

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



MEDICARE PARTS C & D OVERSIGHT AND ENFORCEMENT GROUP

February 25, 2015

Mr. Gary D. St. Hilaire
President & CEO
Capital Blue Cross
2500 Elmerton Avenue
Harrisburg, PA 17177

Re: Notice of Release of Intermediate Sanctions (Suspension of Marketing and Enrollment) for Medicare Advantage-Prescription Drug and Prescription Drug Plan Contract Numbers: H3923, H3962, and S8067

Dear Mr. St. Hilaire,

On May 28, 2014, the Centers for Medicare & Medicaid Services (CMS) imposed intermediate sanctions on Capital Blue Cross (CBC), thereby suspending marketing and enrollment activities for Medicare Advantage-Prescription Drug and Prescription Drug Plan contract numbers H3923, H3962, and S8067. The sanctions were imposed based on a program audit conducted in April 2014, which found serious deficiencies in the following operational areas: Part C and Part D organization/coverage determinations, appeals and grievances, and Part D formulary and benefit administration.

On November 7, 2014, CBC attested to CMS that all of the deficiencies cited in the CMS sanction notice were corrected as of November 7, 2014. As a result, CMS authorized a limited enrollment period beginning on December 1, 2014.

Pursuant to 42 C.F.R. § 422.756(c)(3)(i) and § 423.756(c)(3)(i), CMS required that CBC hire an independent auditor to conduct a validation audit and provide CMS with the results of the audit. CMS used the information from the independent audit report to assist its determination about whether CBC has corrected the deficiencies that formed the bases for the sanction. Based on the results of the validation audit, CMS has determined that CBC's deficiencies have been sufficiently corrected. Therefore, effective February 25, 2015, the intermediate sanctions are released from contracts H3923, H3962, and S8067. Additionally, the limited enrollment period has ended and CBC will return to normal marketing and enrollment status.

The CMS Division of Audit Operations will be contacting CBC to engage in audit validation activities for conditions outside the scope of the sanctions and found during the April 2014 program audit. Please note that any future failures to comply with CMS requirements may subject CBC to other applicable remedies available under law, including the imposition of

intermediate sanctions, civil money penalties, or contract termination or non-renewal as described in 42 C.F.R. Parts 422 and 423, Subparts K and O. If you have any questions about this notice, please call or email the enforcement contact provided in your email notification.

Sincerely,

/s/

Gerard J. Mulcahy
Director
Medicare Parts C and D Oversight and Enforcement Group

cc: Mr. James McCaslin, CMS/CMHPO/Region II
Mr. Jeremy Willard, CMS/CMHPO/Region II
Ms. Elizabeth Horn, CMS/CMHPO/Region II