

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 5, 2015

Mr. Michael Schrader
Chief Executive Officer
Orange County Health Authority
505 City Parkway West
Orange, CA 92868
Phone: (714) 246-8570

Re: Notice of Release of Intermediate Sanctions (Suspension of Marketing and Enrollment)
for Medicare Advantage-Prescription Drug Contract Number: H5433

Dear Mr. Schrader:

On January 24, 2014, the Centers for Medicare & Medicaid Services (CMS) imposed intermediate sanctions on Orange County Health Authority, thereby suspending marketing and enrollment activities for Medicare Advantage-Prescription Drug contract number H5433. The sanctions were imposed based on a program audit conducted in November 2013, which found serious deficiencies in the following operational areas: Part C and Part D organization/coverage determinations, appeals and grievances, Part D formulary and benefit administration, special needs plan - model of care, and compliance program.

On October 15, 2014, your organization attested that these deficiencies would be corrected by October 31, 2014. As a result, CMS authorized a limited enrollment period beginning on November 1, 2014.

CMS then conducted a validation audit from January 12, 2015 to January 26, 2015, to evaluate whether the deficiencies that were the bases for sanctions were corrected and not likely to recur. Based on the results of the audit, CMS has determined that CalOptima's deficiencies have been sufficiently corrected. Therefore, effective February 5, 2015, the intermediate sanctions are released from contract H5433. Additionally, the limited enrollment period has ended and Orange County Health Authority will return to normal marketing and enrollment status.

CMS will be issuing Orange County Health Authority an audit report that summarizes all of the findings from the January 2015 audit. CMS expects Orange County Health Authority to correct the isolated conditions of noncompliance and to participate in audit validation activities to demonstrate this correction. Please note that any future failures to comply with CMS requirements may subject Orange County Health Authority 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. Tim Engelhardt, CMS/FCHCO
Ms. Ann Duarte, CMS/CMHPO/Region IX
Ms. Deanna Gee, CMS/CMHPO/Region IX
Ms. Susan Castleberry, CMS/CMHPO/Region IX