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: 1061
Contract Number: H4009
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: MR06
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 7/11/2008
Element Release Date: 7/11/2008
Element Projected Completion Date: 2/6/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

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:

For elememt MR06 the files of 10 marketing/sales reps were reviewed. Of the 10, one was fully licensed but the license was due to expire the day after the file was reviewed. The remaining 9 had provisional licenses. Further review confirmed that SDM utilized a contractor (BSG) for managing marketing/sales reps who were not direct employees. There was little or no oversight of this contractor which was finally terminated due to gross violations of licensing compliance. Review of SDM's policies and procedures identified no policy on the compensation of marketing/sales reps.

Corrective Action Required:

1. SDM must provide a corrective action plan to remedy non-compliance with licensing requirements and must take immediate steps to implement that remedy. 2. SDM must provide documented corrective action to be implemented to assure that any contractors have ongoing oversight from SDM and that performance standards are documented and enforced. 3. SDM must develop documented policies for the compensation of sales and marketing staff consistent with CMS 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
Audit ID: 1061
Contract Number: H4009
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: MR10
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 7/11/2008
Element Release Date: 7/11/2008
Element Projected Completion Date: 2/6/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

Requirement:

Requirements for Post-Enrollment Materials - The Part D sponsor must distribute post-enrollment materials as required by CMS, to each enrollee in a clear, accurate, and standardized form at the time of enrollment and at least annually thereafter. This information must be provided in writing, if requested. In addition, the Part D sponsor must provide written information about its grievance and appeals procedures and the process for quality of care complaints available to the enrollee through the Quality Improvement Organization (QIO) process.

Reference:

42 CFR § 423.120(b)(7); § 423.128(a-b); § 423.128(d)(3); § 423.505(f)(3); § 423.562(a)(2); MA-PD Solicitation; Medicare Marketing Guidelines for MAs, MA-PDs, PDPs, and 1876 Cost Plans; Information for Part D Sponsors on Requirements for a Transition Process

Deficiencies:

For element MR10, of the 10 records reviewed, none were in compliance in regard to processing post-enrollment material correctly. In no case was an EOC sent timely. Further review confirms that EOCs for some PBPs were not submitted via HPMS for approval and consequently were never received by a considerable number of SDM's membership.

Corrective Action Required:

SDM must submit for review a corrective action plan and take immediate steps to implement corrective action that assures 100% compliance with the requirement that post enrollment material is accurate and received by enrollees within time parameters required by CMS.

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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
Audit ID: 1061
Contract Number: H4009
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: PH03
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 7/11/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

Requirement:

Access to Long-Term Care Pharmacies - The Part D sponsor must offer standard contracting terms and conditions, including performance and service criteria, to all long-term care (LTC) pharmacies in its Part D plan service area. The Part D sponsor must contract with a sufficient number of LTC pharmacies to provide all of its plans¿ institutionalized enrollees convenient access to their Part D benefits. Note: This element is waived for MA-PFFS organizations that offer a Part D Benefit if they (1) provide plan enrollees access to covered Part D drugs dispensed at all pharmacies without regard to whether they are contracted network pharmacies, and (2) do not charge cost-sharing in excess of that required for qualified prescription drug coverage.

Reference:

42 CFR § 423.120(a)(5); MA-PD Solicitation; Long Term Care Guidance

Deficiencies:

SDM was unable to show that it met the requirements regarding access to Long-Term Care pharmaceutical services.

Corrective Action Required:

SDM must submit copies of contract amendments that include the LTC provisions provided in the CMS issued "Long Term Guidance."

CMS Part D Audit Report

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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
Audit ID: 1061
Contract Number: H4009
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: TP02
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 3/5/2008
Element Projected Completion Date: 2/8/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

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:

Auditor reviewed existing plan policies. SDM has not updated its policies with respect to Part D since the inception of the plan. Consequently, auditor found many policies and procedures did not reflect current regulations and CMS guidance, including the transition policy for LTC residents.

Corrective Action Required:

SDM must develop and implement an appropriate transition process in accordance with CMS requirements. SDM must also review its existing policies and procedures and revise where necessary to comply with current regulations and CMS guidance. SDM must develop and implement a policy for periodic review of all of its policies and procedures.

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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
Audit ID: 1061
Contract Number: H4009
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: CN05
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 7/11/2008
Element Projected Completion Date: 3/31/2008

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

Requirement:

Required Contract Provisions: Long-Term Care Pharmacies - The Part D sponsor¿s written contracts with network long-term care pharmacies must include the CMS-specified performance and service criteria for long-term care pharmacies. Note: This element is waived for MA-PFFS organizations that offer a Part D Benefit if they (i) provide plan enrollees access to covered Part D drugs dispensed at all pharmacies without regard to whether they are contracted network pharmacies, and (ii) do not charge cost-sharing in excess of that required for qualified prescription drug coverage.

Reference:

42 CFR § 423.120(a)(5); MA-PD Solicitation; Long Term Care Guidance

Deficiencies:

SDM was unable to show that it met the requirements regarding access to Long-Term Care pharmaceutical services.

Corrective Action Required:

SDM must submit copies of contract amendments that include the LTC provisions provided in the CMS issued "Long Term Guidance."

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: H4009
Audit ID: 1061
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV01
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 3/10/2008
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

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:

5 of 15 cases reviewed were classified inappropriately as a grievance when they should have been classified as a coverage determination, thereby providing members with appeal rights in the event of a negative determination.

Corrective Action Required:

SDM must conduct training of appropriate staff on the grievance and coverage determination processes 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.

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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
Audit ID: 1061
Contract Number: H4009
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV02
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 3/10/2008
Element Projected Completion Date:

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Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
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Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

Requirement:

Grievance Policies and Procedures - The Part D sponsor must establish and maintain policies and procedures for tracking and addressing the timely hearing and resolution of all oral and written enrollee grievances including but not limited to the following: fraud and abuse, enrollment/disenrollment, benefit package, pharmacy access/network, marketing, customer service, confidentiality/privacy, and quality of care. The Part D sponsor must also maintain records of such grievances.

Reference:

42 CFR § 423.562(a)(1)(i); § 423.564(a-b); § 423.564(g); MA-PD Solicitation; Prescription Drug Benefit Manual; Chapter 18 ¿ Part D Enrollee Grievances, Coverage Determinations, and Appeals; Reporting Requirements for Section V: Grievances

Deficiencies:

SDM's policies and procedures for the grievance and coverage determination processes have not been updated since they were initially written in 2005. No revisions have been made for changes in CMS rules and regulations.

Corrective Action Required:

SDM 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.

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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: H4009
Audit ID: 1061
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV03
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 3/10/2008
Element Projected Completion Date:

3 Year Reporting Cycle: 1/1/2006 - 12/31/2008
Estimated Visit Start Date:
Estimated Visit Start Date:
Actual Visit Start Date: 8/27/2007
Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

Requirement:

Grievance Process Training - The Part D sponsor will train relevant staff and subcontractors on its grievance policies and procedures.

Reference:

MA-PD Solicitation

Deficiencies:

Staff were not adequately trained in coverage determinations and the grievance processes. Members were not given appropriate notification of appeal rights.

Corrective Action Required:

SDM must conduct training of appropriate staff on the grievance and coverage determination processes 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.

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

Findings: Not Met
Contract Number: H4009
Audit ID: 1061
Part D Sponsor Name: SDM HEALTHCARE MANAGEMENT, INC.

Audit Guide Version: MA-PD Sponsor Part D Audit Guide Version 1
Auditing Element: GV05
Audit Type: Routine
Audit Location: Onsite
Date Report Issued: 10/23/2007
Date Report Due: 12/7/2007
Element Accepted Date: 3/5/2008
Element Release Date: 3/10/2008
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Actual Visit End Date: 8/31/2007
Part D Sponsor Response Received Date: 12/10/2007
Part D Sponsor Response Due Date: 12/7/2007
CAP Release Date: 7/28/2008
CAP Accepted Date: 7/28/2008

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:

SDM did not provide a written response in 5 of 15 cases reviewed where grievances submitted in writing must be responded to in writing.

Corrective Action Required:

SDM must conduct training of appropriate staff on the grievance and coverage determination processes 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.