



CMS 2014 Audit Policy and Strategy



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

CMS Audit Policy

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

What's Different?

Use of the EFT instead of SFTP

Moved compliance to week 2 last year, we will maintain that moving forward

Changes of note to CDAG and ODAG timeliness based on your feedback

Introduced standardized conditions

Scores are now posted to the web

Changes to CDAG & ODAG

Targeting for Timeliness 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 audit 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.

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 means 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 pass/fail system.

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 4 core protocols

A few new protocols MAY be piloted in mid- to late 2014.

2013 results on web in the Spring/early Summer

2013 Annual Report

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

This year we developed an overall risk scores 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

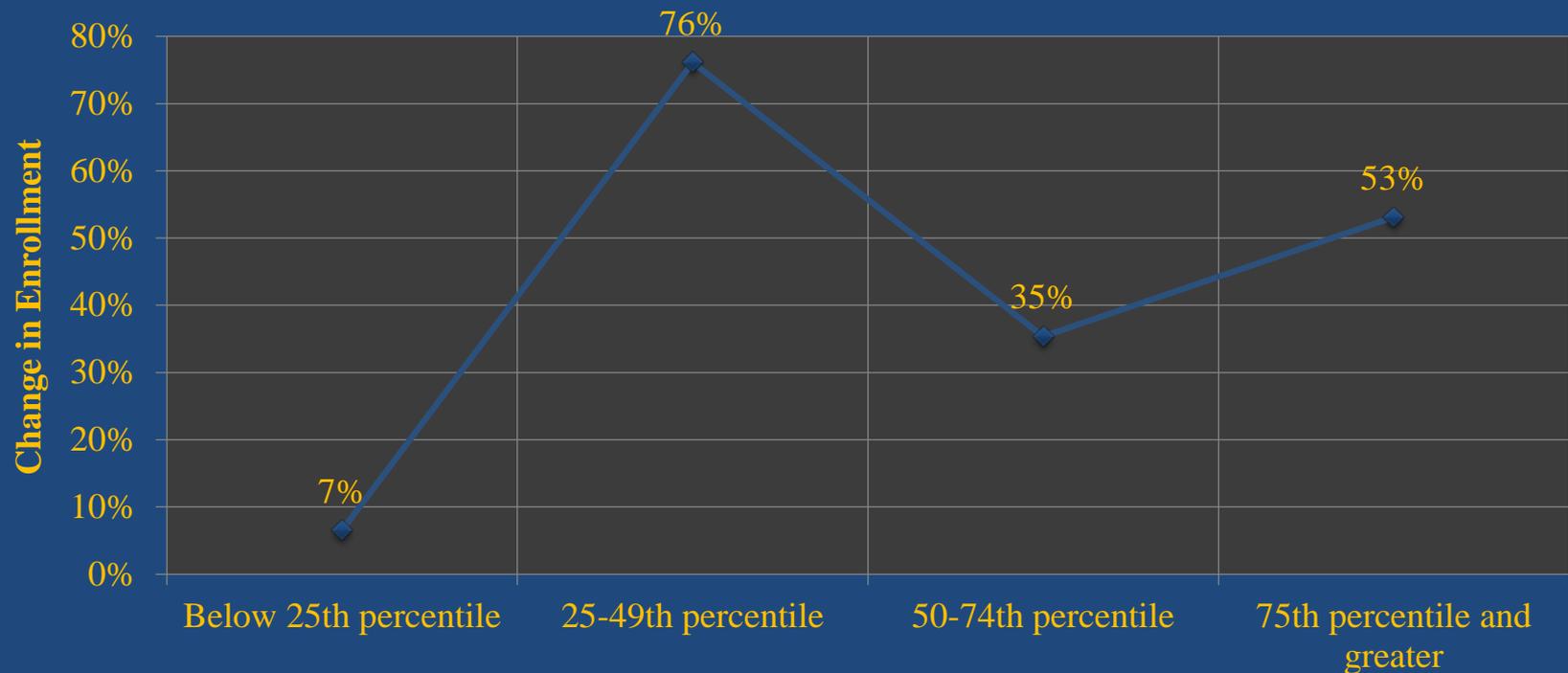
CMS is always trying to analyze audit scores against different data measures to look for patterns.

This analysis might be used to target future program areas for audit, to retire or revise existing protocols or to refine our risk strategy.

The following slides represent just some of the analysis we have conducted.

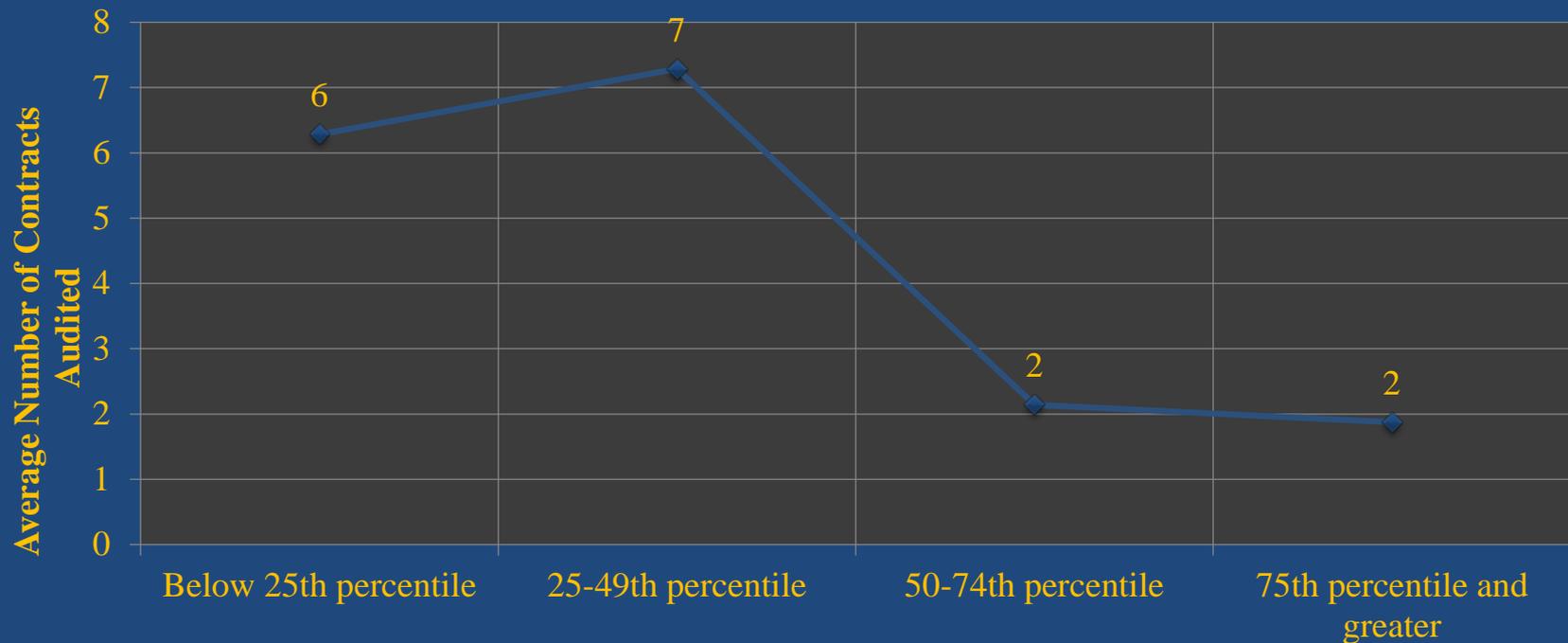
2013 Audit Score Percentile Ranking Compared to Change in an Audited Sponsor's Enrollment

2013 Overall Audit Score Percentile Ranking Compared to Change in Enrollment

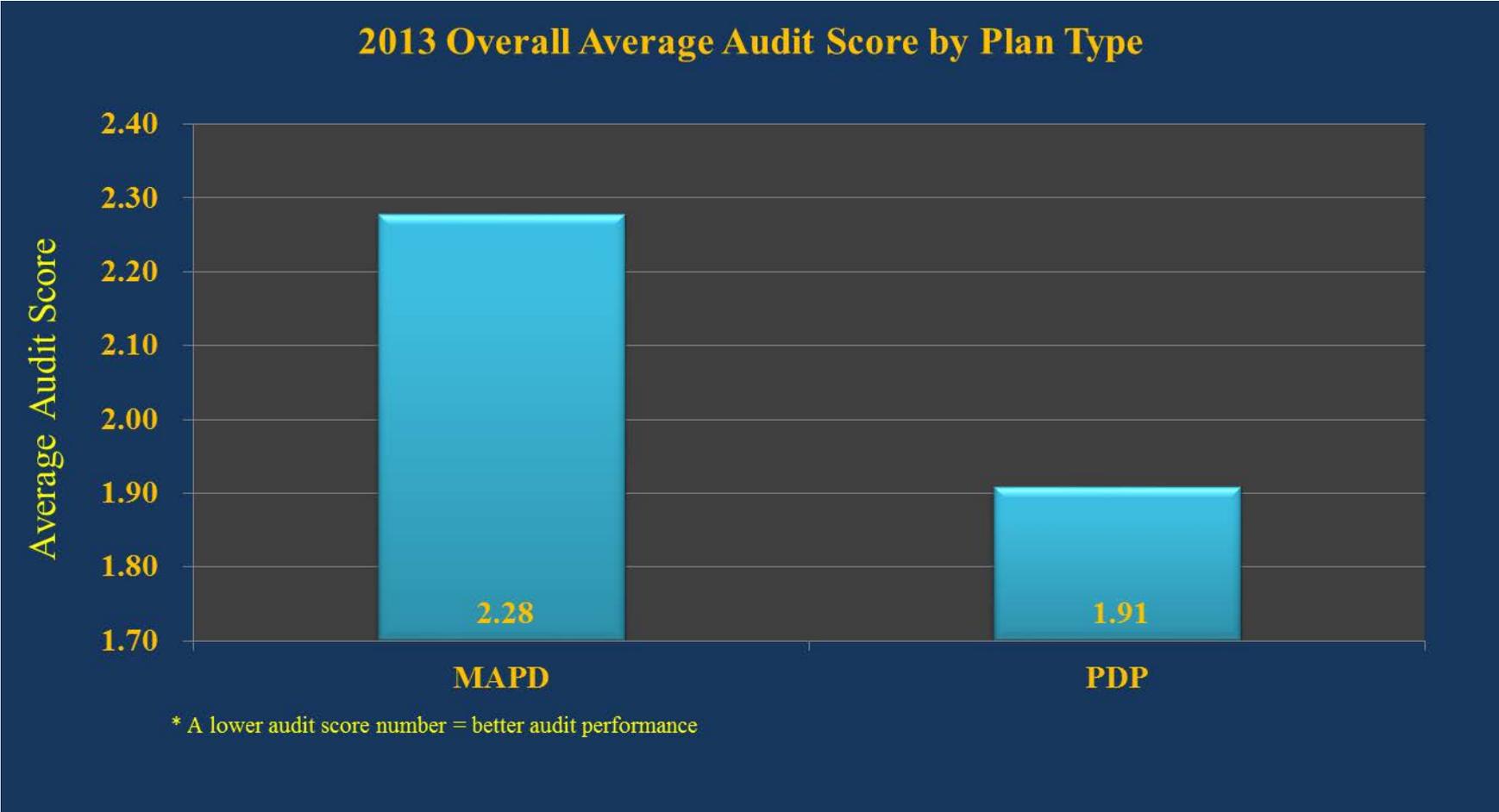


2013 Audit Score Percentile Ranking Compared to Average Number of Contracts Audited

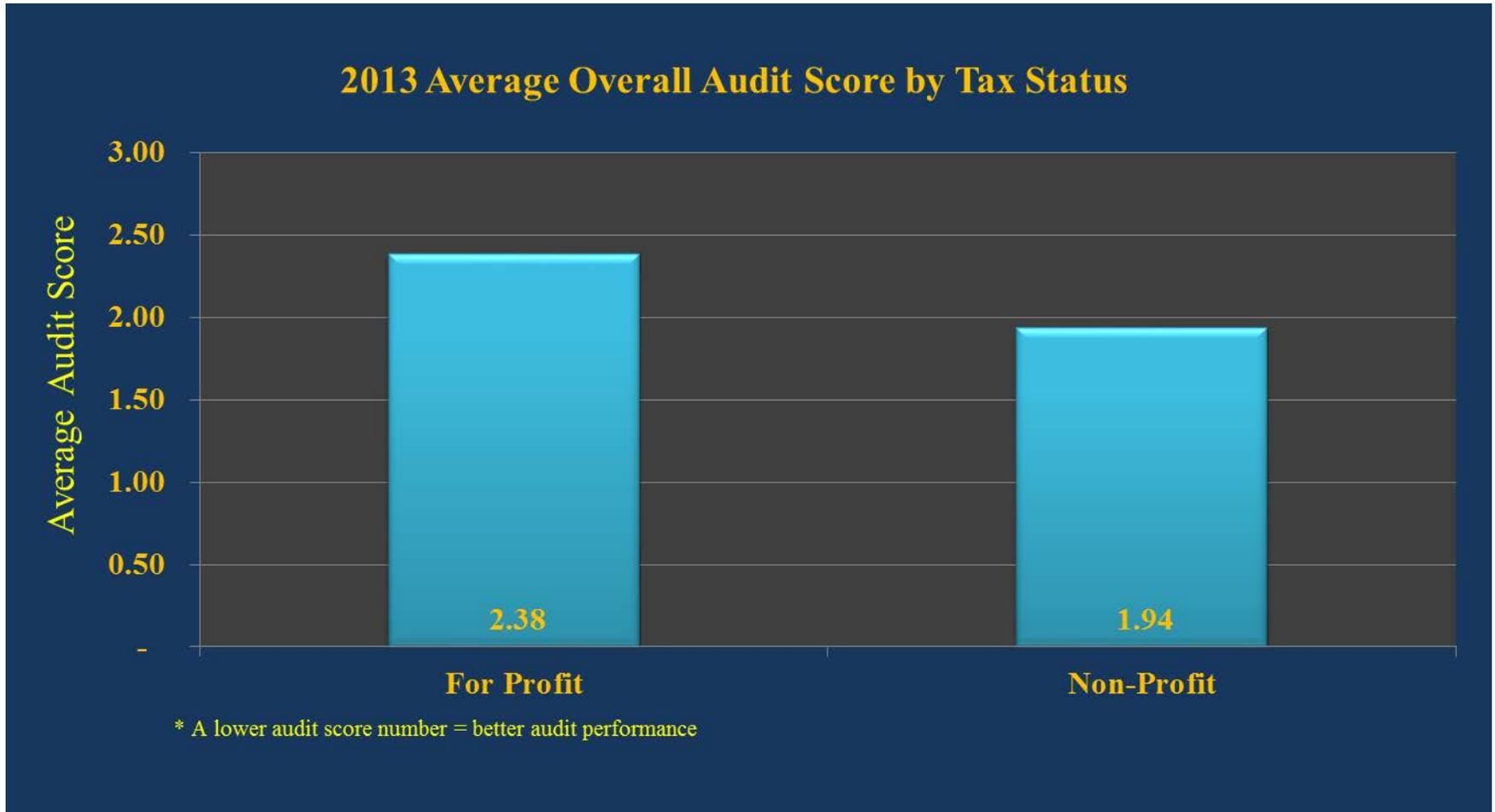
2013 Overall Audit Score Percentile Ranking Compared to Average Number of Contracts Audited



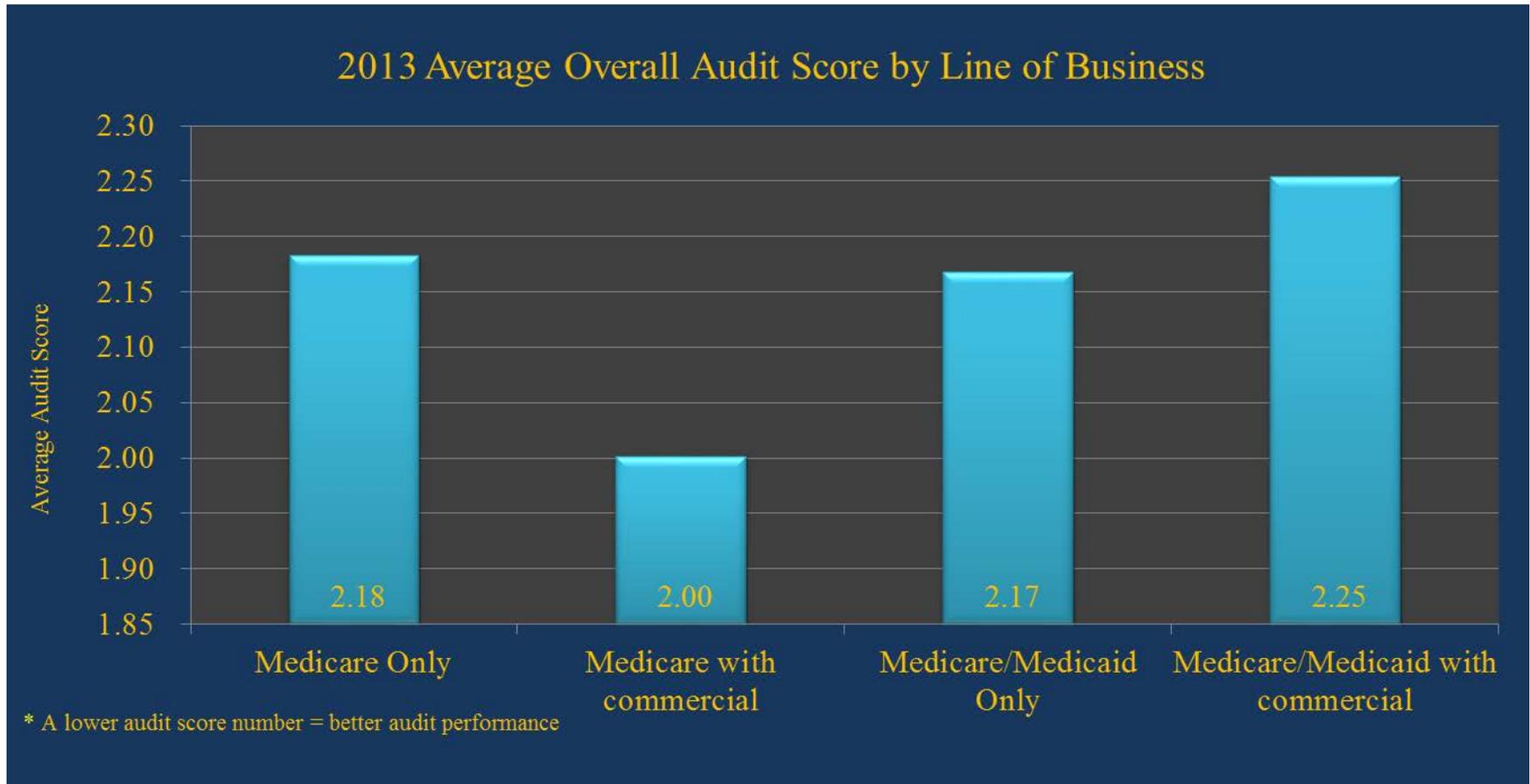
2013 Average Audit Score by Plan Type



2013 Average Audit Scores by Tax Status



2013 Average Audit Scores by Line of Business



Audit Strategy

As you can see, we were able to identify a few patterns in sponsor performance by comparing basic information about a sponsor's organization to their audit score.

We are always looking for new patterns in our various data measures and audit results and will utilize this information to target our audit efforts in the future.

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 you 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 Continued

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.
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)

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 1
5. Encourage sponsors to begin correction now, don't wait for the report

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

2014 Audit Process

Stage 2 – Audit Steps (Webinar) Continued

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

1. Conduct audit onsite or 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)

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

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.
3. The sponsor will submit comments to draft report within 10 business days (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.

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 (continued)

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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