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: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: MR06
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/8/2008
Element Release Date: 2/8/2008
Element Projected Completion Date: 6/30/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/10/2007
Estimated Visit Start Date: 9/21/2007
Actual Visit Start Date: 9/11/2007
Actual Visit End Date: 9/20/2007
Part D Sponsor Response Received Date: 1/15/2008
Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Plan Responsibility for Persons Employed or Contracted to Perform Marketing - The Part D sponsor must have a compensation structure that meets CMS requirements for any person directly employed or contracted to market the plan. The Part D sponsor must utilize only state licensed, certified, or registered individuals to perform marketing on behalf of the Part D sponsor, whether as an employee or under contract directly or downstream, if a state has such a marketing requirement, and it must conduct monitoring activities to ensure that individuals marketing on behalf of the Part D sponsor comply with all applicable Part D laws, all other Federal health care laws, and CMS policies, including CMS marketing guidelines, to ensure that beneficiaries receive truthful and accurate information.

Reference:

Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans

Deficiencies:

The element is NOT MET. Plan Responsibility for Persons Employed or Contracted to Perform Marketing. PMC has failed to provide a compensation structure that meets CMS requirements for sales/marketing representatives directly employed or contracted to marketing the plan. In 6 out of 10 samples, PMCs sales/marketing representatives were not certified and compliant concerning licensure. 7 out of 10 records sampled do not demonstrate a compliant incentive structure. 7 out of 10 records sampled do not demonstrate a provision for prohibiting payment. 7 out of 10 records sampled do not demonstrate a provision for withholding pay. 10 out of 10 records sampled do not provide provision for disclosure statement. 10 out of 10 records sampled do not provide provision for coordinated marketing. 10 out of 10 records sampled do not provide a valid compensation structure. 0 of 10 records reflect that PMC has employed an appropriate sales/marketing representative.

Corrective Action Required:

PMC must provide a Corrective Action Plan (CAP) which is consistent with CMS requirement and satisfies the delinquency noted above. PMC must employ sales/marketing representative who possess current, valid state licensures. PMC must provide a plan which instructs employed representatives to avoid incentives toward misleading beneficiaries, cherry picking certain beneficiaries or churning beneficiaries between plans. PMC must provide a plan which prohibits payments by person performing marketing to beneficiaries. PMC must provide a plan which provides a provision to withhold or withdraw payment if an enrollee disenrolls in an unreasonably short time frame (i.e. rapid disenrollment). PMC must provide employed sales/marketing representatives with the disclosure statement as follows: The person that is discussing plan options with you is either employed by or contracted with PMC. This person may be compensated based on your enrollment in PMC. PMC must provide a proof of a signed contract with sales/marketing representatives that are in accordance with all applicable Part D laws, CMS policies, including CMS marketing guidelines and the prohibited activities listed in MR05, and all Federal healthcare laws.

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Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: MR10
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/8/2008
Element Release Date: 2/8/2008
Element Projected Completion Date: 6/30/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/10/2007
Estimated Visit Start Date: 9/21/2007
Actual Visit Start Date: 9/11/2007
Actual Visit End Date: 9/20/2007
Part D Sponsor Response Received Date: 1/15/2008
Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Requirements for Post-Enrollment Materials - The Part D sponsor must distribute post-enrollment materials as required by CMS, to each enrollee in a clear, accurate, and standardized form at the time of enrollment and at least annually thereafter. This information must be provided in writing, if requested. In addition, the Part D sponsor must provide written information about its grievance and appeals procedures and the process for quality of care complaints available to the enrollee through the Quality Improvement Organization (QIO) process.

Reference:

42 CFR § 423.120(b)(7); § 423.128(a-b); § 423.128(d)(3); § 423.505(f)(3); § 423.562(a)(2); PDP Solicitation; Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans; Information for Part D Sponsors on Requirements for a Transition Process

Deficiencies:

The element is NOT MET. Requirements for Post Enrollment Materials PMC has failed to distribute post enrollment materials to Medicare beneficiaries, as required by CMS, in a clear, accurate, and standardized form at the time of enrollment. In 10 out of 10 records sampled, PMC showed no evidence of enrollment materials distributed. In 10 out of 10 records sampled, PMC did not provide proof that an Evidence of Coverage (EOC) was sent. This includes discrepancy in timeliness. PMC showed in 10 out of 10 records sampled an inability to adhere to CMS requirements concerning the auditing element and showed no practice concerning the enrollment material process.

Corrective Action Required:

PMC must provide a Corrective Action Plan (CAP) that is consistent with CMS guidelines concerning post enrollment materials. The CAP must include a plan, process and implementation of the said CAP which provides enrolled beneficiaries with enrollment materials on enrollment and annually thereafter.

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

Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: CD02
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/11/2008
Element Release Date: 7/16/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/10/2007
Estimated Visit Start Date: 9/21/2007
Actual Visit Start Date: 9/11/2007
Actual Visit End Date: 9/20/2007
Part D Sponsor Response Received Date: 1/15/2008
Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Coverage Determination Policies and Procedures - The Part D sponsor must establish and maintain policies and procedures for tracking and addressing the timely review and resolution of all enrollee requests for coverage determinations (expedited and standard) regarding basic coverage and supplemental benefits, and the amount, including cost sharing, if any, that the enrollee is required to pay for a drug. These procedures must address unplanned transitions, and actions that are coverage determinations as defined in § 423.566(b). The Part D sponsor must establish and maintain efficient and convenient means for individuals (including enrollees, their appointed representatives, or their prescribing physicians) to submit oral or written requests for coverage determinations, document all oral requests in writing, and maintain the documentation in a case file. The Part D sponsor must establish and maintain policies and procedures for tracking and addressing the timely review and resolution of all enrollee requests for re-determinations, reconsiderations by the Independent Review Entity (IRE), and reviews by the Administrative Law Judge (ALJ) received both orally and in writing.

Reference:

42 CFR § 423.566(a); § 423.566(b); § 423.566(c); § 423.570(c)(1-2); PDP Solicitation; Reporting Requirements Section VII: Appeals; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Information

Deficiencies:

Plan's system for tracking oral and written requests for exceptions, coverage determinations and redeterminations fails to consistently track date of receipt, date of member notification, disposition of request and date of disposition.

Corrective Action Required:

PLAN must establish a mechanism for ongoing monitoring of this area to ensure continued compliance. PLAN should conduct an internal audit each month of its grievance process to assure that grievances are processed according to CMS requirements. This audit should evaluate whether your grievances and coverage determinations are being classified and handled appropriately within the required timeframes. PLAN should submit a summary report once a quarter to the regional office of its monthly findings until further notified beginning the fourth quarter of 2007. This report is due to the regional office within 15 days of the close of the quarter. The summary report should include: title of the auditor (s), the audit methodology, and the result of the audit.

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

Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: CD04
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/11/2008
Element Release Date: 7/16/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/10/2007
Estimated Visit Start Date: 9/21/2007
Actual Visit Start Date: 9/11/2007
Actual Visit End Date: 9/20/2007
Part D Sponsor Response Received Date: 1/15/2008
Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

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); PDP Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

Of 7 cases reviewed, 4 cases involved submittal of member claims for drugs that members had paid for themselves. There was no evidence that plan paid these claims within the required 72 hour timeframe. If not paid within the timeframe, the claim is to be referred to the IRE. There was no evidence that any claim was forwarded to the IRE.

Corrective Action Required:

PLAN must establish a mechanism for ongoing monitoring of this area to ensure continued compliance. PLAN should conduct an internal audit each month of its grievance process to assure that grievances are processed according to CMS requirements. This audit should evaluate whether your grievances and coverage determinations are being classified and handled appropriately within the required timeframes. PLAN should submit a summary report once a quarter to the regional office of its monthly findings until further notified beginning the fourth quarter of 2007. This report is due to the regional office within 15 days of the close of the quarter. The summary report should include: title of the auditor (s), the audit methodology, and the result of the audit.

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Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: GV02
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/11/2008
Element Release Date: 5/14/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/10/2007
Estimated Visit Start Date: 9/21/2007
Actual Visit Start Date: 9/11/2007
Actual Visit End Date: 9/20/2007
Part D Sponsor Response Received Date: 1/15/2008
Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Grievance Policies and Procedures - The Part D sponsor must establish and maintain policies and procedures for tracking and addressing the timely hearing and resolution of all oral and written enrollee grievances including but not limited to the following: fraud and abuse, enrollment/disenrollment, benefit package, pharmacy access/network, marketing, customer service, confidentiality/privacy, and quality of care. The Part D sponsor must also maintain records of such grievances.

Reference:

42 CFR § 423.562(a)(1)(i); § 423.564(a-b); § 423.564(g); PDP Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Reporting Requirements for Section V: Grievances

Deficiencies:

Plan routinely failed to track and maintain the following: date of receipt of greivance and the date the enrollee was notified of the disposition of the greiveance.

Corrective Action Required:

PLAN must establish a mechanism for ongoing monitoring of this area to ensure continued compliance. PLAN should conduct an internal audit each month of its grievance process to assure that grievances are processed according to CMS requirements. This audit should evaluate whether your grievances and coverage determinations are being classified and handled appropriately within the required timeframes. PLAN should submit a summary report once a quarter to the regional office of its monthly findings until further notified beginning the fourth quarter of 2007. This report is due to the regional office within 15 days of the close of the quarter. The summary report should include: title of the auditor (s), the audit methodology, and the result of the audit.

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Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: GV04
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/11/2008
Element Release Date: 5/14/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/10/2007
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Actual Visit End Date: 9/20/2007
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Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Timely Notification of Grievance Disposition - The Part D sponsor must notify the enrollee of its decision as expeditiously as the case requires, based on the enrollee¿s health status, but no later than 30 days after the date the Part D sponsor receives the oral or written grievance (or an additional 14 days if an extension is requested by the enrollee or justified by the Part D sponsor). If the Part D sponsor extends the deadline, it must immediately notify the enrollee in writing of the reason(s) for the delay.

Reference:

42 CFR § 423.564(e)(1-2); PDP Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

In 10 of 14 cases reviewed, there was no documentation to show that members were notified within required timeframes.

Corrective Action Required:

PLAN must establish a mechanism for ongoing monitoring of this area to ensure continued compliance. PLAN should conduct an internal audit each month of its grievance process to assure that grievances are processed according to CMS requirements. This audit should evaluate whether your grievances and coverage determinations are being classified and handled appropriately within the required timeframes. PLAN should submit a summary report once a quarter to the regional office of its monthly findings until further notified beginning the fourth quarter of 2007. This report is due to the regional office within 15 days of the close of the quarter. The summary report should include: title of the auditor (s), the audit methodology, and the result of the audit.

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Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: GV05
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/11/2008
Element Release Date: 5/14/2008
Element Projected Completion Date: 3/31/2008

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Part D Sponsor Response Due Date: 12/24/2007
CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Method of Grievance Response - The Part D sponsor must respond to all written grievances in writing (including facsimile). If the enrollee orally submits a grievance and requests a written response, the Part D sponsor must respond in writing.

Reference:

42 CFR § 423.564(e)(3)(i-ii); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

In 1 of 14 cases reviewed the action taken in response to member was inappropriate. The person wanted to be enrolled in MMM but the resolution letter shows that the member was enrolled in PMC.

Corrective Action Required:

PLAN must establish a mechanism for ongoing monitoring of this area to ensure continued compliance. PLAN should conduct an internal audit each month of its grievance process to assure that grievances are processed according to CMS requirements. This audit should evaluate whether your grievances and coverage determinations are being classified and handled appropriately within the required timeframes. PLAN should submit a summary report once a quarter to the regional office of its monthly findings until further notified beginning the fourth quarter of 2007. This report is due to the regional office within 15 days of the close of the quarter. The summary report should include: title of the auditor (s), the audit methodology, and the result of the audit.

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Findings: Not Met
Audit ID: 2741
Contract Number: S0043
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: GV06
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 11/9/2007
Date Report Due: 12/24/2007
Element Accepted Date: 2/11/2008
Element Release Date: 5/14/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
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CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Grievance Response ¿ Quality of Care - The Part D sponsor must respond in writing to all grievances related to the quality of care. The response must include a description of the enrollee¿s right to file a written complaint with the Quality Improvement Organization (QIO). If a complaint is submitted to the QIO, the Part D sponsor must cooperate with the QIO in resolving the complaint.

Reference:

42 CFR § 423.564(e)(3)(iii); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

Plan records failed to show that quality of care grievances were responded to in writing and that members are notified in writing of their right to file a written complaint with the QIO

Corrective Action Required:

PLAN must establish a mechanism for ongoing monitoring of this area to ensure continued compliance. PLAN should conduct an internal audit each month of its grievance process to assure that grievances are processed according to CMS requirements. This audit should evaluate whether your grievances and coverage determinations are being classified and handled appropriately within the required timeframes. PLAN should submit a summary report once a quarter to the regional office of its monthly findings until further notified beginning the fourth quarter of 2007. This report is due to the regional office within 15 days of the close of the quarter. The summary report should include: title of the auditor (s), the audit methodology, and the result of the audit.