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: 1421
Contract Number: S5917
Part D Sponsor Name: SIERRA HEALTH AND LIFE INSURANCE COMPANY, INC.

Audit Guide Version: PDP Sponsor Part D Audit Guide Version 1
Auditing Element: ZZ95
Audit Type: Ad-Hoc Compliance Event
Audit Location: Desk Review
Date Report Issued: 8/8/2007
Date Report Due: 9/22/2007
Element Accepted Date: 10/17/2007
Element Release Date: 10/17/2007
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 4/30/2007
Estimated Visit Start Date: 10/31/2007
Actual Visit Start Date: 4/30/2007
Actual Visit End Date:
Part D Sponsor Response Received Date:
Part D Sponsor Response Due Date: 9/22/2007
CAP Release Date: 10/17/2007
CAP Accepted Date: 10/17/2007

Requirement:

Ad-Hoc Compliance Event 1

Deficiencies:

Involuntary Disenrollment

Corrective Action Required:

1. Involuntary disenroilment of beneficiaries who paid monthly premiums timely. In mid-February 2007, CMS began receiving reports that certain beneficiaries had been notified that they would be involuntarily disenrolled from the SierraRx Plus plan for failure to pay February premiums, due on February 1, 2007. Many of these beneficiaries had received the notice when they had in fact paid their February premiums on time and had their cancelled checks as documentation. These reports came from individual beneficiaries, state agencies, and advocacy organizations. When CMS verbally directed Sierra on February 27, 2007 to reinstate these beneficiaries into the SierraRx Plus plan, Sierra refused. 2. Involuntary disenroliment of beneficiaries with HIV/AIDS Individuals with HIV generally depend on several brand name medications to pursue effectively their courses of treatment. As a result, SierraRx Plus brand name drug coverage through the Part D gap made the plan particularly attractive to beneficiaries with HIV. Among the beneficiaries Sierra disenrolled effective March 1, 2007 were over 2,300 beneficiaries with HIV/AIDS. This information was brought to CMS' attention by AIDS Drug Assistance Programs (ADAPs) in Louisiana, Texas, Alabama, Oklahoma, Oregon, Colorado, Virginia, Delaware, Georgia, and the District of Columbia. These organizations pay Part D premiums on behalf of their clients. Despite paying or attempting to make arrangements to pay premiums on behalf of their clients, ADAPs learned that many of their clients were disenrolled from SierraRx Plus on March 1, 2007. Again, when CMS directed Sierra to reinstate these beneficiaries, Sierra refused. 3. Failure to afford beneficiaries the proper grace period prior to disenrolling beneficiaries for failure to pay premiums. The Medicare Part D regulations require Part D sponsors to make reasonable efforts to collect the unpaid premium amount. (42 CFR §423.44(d)(1)(i)) CMS' Medicare Part D enrollment guidance requires Part D sponsors tc afford enrollees a payment grace period of at least one month after a premium payment is due before involuntarily disenrolling a beneficiary. Sierra stated in the 2007 evidence of coverage (EOC) provided to its SierraRx Plus enrollees in January 2007 that beneficiaries would be afforded a three month grace period after the premium due date before Sierra would disenroll them for premium nonpayment. In late payment notices for February dated February 8, 2007, Sierra notified certain SierraRx Plus enrollees that they would be disenrolled at the end of February if they failed to make payment, a practice inconsistent with Sierra's previously announced three month grace period policy. Sierra also issued to all its SierraRx Plus members in late February 2007 a notice stating that they had reduced the payment grace period from three months to one. While the Part D enrollment guidelines allow sponsors to change their grace period, Sierra changed the duration of its grace period after affected beneficiaries began relying on the three month grace period. It is unfair for a sponsor to reduce significantly the amount of time beneficiaries may take to become current on their premium payments once they had been assured they could take up to three months to make full payment. On March 1, 2007, Sierra involuntarily disenrolled beneficiaries who had not paid their February premiums without affording them the benefit of the three month grace period. CMS requests that Sierra submit a proposed CAP within 14 days of the date of this letter. The CAP should provide Sierra's analysis of how the deficiencies occurred and what policies and procedures will be put in place to ensure that Sierra comes into and remains in compliance with its PDP sponsor contract. CMS will consider Sierra to be meeting Part D requirements only after it has demonstrated full compliance with Part D requirements for three consecutive months.