DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

Date: March 5, 2014

To: Medicare Advantage Organizations and Prescription Drug Plan Sponsors

From: Gerard J. Mulcahy, Acting Director
                 Medicare Part C and D Oversight and Enforcement Group

Subject: 2014 Program Audit Process and Protocols

The Centers for Medicare & Medicaid Services (CMS), Medicare Part C and D Oversight and Enforcement Group (MOEG) is responsible for conducting program audits for Medicare Advantage (MA) and Prescription Drug (Part D) plans (hereinafter sponsors) to ensure compliance with CMS requirements. As in previous years, we are releasing the 2014 audit process documents and protocols that will be utilized to measure outcomes in the following areas:

- Part D Formulary and Benefit Administration
- Part D Coverage Determinations, Appeals, and Grievances
- Part C Organization Determinations, Appeals, and Grievances
- Special Need Plans (SNP) – Model of Care[1](SNP-MOC)
- Part C and Part D Compliance Program Effectiveness

The audit process documents and protocols define the audit purpose, universe and sample selection processes, the evidence required for review and submission and the compliance standards tested (see attached files). These are not the Methods of Evaluation (MOEs) that describe step by step how to conduct the audit. MOEs are internal to CMS and will not be released. These tools will assist you in monitoring, auditing, and overseeing your organization's operations, with the aim of achieving better performance outcomes and ultimately enhancing service delivery and ensuring better coverage for beneficiaries.

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[1] The SNP-MOC audit protocol will only apply to sponsors that have SNPs.

CMS remains committed to continuous improvement in the development of our audit processes and protocols, and values the input and feedback of all sponsors and stakeholders, especially those who have demonstrated exceptional performance. As in 2013, CMS updated the 2014 audit protocols based on comments received from the industry via email, conference events, industry listening sessions and the post audit questionnaire distributed to audited sponsors at the conclusion of each audit. CMS will continue to send a post audit questionnaire to obtain feedback on the audit process and we encourage sponsors to utilize this opportunity to provide us with your valuable feedback.

In earlier feedback venues, we had announced our plan to release the 2014 protocols in late 2013, but also informed sponsors that there were no significant changes to the evaluation methods used in 2013; meaning sponsors could continue to utilize our 2013 protocols to conduct self-audits and prepare for CMS audits in 2014. While we were unable to post the 2014 protocols by that earlier deadline, we continue to strive to provide protocols to sponsors as early in the process as possible to ensure transparency in our audit process and ensure sponsors adequate preparation time for upcoming CMS audits.

As in 2013, the 2014 audits will be conducted over a two week period. Specifically, the first week of audit will start with an entrance conference, and the audit of all applicable operational areas (Part D Formulary Administration; Part D Coverage Determinations, Appeals, and Grievances; Part C Organization Determinations, Appeals, and Grievances; and SNP-MOC) will be conducted virtually via webinar[2]. The Compliance Program Effectiveness portion of the audit will occur during the second week. This will allow the sponsor's compliance officer to be actively engaged during the audit of all operational areas in the first week and fully engage in the compliance program audit the second week.

One major enhancement to the 2014 audit process is the expansion of the HPMS Audit module. The HPMS Audit module will allow sponsors to obtain the engagement letter, audit protocols, universe templates, audit reports, exchange files, etc. and submit sample documentation via HPMS, eliminating the need for hardcopy documents.

However, sponsors will not submit universes via HPMS. Universes should be submitted using the secure CMS Enterprise File Transfer (EFT) infrastructure that sponsors currently use to submit other beneficiary-specific information to CMS, whether it be Gentran, TIBCO, or Connect:Direct. Sponsors do not need to establish a new user account to submit universes, but should utilize one of their existing accounts. If you utilize the services of a third party vendor to submit information to Gentran, TIBCO, or Connect:Direct, you must ensure they are prepared to assist you with the timely submission of these data and are authorized to accept and submit beneficiary protected health information (PHI). See Attachment X – EFT Instructions.xlsx for further EFT instructions and naming conventions.

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[2] Not all audits are conducted virtually. CMS reserves the right to conduct the audit onsite if needed.

As we conduct the audit, sponsors should be able to show CMS the data requested live in their systems (i.e., claims, coverage determinations, notices, etc.). If sponsors are not able to show CMS the data live in their systems, then the sponsor will have to make arrangements with CMS to provide the data in hardcopy.

If you have questions, please send an email to part_c_part_d_audit_pcog@cms.hhs.gov.