

Centers for Medicare & Medicaid Services  
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**CENTER FOR MEDICARE**

Date: May 11, 2012

To: Medicare Advantage Organizations and Prescription Drug Plan Sponsors

From: Gerard J. Mulcahy, Acting Director  
Program Compliance and Oversight Group

Subject: 2012 Program Audit Process and Protocols

The Centers for Medicare & Medicaid Services (CMS), Program Compliance and Oversight Group (PCOG) is responsible for conducting program audits for Medicare Advantage (MA) and Prescription Drug (Part D) plans (hereinafter sponsors) to ensure compliance with CMS requirements. As mentioned earlier this year, we are releasing the 2012 audit protocols that will be utilized to measure outcomes in the following areas:

- Part D Formulary Administration
- Part D Coverage Determinations and Appeals
- Part D Grievances
- Part C Organization Determinations and Appeals
- Part C Access to Care
- Part C Grievances
- Enrollment/Disenrollment
- Late Enrollment Penalty (LEP)
- Part C and D Marketing Oversight Agent/Broker (Training, Testing, Licensure etc.)
- Part C and D Compliance Program Effectiveness

CMS is providing the industry with the 2012 program audit process which includes the protocols<sup>1</sup> and templates (see attached files). These tools will assist you in monitoring, auditing, and overseeing your organization's operations with the aim of leading to better performance outcomes and ultimately better outcomes for beneficiaries. CMS is also committed to continuous improvement in the development of our audit processes and protocols, and values the input and feedback of all sponsors and stakeholders, especially those who have demonstrated exceptional performance. To ensure we receive your feedback on our audit processes and protocols, CMS will send out a post audit survey to each organization audited.

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<sup>1</sup> Protocols define the audit purpose, universe selection, sample selection, evidence required, compliance standards tested, and the findings threshold. These are not the Methods of Evaluation (MOEs) that describe step by step how to conduct the audit. MOEs are internal to CMS and will not be released.

One major enhancement based on sponsor feedback from the 2011 audits is that the 2012 audits will be conducted virtually via webinar<sup>2</sup>, with the exception of the Part C and D Compliance Program Effectiveness audit, which will be onsite. In addition, all sample documentation and universes will be provided by the sponsor electronically via a secure file transfer protocol (SFTP), eliminating the need for hardcopy documents. As we conduct the audit, sponsors should be able to show CMS the data requested live in their systems (i.e., claims, coverage determinations, notices, etc.). If sponsors are not able to show CMS the data live in their systems, then the sponsor will have to make arrangements with CMS to provide the data in hardcopy.

If you have questions, please contact Tawanda Holmes, Director of the Division of Compliance Policy and Operations at [Tawanda.Holmes@cms.hhs.gov](mailto:Tawanda.Holmes@cms.hhs.gov).

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<sup>2</sup> Not all audits are conducted virtually. CMS reserves the right to conduct the audit onsite if need be.