

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

September 22, 2025

Ms. Hilary Marden-Resnik
Chief Executive Officer
UCare Minnesota
500 Stinson Boulevard NE
Minneapolis, MN 55413

Re: Notice of Termination of Medicare Advantage-Prescription Drug Contract Numbers:
H2459, H8070, and H8783

Dear Ms. Marden-Resnik:

The Centers for Medicare & Medicaid Services (CMS) hereby notifies you of its decision to terminate (effective January 1, 2026) UCare Minnesota (“UCare”) Medicare Advantage-Prescription Drug (MA-PD)¹ contracts H2459, H8070, and H8783 pursuant to Sections 1857(c)(2) and 1860D-12(b)(3)(B) of the Social Security Act and 42 C.F.R. §§ 422.510(a)(3) and 423.509(a)(3).

CMS has determined that, for contract year 2026, contracts H2459, H8070, and H8783 no longer substantially meet the applicable conditions of 42 C.F.R. Part 422 because UCare failed to execute those contracts with CMS by the contract execution deadline and failed to enter into a contract with CMS as required by 42 C.F.R. § 422.503(a). Therefore, CMS is taking action to terminate UCare contracts H2459, H8070, and H8783 effective January 1, 2026.

Contract Requirements

Pursuant to 42 C.F.R. § 422.503(a), in order to qualify as an MA organization, enroll beneficiaries in any MA plans it offers, and be paid on behalf of Medicare beneficiaries enrolled in those plans, an MA organization must enter into a contract with CMS. In order to offer its MA plans to Medicare enrollees for the next contract year, MA organizations must execute contracts via electronic signature process in the Health Plan Management System (HPMS) by August 31.²

¹ MA-PD refers to a Medicare Advantage organization that offers a qualified prescription drug plan. The MA-PD is subject to the same Part D requirements at 42 C.F.R. Part 423 as a stand-alone Part D plan sponsor. 42 C.F.R. § 423.458(a).

² *Health Plan Management System (HPMS) Memo*, Updates to the Health Plan Management System Electronic Contracting Module –Release of the Contracts and Addenda for Contract Year 2026, August 21, 2025

Alternatively, if an MA organization chooses to no longer contract with CMS, its request to non-renew a contract must be submitted in HPMS by the annual bid submission deadline, the first Monday in June (*see* 42 C.F.R. § 422.506(a)(2)). If the organization submits a request to end the term of its contract after the bid deadline, the contract may be terminated by mutual consent pursuant to 42 C.F.R. § 422.508. However, in accordance with 42 C.F.R. § 422.508(a)(3), CMS may consider a mutual termination submitted after the bid deadline only if the termination does not negatively affect the administration of the Medicare program.

Violation Related to Contract Requirements

On June 1, 2025, UCare submitted its bids for contracts H2459, H8070, and H8783 by the annual bid submission deadline and did not request to non-renew those contracts. After the bid deadline, on July 31st, UCare submitted a request to end the term of contract H8070. CMS denied this request on August 15th because it did not meet CMS criteria for approving a mutual contract termination, where mutual termination would not negatively affect the administration of the Medicare Program pursuant to § 422.508(a)(3). After receiving that CMS denial, UCare expanded its requests to end the term of two additional MA contracts, H2459 and H8783 in addition to H8070. CMS reviewed these requests and again determined that mutually consenting to a contract termination would negatively affect the administration of the Medicare Program.

On August 31, 2025, UCare was required to sign the contracts for H2459, H8070, and H8783, however this was not completed. On September 9, 2025, CMS informed UCare that its request to mutually terminate its contracts did not meet the criteria for approval under 42 CFR 422.508. In addition, CMS notified UCare that, as of September 9, it had not signed its contracts (H2459, H8070, and H8783) for the 2026 plan year and was, therefore, substantially out of compliance with CMS' requirement at 42 CFR 422.503(a) to enter into contract with CMS. CMS provided UCare with an opportunity to correct the deficiency, by signing the contracts with CMS for H2459, H8070, and H8783, no later than 30 days from the date of the notice.

On September 11, 2025, UCare confirmed in writing that it declined the 30-day opportunity to correct the deficiency and that it would not sign its contracts for the 2026 plan year. UCare also requested that CMS begin the termination process immediately. Therefore, since UCare will not be signing these contracts for the 2026 plan year, CMS is proceeding with terminating contracts H2459, H8070, and H8783 effective January 1, 2026.

Basis for Termination

CMS may terminate a contract pursuant to 42 C.F.R. § 422.510(a)(3), if CMS determines that an MA organization no longer substantially meets the applicable conditions of 42 C.F.R. Part 422. CMS has determined that contracts H2459, H8070, and H8783 no longer substantially meet the conditions of 42 C.F.R. Part 422 for the 2026 plan year because UCare failed to execute those contracts with CMS by the contract execution deadline and failed to enter into a contract with CMS as required by 42 C.F.R. § 422.503(a).³ As a result of this determination, contracts H2459, H8070, and H8783 will be terminated effective January 1, 2026.

³ See *Health Plan Management System (HPMS) Memo*, Updates to the Health Plan Management System Electronic Contracting Module –Release of the Contracts and Addenda for Contract Year 2026, August 21, 2025

Procedural Requirements for Termination

Pursuant to 42 C.F.R. § 422.510(c)(1)(i), before providing a notice of termination of the contract, CMS must provide the MA organization with notice specifying the MA organization's deficiencies and a reasonable opportunity of at least 30 calendar days to develop and implement a corrective action plan to correct the deficiencies.

On September 9, 2025, CMS provided UCare with notice of its deficiency and an opportunity to correct the deficiency, by signing the contracts for H2459, H8070, and H8783, no later than 30 days from the date of the notice. CMS notified UCare that if they did not sign the contracts with CMS for H2459, H8070, and H8783 no later than 30 days from the date of the notice, CMS would move to unilaterally terminate these contracts per 42 C.F.R. § 422.510.

On September 11, 2025, UCare confirmed in writing that it declined the 30-day opportunity to correct under 422.510(c)(1)(i) and requested that CMS begin the termination process immediately. Therefore, CMS is proceeding with terminating contracts H2459, H8070, and H8783.

Parallel Marketing and Enrollment Sanctions Following a Contract Termination

In accordance with 42 C.F.R. § 422.510(e), if CMS makes a determination to terminate a MA organization's contract under § 422.510(a), CMS also imposes intermediate sanctions. Therefore, CMS is imposing intermediate sanctions on contracts H2459, H8070, and H8783 following the contract termination under § 422.510(a). The intermediate sanctions will consist of the suspension of enrollment of Medicare beneficiaries into UCare's contracts H2459, H8070, and H8783 (42 C.F.R. § 422.750(a)(1)), and the suspension of all marketing activities for these contracts to Medicare beneficiaries (42 C.F.R. § 422.750(a)(3)). The intermediate sanctions will be effective 15 calendar days from the date of receipt of this notice, on October 8, 2025. The sanction remains in effect until the effective date of the termination, or if the termination decision is overturned on appeal, when a final decision is made by the hearing officer or Administrator. CMS will provide UCare with detailed instructions regarding the enrollment and marketing suspensions in a separate communication.

Right to Request a Hearing

UCare may request a hearing before a CMS hearing officer in accordance with the procedures outlined in 42 C.F.R. Subpart N of Parts 422 and 423. Pursuant to 42 C.F.R. §§ 422.662 and 423.651, your written request for a hearing must be received by CMS within 15 calendar days from the date CMS notified you of this determination, or by October 8, 2025. UCare has the right to appeal the intermediate sanctions in the same proceeding as the termination appeal, however a request for a hearing does not delay the date specified by CMS when the sanction becomes effective.

The request for a hearing must be sent to CMS electronically to the CMS Office of Hearings (OH). OH utilizes an electronic filing and case management system, the Office of Hearings Case and Document Management System ("OH CDMS").

UCare should complete the one-time OH CDMS registration process as soon as possible after receiving this notification, even if an organization is unsure whether it will appeal its determination. After the registration process is complete, the organization must then file its request for a hearing within the time frame set forth above.

Registration information (including how to add an outside representative/law firm to participate in the appeal), filing instructions and general information may be found on the OH webpage at <https://www.cms.gov/medicare/regulations-guidance/cms-hearing-officer/hearing-officer-electronic-filing>.

Follow the OH CDMS External Registration Manual for step-by-step instructions regarding registration and the OH CDMS Hearing Officer User Manual for appeal filing instructions.⁴

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
Email: kevin.stansbury@cms.hhs.gov

CMS will consider the date the Office of Hearings receives the request via the CDMS as the date of receipt of the request. The request for a hearing must include the name and e-mail address of the contact within UCare (or an attorney who has a letter of authorization to represent the organization) with whom CMS should communicate regarding the hearing request.

If UCare 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: Kevin Stansbury, CMS/MOEG/DCE
Kathryn Coleman, CMS/MCAG
Ashley Hashem, CMS/OPOLE
Adams Solola, CMS/OPOLE
Elizabeth Smith, CMS/OPOLE

⁴ If technical assistance is required, please contact the OH CDMS Help Desk at 1-833-783-8255 or by email at helpdesk_ohcdms@cms.hhs.gov. The hours of operation are Monday–Friday (excluding federal holidays) from 7:00 a.m. to 8:00 p.m. Eastern Time.