

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland



CENTER FOR MEDICARE

January 17, 2025

Corrective Action Plan

Contract ID: H1230

Parent Organization Name: Kaiser Foundation Health Plan, Inc.

Legal Entity Name: KAISER FOUNDATION HP, INC.

Kimberly Piper
Medicare Compliance Officer
2715 Naches Ave. SW
P.O. Box 9010
Renton, WA 98057

VIA EMAIL: KP-HPMS-MCO@kp.org

RE: Failure to Comply with CMS CY 2025 Bid Instructions

Dear Kimberly Piper:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for KAISER FOUNDATION HP, INC., which operates Medicare Part D Contract ID H1230, to develop and implement a corrective action plan (CAP) to address the organization's failure to comply with contract year (CY) 2025 Part D bid submission requirements.

Part D program regulations at 42 C.F.R. § 423.265(c) state that each potential Part D sponsor must submit bids (and supplemental information specified by CMS) that reflect the features (e.g., premium amount, cost sharing) and projected cost estimates of each benefit package it expects to offer. For CY 2025 sponsors provided their bid information through three different submissions: a proposed formulary, a Bid Pricing Tool (BPT), and a Plan Benefit Package (PBP) submitted together by the statutory June 3, 2024 deadline. In general, the PBP describes the structure of a proposed benefit package (e.g., co-pay amounts, deductibles) while the BPT describes the underlying basis used to calculate the price of the benefit package. The information in all three of these submissions must combine to reflect a consistent benefit package. Additionally, pursuant to 42 C.F.R. § 423.505(k)(4), the sponsor's CEO or CFO must submit a certification (referred to as the "benefit certification") that the information provided in each bid is accurate, complete, and truthful.

Organizations are responsible for ensuring that complete and accurate CY 2025 bids were submitted by the June 3, 2024 deadline. Yet, the Part D portion of H1230's initial MA-PD bid failed to constitute an accurate bid. This deficiency was revealed due to the following scenario, which resulted in a plan correction submitted by H1230:

The sponsor discovered that its Tier 2 mail order would need to be changed from 4% to 0% to align with the BPT.

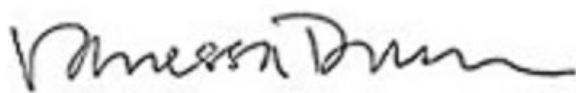
The need for CMS to work with your organization to correct its CY 2025 bid to ensure that it reflected a consistent benefit package indicates that it failed to comply with Part D regulatory requirements and follow CMS bid instructions

Consistent with CMS's authority under 42 C.F.R. § 423.505(n)(3)(iii), we request that your organization take corrective action to come into compliance. CMS will rely on H1230's CY 2026 bid submission to determine whether the corrective action plan has been successfully implemented. CMS will consider the CAP closed once the Division of Formulary and Benefit Operations has determined that H1230's CY 2026 bid submissions demonstrate that it has effectively resolved the issues described above.

Please be aware that this letter will be included in the record of your organization's past Medicare contract performance, which CMS will consider as part of our review of any application for new or expanded Medicare contracts your organization may submit. CMS deems this instance of non-compliance a Part D issue. CMS notes that we are issuing this compliance notice based on information that we obtained from the sponsor's own self-disclosure.

For questions regarding your bid submission, please contact the Part D Benefits mailbox at PartDBenefits@cms.hhs.gov. If you have any questions about the compliance implications of this notice, please contact Christine Hill at Christine.Hill@cms.hhs.gov and copy your account manager.

Sincerely,



Vanessa Duran, Director
Medicare Drug Benefit and C & D Data Group
Center for Medicare

CC via email:

Jullin Kwok, CMS

Linda Anders, CMS
Arianne Spaccarelli, CMS
Christine Hill, CMS

