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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: PC02
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/31/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 5/2/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

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 changes to 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

Deficiencies:

The Part D sponsor does not have written policies and procedures for notifying authorized prescribers, network pharmacies, and pharmacists of negative formulary changes.

Corrective Action Required:

The Part D Sponsor must develop and implement written policies and procedures for providing notification of negative formulary changes to authorized prescribers, network pharmacies, and pharmacists. The following must be included: 1 - a provision to notify authorized prescribers, network pharmacies, and pharmacists of negative formulary changes at least 60 days prior to the date the change becomes effective, 2 - a provision to provide retrospective notice of formulary change to authorized prescribers, network pharmacies, and pharmacists 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, 3 - a description of the method(s) used to provide notification of formulary changes. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training and the individuals being trained.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: MR06
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 3/12/2008
Element Release Date: 6/18/2008
Element Projected Completion Date: 5/15/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Plan Responsibility for Persons Employed or Contracted to Perform Marketing - The Part D sponsor must have a compensation structure that meets CMS requirements for any person directly employed or contracted to market the plan. The Part D sponsor must utilize only state licensed, certified, or registered individuals to perform marketing on behalf of the Part D sponsor, whether as an employee or under contract directly or downstream, if a state has such a marketing requirement, and it must conduct monitoring activities to ensure that individuals marketing on behalf of the Part D sponsor comply with all applicable Part D laws, all other Federal health care laws, and CMS policies, including CMS marketing guidelines, to ensure that beneficiaries receive truthful and accurate information.

Reference:

Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans

Deficiencies:

The Part D Sponsor does not have written policies and procedures that include all of its responsibilities for and oversight of persons contracted to perform marketing. The marketing contractors do not provide a written disclosure statement to all potential enrollees prior to enrollment or at the time of enrollment and are not monitored by the Sponsor for this requirement. The contracts with downstream marketing contractors do not include required language.

Corrective Action Required:

The Part D Sponsor must update its written policies and procedures in accordance with the CMS Medicare Marketing Guidelines to include: 1 - a provision to conduct ongoing monitoring of all persons directly employed or contracted to perform marketing to ensure that they comply with all CMS policies, 2 - a requirement that any person directly employed or contracted to market on behalf of the Part D Sponsor provide a written disclosure statement to all potential enrollees prior to enrollment or at the time of enrollment. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The corrective action plan needs to include how the persons who conduct marketing will be monitored in this area. The Part D Sponsor must review direct and downstream contracts with all persons marketing on its behalf. If the contracts do not include the following provisions, they must be amended to include the following as shown in Section 11 of the CMS Medicare Marketing Guidelines: 1 - a provision to provide a written disclosure statement to all potential enrollees prior to enrollment or at the time of enrollment. 2 - a provision stating that any coordinated marketing to be carried out by the persons must be done in accordance with all applicable Medicare Advantage and Part D laws, CMS policies, including CMS marketing guidelines, and all Federal health care laws (including civil monetary penalty laws). The corrective action plan needs to include a timeline for reviewing and amending the contracts.

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Date Report Generated: 9/30/2008

Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Contract Number: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: MR09
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Provision of Notices Regarding Formulary Changes - Prior to removing a covered Part D drug from its formulary or making any changes to the preferred or tiered cost-sharing status of a covered Part D drug, the Part D sponsor must provide a written notice to affected enrollees at least 60 days prior to the date the change becomes effective, or provide such enrollee with a 60 day supply of the Part D drug under the same terms as previously allowed, and written notice of the formulary change at the time an affected enrollee requests a refill of the 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 the affected enrollees.

Reference:

42 CFR § 423.120(b)(5)(i-iii); § 423.120(b)(7); § 423.578(d); Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans

Deficiencies:

The Part D Sponsor does not have written policies and procedures regarding beneficiary notification of formulary changes.

Corrective Action Required:

The Part D Sponsor must develop and implement written policies and procedures regarding beneficiary notification of formulary changes. The following items must be included: 1 - a provision to provide direct written notice to affected enrollees at least 60 days prior to the date the change becomes effective, or if no prior notice is given, to ensure that affected enrollees are provided with a 60 day supply of the Part D drug under the same terms as previously allowed at the time a refill is requested, and are provided written notice of the formulary change, 2 - a provision to provide retrospective notice to affected enrollees 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 manufacturer. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these notification requirements, including ongoing monitoring for compliance. The Part D Sponsor reported no formulary changes occurred during the six month period audited by CMS. Therefore, there were no cases to be reviewed for compliance with the Federal regulations. Please send a monthly report identifying the Universe for WS-MR4_D, Provision of Notices Regarding Formulary Changes (Part D). Cases listed in the universe will be subject to a CMS audit.

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Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Contract Number: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: FM03
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Provision of Notice Regarding Formulary Changes - The Part D sponsor must provide at least 60 days notice to CMS, State Pharmaceutical Assistance Programs (SPAPs), and entities providing other prescription drug coverage prior to removing a covered Part D drug from its formulary or making any changes to 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 the parties listed above.

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

Deficiencies:

The Part D Sponsor does not have written policies and procedures for providing notification of formulary changes to CMS, SPAPs, and entities providing other prescription drug coverage.

Corrective Action Required:

The Part D Sponsor must develop and implement written policies and procedures for providing notification of formulary changes to CMS, SPAPs, and entities providing other prescription drug coverage. The following must be included: 1 - a provision with a description of the procedures for providing a notice of maintenance formulary changes to CMS, SPAPs, and entities providing other prescription drug coverage, in accordance with CMS requirements, 2 - a provision with a description of the procedures for providing a notice of other formulary changes to CMS, SPAPs, and entities providing other prescription drug coverage, in accordance with CMS requirements, 3 - a provision with a description of the procedures for providing retrospective notice to CMS, SPAPs, and 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 manufacturer, 4 - a description of the method(s) used to provide notification of formulary changes. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Part D Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Audit ID: 381
Contract Number: H4527
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: TP02
Audit Type: Routine
Audit Location: Desk Review
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Element Release Date: 6/18/2008
Element Projected Completion Date: 5/15/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Transition Process for Residents of Long-Term Care Facilities - The Part D sponsor must have and implement an appropriate transition process in accordance with CMS requirements for addressing the unique needs of long-term care (LTC) facility residents prescribed Part D drugs that are not on its formulary or that are on its formulary but require prior authorization or step therapy.

Reference:

42 CFR § 423.120(b)(3); MA-PD Solicitation; Information for Part D Sponsors on Requirements for a Transition Process; Transition Process Requirements for Part D Sponsors

Deficiencies:

The Part D sponsor submitted Pharm PA-04 Long Term Care Pharmacy Access. Section V, Bullet C of this policies and procedures document states the Sponsor will consider a one-time temporary or emergency supply process as a method of ensuring LTC beneficiaries do not have a gap in drug coverage while processing an exception or appeal request when the beneficiary has an immediate need for a non-formulary Part D drug. The one-time temporary or emergency supply process cannot be limited to only those situations where the beneficiary files an exception or appeal. It is also appropriate to accommodate the immediate needs of a beneficiary to allot the Part D sponsor and/or the beneficiary sufficient time to work with the prescriber on an appropriate switch to a therapeutically equivalent medication that is on the Plan's formulary. The policies and procedures submitted do not address meeting the needs of LTC facility residents when the Part D drug requires prior authorization or step therapy. Also, they do not address the transition or one-time fill/emergency supply timeframes based on the CMS Transition Process Requirements for Part D Sponsors released in April 2006. The Part D Sponsor did not submit system reports showing the transition process utilization for LTC residents.

Corrective Action Required:

The Part D Sponsor must develop and implement written policies and procedures regarding the transition process for residents of long-term care (LTC) facilities to include: 1 - requirements for addressing the immediate needs of LTC beneficiaries and timeframes to ensure a seamless transition for LTC facility residents, 2 - a provision to abide by extensions to the transition period in accordance with CMS policy. The Sponsor must update its policies and procedures Pharm PA-04 Long Term Care Pharmacy Access Section V, Bullet C. Also, the auditor noted Section III is missing from this document (sections jump from II to IV). The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The corrective action plan must describe the steps being taken to ensure compliance with this transition process. The Part D Sponsor must program its system to allow reports regarding the Part D sponsor's transition process utilization for LTC residents to be printed and submitted to the auditors. This is to show the auditors that the Sponsor correctly implements the transition process for LTC residents as described in its Standard Operating Procedures and consistent with its contractual requirements, and that the sponsor has and implements a transition process that covers an emergency supply or first-fill of non-formulary Part D drugs. The corrective action plan needs to include a systems report for the most recently closed month.

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Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Contract Number: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
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Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
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Element Projected Completion Date: 5/15/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Notices in Network Pharmacies - The Part D sponsor must arrange with its network pharmacies to post or distribute notices instructing enrollees to contact their plans to obtain a coverage determination or request an exception if they disagree with the information provided by the pharmacist.

Reference:

42 CFR § 423.562(a)(3); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor does not have written policies and procedures regarding notices in network pharmacies that provide instructions for obtaining a coverage determination or requesting an exception. The Sponsor did not submit a CMS approved "Medicare Prescription Drug Coverage and Your Rights" pharmacy notice. There is no evidence that the Sponsor monitors the network pharmacies to ensure they are posting or distributing notices regarding procedures for obtaining a coverage determination or requesting an exception.

Corrective Action Required:

The Part D Sponsor must develop and implement written policies and procedures regarding notices in network pharmacies that provide instructions for obtaining a coverage determination or requsting an exception that includes: 1 - a provision for arranging with its network pharmacies to post or distribute the "Medicare Prescription Drug Coverage and Your Rights" notice instructing enrollees to contact their plans to obtain a coverage determination or request an exception if they disagree with the information provided by the pharmacist, 2 - a provision for sending the "Medicare Prescription Drug Coverage and Your Rights" notice to the location in the LTC facility designated to accept such notices. Or, if the network or preferred pharmacy is on-site, it must deliver the notice described above to the location in the LTC facility designated to accept such notices. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The corrective action plan needs to include how the Sponsor will conduct ongoing monitoring of network pharmacies to ensure they are posting or distributing notices regarding procedures for obtaining a coverage determination or requesting an exception. The "Medicare Prescription Drug Coverage and Your Rights" pharmacy notice needs to be submitted for CMS review and approval to the CAP reviewer through HPMS.

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Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Contract Number: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD03
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
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Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Timely Notification of Coverage Determination Concerning Drug Benefit - In response to a drug benefit request, the Part D sponsor must notify the enrollee (and the prescribing physician involved, as appropriate) of its determination as expeditiously as the enrollee¿s health condition requires, but no later than 72 hours after receipt of the request, or, for an exceptions request, the physician¿s supporting statement. If the coverage determination was denied and the initial notification was provided orally, the Part D sponsor must send the written notice to the enrollee within 3 calendar days of the oral notice. Failure to notify the enrollee within the 72 hour timeframe constitutes an adverse coverage determination requiring the Part D sponsor to forward the enrollee¿s request to the Independent Review Entity (IRE) within 24 hours of the expiration of the adjudication timeframe. The Part D sponsor must also inform the enrollee, within 24 hours of the expiration of the adjudication timeframe, when the case is forwarded to the IRE.

Reference:

42 CFR § 423.568(a); § 423.568(e); § 423.578(c)(2); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

In five sampled cases in worksheet CD1_D: Standard Coverage Determinations Concerning Benefits (Part D), the CMS auditor found no documentation to show the beneficiary was notified orally or by written notice of the favorable coverage determination. The checklist in each file shows date and time of oral notification (does not state to who). However, the computer printout in file shows entries such as "busy signal", left message for PT to return call", and "tried calling, there was no answer". Also, the checklist shows date/time of written notification (does not state to who) and the computer printout, along with quck reference on how to read the history screen, indicates approved written notification sent. However, there is no documentation in file to show the auditor what notice was sent, what it said or to whom it was sent.

Corrective Action Required:

The Part D Sponsor must conduct training of appropriate staff on the correct procedures to follow in notifying the beneficiary of a favorable coverage determination and how to properly document the case file. Submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The corrective action plan must include a detailed description of the steps the Sponsor is taking to ensure compliance with the notification requirements and to ensure that each case file is properly documented.

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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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD04
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Coverage Determinations Concerning Payment - The Part D sponsor must notify the enrollee of its determination no later than 72 hours after receipt of the payment request, or, for an exceptions request, after receiving the physician's supporting statement. If the coverage determination was denied and the initial notification was provided orally, the Part D sponsor must send the written notice to the enrollee within 3 calendar days of the oral notice. For favorable determinations, the Part D sponsor must authorize payment and notify the enrollee within 72 hours after receiving the request, or, for an exceptions request, after receiving the physician's supporting statement. The Part D sponsor must also make payment (i.e., mail the payment) within 30 calendar days of the request, or, for an exceptions request, after receiving the physician's supporting statement. Failure to notify the enrollee within the 72 hour timeframe constitutes an adverse determination requiring the Part D sponsor to forward the enrollee¿s request to the Independent Review Entity (IRE) within 24 hours of the expiration of the adjudication timeframe. The Part D sponsor must also inform the enrollee, within 24 hours of the expiration of the adjudication timeframe, when the case is forwarded to the IRE. Note: This element also applies to out-of-network (OON) paper claims submitted by beneficiaries or their appointed representatives.

Reference:

42 CFR § 423.568(b); § 423.568(e); MA-PD Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor does not have policies and procedures regarding enrollee notification of coverage determinations concerning payment that includes all of the necessary provisions.

Corrective Action Required:

The Part D Sponsor must revise its policies and procedures to include: 1 - a provision stating that the Sponsor must authorize payment and notify the enrollee within 72 hours after receiving the request, or, for an exceptions request, after receiving the physician's supporting statement, 2 - provisions stating that failure to notify the enrollee within the timeframe constitutes an adverse determination requiring the Part D Sponsor to forward the enrollee's request to the Independent Review Entity within 24 hours of the expiration of the adjudication timeframe. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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Findings: Not Met
Contract Number: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD06
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Decision to Accept or Deny Request for Expedited Coverage Determination - The Part D sponsor must promptly and correctly determine whether a complaint is a standard coverage determination or an expedited coverage determination. The Part D sponsor must have a means for issuing prompt decisions on expediting a coverage determination if it determines, based on the enrollee¿s request, or as indicated in the prescribing physician¿s request, that applying the standard timeframe for making a coverage determination may seriously jeopardize the enrollee¿s life, health, or ability to regain maximum function.

Reference:

42 CFR § 423.570(c)(3); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor's policies and procedures regarding decisions to accept or deny requests for expedited coverage determinations do not: 1 - include the name of a designated office and/or department to receive both oral and written requests, including a telephone number for oral requests, 2 - state that all oral requests must be documented in writing and that documentation of the request must be maintained in the case file.

Corrective Action Required:

The Part D Sponsor needs to update its policies and procedures to: 1 - include the name of an office and/or department that is designated to receive both oral and written requests for expedited coverage determinations. Include a telephone number for the oral requests. May include a facsimile number to facilitate receipt of these requests, 2 - state that all oral requests must be documented in writing and that documentation of the request must be maintained in the case file. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these requirements.

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Date Report Generated: 9/30/2008

Contract Number: All, Chapter: All, Element: All, Finding: Not Met, Auditor: All

Findings: Not Met
Contract Number: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD09
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
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Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Timely Notification of Expedited Coverage Determination - The Part D sponsor must make its expedited coverage determination and notify the enrollee of its decision (adverse or favorable), as expeditiously as the enrollee¿s health condition requires, but no later than 24 hours after receiving the request, or, for an exceptions request, the physician¿s supporting statement. If the decision is adverse and the Part D sponsor first notifies the enrollee of the determination orally, the Part D sponsor must mail written confirmation to the enrollee within 3 calendar days of the oral notification. Failure to notify the enrollee within the 24 hour timeframe constitutes an adverse determination requiring the Part D sponsor to forward the enrollee¿s request to the Independent Review Entity (IRE) within 24 hours of the expiration of the adjudication timeframe. The Part D sponsor must also inform the enrollee, within 24 hours of the expiration of the adjudication timeframe, when the case is forwarded to the IRE.

Reference:

42 CFR § 423.570(e); § 423.572(a-b); § 423.572(d); § 423.578(c)(2); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor's policies and procedures regarding enrollee notification following a decision on an expedited coverage determination do not include a provision for informing the enrollee within the proper timeframe when the case is forwarded to the Independent Review Entity (IRE).

Corrective Action Required:

The Part D Sponsor must revise its policies and procedures to include a provision stating that it must inform the enrollee within 24 hours when the case is forwarded to the IRE. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CD10
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Notice Content Requirements for Expedited Coverage Determination - The notice of any expedited coverage determination must state the specific reasons for the determination in understandable language. If the determination is not completely favorable, the notice must also: (i) include information concerning the enrollee¿s right to a redetermination; (ii) describe both the standard and expedited redetermination processes, including the enrollee¿s right to request, and conditions for obtaining, an expedited redetermination, and the rest of the appeals process; and (iii) comply with any other requirements specified by CMS.

Reference:

42 CFR § 423.572(c); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor's policies and procedures regarding enrollee notification following a decision on an expedited coverage determination does not include all of the CMS requirements about the oral notice.

Corrective Action Required:

The Part D Sponsor must revise its policies and procedures to include a provision stating that if oral notice is provided for an adverse decision, the notice must satisfy the following requirements: 1 - state the specific reason for the denial and take into account the enrollee's presenting medical condition, disabilities, and special language requirements, if any, 2 - provide information regarding the right to appoint a representative to file an appeal on the enrollee's behalf, 3 - provide a description of both the standard and expedited redetermination processes and timeframes, including conditions for obtaining an expedited redetermination, and the rest of the appeals process. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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: 381
Contract Number: H4527
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CE01
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Exceptions Procedures and Criteria (Tiered Cost-Sharing) - The Part D sponsor must establish and maintain reasonable and complete exceptions procedures, subject to CMS¿ approval, for exceptions requests to the Part D sponsor¿s tiered cost-sharing structure. The exceptions procedures must address situations where a formulary¿s tiering structure changes during the year, and an enrollee is using a drug affected by the change. The Part D sponsor must grant an exception for non-preferred drugs when medically necessary and consistent with the prescribing physician¿s statement that meets CMS criteria. The Part D sponsor¿s tiered cost-sharing exceptions process and exception criteria must meet CMS requirements including for unplanned transitions.

Reference:

42 CFR § 423.578(a)(1-2); § 423.578(a)(4); MA-PD Solicitation and EP Attestation Addendum; Reporting Requirements for Section VI: Prior Authorization, Step Edits, Non-Formulary Exceptions, and Tier Exceptions; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Information for Part D Sponsors on Requirements for a Transition Process

Deficiencies:

The Part D Sponsor does not have policies and procedures regarding processing requests for exceptions to its tiered cost-sharing structure that includes all of the necessary provisions.

Corrective Action Required:

The Part D Sponsor must revise its policies and procedures to include: 1 - a provision stating that if the Sponsor requires a written statement from the enrollee's prescribing physician, it must do so immediately, 2 - a provision stating that if the Sponsor makes a request for additional supporting medical documentation, then it must clearly identify the type of information that must be submitted, 3 - a provision stating that if the Sponsor is waiting on a physician's statement in support of a tiering exception request, the Sponsor must wait a minimum of 96 hours after receiving a standard request or a minimum of 48 hours after receiving an expedited request before issuing its determination on the tiering exception. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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: 381
Contract Number: H4527
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CE02
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Exceptions Procedures and Criteria (Non-Formulary Drugs) - The Part D sponsor must establish and maintain exceptions procedures, subject to CMS¿ approval, for receipt of an off-formulary drug. The Part D sponsor must grant an exception for a non-formulary Part D drug whenever it determines that the drug is medically necessary, consistent with the prescribing physicians¿ statement that meets CMS criteria, and that the drug would be covered but for the fact that it is an off-formulary drug. The Part D sponsor¿s formulary exceptions process and exception criteria must meet CMS requirements including for unplanned transitions.

Reference:

42 CFR § 423.578(b); § 423.578(b)(1); § 423.578(b)(2); § 423.578(b)(5); MA-PD Solicitation and EP Attestation Addendum; Reporting Requirements for Section VI: Prior Authorization, Step Edits, Non-Formulary Exceptions, and Tier Exceptions; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Information for Part D Sponsors on Requirements for a Transition Process

Deficiencies:

The Part D Sponsor does not have policies and procedures regarding processing requests for exceptions for non-formulary drugs that includes all of the necessary provisions.

Corrective Action Required:

The Part D Sponsor must revise its policies and procedures to include: 1 - a provision stating that if the Sponsor makes a request for additional supporting medical documentation, then it must clearly identify the type of information that must be submitted, 2 - a provision stating that the Sponsor must not keep the exceptions request open indefinitely when a physician does not submit a supporting statement, 3 - a provision stating that if the Sponsor is waiting on a physician's statement in support of a formulary exception request, the Sponsor must wait a minimum of 96 hours after receiving a standard request or a minimum of 48 hours after receiving an expedited request before issuing its determination on the formulary exception, 4 - that the Sponsor does not restrict the number of exception requests submitted per enrollee. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Part D Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CE03
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Approval of Tiering and Non-Formulary Exceptions Requests - Following approval of a request for a tiering or a non-formulary exception, the Part D sponsor cannot require an approval for a refill or a new prescription following the initial prescription, provided that (i) the enrollee¿s prescribing physician continues to prescribe the drug; (ii) the drug continues to be considered safe for treating the enrollee¿s disease or medical condition; and (iii) the enrollment period has not expired. For tiering exceptions, the Part D sponsor must permit enrollees to obtain an approved non-preferred drug at the more favorable cost-sharing terms applicable to drugs in the preferred tier. For approved non-formulary exceptions, the Part D sponsor has the flexibility to determine what level of cost-sharing applies to all non-formulary drugs approved under the exceptions process, so long as the designated level is one of its existing cost-sharing tiers.

Reference:

42 CFR § 423.578(c)(3); § 423.578(c)(4)(i-ii); EP Attestation Addendum; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor does not have policies and procedures regarding determining cost-sharing for approved exceptions that includes all the needed provisions.

Corrective Action Required:

The Part D Sponsor must revise its policies and procedures to include a provision stating that all approved non-formulary drugs must be placed in existing cost-sharing tier(s). Note that Part D Sponsors may not create a tier specifically designed for approved non-formulary exceptions, and they may not assign approved non-formulary drugs to a high-cost specialty tier if the cost-sharing level that applies to the high-cost tier exceeds 25% of the actual costs of the drugs contained in that tier. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV01
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 3/12/2008
Element Release Date: 6/18/2008
Element Projected Completion Date: 5/15/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Complaint Categorization (Grievances vs. Coverage Determinations) - The Part D sponsor must promptly and correctly determine and inform the enrollee whether a complaint is subject to its grievance procedures or its coverage determination procedures.

Reference:

42 CFR § 423.564(b); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

Several of the grievance case files actually were requests for coverage determinations, not grievances. Reasons that these are coverage determinations include: beneficiary unable to get prescription refill, delay in the prior authorization process and beneficiary needs medication. The auditor did not find documentation in any of the sampled case files that shows the Part D Sponsor informed the enrollee whether the complaint is subject to its grievance procedures or its coverage determination procedures.

Corrective Action Required:

The Part D Sponsor has policies and procedures that includes definitions of inquiries, grievances and coverage determinations and how to categorize them. However, the staff is not following the policies and procedures. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these requirements.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV04
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 3/12/2008
Element Release Date: 6/18/2008
Element Projected Completion Date: 5/15/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Timely Notification of Grievance Disposition - The Part D sponsor must notify the enrollee of its decision as expeditiously as the case requires, based on the enrollee¿s health status, but no later than 30 days after the date the Part D sponsor receives the oral or written grievance (or an additional 14 days if an extension is requested by the enrollee or justified by the Part D sponsor). If the Part D sponsor extends the deadline, it must immediately notify the enrollee in writing of the reason(s) for the delay.

Reference:

42 CFR § 423.564(e)(1-2); MA-PD Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor provided 15 case files at CMS' request for the auditor to review. Over 30% were misclassified - instead of grievances, they are coverage determinations or inquiries. Therefore, CMS does not have an adequate number of case files to determine if the Part D Sponsor meets this element.

Corrective Action Required:

The Part D Sponsor has policies and procedures that includes definitions of inquiries, grievances and coverage determinations and how to categorize them. However, the staff is not following the policies and procedures. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions. After the training is provided, the Sponsor needs to provide, on a monthly basis, a universe of its grievances. This needs to be provided to CMS electronically for Worksheet GV1_D: Standard Grievances (Part D) as it was for the audit. CMS will select samples to review.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV05
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 3/12/2008
Element Release Date: 6/18/2008
Element Projected Completion Date: 5/15/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Method of Grievance Response - The Part D sponsor must respond to all written grievances in writing (including facsimile). If the enrollee orally submits a grievance and requests a written response, the Part D sponsor must respond in writing.

Reference:

42 CFR § 423.564(e)(3)(i-ii); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor provided 15 case files at CMS' request for the auditor to review. Over 30% were misclassified - instead of grievances, they are coverage determinations or inquiries. Therefore, CMS does not have an adequate number of case files to determine if the Part D Sponsor meets this element.

Corrective Action Required:

The Part D Sponsor has policies and procedures that includes definitions of inquiries, grievances and coverage determinations and how to categorize them. However, the staff is not following the policies and procedures. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions. After the training is provided, the Sponsor needs to provide, on a monthly basis, a universe of its grievances. This needs to be provided to CMS electronically for Worksheet GV1_D: Standard Grievances (Part D) as it was for the audit. CMS will select samples to review.

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: 381
Contract Number: H4527
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV06
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Grievance Response ¿ Quality of Care - The Part D sponsor must respond in writing to all grievances related to the quality of care. The response must include a description of the enrollee¿s right to file a written complaint with the Quality Improvement Organization (QIO). If a complaint is submitted to the QIO, the Part D sponsor must cooperate with the QIO in resolving the complaint.

Reference:

42 CFR § 423.564(e)(3)(iii); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor does not have a CMS approved notification of a grievance disposition that is consistent with the CMS-issued model notice, Notice of Plan's Decision Regarding a Grievance. This is a required letter when a written notice must be sent.

Corrective Action Required:

The Part D Sponsor must develop the Notice of Plan's Decision Regarding a Grievance, based on the CMS-issued model notice, submit it to the CAP reviewer at CMS through HPMS and begin using it when it is approved by CMS. Proper use of this notice needs to be included in the policies and procedures. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.

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: 381
Contract Number: H4527
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: RE05
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Timely Notification and Effectuation of Standard Redetermination Concerning Covered Drug Benefit - If the Part D sponsor makes a redetermination that is favorable for the enrollee, or affirms in whole or in part its original adverse coverage determination, it must notify the enrollee in writing of its redetermination as expeditiously as the enrollee¿s health condition requires, but no later than 7 calendar days from the date it received the request for a standard redetermination, meeting CMS requirements. For favorable redeterminations for the enrollee, the Part D sponsor must effectuate it as expeditiously as the enrollee¿s health condition requires, but no later than 7 calendar days from the date it receives the request. Failure to notify the enrollee within the timeframe constitutes an adverse redetermination decision requiring the Part D sponsor to forward the enrollee¿s request to the Independent Review Entity (IRE) within 24 hours of the expiration of the adjudication timeframe. The Part D sponsor must also inform the enrollee, within 24 hours of the expiration of the adjudication timeframe, when the case is forwarded to the IRE.

Reference:

42 CFR § 423.590(a)(1-2); § 423.590(c); § 423.590(g)(1-4); § 423.636(a)(1); Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor issued a non-CMS approved written notice to beneficiaries by using material ID 5011 CMS 10145 - The Notice of Denial of Medicare Prescription Drug Coverage. The auditor did not find that CMS had approved this document through the marketing process in HPMS. The auditor did locate material ID 5011 CMS 10146 which was approved January 18, 2006. There are differences in the two documents. PSO Health Services is not allowed to send a notice that is not allowed by CMS. The Sponsor submitted through HPMS for File and Use marketing ID H4527 1009 5015 ReqRecon CMS on July 13, 2006 with a distribution date of July 18, 2006. This is a Request For Reconsideration. Two case files include a copy of the Request for Reconsideration that was sent to the beneficiary for completion. This form is one page, does not include the sponsor's logo, and does not show the marketing ID number at the bottom of the page. It is not a correct and complete copy of the one accepted by CMS for File and Use. Either the files are not properly documented to show what was sent to the beneficiaries or they were not sent the full document.

Corrective Action Required:

The Part D Sponsor needs to revise the marketing material ID number H4527 1009 5015 ReqRecon CMS and submit to the CAP reviewer via HPMS to correct the following: Delete the sentence at the top as it is instructions to the sponsor. It reads "Part D Plans must include this Request for Reconsideration form with each adverse Redetermination Notice and must complete the following Plan identifying information:" Reminder: the material ID number needs to be formatted following the Medicare Marketing Guidelines. Also include "CMS Approval Date XX/XXXX". The Part D Sponsor's logo is to be on the notices, not the PBM's logo, even if the sponsor delegated to the PBM to send the notices. The Sponsor must conduct training of appropriate staff to ensure they will recognize incomplete notices and file documentation. The Sponsor needs to submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance in these areas.

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: H4527
Audit ID: 381
Part D Sponsor Name: PSO HEALTH SERVICES, LLC

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: RE10
Audit Type: Routine
Audit Location: Desk Review
Date Report Issued: 8/28/2007
Date Report Due: 10/12/2007
Element Accepted Date: 12/26/2007
Element Release Date: 6/18/2008
Element Projected Completion Date: 2/28/2008
3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date: 6/4/2007
Estimated Visit Start Date: 6/8/2007
Actual Visit Start Date: 6/4/2007
Actual Visit End Date: 6/29/2007
Part D Sponsor Response Received Date: 10/31/2007
Part D Sponsor Response Due Date: 10/12/2007
CAP Release Date: 6/18/2008
CAP Accepted Date: 3/12/2008

Requirement:

Timely Transfer to IRE Upon Reconsideration Request - In cases where an enrollee has filed a reconsideration request and the IRE has requested the enrollee's file, the Part D sponsor must transfer the case file to the IRE within 24 hours (expedited requests) or 48 hours (standard requests) from the time it receives the IRE¿s request for the case file.

Reference:

Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals

Deficiencies:

The Part D Sponsor does not have policies and procedures regarding timely transfer to the Independent Review Entity upon reconsideration request that includes all of the necessary provisions.

Corrective Action Required:

The Part D Sponsor must develop policies and procedures for forwarding case files to the IRE upon the IRE's request in a timely manner to include: 1 - a provision stating that case files must be sent to the IRE within 24 hours (expedited requests) or 48 hours (standard requests) from the time the IRE requests the case file, 2 - a provision stating that a hard copy of the case file must be delivered to the IRE by overnight delivery at its designated address, or by fax at its designated fax number. The Sponsor must conduct training of appropriate staff on these policies and procedures and submit documentation to CMS that details the nature of this training, including: the materials used in the training, the individuals conducting the training, and the individuals being trained. The Sponsor must describe the steps it is taking to ensure compliance with these provisions.