



CENTER FOR MEDICARE

February 24, 2022

Corrective Action Plan

Contract ID: H2986

Parent Organization Name: Essence Group Holdings Corporation

Legal Entity Name: Essence Healthcare of California, Inc.

Erin Venable
Medicare Compliance Officer
13900 Riverport Drive
Maryland Heights, MO 63043

VIA EMAIL: evenable@lumeris.com

RE: Failure to Comply with CMS CY 2022 Bid Instructions

Dear Erin Venable:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for Essence Healthcare of California, Inc., which operates Medicare Part D Contract ID H2986, 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.

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 2022 bids were submitted by

the June 7, 2021 deadline. Yet, the Part D portion of H2986's initial MA-PD bid failed to constitute required prescription drug coverage in all of its service areas. The need for CMS to work with H2986 to correct its CY 2022 bid to ensure that it would offer required drug coverage as outlined in 42 C.F.R. § 423.104(f)(3) 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 H2986'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 H2986's CY 2023 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.

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:

SCOTT SPILKY, CMS

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