



CENTER FOR MEDICARE

February 24, 2022

Corrective Action Plan

Contract ID: H5141

Parent Organization Name: Clover Health Holdings, Inc.

Legal Entity Name: CLOVER INSURANCE COMPANY

Wendy Richey
Medicare Compliance Officer
3401 Mallory Lane Ste 210
Franklin, TN 37067

VIA EMAIL: wendy.richey@cloverhealth.com

RE: Failure to Comply with CMS CY 2022 Bid Instructions

Dear Wendy Richey:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for CLOVER INSURANCE COMPANY, which operates Medicare Part D Contract ID H5141, to develop and implement a corrective action plan (CAP) to address the organization's failure to comply with contract year (CY) 2022 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 2022, 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 7, 2021 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 2022 bids were submitted by the June 7, 2021 deadline. Yet, the Part D portion of H5141'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 H5141:

The PBP reflected that the deductible would not apply to tiers 2, 3, 4, and 5. However, this was inaccurate as the deductible DOES apply to tiers 2, 3, 4, and 5. The deductible "DOES NOT"

apply to Tier 1.

The need for CMS to work with H5141 to correct its CY 2022 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.

CMS requests that your organization take corrective action to come into compliance. CMS will rely on H5141's CY 2023 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 H5141's CY 2023 bid submissions demonstrate that it has effectively resolved the issues described above.

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,



Amy Larrick Chavez-Valdez, Director

Medicare Drug Benefit and C&D Data Group

CC via email:

ERICKA WILLIAMS, CMS

Linda Anders, CMS
Michael Neuman, CMS
Christine Hill, CMS