

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

September 17, 2014

E-MAIL: david.gallitano@wellcare.com

Mr. David Gallitano
Chief Executive Officer
WellCare Health Plans, Inc.
8735 Henderson Road
Tampa, FL 33634

Re: 2013 Program Audit – Audit Close Out Notice for Medicare Advantage and/or Standalone Prescription Drug Plan Contracts: H0913, H1264, S5967, H1903, H9730, H1032, H1112, H1416, H0712, H0320, H1216, H0117, H2491, and H3361

Dear Mr. Gallitano:

On December 13, 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. This audit report evaluated your organization's compliance with CMS requirements in the following areas:

1. Part D Formulary and Benefit Administration
2. Part D Coverage Determinations, Appeals, and Grievances
3. Part C Organization Determinations, Appeals, and Grievances
4. Part C and Part D Outbound Enrollment Verification Calls (OEV)
5. Parts C & D Compliance Program Effectiveness

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. However, the following observations were noted:

Observations:

1. **Part D Formulary and Benefit Administration, Formulary Administration** - There is a list of rebate-eligible drugs that the Sponsor directs their staff to enter authorization records for certain products at the National Drug Code (NDC) level. Sponsor should closely monitor authorization

and exception records that are entered at the NDC level to ensure that they are not more restrictive than the current formulary or the approved coverage determination.

2. **Part D Formulary and Benefit Administration, Formulary Administration** - There is no review of paid claims occurring to ensure that short cycle dispensing rules are being correctly applied for the applicable claims. Sponsor should perform periodic monitoring of paid claims to ensure that short cycle dispensing rules are being applied correctly, particularly once the PBM's coding revision is completed to include NDA authorized generics in the system logic.
3. **Part D Coverage Determinations, Appeals and Grievances, Appropriateness of Clinical Decision-Making** - Sponsor's policy for auto-forwarding untimely coverage determinations to the IRE is not clear on the potential issuance of denial/approval letters. Sponsor should consider revising policies to clarify the non-issuance of denial/approval letters of untimely coverage determinations cases that are auto-forwarded to the IRE.

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 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 Milonda Mitchell at 410-786-1644 or via email at milonda.mitchell@cms.hhs.gov.

Sincerely,

/s/

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

David Gallitano
September 17, 2014
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