

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



MEDICARE PARTS C AND D OVERSIGHT AND ENFORCEMENT GROUP

February 28, 2014

E-MAIL: peter.a@bcbsri.org

Mr. Peter Andruszkiewicz
CEO/President
Blue Cross & Blue Shield of Rhode Island
500 Exchange Street
Providence, RI 02903

Re: 2012 Program Audit – Notice of Audit Closure for Medicare Advantage and/or Standalone Prescription Drug Plan Contracts: H4152

Dear Mr. Andruszkiewicz:

On January 18, 2013, the Centers for Medicare & Medicaid Services (CMS) issued the final audit report to your organization for the above-referenced Medicare Advantage and/or Prescription Drug Plan contracts. The audit 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. Part C Organization Determinations and Appeals
5. Part C Grievances
6. Part C Access to Care
7. Parts C & D Agent/Broker Oversight
8. Parts C & D Compliance Program Effectiveness
9. Parts C & D Enrollment and Disenrollment
10. Part D Late Enrollment Penalty

Your organization was afforded 90 calendar days from the report date to provide data and documents to CMS to demonstrate and attest that all of the deficiencies in the audit report were sufficiently corrected and not likely to recur. CMS reviewed your evidence of correction submission and also conducted a review to validate the implementation of required corrective actions and immediate corrective actions.

This notice is to inform you that based on the evidence provided by your organization and the validations conducted, you have corrected all conditions except:

The following conditions still remain from the audit report:

- 1. Part D Coverage Determinations and Appeals, Appropriateness of Clinical Decision-Making, Condition iii.** - BCBS of RI issued a denial letter that did not include complete and correct information related to the individual cases. This condition could not be validated as corrected because 2 of 5 cases reviewed during the validation failed for this issue (CDM-2 and CDM-6).
- 2. Part C Organization Determinations and Appeals, Effectuation Timeliness, Condition ii.** - When BCBS of RI received a request for payment, it did not pay or deny the clean claim within 30 calendar days of the date of the request. This condition could not be validated as corrected because 5 of 5 cases reviewed during the validation failed for this issue. In each case sampled during the validation, the beneficiaries were delayed receipt of payment because the claims were pending for coding that could not be identified (ET-6, ET-7, ET-8, ET-9, and ET-10).
- 3. Part C Organization Determinations and Appeals, Appropriateness of Clinical Decision-Making, Condition v.** - When the enrollee received the service from a provider referred by a BCBS of RI contracted plan provider, s/he was not held harmless when s/he should have been. This condition could not be validated as corrected because 2 of 5 cases reviewed during the validation failed for this issue. In both validation samples in which this condition was observed, BCBS of RI failed to hold the beneficiary harmless because the services denied were not identified as having been referred by a contracted provider (CDM-6 and CDM-10).

The following conditions have not yet been validated related to Formulary Administration – Transition:

- 1. Part D Formulary and Benefit Administration, Transition, Condition i.** - BCBS of RI failed to provide continuing beneficiaries with a transition fill of a drug with a negative cross year formulary change. This condition could not be validated until 2014.

The reason this condition could not be validated is because CMS has to wait across plan years (i.e. from 2013 to 2014) in order for a universe to have an appropriate number of transition beneficiaries (new and continuing) to yield a suitable sample size.

The following observations:

- 1. Part D Formulary and Benefit Administration** – BCBS of RI improperly effectuated a prior authorization or exception request. Impact analysis completed by BCBS of RI showed that 2 drugs and 2 beneficiaries were affected by this issue during the validation period. BCBS of RI must ensure that prior authorization edits are properly adjudicated.
- 2. Part D Formulary and Benefit Administration** - CMS observed that BCBS of RI had programmed systems to effectuate CMS approved quantity limit (QL) edits using daily dose logic. Since CMS currently does not provide descriptive guidance on how a Sponsor should best operationalize the use of these edits, CMS recommends that BCBS of RI review the results from the audit and any impact analyses to put the necessary systems in place that would not impede beneficiary access to drugs.

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- 3. Part D Formulary and Benefit Administration** – CMS observed during the validation that reject messaging sent to the pharmacy did not match the approved formulary limits. CMS recommends that reject messaging be updated to match the approved formulary limits.

Your validation provided CMS with a reasonable assurance you are in compliance with program requirements tested during the audit. However, CMS will require heightened monitoring of the conditions and/or observations noted above to ensure Sponsor continues to implement effective correction. Your Account Manager will contact you to address these issues.

CMS is closing your audit.

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 Ms. Ashley Hashem at 617-565-1498 or via email at ashley.hashem@cms.hhs.gov.

Sincerely,

/s/

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

cc:

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