

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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**April 24, 2014**

**E-MAIL: (jparker13@iuhealth.org)**

Mr. James T Parker  
Chief Executive Officer  
Indiana University Health Plans, Inc.  
950 N. Meridian Street  
Suite 200  
Indianapolis, IN 46204

Re: 2012 Program Audit – Notice of Audit Closure for Medicare Advantage and/or Standalone Prescription Drug Plan Contracts: H7220

Dear Mr. Parker:

On December 10, 2012, 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. Enrollment and Disenrollment
10. 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 conditions still remain from the audit report:**

- 1. Part C Organization Determinations and Appeals, Effectuation Timeliness, Condition i.** - IUHP failed to ensure the beneficiary was notified of the pre-service organization determination (OD). This condition was not validated as corrected because the same condition was identified in 2 of 7 samples reviewed during the validation (ET-1 and ET-3).
- 2. Part C Organization Determinations and Appeals, Appropriateness of Clinical Decision Making, Condition i.** - IUHP's Explanation of Benefits (EOB) were not written in a manner that the beneficiary could understand; the EOBs provided to its beneficiaries had insufficient criteria or service language. This condition was not validated as corrected because the same condition was identified in 5 of 8 samples reviewed during the validation (CDM-1, CDM-2, CDM-3, CDM-7, and CDM-8).
- 3. Part C Grievances and Dismissals, Grievances, Condition i.** - IUHP failed to provide adequate resolutions to the beneficiary's grievance and pushed the resolution of the grievance back to the beneficiary. This condition was not validated as corrected because the same condition was identified in 5 of 15 samples reviewed during the validation (GRV-5, GRV-6, GRV-8, GRV-10, and GRV-15).

**The following Observation:**

- 1. Formulary and Benefit Administration, Formulary Administration** - CMS observed that IUHP had programmed systems to effectuate CMS approved quantity limit (QL) edits using daily dose logic. The claims processing system incorrectly calculated the approved 12 for 30 day supply by dividing 12 by 30. This created an incorrect daily quantity limit of 0.4. Therefore, when the beneficiary attempted to fill Sumatriptan Succ 100MG for two tablets across one days supply, the claim rejected because it was over the daily quantity limit of 0.4. Since CMS currently does not provide descriptive guidance on how a Sponsor should best operationalize the use of these edits, CMS recommends that IUHP review the results from the audit, validation, and any impact analyses, to put the necessary systems in place that would not impede beneficiary access.

**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.

Mr. James Parker

April 24, 2014

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If you have any questions concerning this notice, please contact Ms. Monica Brown at 312-353-8170 or via email at [monica.brown@cms.hhs.gov](mailto:monica.brown@cms.hhs.gov).

Sincerely,

/s/

Tawanda Holmes

Director, Division of Audit Operations

Medicare Parts C and D Oversight and Enforcement Group

cc:

Michelle Turano, CMS/CM/MOEG

Todd Stankewicz, Associate Regional Administrator, CMS, Region 5

Ms. Monica Brown, Account Manager, CMS, Region 5

Ms. Dolores Perteet, Branch Manager, CMS, Region 5

Constance Brown, Indiana University Health Plans, Inc., [cbrown20@iuhealth.org](mailto:cbrown20@iuhealth.org)

Karlin Dunlop, Indiana University Health Plans, Inc., [kdunlop@iuhealth.org](mailto:kdunlop@iuhealth.org)

Julie Uebersax, CMS/CM/MPPG

Sonia Eaddy, CMS/CM/MDBG

Tyler Whitaker, CMS/CM/MEAG

Kimberly August, CMS/CM/MCAG

Tanette Downs, CMS/CPI

Elizabeth Brady, CMS/CPI