



CMS' 2014 Audit Strategy and Data-Driven Approach to Oversight



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Presentation Overview

- CMS' Audit Policy
- CMS' Audit Strategy
- Overview of the Audit Process

CMS Audit Policy

- Audit redesign began in 2010.
- Major changes have occurred in auditing of sponsors between 2010-2014 to build on those changes.

CMS Audit Policy (cont.)

- Many changes focus on continually improving the process and ensuring consistency.
- CMS is continually seeking your feedback, please provide it!

CMS Audit Policy (cont.)

What's the Same?

- Core Performance Areas
- Use of Webinar Technology
- Protocols are still outcome-based
- CMS continues to be heavily focused on core processes that have a direct impact on an enrollee's ability to access medications and care, less so on process measures.

CMS Audit Policy (cont.)

What's Different?

- Moved compliance to week 2 last year. We will maintain that moving forward.
- Changes of note to CDAG and ODAG timeliness based on feedback.
- Introduced standardized conditions.
- Scores are posted to the web.

Changes to CDAG & ODAG

- Targeting for timeliness is a major complaint among sponsors.
- Timeliness for all elements will now be calculated at the universe level (decision-making, notices, effectuations, grievances).
- Compliance thresholds will be set to determine whether a sponsor will receive no findings, a CAR or an ICAR.

CMS Audit Policy

What's Different?

- The calculation of Past Performance Points and STAR rating measures related to audits are now incorporating the new audit scoring methodology.
- STAR rating measure will be a display measure for at least the first year.

Past Performance Related to Audit

- Past Performance points are generally assigned based on thresholds that target plans that are outliers.

Past Performance Related to Audit (cont.)

- Old Methodology: Sponsors who failed 50% or more of their audit elements received a past performance point.
 - This did not turn out to affect only plans that were outliers.
- New methodology: Focuses on sponsors in the top 75%, since higher scores mean worse audit performance.

Changes to STAR Ratings

- Change introduces a scoring system that generates an audit score for every sponsor based on the new scoring methodology instead of a pass/fail system.

Changes to STAR Ratings (cont.)

- Cut points to determine any point reductions for the audit finding will be determined by an analysis of cumulative data, beginning with the 2012 audit data.

CMS Audit Policy

What to expect in 2014:

- SNP MOC, along with four core protocols
- 2013 results on the web in the summer
- 2013 Annual Report
- 4th best practice/common finding memo based on 2013 audits

CMS Audit Strategy

- Audit results are analyzed each year and compared to CMS' risk assessment methodology to continually refine the process.
- Program experience has led CMS to incorporate more operational measures into our risk assessment.

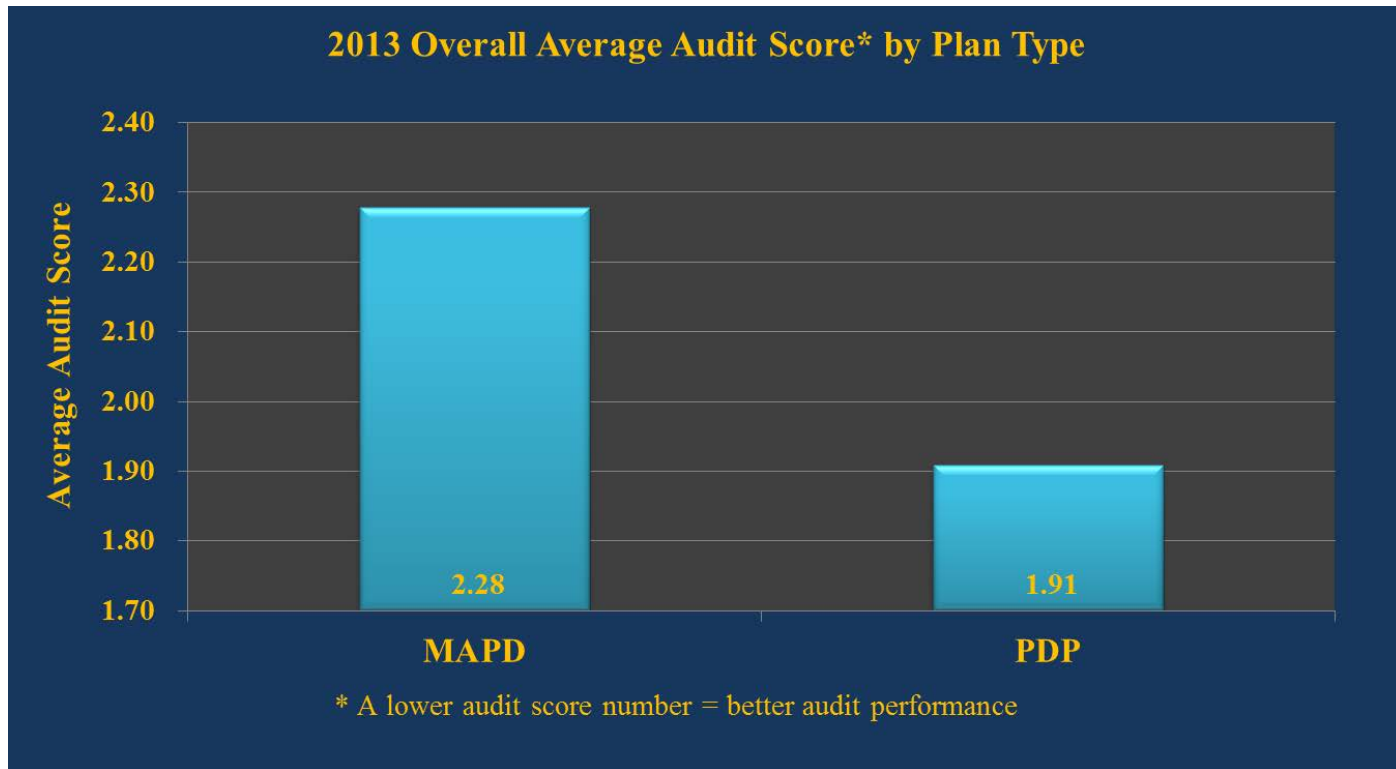
CMS Audit Strategy (cont.)

- This year we developed an overall risk score for each parent organization but also utilized existing data to develop program area specific risk scores.
- We will use 2014 audit results to test this refinement to our methodology as we have in the past.

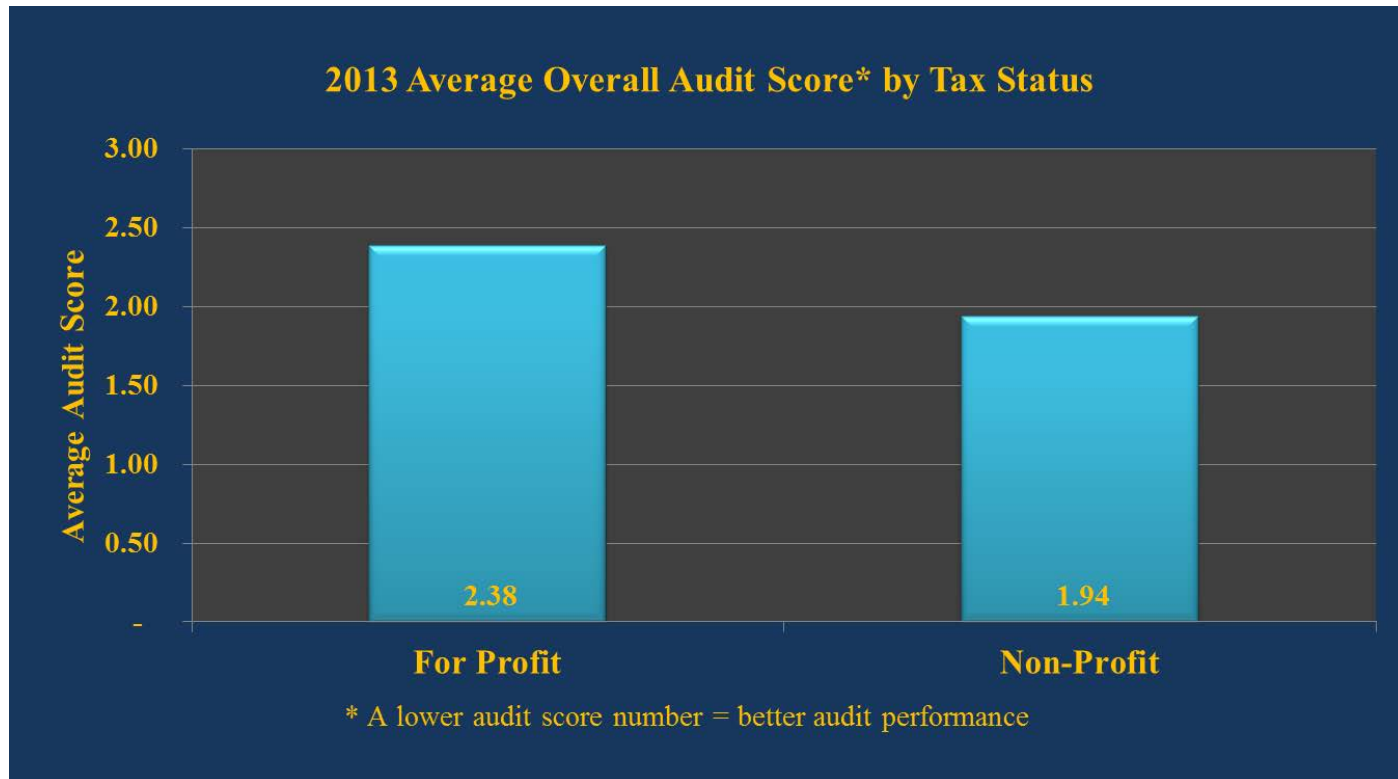
CMS Audit Strategy (cont.)

- CMS is always trying to analyze audit scores against different data measures to look for patterns.
- This analysis might be used to target future program areas for audit, to retire or revise existing protocols or to refine our risk strategy.

2013 Average Audit Score by Plan Type



2013 Average Audit Scores by Tax Status



Overview of the Audit Process

How Best to Prepare:

- Identify your audit team.
- Use our protocols to make sure you can pull universes.
- To the extent possible, test webinar technology so your team is prepared to use it.
- Use our protocols to test your operations prior to our audit.

2014 Audit Process

Stage 1 Pre-Audit Steps

1. Issue audit engagement letter via HPMS – 4 weeks prior to audit.
2. Hold follow-up call with sponsor – within 2 days from engagement letter.
3. Receive sponsor universes – within 10 days from engagement letter.

2014 Audit Process

Stage 1 Pre-Audit Steps (cont.)

4. Send draft audit schedule to sponsor – 2 weeks before the audit.
5. CMS conducts analysis of universes upon receipt – 2 weeks prior to audit.

2014 Audit Process

Stage 1 Pre-Audit Steps (cont.)

6. CMS selects samples prior to the audit. SNP MOC samples will be provided to the sponsor – 3 business days prior to the audit. Compliance samples will be provided to the sponsor – 2 business days prior to the audit. All other samples will be provided the morning of the audit.

2014 Audit Process

Stage 2 – Audit Steps (Webinar)

Week 1 – Via Webinar* – Conduct operational audit simultaneously (Formulary, CDAG, ODAG, and SNP MOC, if applicable)

*Note: CMS may send a representative onsite either the first or the second week.

2014 Audit Process

Stage 2 – Audit Steps (Webinar – cont.)

1. Hold entrance conference.
2. Conduct audit via webinar.
3. Provide sponsor with a written draft summary of audit findings.
4. Hold preliminary exit conference at end of week one.
5. Encourage sponsors to begin correction now, don't wait for the report.

2014 Audit Process

Stage 2 – Audit Steps (Webinar – cont.)

Week 2 – Via Webinar* – Conduct compliance program effectiveness audit

*Note: CMS may send a representative onsite either the first or the second week.

2014 Audit Process

Stage 2 – Audit Steps (Webinar – cont.)

1. Conduct audit via webinar.
2. Hold final exit conference at end of week 2 (both operational audit areas to discuss changes from week 1 and compliance area).

2014 Audit Process

Stage 3 – Post Audit Steps

1. The team leads approve work papers.
2. The draft report will be issued to the sponsor within 60 business days of conducting the audit.

2014 Audit Process

Stage 3 – Post Audit Steps (cont.)

3. The sponsor will submit comments to draft report within 10 business days (in previous years this was 5 days) of receiving the draft report.
4. The final report will be issued within 10 business days of receipt of comments from sponsor via HPMS.

2014 Audit Process

Stage 4 – Corrective Action and Validation

- Sponsor submits corrective action plans.
 - For Corrective Action Required (CAR):
 - CAPs are due from sponsor within 7 days of the final report issuance, but the implementation of corrections is due 90 days of CAP's acceptance.
 - The regional offices will lead the validations.

2014 Audit Process

Stage 4 – Corrective Action and Validation (cont.)

- For Immediate Corrective Action Required (ICAR):
 - CAPs are due from sponsor within 72 hours of receiving email from CMS identifying ICARs.
 - **New Process** - Once CAPs are accepted, CMS will conduct an ICAR status call to discuss the status of the corrections.
 - **New Process** - The regional offices will validate ICARs during the CAR validation.

2014 Audit Process

Stage 4 – Corrective Action and Validation (cont.)

1. If findings are corrected – CMS will issue a close out letter and the audit is closed.
2. If findings are not corrected – CMS will consider next steps (i.e., turn over to AM for monitoring, CMP, etc.)

Questions?

For inquiries related to Audit Policy or Strategy:

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