted Date:
Element Release Date:
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 2/27/2008
Estimated Visit Start Date: 7/23/2008
Actual Visit Start Date: 2/27/2008
Actual Visit End Date: 7/23/2008
Part D Sponsor Response Received Date:
Part D Sponsor Response Due Date: 9/6/2008
CAP Release Date:
CAP Accepted Date:

Requirement:

Ad-Hoc Compliance Event 1

Deficiencies:

Lack of necessary contractual arrangements in place to operate MA-PD due to sponsor's failure to submit proper pharmacy contract templates.

Corrective Action Required:

CMS has reason to believe that HFHP is not meeting this requirement for the following reasons: ¿ In October 2007, CMS received a complaint from a representative of a Florida retail pharmacy stating that HFHP was not responding to the representative¿s request for HFHP¿s standard Part D retail contract. In our follow-up to this complaint, CMS requested the most current version of HFHP¿ s Part D retail pharmacy contract template. Upon our review of the contract template provided, we discovered that many of the CMS required provisions were not included. As a result, CMS staff requested HFHP ` s mail order, long-term care and home infusion pharmacy contract templates to review. Prior to HFHP submitting the requested materials, CMS staff provided substantial technical guidance to HFHP staff in their efforts to correct all of the Part D pharmacy contract templates. V V ¿ As of the January 4, 2008 submission to CMS, the only HFHP contract template that completely meets CMS standards is the long-term care pharmacy contract template. ¿ The HFHP retail pharmacy contract template contains all of the CMS-required provisions however, the Part D addendum within the template (Schedule C) is entitled ¿Medicare Part D Preferred Provider Retail Network.¿ HFHP did not submit to CMS a non-preferred retail pharmacy contract template for review. If all the retail pharmacies participating via SXC (HFHP¿s pharmacy benefit manager) to provide a Part D retail network for HFHP enrollees are considered preferred, then HFHP is misinterpreting the meaning of ¿preferred¿ versus ¿non-preferred¿ in the Part D context. Under these circumstances, the Part D addendum should be retitled without the reference to ¿preferred.¿ ¿ The HFHP home infusion pharmacy contract template consists of an underlying vendor agreement, four clearly marked and incorporated addenda, and a document entitled ¿Home Infusion Therapy Provider Network.¿ The last document is not referenced as addendum to the underlying agreement nor is it properly incorporated into the underlying agreement. Also, the home infusion template references SXC as a party to the contract section 3.1(e), yet the contract template is between HFHP and a home infusion pharmacy. The reference to SXC is inappropriate without further provisions added or the home infusion network being provided by SXC. ¿ The mail order pharmacy contract template consists of an underlying pharmacy agreement, five clearly marked and incorporated exhibits, and a document entitled ¿Mail Order Provider Network Medicare Part D Provisions.¿ The last document is not referenced as an addendum to the underlying agreement nor is it properly incorporated into the underlying agreement. Also, there is a typographical error at Section 2.3.2 (the word ¿hooks¿ should read ¿books¿), and the mail order language at Section 3.1(f) incorrectly states the pharmacy¿s obligation to provide enrollees information on the availability of generically equivalent drugs at the point of sale when CMS requires mail order pharmacies to provide the information at the point of delivery. Further, the agreement is between HFHP and a mail order pharmacy however there are references to SXC as a contracting party throughout the agreement, specifically at Section 3.1(e), (j), (m), (n), and Section 4.1. CMS requests that HFHP report back within 45 days of the date of this letter with a corrective action plan (CAP) which includes the following information: 1) A timeline for submitting to CMS PartD-compliant contract templates for all types of pharmacies. 2) A timeline for submitting to CMS a current list of all retail, home infusion, long-term care and mail order contracted Part D pharmacies. 3) A detailed plan that includes a timeline to correct all existing executed pharmacy agreements once CMS approves all Part D pharmacy contract templates submitted as part of the CAP.