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: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD 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: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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 is responsible for having a compensation structure that meets CMS requirements for any person directly employed or contracted to market the plan. This includes: state licenses, certification or registration. 7 out of 10 sales/marketing representative files sampled were found delinquent in terms of certification compliance. 2 of the 7 have provisional licensures which are expired and 3 of the 7 showed no record of licensure. 8 out of 10 records sampled reflected a non compliant incentive structure: no provisions for prohibiting payment and no provisions for withholding pay. 10 out of 10 files samples do not show proof of disclosure statement provided to beneficiaries. 10 out of 10 files sampled reflect no information stating that all coordinated marketing must be done in accordance with all applicable Part D laws, CMS policies, including CMS marketing guidelines and all prohibited activities and all federal health care laws.

Corrective Action Required:

PMC must provide a Corrective Action Plan (CAP) which is consistent with CMS guidelines for element MR06 Plan Responsibility for Persons Employed or Contracted to Perform Marketing. PMCs CAP must consist of and adhere to the following: 1. All sales/marketing representatives who must be licensed, certified, registered with current non expired documentation. This is true for individuals who are directly employed or contracted with PMC. 2. Provide a structure which avoids incentives toward misleading beneficiaries, cherry picking and/or churning beneficiaries between plans. 3. Provide a structure which prohibits payments by persons performing marketing to beneficiaries. 4. Inclusion of a provision to withhold or withdraw payment if an enrollee disenrolls in an unreasonably short time frame (i.e., rapid disenrollment). 5. PMC must train sales/marketing representatives that disclosure of the following is necessary when performing coordinated marketing: The person that is discussing plan options with you is either employed by or contracted with PMC. The person may be compensated based on your enrollment. 6. All coordinated marketing must be done in accordance with all applicable Part D laws, CMS policies, including CMS marketing guidelines and prohibited activities listed. In addition, this must include all Federal health care laws (including civil and monetary penalty laws).

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

Findings: Not Met
Audit ID: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD 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: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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); MA-PD 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 requirement is NOT MET Requirement for Post Enrollment Materials. PMC must distribute post enrollment materials as required by CMS, to each beneficiary in a clear, accurate and standardized form at the time of enrollment and at least annually thereafter. In addition, if the beneficiary requests this information in writing, PMC must provide throughout the year of benefit. In 10 out of 10 records sampled, PMC failed to provide information concerning post enrollment information to beneficiaries. In 10 out of 10 records sampled, PMC failed to provide beneficiaries with information concerning their appeals and grievance procedures and the process of quality care complaints.

Corrective Action Required:

PMC must provide a Corrective Action Plan (CAP) consistent with the CMS policy concerning post enrollment materials and their distribution to Medicare beneficiaries. Post enrollment material must be given to beneficiaries upon enrollment into the plan.

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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
Audit ID: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD 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: 7/17/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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); MA-PD Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

In 6 of 7 cases cample for whether coverage determination payment was made timely, reviewer was unable to determine if the member had been notified. In the event that a determination is not made within the 30 day requirement, the case should have been referred to the IRE. There was no evidence that any case was ever referred 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 and appeals 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.

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: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV01
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:
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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:

Complaint Categorization (Grievances vs. Coverage Determinations) - The Part D sponsor must promptly and correctly determine and inform the enrollee whether a complaint is subject to its grievance procedures or its coverage determination procedures.

Reference:

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

Deficiencies:

Of the 15 sample cases reviewed, 7 were inappropriately processed as a greivance, when they should have been processed as a coverage determination, and 1 case was misclassified.

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.

CMS Part D Audit Report

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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
Audit ID: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD 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: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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); MA-PD Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Reporting Requirements for Section V: Grievances

Deficiencies:

From a review of the grievance process plan did not have evidence that it routinely tracked and maintain information to show the date of receipt of grievances and the date the enrollee was notified of the disposition of the grievance.

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.

CMS Part D Audit Report

Auditing Results (Public Website Version)

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

Findings: Not Met
Audit ID: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD 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: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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:

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

Deficiencies:

In 11 of 14 cases reviewed, members were not properly notified.

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: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: RE05
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: 7/17/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 9/11/2007
Estimated Visit Start Date: 9/20/2007
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:

Timely Notification and Effectuation of Standard Redetermination Concerning Covered Drug Benefit - If the Part D sponsor makes a redetermination that is favorable for the enrollee, or affirms in whole or in part its original adverse coverage determination, it must notify the enrollee in writing of its redetermination as expeditiously as the enrollee¿s health condition requires, but no later than 7 calendar days from the date it received the request for a standard redetermination, meeting CMS requirements. For favorable redeterminations for the enrollee, the Part D sponsor must effectuate it as expeditiously as the enrollee¿s health condition requires, but no later than 7 calendar days from the date it receives the request. Failure to notify the enrollee within the timeframe constitutes an adverse redetermination decision 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 § 423.590(a)(1-2); § 423.590(c); § 423.590(g)(1-4); § 423.636(a)(1); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

In 2 of 10 cases reviewed, from the sample that should have been forwarded to the IRE, no cases were forwarded.

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 and appeals 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: 3001
Contract Number: H4004
Part D Sponsor Name: PREFERRED MEDICARE CHOICE, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: RE10
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: 7/17/2008
Element Projected Completion Date: 3/31/2008

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CAP Release Date:
CAP Accepted Date: 2/22/2008

Requirement:

Timely Transfer to IRE Upon Reconsideration Request - In cases where an enrollee has filed a reconsideration request and the IRE has requested the enrollee's file, the Part D sponsor must transfer the case file to the IRE within 24 hours (expedited requests) or 48 hours (standard requests) from the time it receives the IRE¿s request for the case file.

Reference:

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

Deficiencies:

In 2 of 2 cases from the sample that should have been forwarded to the IRE, no cases were forwarded.

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 and appeals 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.