

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

April 7, 2016

Mr. Vern D Herbel
Chief Executive Officer
Torchmark Corporation
3700 S. Stonebridge Drive
McKinney, TX 75070

Re: Notice of Release of Intermediate Sanctions (Suspension of Enrollment and Marketing)
for Medicare Advantage-Prescription Drug Plan Contract Numbers: S5580, S5755

Dear Mr. Herbel,

On July 17, 2015, the Centers for Medicare & Medicaid Services (CMS) imposed intermediate sanctions on First United Life Insurance Company and United American Insurance Company, both owned by parent organization Torchmark Corporation (Torchmark), thereby suspending enrollment and marketing activities for Medicare Prescription Drug Plan contract numbers S5580 and S5755. These sanctions were imposed based on the results of a CMS program audit in May 2015 in combination with Torchmark's history of non-compliance over the past several years with processing Part D coverage determinations, appeals, and grievances.

On March 25, 2016, Torchmark attested to CMS that all of the deficiencies cited in the CMS sanction notice were corrected as of November 15, 2015.

Pursuant to 42 C.F.R. § 423.756(c)(3)(i), CMS required that Torchmark 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 in its determination about whether Torchmark has corrected the deficiencies that formed the basis for the sanction. Based on the results of the validation audit, CMS has determined that Torchmark's deficiencies have been sufficiently corrected. Therefore, effective April 7, 2016, the intermediate sanctions are released from contracts S5580 and S5755, and Torchmark will return to normal marketing and enrollment status.

CMS expects Torchmark to continue its audit validation activities with the CMS Division of Audit Operations for conditions found during the May 2015 program audit that were outside the scope of the sanctions. Please note that any future failures to comply with CMS requirements may subject Torchmark to other applicable remedies available under law, including the imposition of intermediate sanctions, civil money penalties, contract termination, or non-renewal

as described in 42 C.F.R. Part 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: Julie Kennedy, CMS/CMHPO/Region VI
Arthur Pagan, CMS/CMHPO/Region VI
Catherine Snow, CMS/CMHPO/Region VI
John Scott, CMS/CM/MOEG/DCE
Kevin Stansbury, CMS/CM/MOEG/DCE