

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
7500 Security Boulevard, Mail Stop C1-22-06  
Baltimore, Maryland 21244-1850



## **PROGRAM COMPLIANCE AND OVERSIGHT GROUP**

March 14, 2012

**VIA:**  
**FEDERAL EXPRESS DELIVERY**  
**EMAIL ([drnkhan@qualityhealthplansny.com](mailto:drnkhan@qualityhealthplansny.com))**  
**FASCIMILE (631) 403-4266**

Dr. Nazeer Khan  
Chief Executive Officer  
Quality Health Plans of New York, Inc.  
2805 Veterans Memorial Highway  
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Ronkonkoma, NY 11779  
Phone (631) 403-4265 x123

Re: Notice of Release of Intermediate Sanctions (Suspension of Marketing and Enrollment) for Medicare Advantage-Prescription Drug Contract H2773 (**TECHNICAL CORRECTION**)

Dear Dr. Khan:

On May 17, 2010, the Centers for Medicare & Medicaid Services (CMS) imposed intermediate sanctions on Quality Health Plans, Inc. (QHP, Inc.) and Quality Health Plans of New York, Inc. (QHPNY) (collectively “QHP”), thereby suspending QHP’s marketing and enrollment activities for all QHP Medicare Advantage-Prescription Drug (MA-PD) and standalone Prescription Drug Program (PDP) contracts.<sup>1</sup> CMS’ decision was based on QHP’s serious deficiencies in the following operational areas: premium billing, prescription drug (Part D) formulary and benefit administration, organization/coverage determinations, appeals and grievances, and compliance program.

Since the imposition of the marketing and enrollment sanctions, QHP has struggled to correct the deficiencies and demonstrate to CMS their readiness for validation. On September 30, 2011, CMS received your attestation stating that QHP’s deficiencies were corrected and not likely to recur. In order to accumulate an adequate amount of data to sufficiently test whether QHP had

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<sup>1</sup> Since the imposition of the sanctions, QHP, Inc.’s standalone PDP contract in Florida (S8475) was non-renewed for contract year 2011 and MA-PD contract in Florida (H5402) was liquidated in November 2011. QHP, Inc. is a separate legal entity from QHPNY.

corrected its deficiencies, CMS notified QHP that it would begin validation activities with QHP in January of 2012.

By January 2012, QHP's only remaining contract was held by QHPNY (H2773). After conducting a desk review of documentation submitted by QHPNY, CMS conducted extensive validation exercises at its Baltimore, Maryland headquarters on February 9, 2012 to determine whether QHPNY had corrected its deficiencies and whether they were not likely to recur. These exercises included extensive questioning by CMS subject matter experts, record and data review, and remote accessing of QHPNY's prescription drug claim and compliance program systems. For the areas with limited or no data, CMS reviewed policies and procedures, call logs, and internal monitoring and auditing documentation. In addition, CMS developed sample cases to perform a simulated test of QHPNY's systems.

Based on this examination, as well as additional information and assurances from QHPNY, CMS has determined that QHPNY has demonstrated sufficient progress in correcting its deficiencies to merit lifting the marketing and enrollment sanctions. Therefore, effective February 29, 2012, CMS released sanctions and QHPNY may begin marketing to beneficiaries. Additionally, QHPNY may begin enrolling beneficiaries with effective dates beginning March 1, 2012.

However, because CMS still considers QHPNY to be a high-risk sponsor, CMS will continue to closely monitor and oversee QHPNY's operational activities. QHPNY will be subject to targeted monitoring, heightened surveillance and oversight. Periodically, CMS will ask QHPNY for specific data to provide CMS with an assurance that QHPNY continues to fully address its deficiencies. CMS expects QHPNY to work directly with its Regional Office Account Manager to provide any information requested by CMS and to ensure appropriate and prompt reporting to CMS of any new issues identified by QHPNY.

Furthermore, QHP Inc.'s MA-PD contract in Florida (H5402), which was liquidated in November 2011, contained the majority of the enrollees. The remaining QHPNY contract (H2773) contains a significantly low number of enrollees. Therefore, CMS will be conducting extensive monitoring of QHPNY as it grows, to ensure that all deficiencies remain corrected and are not likely to recur.

### **Corrective Action Required**

During the sanction validation activities, CMS found several deficiencies, none of which prevent CMS from releasing QHPNY from sanctions, but all of which merit corrective action. CMS will separately issue a notice of these deficiencies and provide an opportunity for QHPNY to demonstrate to CMS that these deficiencies are corrected. CMS expects QHPNY to work directly with its Regional Office Account Manager to provide the information requested and to ensure ultimate correction of these identified deficiencies.

Please note that any further failures by QHPNY to comply with these or any other CMS requirements may subject QHPNY to other applicable remedies available under law, including

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the imposition of intermediate sanctions, civil money penalties and/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 your designated point of contact within CMS.

Sincerely,

Gerard J. Mulcahy

Acting Director

Program Compliance and Oversight Group