

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

August 5, 2011

VIA FEDERAL EXPRESS DELIVERY
EMAIL (rbarasch@universalamerican.com)
AND FACSIMILE (914 934-0700)

Mr. Richard Barasch
Chairman and Chief Executive Officer
Universal American Corp.
Six International Drive
Suite 190
Rye Brook, NY 10573
Phone Number: (914) 934-8700

Re: Notice of Release of Intermediate Sanctions (Suspension of Marketing and Enrollment)
For All Medicare Advantage-Prescription Drug Contract Numbers: H2775, H2816,
H3333, H3706, H3708, H4506, H5301¹, H5378, H5421, H5656, H5909², H6169, and
H8742³

Dear Mr. Barasch:

On November 19, 2010, the Centers for Medicare & Medicaid Services (CMS) imposed intermediate sanctions on Universal American Corp. (UAC), thereby suspending UAC's marketing and enrollment activities for all UAC Medicare Advantage-Prescription Drug Plan contracts (effective December 5, 2010). CMS' decision was based on UAC's longstanding pattern of prohibited marketing practices targeted to highly vulnerable populations, in violation of federal law, CMS guidelines, and UAC's contractual responsibilities to CMS.

On April 12, 2011, CMS received your attestation that UAC's deficiencies had been corrected and were not likely to recur. Based on this attestation, CMS began extensive sanction validation exercises to determine whether UAC had corrected its deficiencies and the deficiencies were not likely to recur. On July 7, 2011, as part of sanction validation, CMS conducted targeted in-

¹ Contract Number H5301 was non-renewed for Contract Year 2011.

² Contract Number H5909 was non-renewed for Contract Year 2011.

³ Contract Number H8742 is no longer owned by Universal American Corp.

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person exercises at its Baltimore, Maryland headquarters. The targeted exercises included remotely accessing UAC's data systems and records to determine compliance with CMS requirements.

Based on these exercises, as well as additional information and assurances provided by UAC, CMS has determined that UAC has demonstrated sufficient progress in correcting its deficiencies to merit lifting the imposed marketing and enrollment sanctions. Therefore, effective immediately, CMS is releasing the sanctions and UAC may begin marketing to beneficiaries. Additionally, UAC may begin enrolling beneficiaries with effective dates beginning September 1, 2011. Because CMS still considers UAC a high-risk sponsor, CMS will be closely monitoring and overseeing UAC's activities in all operational areas. UAC will continue to be subject to targeted monitoring and heightened surveillance and oversight. In addition, CMS will periodically ask UAC for specific data to provide CMS with assurances that UAC continues to successfully adhere to CMS' program requirements. As agreed, UAC senior leadership will meet with CMS senior leadership in Baltimore within 60 days of the sanction release and quarterly thereafter for continued monitoring and oversight.

Corrective Action Required

During the sanction validation activities conducted, CMS found several deficiencies, none of which prevent CMS from releasing UAC from sanction but all of which merit corrective action. CMS will separately issue a notice of these deficiencies and provide an opportunity for your organization to demonstrate to CMS that these deficiencies are corrected. CMS expects UAC 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 future failures by UAC to comply with any CMS requirements may subject UAC 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. If you have any questions about this notice, please email or call your designated point of contact within CMS.

Sincerely,

/s/

Michelle G. Turano

Deputy Director

Program Compliance and Oversight Group