

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

May 1, 2026

Mr. Jeff Fernandez
Senior Vice President, Medicare
CVS Health Corporation
151 Farmington Avenue
Hartford, CT 06156

Mr. Robert Wieland
Chief Executive Officer
Allina Health and Aetna Insurance Company
1550 Utica Avenue South - Suite 250
Saint Louis Park, MN 55416

Re: Notice of Imposition of Civil Money Penalty for Medicare Advantage-Prescription Drug Contract Numbers: H0523, H0628, H1109, H1206, H1608, H1609, H1692, H2056, H2293, H2663, H3146, H3152, H3192, H3219, H3239, H3288, H3312, H3597, H3748, H3928, H3931, H3959, H4523, H4711, H4835, H4982, H5302, H5325, H5521, H5522, H5593, H5793, H7149, H7301, H8332, H8597, H8649, H9431, and R6694

Dear Mr. Fernandez and Mr. Wieland:

Pursuant to 42 C.F.R. §§ 422.752(c)(1), 422.760(c), 423.752(c)(1), and 423.760(c), the Centers for Medicare & Medicaid Services (CMS) is providing notice to CVS Health Corporation (CVS), that CMS has made a determination to impose a civil money penalty (CMP) in the amount of **\$753,805** for Medicare Advantage-Prescription Drug (MA-PD) Contract Numbers: H0523, H0628, H1109, H1206, H1608, H1609, H1692, H2056, H2293, H2663, H3146, H3152, H3192, H3219, H3239, H3288, H3312, H3597, H3748, H3928, H3931, H3959, H4523, H4711, H4835, H4982, H5302, H5325, H5521, H5522, H5593, H5793, H7149, H7301, H8332, H8597, H8649, H9431, and R6694.

An MA-PD organization's¹ primary responsibility is to provide Medicare enrollees with medical services and prescription drug benefits in accordance with Medicare requirements. CMS has determined that CVS failed to meet that responsibility.

¹ Referenced as "plan sponsor".

Summary of Noncompliance

In 2024, CMS conducted an audit of CVS's 2022 Medicare financial information. In financial audit reports issued on July 26, 2024, August 5, 2024, and August 9, 2024, CMS auditors reported that CVS failed to comply with Medicare requirements related to Part C cost sharing requirements in violation of 42 C.F.R. Part 422, Subpart F. More specifically, auditors found that in 2022, CVS overcharged enrollees for Part C medical services. CVS's failure to comply with Medicare Part C requirements adversely affected (or had the substantial likelihood of adversely affecting) enrollees because they may have experienced increased out-of-pocket costs.

Part C Cost Sharing Requirements (42 C.F.R. §§ 422.111(b), 422.254, and 422.270; and Chapter 4, Section 50 of the Medicare Managed Care Manual (IOM Pub. 100-16))

Every year, a plan sponsor must submit to CMS an aggregate monthly bid amount which must include a description of deductibles, coinsurance, and copayments applicable under the plan and the actuarial value of the deductibles, coinsurance, and copayments. When the bid is approved by CMS the plan sponsor must provide to each enrollee a description of the benefits offered under a plan, including the applicable cost-sharing for the benefits (see 42 C.F.R. § 422.111(b)). The plan sponsor must not charge an enrollee a different amount from what was approved in the bid and disclosed to the enrollee for that benefit. A plan sponsor is also required to ensure uniform levels of cost-sharing throughout its service area or, where applicable, a segment of its service area (see 42 C.F.R. 422.100(d)(2)). Pursuant to 42 C.F.R. § 422.270(b), if the plan sponsor charges amounts in excess of the agreed upon cost-sharing, then the plan sponsor must agree to refund all amounts incorrectly collected from its Medicare enrollees.

Violation Related to Part C Cost Sharing Requirements

CMS determined that CVS failed to comply with cost sharing requirements by charging incorrect coinsurance amounts. CVS experienced multiple systemic claims processing configuration errors that resulted in incorrect payment methodologies and non-compliance with Medicare requirements. There were five root causes that contributed to this issue.

- First, CVS incorrectly applied its internal multiple procedure payment reduction (MPPR) methodology to therapy claims from non-contracted medical providers, rather than applying the required CMS MPPR methodology.
- Second, CVS incorrectly designated certain nurse practitioners as physicians into its claims processing system paying an inflated rate for some services.
- Third, CVS failed to update its system with the current or effective fee schedule rates.
- Fourth, CVS incorrectly applied its internal fee schedule to claims from a non-contracted provider when the Medicare Physician Fee Schedule should have been used.
- Lastly, CVS incorrectly programmed its claims processing system to pay for mental health services when claims were for primary care services.

As a result, enrollees were overcharged for various Part C services. CVS did not ensure enrollees were refunded until after the issue was identified on audit, which was several years after the incurred costs. CVS's failure to comply with cost sharing requirements violates 42 C.F.R. §§ 422.100(d)(2) and 422.270(b).

Basis for Civil Money Penalty

Pursuant to 42 C.F.R. § 422.752(c)(1)(i), CMS may impose a CMP for any determination made under 42 C.F.R. § 422.510(a)(1). Specifically, CMS may issue a CMP if a MA-PD has failed substantially to carry out its contract. Pursuant to 42 C.F.R. § 422.760(b)(2), a penalty may be imposed for each enrollee directly adversely affected (or with the substantial likelihood of being adversely affected) by the deficiency.

CMS has determined that CVS failed substantially to carry out the terms of its contract (42 C.F.R. § 422.510(a)(1)) by substantially failing to comply with requirements at 42 C.F.R. Part 422, Subpart F. CVS's violations of Part C requirements directly adversely affected (or had the substantial likelihood of adversely affecting) enrollees and warrant the imposition of a CMP.

Right to Request a Hearing

CVS may request a hearing to appeal CMS's determination in accordance with the procedures outlined in 42 C.F.R. Parts 422 and 423, Subpart T. CVS must send a request for a hearing to the Departmental Appeals Board (DAB) office listed below by July 1, 2026². The request for hearing must identify the specific issues and the findings of fact and conclusions of law with which CVS disagrees. CVS must also specify the basis for each contention that the finding or conclusion of law is incorrect.

The request should be filed through the DAB E-File System (<https://dab.efile.hhs.gov>) unless the party is not able to file the documents electronically. If a party is unable to use DAB E-File, it must send appeal-related documents to the Civil Remedies Division using a postal or commercial delivery service at the following address:

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

Please see https://dab.efile.hhs.gov/appeals/to_crd_instructions for additional guidance on filing the appeal.

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

Kevin Stansbury
Director, Division of Compliance Enforcement
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

² Pursuant to 42 C.F.R. §§ 422.1020(a)(2) and 423.1020(a)(2), the plan sponsor must file an appeal within 60 calendar days of receiving the CMP notice.

Mail Stop: C1-22-06

Email: kevin.stansbury@cms.hhs.gov

If CVS does 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 July 2, 2026. CVS may choose to have the penalty deducted from its monthly payment or transfer the funds electronically. To notify CMS of your intent to make payment and for instructions on how to make payment, please call or email the enforcement contact provided in the email notification.

Impact of CMP

Further failures by CVS to provide its enrollees with Medicare benefits in accordance with CMS requirements may result in CMS imposing additional remedies available under law, including contract termination, intermediate sanctions, penalties, or other enforcement actions as described in 42 C.F.R. Parts 422 and 423, Subparts K and O.

If CVS has any questions about this notice, please call or email the enforcement contact provided in the email notification.

Sincerely,

/s/

John A. Scott

Director

Medicare Parts C and D Oversight and Enforcement Group

cc: Ashley Hashem, CMS/ OPOLE
Erick Bowen, CMS/OPOLE
Shannon Comage, CMS/OPOLE
Kevin Stansbury, CMS/CM/MOEG/DCE