

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**

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**February 28, 2014**

E-MAIL: Paul.Tufano@ibx.com

Mr. Paul Tufano  
Executive Vice President, General Counsel and President of Government Markets  
Independence Blue Cross  
1901 Market Street, 45<sup>th</sup> Floor  
Philadelphia, PA 19103  
Telephone 1-215-241-3825

Re: 2012 Program Audit – Notice of Audit Closure for Medicare Advantage and/or Standalone Prescription Drug Plan Contracts: H3156, H3909, H3952, S2321, and S6875

Dear Mr. Tufano:

On February 21, 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 & Disenrollment
10. Part D Late Enrollment Penalty (LEP)

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 condition still remains from the audit report:**

1. **Part C Organization Determinations and Appeals- Appropriateness of Clinical Decision Making, Condition iv.** - In 1 case reviewed during the audit, Sponsor's denial notice to the non-contracted provider did not include the rights to a reconsideration when it denied payment. This condition could not be validated as corrected because for 5 of 9 cases sampled, Sponsor did not issue a written notification of the adverse decision to the non-contracted provider with appeal rights, as required (CDM-11, CDM-12, CDM-13, CDM-14, and CDM-15).

**The following observations:**

1. **Part C Organization Determinations and Appeals, Effectuation Timeliness and Appropriateness of Clinical Decision- Making** - In 1 case sampled, Sponsor did not notify the beneficiary of its standard pre-service organization determination expeditiously (i.e., no later than 14 calendar days after the date the Sponsor received the request). Sponsor implemented corrective actions in response to the identification of this issue during the audit. However, Sponsor should strengthen standard procedures and corrective actions implemented to ensure that timely notifications of all organization determinations are provided to beneficiaries.
2. **Part C Organization Determinations and Appeals, Effectuation Appropriateness of Clinical Decision- Making** - In 1 case sampled, the denial letter did not include an adequate rationale or contained incorrect information specific to the denial. Failure to include adequate and understandable information regarding the denial may impair the beneficiary's ability to mount an adequate appeal. Sponsor should ensure that denial letters are complete and accurate, including an adequate rationale specific to the denial.

**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 Mr. Darryl Brookins at 410-786-7542 or via email at [Darryl.Brookins@cms.hhs.gov](mailto:Darryl.Brookins@cms.hhs.gov).

Paul Tufano  
February 28, 2014  
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Sincerely,

/s/

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

cc:

Michelle Turano, CMS/CM/MOEG  
Jessica Robinson, Audit Lead, CMS/CM/MOEG  
Kevin Berna, Account Manager, CMS/CMHPO/Region III  
Jeremy Willard, Branch Manager, CMS/ CMHPO/ Region III  
James McCaslin, Associate Regional Administrator, CMS/CMHPO/Region III  
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[Mitchell.Goldberg@ibx.com](mailto:Mitchell.Goldberg@ibx.com))  
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