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: 5721
Contract Number: S5967
Part D Sponsor Name: WELLCARE PRESCRIPTION INSURANCE, INC.

Audit Guide Version: PDP 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: 7/25/2008
Element Release Date:
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 4/10/2008
Estimated Visit Start Date: 7/23/2008
Actual Visit Start Date: 4/10/2008
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:

Financial Solvency

Corrective Action Required:

This letter is a request from the Centers for Medicare and Medicaid Services (CMS) for a corrective action plan (CAP) concerning WellCare¿ s failure to comply with CMS request for documentation of its financial solvency. On February 7, 2008, CMS sent WellCare a letter requesting by March 21, 2008 financial information related to both the entity with which CMS contracted as a prescription drug plan (PDP) sponsor, WeliCare Prescription Insurance, Inc. (WPI), and its parent organization, WellCare Health Plans, Inc (WHP). CMS issued this request pursuant to the Part D statute at § 1860D-15(f)(1) of the Social Security Act and the Part D regulations at 42 C.F.R. §423.514(a)(4) and in response to media reports raising questions about WellCare's financial viability following the announcement of a Federal investigation into WellCare's operations in October 2007. On February 26, 2008, CMS senior management held a conference call with WellCare officials to discuss the outstanding financial reports for WHP. WeilCare officials indicated that they could not provide audited financial statements at this time, but could provide unaudited statements by the March 21 deadline. As of the date of this letter, CMS has not received the requested financial information from WeliCare. Therefore, CMS has determined that WellCare is out of compliance with the requirement that it provide CMS with information demonstrating that it has a fiscally sound operation. CMS is requesting that WellCare complete a CAP by submitting the required financial information within 45 days from the date of this letter. WeilCare will remain under a CAP until it provides a complete and accurate response to CMS¿ request for financial information. The required financial reports consist of the balance sheets, statements of cash flows, and income statements for both WHP and WPI for the period of January 1, 2008 through February 29, 2008.