



CENTER FOR MEDICARE

CORRECTIVE ACTION PLAN REQUEST

June 10, 2021

Contract ID: H3471

Parent Organization Name: The Carle Foundation

Legal Entity Name: HEALTH ALLIANCE NORTHWEST HEALTH PLAN

Hollie Wilson
Medicare Compliance Officer
3310 Fields South Drive
Champaign, IL 61822

VIA EMAIL: Hollie.Wilson@healthalliance.org

RE: Failure to Comply with CMS CY2021 Bid Instructions

Dear Hollie Wilson:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for Health Alliance Northwest Health Plan ("Health") which operates the Medicare Advantage Prescription Drug Plan (MA-PD) Contract ID H3471, to develop and implement a corrective action plan (CAP) to address the organization's failure to comply with CY2021 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 CY2021, 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 1, 2020 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.

Federal regulations at 42 C.F.R. § 423.104(f)(3) state that an MA organization offering coordinated care plans must offer required prescription drug coverage throughout its service area. The regulations at 42 C.F.R. § 423.100 define "required prescription drug coverage" as the coverage of Part D drugs under either a basic prescription drug plan or an enhanced alternative plan provided there is no MA monthly supplemental beneficiary premium applied under the plan.

Organizations are responsible for ensuring that complete and accurate CY 2021 bids were submitted by the June 1, 2020 deadline. Yet, the Part D portion of Health's initial MA-PD bid failed to constitute required prescription drug coverage. This deficiency was revealed when CMS noticed that Health's PBP submission did not match its BPT submission. Health needed to reduce its tier 4 coinsurance from its originally submitted 50% to 45%. The reduction was also necessary to align its PBP with its PBT that originally reflected a 45% coinsurance. The deficiency required a plan correction. The need for CMS to work with Health to correct its CY2021 bid to ensure that its PBP and BPT ultimately matched and 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 Health's 2022 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 Health's 2022 bid submission demonstrates 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 sources other than the sponsor's own self-disclosure.

If you have any questions about this notice, please contact Michael Neuman at (410) 786-7069 or Michael.Neuman@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:

ANDY MATHISON, CMS

Christine Reinhard, Scott Nelson, CMS