

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR MEDICARE

CORRECTIVE ACTION PLAN REQUEST

February 28, 2014

Contract ID: S5967

Cyndi Baily
Medicare Compliance Officer
WELLCARE Prescription Insurance, Inc.
8735 Henderson Rd
Tampa, FL 33634

Delivered via email to: Cyndi Baily at medicarecomplianceofficer@wellcare.com

RE: 2013 Transition Monitoring Program Analysis (TMPA) Project

Dear Ms. Baily:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for a corrective action plan (CAP) to WELLCARE Prescription Insurance, Inc., regarding its performance under the Medicare Prescription Drug Plan (PDP) sponsor contract identified above, because it failed to properly implement a formulary transition program consistent with Part D requirements, as indicated by the results of CMS' enhanced transition monitoring program, referred to as the Transition Monitoring Program Analysis (TMPA) project.

Pursuant to 42 CFR § 423.120 (b)(3), a Part D sponsor must administer an appropriate transition process for new enrollees, and in some cases current enrollees, prescribed non-formulary Part D drugs or formulary drugs subject to utilization management restrictions such as step therapy or prior authorization. Under the transition policy, to meet the immediate needs of an enrollee, Part D sponsors must provide a one-time, temporary supply of drugs that are part of an enrollee's ongoing therapy when the application of a new formulary (because of either the enrollee's election of a new plan or the sponsor's adoption of a new formulary) would otherwise result in a rejection of the claims because the drugs are not on the formulary or are subject to utilization management requirements.

Additionally, in a Health Plan Management System (HPMS) memo, "Contract Year (CY) 2013 Part D Transition Monitoring Program Analysis", released December 14, 2012, Part D sponsors were informed that CMS would continue the TMPA project, initially conducted during CY 2012,

in CY 2013 as well. The purpose of the TMPA project is to ensure that Part D sponsors are adequately administering Medicare Part D formulary transition policies consistent with Part D regulations and requirements. A sample of Part D sponsors, including your organization, were selected for the TMPA project and required to submit rejected claims data to CMS for analysis. The rejected claims your organization submitted for analysis exceeded the thresholds identified in an email CMS sent to Part D sponsors' compliance officers, dated December 21, 2012. For non-protected class drugs, the numbers of failures (numerator) were divided by the number of claims sampled (denominator) to calculate an overall compliance score. If the number of failures resulted in more than a 20% failure rate, CMS determined that an overall compliance failure occurred for this area. For protected class drugs, if the number of failures resulted in more than a 10% failure rate, CMS determined that an overall compliance failure occurred for this area.

Your contract's results exceeded both the protected and the non-protected class drug thresholds for CY2013.

Table 1: CY2013 TMPA Results

| Contract ID | Percent Failure of Protected Class Drugs | Percent Failure of Non-Protected Class Drugs |
|-------------|--|--|
| S5967 | 100% | 66.7% |

As a reminder, your contract's results exceeded both the protected and non-protected class drug thresholds for CY2012.

Table 2: CY2012 TMPA Results

| Contract ID | Percent Failure of Protected Class Drugs | Percent Failure of Non-Protected Class Drugs |
|-------------|--|--|
| S5967 | 33.3% | 93.3% |

The formulary transition requirements have been in place since the beginning of the Medicare Part D program and are an integral part of the protections afforded Part D beneficiaries. The continued failure of your organization's transition program during the TMPA calls into question your organization's ability to accurately implement and monitor an appropriate transition policy. Because your contract's results exceeded the thresholds in both categories for two years in a row, CMS is issuing a CAP.

Consistent with CMS' authority in 42 C.F.R. §§ 423.507(b)(3) and 423.509(c), we request that your organization develop and implement a CAP designed to ensure that your organization will develop and implement a proper transition policy and program and come into compliance with Part D requirements discussed in this letter. CMS will continue to monitor your organization's performance and will consider the CAP closed when your organization demonstrates it has come into compliance with the identified program requirement(s).

We appreciate your organization's prompt attention to this matter. In the future, please ensure that your transition program meets CMS requirements and is properly implemented. Should your organization fail to come into compliance in a timely manner, CMS may consider taking enforcement actions in the form of intermediate sanctions (e.g., the suspension of marketing and enrollment activities) or civil money penalties or the issuance of a contract termination notice pursuant to our authority under 42 C.F.R. 423, Subpart O.

Please be aware that this CAP request will be included in the record of your organization's past Medicare contract performance, which CMS will consider as part of your review of any application for new or expanded Medicare contracts your organization may submit. For past performance analysis purposes, this is considered a Part D issue with beneficiary impact. 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 questions regarding the Transition Monitoring Program Analysis, please contact June Page at June.Page@cms.hhs.gov or 410-786-0404. If you have any questions regarding this compliance letter, please contact Keely Ireland at 410-786-7160 or Keely.Ireland@cms.hhs.gov and copy your account manager.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tracey McCutcheon', with a long, sweeping flourish extending to the right.

Tracey McCutcheon, MHSA, MBA
Acting Director
Medicare Drug Benefit and C & D Data Group

CC via email:

Scott Nelson, CMS
Keely Ireland, CMS
Laura Collins, CMS