

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
7500 Security Boulevard, Mail Stop C1-22-06  
Baltimore, Maryland 21244-1850



**Medicare Part C and D Oversight and Enforcement  
Group**

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**January 10, 2014**

**VIA EMAIL:** ([tkellogg@bcbsal.org](mailto:tkellogg@bcbsal.org))

Mr. Terry Kellogg  
Chief Executive Officer  
Blue Cross and Blue Shield of Alabama/Tennessee  
450 Riverchase Parkway East  
Birmingham, AL 35244

Re: 2012 Program Audit – Notice of Audit Closure for Medicare Standalone Prescription Drug Plan  
Contract: S1030

Dear Mr. Kellogg:

On November 29, 2012, the Centers for Medicare & Medicaid Services (CMS) issued the final audit report to your organization for the above-referenced Medicare Prescription Drug Plan contract. This audit report evaluated your organization's compliance with CMS requirements in the following areas:

1. Part D Formulary and Benefit Administration
2. Part D Coverage Determinations and Appeals
3. Part D Grievances
4. Agent/Broker Oversight
5. Compliance Program Effectiveness
6. Enrollment and Disenrollment
7. Late Enrollment Penalty (LEP)

Your organization was afforded 90 calendar days from the date of the audit report to provide certain data and documents to CMS to demonstrate and attest that all of the deficiencies in the audit report were sufficiently corrected and were not likely to recur. In addition to the data and documents you provided in response to our request for evidence of correction, a validation review was conducted for the "corrective action required (CAR)" conditions to determine if the corrective actions implemented within your operations and/or compliance program addressed the deficiencies.

**Mr. Terry Kellogg**

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**This notice is to inform you that based on the evidence provided by your organization and the validations conducted; CMS has made the determination to formally close the audit. However, your Account Manager will contact you to address the following observation noted during the validation:**

**OBSERVATION**

1. Part D Compliance Program Effectiveness, Element III, Condition i - Your organization should update its policies and procedures to reflect re-hired employees are not required to undertake compliance training again until annual training is required.

CMS considers your compliance program's effectiveness to be essential in preventing, detecting and responding to potential non-compliance and fraud, waste, and abuse. Therefore, CMS expects your organization to continue monitoring the effectiveness of the corrective actions you have implemented and to continue to measure and improve the effectiveness of your compliance program. In addition, your Account Manager will continue to monitor and oversee your operations and compliance program to ensure that your organization is in compliance with all CMS requirements.

If you have any questions concerning this notice, please contact Mr. Darryl Brookins at 410-786-7542 or via email at [Darryl.Brookins@cms.hhs.gov](mailto:Darryl.Brookins@cms.hhs.gov).

Sincerely,

/s/

Tawanda Holmes  
Director, Division of Audit Operations  
Medicare Part C and D Oversight and Enforcement Group

cc:

Michelle Turano, CMS/CM/MOEG  
Tracey Roberts, CMS/CM/MOEG  
Jonathan Blonar, CMS/CM/MOEG  
Darryl Brookins, Audit Lead, CMS/CM/MOEG  
Tracey Bettilyon, Account Manager, CMS/CMHPO/Region IV  
Colleen Carpenter, Branch Manager, CMS/CMHPO/Region IV  
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**Mr. Terry Kellogg**

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