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: 6001
Contract Number: S5960
Part D Sponsor Name: UNICARE LIFE AND HEALTH INSURANCE COMPANY

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: 4/3/2008
Date Report Due: 5/18/2008
Element Accepted Date:
Element Release Date:
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 4/3/2008
Estimated Visit Start Date: 11/30/2008
Actual Visit Start Date: 4/3/2008
Actual Visit End Date: 4/3/2008
Part D Sponsor Response Received Date:
Part D Sponsor Response Due Date: 5/18/2008
CAP Release Date:
CAP Accepted Date:

Requirement:

Ad-Hoc Compliance Event 1

Deficiencies:

Failure to properly administer the LIS benefit and failure to implement the required EOB transfer process.

Corrective Action Required:

This letter is being sent by the Centers for Medicare and Medicaid Services because of compliance problems that have occurred as part of WellPoint' s operation (through several of its subsidiary organizations) of its Medicare Advantage Prescription Drug (MA-PD) contracts and Prescription Drug Plan (PDP) contracts: H0540, H0564, HI5Il, H1607, H1689, H1849, H2613, H3655, H4909, H5304, H5419, H5422, H5529, H5530, H5679, H5842, R5941, R9943, S5596, S5960, S2893. Specifically, WellPoint has acknowledged its failure to properly administer the Low Income Subsidy (LIS) benefit and its failure to implement the required Explanation of Benefits (EOB) transfer process. Due to these failures, CMS is requesting that WellPoint submit a Corrective Action Plan (CAP) to address these two compliance violations. Failure to Properly Administer the LIS Benefit Pursuant to 42 CFR § 423.800(b) and (c), for beneficiaries who qualify for the LIS benefit, Part D plan sponsors are required to reduce the "individual's premiums and cost-sharing as applicable" and "reimburse subsidy eligible individuals, and organizations paying cost-sharing on behalf of such individuals, any excess premiums and cost-sharing paid by such individual or organization." During 2007 WellPoint did not properly apply the LIS benefit as required by this regulation for contracts H0540, H0564, H1689, H2613, H5304, H5419, H5422, H5679, R9943, S5596, S5960. WellPoint has acknowledged in communication with CMS since the spring of 2007 that it has overcharged an unknown number of LIS eligible beneficiaries and undercharged another unknown number of LIS beneficiaries due to its failure to properly administer the LIS benefit. Despite CMS' request for definitive details about this issue starting in the spring of 2007, to date WellPoint has failed to provide CMS with accurate details about the scope of this error. WellPoint has previously reported that this issue involves more than $13,000,000 in overpayments made by LIS beneficiaries to WellPoint which have not been reimbursed to the beneficiaries and approximately $800,000 in undercharges to LIS beneficiaries which have not yet been collected or billed. However, WellPoint has subsequently stated that its estimate is wrong and that it does not currently have new figures regarding this problem. This compliance violation is especially egregious because it involves a significant monetary impact on LIS beneficiaries, which CMS considers a particularly vulnerable segment of the Medicare beneficiary population. Failure to Implement the Required EOn Transfer Process Pursuant to 42 CFR § 423.464(f), Part D sponsors are obligated to coordinate benefits with other entities that provide prescription drug coverage, including other Part D sponsors. As part of the coordination of benefits, Part D sponsors must provide and accept transfer EOBs, as applicable, for beneficiaries who change Part D plans. These requirements are detailed in section 50.9 of Chapter 14 (Coordination of Benefits) of the Medicare Prescription Drug Manual. Despite WellPoint's recent acknowledgement that it was aware of this requirement since the inception of the program in 2006, WellPoint currently has no process in place for any of its Part D contracts for providing or accepting transfer EOBs. WellPoint's failure to establish a process for sending or receiving transfer EOBs has a direct impact on a beneficiary's ability to obtain year-to-date True Out of Pocket (TrOOP) Cost and Gross Covered Drug Cost (GCDC) balances. WellPoint's failure to comply with this requirement has also directly impeded other Part D sponsors' ability to appropriately administer the Part D benefit to enrolled beneficiaries. WellPoint's explanation that "plan programming and resources to operationalize this process were not dedicated at the time the Part D program was implemented in 2006" is not a satisfactory justification for violating this requirement.