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: 5641
Contract Number: H7226
Part D Sponsor Name: HARVARD PILGRIM HEALTH CARE INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 2
Auditing Element: ZZ95
Audit Type: Ad-Hoc Compliance Event
Audit Location: Desk Review
Date Report Issued: 7/22/2008
Date Report Due: 9/5/2008
Element Accepted Date:
Element Release Date:
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2007 - 12/31/2009
Estimated Visit Start Date: 6/4/2008
Estimated Visit Start Date: 7/22/2008
Actual Visit Start Date: 6/4/2008
Actual Visit End Date: 7/22/2008
Part D Sponsor Response Received Date:
Part D Sponsor Response Due Date: 9/5/2008
CAP Release Date:
CAP Accepted Date:

Requirement:

Ad-Hoc Compliance Event 1

Deficiencies:

Develop and Implement changes in procedures that ensure compliance with Part D coordination of benefit (COB) requirements.

Corrective Action Required:

This letter is a request for a corrective action plan (CAP) from Harvard Pilgrim Health Care (Harvard Pilgrim), which operated Medicare Advantage organization (MAO) contracts H2204 and H2206 in 2006 and currently operates MAO contract H7226, to develop and implement changes in procedures that ensure compliance with the Part D coordination of benefit (COB) requirements. Harvard Pilgrim has offered Part D prescription drug benefits under its MAO contracts since January 1, 2006. In accordance with 42 U.S.C. 1395w-133, 42 U.S.c. 1395w-134, and 42 CFR § 423.464, Part D sponsors are required to coordinate benefits with State Pharmaceutical Assistance Programs (SPAPs) and entities providing other prescription drug coverage for payment of premiums and coverage and payment of supplemental prescription drug benefits. When a Medicare Part D enrollee has other prescription drug coverage, COB allows the plans that provide coverage for this same beneficiary to determine each oftheir payment responsibilities. This process is necessary in order to avoid errors in payment. See Medicare Prescription Drug Benefit Manual, Chapter 14Coordination of Benefits. In December 2007, the Massachusetts SPAP, Prescription Advantage, informed the CMS Boston Regional Office that since October 2007, Prescription Advantage had requested reimbursement of overpayments Prescription Advantage made to Harvard Pilgrim in 2006. According to Prescription Advantage, Harvard Pilgrim accepted Prescription Advantage premiums on behalf of Prescription Advantage clients who received Part D benefits through their enrollment in a Harvard Pilgrim MA plan. The amount of these premiums was in excess of Harvard Pilgrim's Part D premium. Harvard Pilgrim applied the excess payment to their enrollees' Part C portion of the MA plan premium instead of returning the overpayment to Prescription Advantage. CMS' understanding is that Harvard Pilgrim has denied that request based on a provision in an agreement between Prescription Advantage and Harvard Pilgrim that states reasonable efforts to remedy underpayment or overpayment must be made in a timely manner. Harvard Pilgrim believes the request for reimbursement does not meet the terms of the agreement it has with Prescription Advantage. Regardless of the terms ofits agreement with Prescription Advantage, Harvard Pilgrim is obligated under its MAO contract with CMS to comply with Part D COB requirements stated in the Part D statute, regulations and policy guidance. Successful COB performance includes the sponsor's implementation ofprocedures to avoid payment errors, and for Part D sponsors to detect in a timely manner and execute reimbursement of erroneous payments. See Medicare Prescription Drug Benefit Manual, Chapter 14 - Coordination of Benefits, Appendix C. As a result ofHarvard Pilgrim's refusal to reimburse Prescription Advantage, Harvard Pilgrim is out of compliance with Part D requirements. CMS requests a CAP that explains how Harvard Pilgrim will develop and implement procedures to ensure compliance with the Part D coordination of benefits requirements. Specifically, the CAP should describe Harvard Pilgrim's plans for developing and implementing policies and procedures for accurately tracking both its enrollees' Part D premium amounts, reconciling those amounts with payments received by SPAPs on behalf ofthose enrollees, and making timely reimbursements to the SPAP when overpayments are detected. Please submit a CAP to address the issues described above to CMS within 45 days of the date of this letter. CMS will review Harvard Pilgrim's proposed CAP and indicate promptly to Harvard Pilgrim whether it is acceptable. CMS will then monitor Harvard Pilgrim's execution ofthe CAP through September 2008.