CMS Medicare Managed Care Auditing Report

Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

MRT Number: M0018, Contract Number: All, Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 10317

Region: 06 Dallas

MRT Number / Name: M0018 MRT Universal American Corporation

Contract Number / Name: H5421 PYRAMID LIFE INSURANCE COMPANY

Auditing Guide Version: MA Audit Review Guide, Version 4

Auditing Element: ZZ91

Review Type: Ad-Hoc Compliance Event

Review Status: Confirmed

MCO Response Received Date:

Element Accepted Date: 05/21/2008

Element Release Date: 05/21/2008

CAP Released Date:05/21/2008

Visit Start Date: 12/19/2007

Exit Conference Date: 12/19/2007

Date Report Issued: 12/19/2007

Date Report Due: 02/02/2008

CAP Accepted Date:05/21/2008

Audit Closed Date: 05/21/2008

Element Projected Completion Date:05/21/2008

MCO Response Due Date: 02/02/2008

Requirement:

Ad-Hoc Compliance Event

Deficiencies:

CMS and CMS contractors used secret shoppers to conduct a focused audit of various UAC marketing events activities between Nov. 7, 2007, and Dec. 7, 2007. The list below identifies where UAC did not adhere to elements in the Medicare Marketing Guidelines or the requirements in the May 25, 2007, letter to the Private Fee-For-Service (PFFS) plans. The letter is also in the Health Plan Management System (HPMS). Elements 1 - 10: 1) Rebates or other cash inducements were offered to beneficiaries during the event in an effort to influence the beneficiary's decision to enroll. (For example, charitable contributions, gift certificates or gift cards). 2)Cash promotions were offered or given to induce the referral of beneficiaries. 3) Post-enrollment promotional items were promised to beneficiaries that compensate them based on their utilization of services. 4) Gifts were offered to potential beneficiaries during the marketing event that exceed $15 (retail value). The value of of the free item provided exceeded $15 (retail value) per person. 5) There was a failure, when making statements concerns drawings, prizes or any promise of a free gift, to include a disclaimer indicating there is no obligation to enroll in the plan. 6) The PFFS insurance product was represented as or implied to be a Medicare Supplement (i.e., MediGap) in materials and/or the presentation. 7) There was a failure to include the following disclaimer in the sale presentation: "A Medicare Advantage Private Fee-for-Service plan works different than a Medicare supplement plan. Your doctor or hospital must agree to accept the plan's terms and conditions prior to provide healthcare services to you, with the exception of emergencies. If your doctor or hospital does not agree to accept our payment terms and conditions, they may not provide healthcare services to you, except in emergencies. Providers can find the plan's terms and conditions on our website at [insert link to PFFS terms and conditions]" 8) The plan failed to include the phrase "¿who agrees to accept our terms and conditions of payment" after all statements in the sales presentation indicating that enrollees can see any provider. 9) There were indications of "cherry picking" of healthier beneficiaries and/or the location of the marketing activity noticeably hindered access for potential enrollees. 10)There was a failure to clearly explain the charges for which the prospective member will be liable (e.g., any premiums, coinsurance, and any amount that is attributable to the Medicare deductible and coinsurance).

Corrective Action Required:

Within 30 days of the date of this letter, you must submit a corrective action plan (CAP) that (1) fully describes the actions you will take to correct each deficiency, (2) include the date by which you expect the deficiency to be corrected, (3) describe how you will conduct ongoing compliance monitoring, and (4) include your revised polices and procedures.

CMS Medicare Managed Care Auditing Report

Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

MRT Number: M0018, Contract Number: All, Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 10317

Region: 06 Dallas

MRT Number / Name: M0018 MRT Universal American Corporation

Contract Number / Name: H5421 PYRAMID LIFE INSURANCE COMPANY

Auditing Guide Version: MA Audit Review Guide, Version 4

Auditing Element: ZZ92

Review Type: Ad-Hoc Compliance Event

Review Status: Confirmed

MCO Response Received Date:

Element Accepted Date: 05/21/2008

Element Release Date: 05/21/2008

CAP Released Date:05/21/2008

Visit Start Date: 12/19/2007

Exit Conference Date: 12/19/2007

Date Report Issued: 12/19/2007

Date Report Due: 02/02/2008

CAP Accepted Date:05/21/2008

Audit Closed Date: 05/21/2008

Element Projected Completion Date:05/21/2008

MCO Response Due Date: 02/02/2008

Requirement:

Ad-Hoc Compliance Event

Deficiencies:

Elements 11 -20: 11) The agent/representative misrepresented themselves or the benefits and services they provide (e.g., recommended or endorsed by Social Security or Medicare, claim coverage of non-covered items or services such as hot tubs, cosmetic surgery or certain drugs). 12) The marketing representative failed to clearly identify the type of product(s) he/she was discussing before marketing to the potential enrollee. 13) There was a failure to clearly communicate that the beneficiaries will no longer be able to use their Original Medicare and will realize little or no benfit from their Medicare supplment while enrolled in a PFFS plan. 14) Beneficiaries were given incorrect proposed effective dates of coverage. 15) There was a failure to clearly communicate provider particiaption / network restrictions with the PFFS plan. 16) The PFFS plan was misrepresented with regard to premium, co-payments or deductibles. 17) Beneficiaries were led to believe they were purchasing a PDP plan only to be enrolled in a Medicare Advantage / PFFS plan. 18) There was a failure to communicate that enrollmed members may have additional costs beyond what the PFFS pays to their provider since the PFFS plan allows balance billing. 19) There was a failure to disclose the plan's service area. 20) The agent/representative claimed endorsement by CMS or claims that CMS recommends that beneficiaries enroll in the plan.

Corrective Action Required:

Within 30 days of the date of this letter, you must submit a corrective action plan (CAP) that (1) fully describes the actions you will take to correct each deficiency, (2) include the date by which you expect the deficiency to be corrected, (3) describe how you will conduct ongoing compliance monitoring, and (4) include your revised polices and procedures.

CMS Medicare Managed Care Auditing Report

Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

MRT Number: M0018, Contract Number: All, Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 10317

Region: 06 Dallas

MRT Number / Name: M0018 MRT Universal American Corporation

Contract Number / Name: H5421 PYRAMID LIFE INSURANCE COMPANY

Auditing Guide Version: MA Audit Review Guide, Version 4

Auditing Element: ZZ93

Review Type: Ad-Hoc Compliance Event

Review Status: Confirmed

MCO Response Received Date:

Element Accepted Date: 05/21/2008

Element Release Date: 05/21/2008

CAP Released Date:05/21/2008

Visit Start Date: 12/19/2007

Exit Conference Date: 12/19/2007

Date Report Issued: 12/19/2007

Date Report Due: 02/02/2008

CAP Accepted Date:05/21/2008

Audit Closed Date: 05/21/2008

Element Projected Completion Date:05/21/2008

MCO Response Due Date: 02/02/2008

Requirement:

Ad-Hoc Compliance Event

Deficiencies:

Elements 21 - 35: 21) There was a failure to include the following disclaimer in all printed advertisements and enrollment-related materials: "A Medicare Advantage Private Fee-for-Service plan works different than a Medicare supplement plan. Your doctor or hospital must agree to the plan's terms and conditions prior to providing healthcare services to you, with the exception of emergencies. If your doctor or hospital does not agree to accept our payment terms and conditions, they may not provide healthcare services to you, except in emergencies. Providers can find the plan's terms and conditions on our website at: [insert link to PFFS terms and conditions]." 22) The plan failed to include the phrase "¿who agrees to accept our terms and conditions of payment" after all statements in printed materials indicating that enrollees can see any provider. 23)There was a failure to include a leaflet in all enrollment kits that provides a complete description of plan rules, including detailed information on a provider's choice whether to accept plan terms and conditions of payment. 24) There was a failure to include in the enrollment application form a line item for the beneficiary's verification phone number as well as a description of the enrollment verification process. 25) There was a failure to ensure that only CMS-approved marketing materials were disseminated, including those from a third party, to prospective enrollees. 26) There was a failure to address the member's responsibility for Medicare Part B premiums in the pre-enrollment marketing materials. 27)There was a failure when specifying benefits in the pre-enrollment marketing materials to specify applicable annual limits, applicable annual benefit payout, and applicable co-payments. 28) There was a failure to clearly disclose major exclusions and limitations in the pre-enrollment marketing materials. 29) There was a failure to clearly disclose all monetary limits, as well as any restrictive policies that might impact a beneficiary's access to services, in the pre-enrollment materials. 30) There was a failure, when annual dollar amounts or limits are provided, to disclose the following in the pre-enrollment marketing materials: "The applicable quarterly or monthly limits and whether any unused portion of that benefit can be carried over from one calendar quarter to the next." 31) There was a failure to include a closing statement in the pre-enrollment marketing materials. (For example: "For full information on [organization name] (e.g., routine physicial exam, eyeglasses, dental) benefits, call our Customer Service Department at [phone number] and [TTY/TDD number]. Our office hours are [insert hours].") 32) There was a failure to disclose in the pre-enrollment marketing materials that the Medicare health plan's contract with CMS is renewed annually and that the availability of coverage beyond the end of the current contract year is not guaranteed. 33) The benefits of the organization / plan were compared against other health plans. 34) Enrollment forms were accepted at an event at a health care setting (e.g., pharmacy area of retail store). 35) Sales presentations were conducted at an event at a health care setting.

Corrective Action Required:

Within 30 days of the date of this letter, you must submit a corrective action plan (CAP) that (1) fully describes the actions you will take to correct each deficiency, (2) include the date by which you expect the deficiency to be corrected, (3) describe how you will conduct ongoing compliance monitoring, and (4) include your revised polices and procedures.