

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



CENTER FOR MEDICARE

January 17, 2025

CORRECTIVE ACTION PLAN (CAP) REQUEST

Contract ID: H5587

Parent Organization Name: Blue Cross Blue Shield of Arizona

Legal Entity Name: HEALTH CHOICE ARIZONA, INC.

Veronica Moore
Medicare Compliance Officer
8220 N 23rd Ave
Phoenix, AZ 85021

VIA EMAIL: Veronica.Moore@azblue.com

RE: Failure to Meet Administrative and Management Requirements

Dear Veronica Moore:

The Centers for Medicare & Medicaid Services (CMS) is issuing this compliance notice to HEALTH CHOICE ARIZONA, INC., which operates contract H5587, concerning its failure, as indicated by its most recent low Star Rating, to meet the administrative and management requirements that apply to Medicare Advantage Organizations (MAOs) and Medicare Prescription Drug Plan (PDP) sponsors. In particular, your organization's score established it as a poor performer, and CMS is requesting that your organization develop and implement a corrective action plan designed to ensure that it will achieve at least an "average" Star Rating. **CMS is not requiring a CAP submission from your organization.** CMS will simply look at your organization's Star Rating performance in the coming year to determine whether you took the necessary corrective action to achieve at least a three-Star Summary Star Rating.

Medicare regulations at 42 C.F.R. §§ 422.503(b)(4)(ii) and 423.504(b)(4)(ii) require MAOs and PDP sponsors, respectively, to have administrative and management arrangements satisfactory to CMS, including personnel and systems sufficient for the organization to market and administer benefit plans and conduct utilization management and quality assurance activities consistent with Medicare requirements. The performance measures used to calculate an organization's Part C or D Summary Star Rating reflect a sponsor's contract performance across multiple Medicare program requirements. A contracting organization's administrative and management arrangements necessarily have a direct impact on its performance of a similarly broad range of program requirements. Therefore, CMS considers a low Part C or D Summary Star Rating to be evidence that the sponsor has in place insufficient administrative and management arrangements to meet its obligations as a Medicare plan sponsor. Based on that determination, CMS has established for MAOs and PDP sponsors the contract requirement that these organizations maintain Part C or Part D summary plan rating scores of at least three stars. 42 C.F.R. §§

422.504(a)(17) and 423.505(b)(26).

In October 2024, CMS released the CY 2025 Part C and D Star Ratings on the Medicare Plan Finder tool on www.medicare.gov. CMS assigned sponsors separate Summary Star Ratings for their Part C and Part D operations. Most MAOs were assigned both C and D Summary Star Ratings. PDP sponsors received only a Part D Summary Star Rating as did a number of MAOs for which CMS could not calculate a Part C rating. Your organization received the following Part C Summary Star Rating:

Part C – 2.5

Be advised that CMS treats Summary Star Ratings of below three Stars for Part C operations and for Part D operations as two separate compliance issues. For sponsors with low Star Ratings for both Part C and D operations, CMS will document the issues in our records as two separate CAP requests.

CMS advises your organization to take steps to improve its operations in the areas identified above and bring its Summary Star Rating(s) to a level that indicates at least average contract performance, compliant with Medicare requirements.

Please be advised that pursuant to 42 C.F.R. § 422.510(a)(4)(xi), your organization will be eligible for termination if it achieves a Part C Summary Star Rating of below three Stars for three consecutive years.

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 C issue. CMS notes that we are issuing this compliance notice based exclusively on information that we obtained from sources other than the sponsor's own self-disclosure.

If you have any questions about this notice, please contact Linda Anders at linda.anders@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Vanessa Duran", with a stylized, flowing script.

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

CC via email:
Yolanda Li, CMS
Linda Anders, CMS