

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



## **PROGRAM COMPLIANCE AND OVERSIGHT GROUP**

October 8, 2010

**VIA FEDERAL EXPRESS DELIVERY**  
**E-MAIL ([April.G@OurPSHP.com](mailto:April.G@OurPSHP.com))**  
**AND FACSIMILE (253-779-8829)**

Ms. April Golenor  
Chief Executive Officer  
Puget Sound Health Partners  
32129 Weyerhaeuser Way S  
Suite 201  
Federal Way, WA 98001-3745  
Phone: 253-517-4331

Re: Notice of Initial Determination to Impose a Civil Money Penalty (CMP) for: Puget Sound Health Partners - Medicare Advantage Organization Contract Number H9302

Dear Ms. Golenor:

Pursuant to 42 C.F.R. §422.752(c)(1), §422.756(f), §422.760(b), §423.752(c)(1), §423.756(f), and §423.760(b), the Centers for Medicare & Medicaid Services (CMS) is providing notice to Puget Sound Health Partners (“PSHP”) that CMS has made a determination to impose a civil money penalty (CMP) in the amount of \$2,000 for Medicare Advantage Contract Number H9302.

### **Basis for Civil Money Penalty**

This action is based on your organization’s failure to provide accurate beneficiary information in Contract Year 2010 Annual Notice of Change (ANOC) and Evidence of Coverage (EOC) documents, in violation of 42 C.F.R. §422.64, §422.111, §423.48, and §423.128. As a result, CMS has determined that your organization is carrying out its contract in a manner “inconsistent with the effective and efficient implementation of this part.” *See* 42 C.F.R. §422.510(a)(2) and §423.509(a)(2).

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The ANOC and EOC provide vital information to Medicare beneficiaries about their plan and permit beneficiaries to make informed choices concerning Medicare health care and prescription drug options. On July 31, 2009, CMS released the standardized Annual Notice of Change (ANOC) and Evidence of Coverage (EOC) templates. In a notice dated October 20, 2009, CMS reminded each organization of its obligation to ensure timely and accurate ANOC/EOC documents to current enrollees no later than October 31, 2009. CMS stated that organizations and sponsors should clearly communicate the requirements of timeliness and accuracy to contractors and staff responsible for producing the documents. In addition, CMS reiterated that organizations and sponsors bear the full responsibility of compliance with ANOC/EOC requirements. In addition, the notice clearly stated that the failure to provide accurate documents in a timely manner may result in the imposition of civil money penalties.

On February 3, 2010, CMS issued a notice requesting information from all Medicare Advantage and Prescription Drug Plan Sponsors (except Cost Contracts, PACE organizations, SNP and Employer Plans, and Contracts with Zero Enrollment in 2009) concerning adherence to these deadlines for issuing the ANOC/EOC documents. Based on the information provided by your organization, CMS concluded that 200 members in PSHP contract number H9302 were not provided accurate ANOC/EOC materials. Specifically, CMS determined that the following incorrect statement was made in the ANOC/EOC documents:

- The EOC incorrectly stated that there was a per day co-payment of \$100 for days 1 through 31 for skilled nursing facilities (SNF) for each admission. The correct benefit is a \$100 co-payment per day for each admission.

CMS has determined that the failure by your organization to mail accurate ANOC/EOC documents to Medicare enrollees is a deficiency which directly adversely affected or had the substantial likelihood of adversely affecting these enrollees. PSHP failed to provide Medicare enrollees with vital information about changes to the benefits and cost-sharing that would have allowed them to make fully informed choices concerning their 2010 Medicare health care and prescription drug options during the Medicare Annual Open Enrollment Period.

### **Right to Request a Hearing**

Your organization may request a hearing to appeal CMS's determination in accordance with the procedures outlined in Subpart T of 42 C.F.R. 422 and 42 C.F.R. 423. In accordance with the requirements of 42 C.F.R. §422.1006, §423.1006, §422.1020, and §423.1020, you must file your written request for a hearing to the Departmental Appeals Board office listed below, with a copy to CMS at the address listed below, within 60 calendar days from receipt of the notice of our initial determination, or by December 8, 2010. The request for hearing must identify the specific issues, the findings of fact and conclusions of law with which you disagree, and specify the basis for each contention that the finding or conclusion of law is incorrect. Your request should be sent to:

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Oliver Potts  
Chief, Civil Remedies Division  
Department of Health and Human Services  
Departmental Appeals Board  
Medicare Appeals Council, MS 6132  
330 Independence Ave., S.W.  
Cohen Building Room G-644  
Washington, D.C. 20201

A copy of your hearing request should also be sent to CMS at the following address:

Brenda J. Tranchida  
Director, Program Compliance and Oversight Group  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
MAIL STOP: C1-22-06  
Baltimore, MD 21244  
Email: [brenda.tranchida@cms.hhs.gov](mailto:brenda.tranchida@cms.hhs.gov)  
FAX: 410-786-6301

If you do not request an appeal in the manner and timeframe described above, the initial determination by CMS to impose a CMP will become final and due on December 9, 2010. CMS may use the Agency's debt collection procedures to collect the amount owed, including offsetting the penalty amount against your monthly Medicare payment.

Please note that any further failures by Puget Sound Health Partners to comply with these or any other CMS requirements may subject your organization to other applicable remedies available under law, including the imposition of sanctions, penalties, or other enforcement actions as described in 42 C.F.R. Parts 422 and 423, Subparts K and O.

If you have any questions about this notice, please contact Trish Axt at (410) 786-0095 or by email at [trish.axt@cms.hhs.gov](mailto:trish.axt@cms.hhs.gov).

Sincerely,

/s/

Brenda J. Tranchida  
Director  
Program Compliance and Oversight Group

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cc: Mr. Jonathan Blum, CMS/CM  
Mr. Tim Hill, CMS/CM  
Ms. Danielle Moon, CMS/CM/MCAG  
Ms. Marsha Davenport, CMS/CM/MCAG  
Mr. Michael Kavouras, CMS/CM/MCAG  
Ms. Cynthia Tudor, CMS/CM/MDBG  
Ms. Jennifer Shapiro, CMS/CM/MDBG  
Mr. Scott Nelson, CMS/CM/MDBG  
Mr. Cheri Rice, CMS/CM/MPPG  
Mr. Randy Brauer, CMS/CPC/MPPG  
Ms. Marla Kilbourne, CMS/CPC/MPPG  
Mr. Mike Crochunis, CMS/CPC/MEAG  
Mr. Jon Booth, CMS/OC/WPMG  
Ms. Anita Panicker, CMS/OC/WPMG  
Mr. Peter Ashkenaz, CMS/OEA  
Mr. Greg Jones, CMS/OL  
Mr. James T. Kerr, CMS/CMHPO  
Mr. Paul Collura, CMS/CMHPO  
Mr. Edgar Gallardo, CMS/CMHPO/Region X  
Ms. Linda Barley, CMS/CMHPO/Region X  
Ms. Carol Bennett, DHHS/OGC  
Ms. Jill Abrams, DHHS/OGC  
Ms. Trish Axt, CMS/CM/PCOG  
Ms. Oliver Potts, DHHS/DAB  
Ms. Nancy Brown, DHHS/OIG/OCIG  
Mr. Gerald T. Walters, CMS/OFM