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
Contract Number: H5969
Audit ID: 3961
Part D Sponsor Name: ALOHACARE

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 2
Auditing Element: PC02
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 7/18/2008
Date Report Due: 9/1/2008
Element Accepted Date: 9/28/2008
Element Release Date:
Element Projected Completion Date: 9/1/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/2/2008
Estimated Visit Start Date: 6/6/2008
Actual Visit Start Date: 6/2/2008
Actual Visit End Date: 6/6/2008
Part D Sponsor Response Received Date: 9/2/2008
Part D Sponsor Response Due Date: 9/1/2008
CAP Release Date:
CAP Accepted Date:

Requirement:

Provision of Notice Regarding Formulary Changes The Part D sponsor must provide at least 60 days notice to all authorized prescribers, network pharmacies, and pharmacists prior to removing a covered Part D drug from its formulary or making any negative changes to utilization management or the preferred or tiered cost-sharing status of a covered Part D drug. If the change involves immediate removal of a Part D drug deemed unsafe by the Food and Drug Administration (FDA) or removed from the market by the manufacturer, the Part D sponsor must provide retrospective notice to all authorized prescribers, network pharmacies, and pharmacists.

Reference:

42 CFR § 423.120(b)(5)(i), § 423.120(b)(5)(iii), § 423.578(d) Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans Formulary Changes During the Plan Year

Deficiencies:

The requirement is not met. CMS reviewed AlohaCares policy and procedures regarding notifying authorized prescribers, network pharmacies, and pharmacists of negative formulary changes (Part D Formulary management Policy, 11.9 Negative Formulary Change Notice) and found it did not include the provision to provide retrospective notice of formulary change to authorized prescribers if a covered Part D drug is immediately removed from the formulary because it is deemed unsafe by the Food and Drug Administration (FDA) or removed from the market by the manufacturer. The Policy and Procedure dated March 1, 2008 only has a provision of how to notify affected members but does not address providers.

Corrective Action Required:

AlohaCare must revise its policy and procedures to include a provision to provide retrospective notice of formulary changes to authorized prescribers if a covered Part D drug is immediately removed from the formulary because it is deemed unsafe by the Food and Drug Administration (FDA) or removed from the market by the manufacturer.

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Contract Number: H5969
Audit ID: 3961
Part D Sponsor Name: ALOHACARE

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 2
Auditing Element: PP01
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 7/18/2008
Date Report Due: 9/1/2008
Element Accepted Date:
Element Release Date:
Element Projected Completion Date: 11/30/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
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CAP Release Date:
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Requirement:

Written Policies and Procedures - The Part D sponsor must adhere to CMS guidance for adopting and maintaining current, written policies and procedures that address all applicable Part D statutes, regulations, and program requirements. These policies and procedures must articulate the specific procedures personnel should follow when performing their duties.

Reference:

42 CFR § 423.504(b)(4)(vi)(A)

Deficiencies:

Sponsors policies and procedures do not include the following provisions: ER13: CMS reviewed AlohaCares policy and procedures regarding the confirmation of enrollment for individuals being claimed by an employer group and did not find the provision for: 1) documenting and retaining beneficiary confirmation of enrollment, 2) resubmitting the enrollment transaction to CMS with the appropriate flag, and 3) properly denying the enrollment. MR09: CMS reviewed AlohaCares policy and procedures regarding beneficiary notification of negative formulary changes and did not find the provision that ensures affected enrollees are provided with a 60 day supply of the Part D drug. PR01: CMS reviewed AlohaCares policy and procedures regarding the confidentiality and disclosure of health and enrollment information and did not find a provision that specifies for what purposes personal health or enrollment information is used within the organization and to whom the sponsor discloses such information outside the organization. FM03: CMS reviewed AlohaCares policy and procedures providing notification of formulary changes to CMS, SPAPs, and entities providing other prescription drug coverage and found the policy and procedures did not include: 1) a provision with a description of the procedures for providing a notice of formulary changes to entities providing other prescription drug coverage, 2) a provision with a description of the procedures for providing retrospective notice to entities providing other prescription drug coverage if a covered Part D drug is immediately removed from the formulary because it is deemed unsafe by the FDA or removed from the market by the manufacture, and 3) a description of the method (s) used to provide notification of formulary changes. PT05: CMS reviewed AlohaCares policy and procedures (Part D Formulary management Policy, 2.7 Roles and Responsibilities) and did not find the provisions describing the P and T Committees review of: 1) other utilization management processes, including quantity limits, generic substitution, and therapeutic interchange, and 2) recommendations regarding the procedures for medical review of non-formulary drug requests. Lastly, the policies and procedures for elements ER13, PC02, PR02, PR03, MR01, MR07, and MR09 are properly in place, except as noted above, but were established after the audit period began.

Corrective Action Required:

FM03: AlohaCare must revise policy and procedures to include: 1) a provision with a description of the procedures for providing a notice of formulary changes to entities providing other prescription drug coverage, 2) a provision with a description of the procedures for providing retrospective notice to entities providing other prescription drug coverage if a covered Part D drug is immediately removed from the formulary because it is deemed unsafe by the FDA or removed from the market by the manufacture, and 3) a description of the method(s) used to provide notification of formulary changes. PT05: AlohaCare must revise policy and procedures to include provisions describing the P and T Committees review of: 1) other utilization management processes, including quantity limits, generic substitution, and therapeutic interchange, and 2) recommendations regarding the procedures for medical review of non-formulary drug requests. ER13: AlohaCare must revise policy and procedures to include provisions for: 1) documenting and retaining beneficiary confirmation of enrollment, 2) resubmitting the enrollment transaction to CMS with the appropriate flag, and 3) properly denying the enrollment. MR09: AlohaCare must revise policy and procedures to include a provision that ensures affected enrollees are provided with a 60 day supply of the Part D drug. PR01: AlohaCare must revise policy and procedures to include a provision that specifies for what purposes personal health or enrollment information is used within the organization and to whom the sponsor discloses such information outside the organization.