

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

February 29, 2012

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

Dr. Nazeer Khan
Chief Executive Officer
Quality Health Plans of New York, Inc.
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Phone (631) 403-4265 x123

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

Dear Dr. Khan:

On May 17, 2010, the Centers for Medicare & Medicaid Services (CMS) imposed intermediate sanctions on Quality Health Plans of New York, Inc. (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.¹ 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 corrected its deficiencies, CMS notified QHP that it would begin validation activities with QHP in January of 2012.

¹ Since the imposition of the sanction, Quality Health Plans, Inc.'s standalone Prescription Drug Program contract (S8475) was non-renewed and Medicare Advantage-Prescription Drug contract (H5402) was liquidated.

After conducting a desk review of documentation submitted by QHP, CMS conducted extensive validation exercises at its Baltimore, Maryland headquarters on February 9, 2012 to determine whether QHP 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 QHP'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 QHP's systems.

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

However, because CMS still considers QHP to be a high-risk sponsor, CMS will continue to closely monitor and oversee QHP's operational activities. QHP will be subject to targeted monitoring, heightened surveillance and oversight. Periodically, CMS will ask QHP for specific data to provide CMS with an assurance that QHP continues to fully address its deficiencies. CMS expects QHP 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 QHP.

It is important to note that QHP's business structure changed significantly since the intermediate sanctions were imposed. In November 2011, the State of Florida liquidated QHP's Medicare Advantage-Prescription Drug Plan contract in Florida (H5402), which contained the majority of QHP's enrollees. QHP's remaining Medicare Advantage-Prescription Drug contract in New York (H2773) has a significantly low number of enrollees. CMS will, therefore, be conducting extensive monitoring of QHP 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 QHP from sanctions, but all of which merit corrective action. CMS will separately issue a notice of these deficiencies and provide an opportunity for QHP to demonstrate to CMS that these deficiencies are corrected. CMS expects QHP 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 QHP to comply with these or any other CMS requirements may subject QHP to other applicable remedies available under law, including 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.

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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