

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



## **MEDICARE PARTS C AND D OVERSIGHT AND ENFORCEMENT GROUP**

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**Date:** December 23, 2020

**To:** All Medicare Advantage Organizations, Part D Sponsors, Medicare-Medicaid Plans, and All Programs of All-Inclusive Care for the Elderly (PACE) Organizations

**From:** John A. Scott  
Director, Medicare Parts C and D Oversight and Enforcement Group

**Subject:** 2021 PACE and Medicare Parts C and D Program Audits

The Centers for Medicare & Medicaid Services (CMS) has received questions about the extent to which it expects to conduct routine audit activities for PACE and Medicare Parts C and D organizations in 2021. The information in this memorandum outlines how CMS will proceed with these audit activities in light of the ongoing Public Health Emergency (PHE).

**1. Will CMS conduct PACE and Medicare Parts C and D Program Audits in 2021?**

Yes. CMS expects to conduct routine audit activities for these organizations in 2021. The purpose of the audits is to ensure organizations are providing beneficiaries with the services, care, and prescription drugs they need in a manner consistent with program requirements. It is important for CMS to continue ensuring beneficiaries are receiving timely care during the PHE.

**2. When does CMS expect to begin the audits?**

CMS will not begin sending audit engagement letters to organizations until mid-March 2021 and will continue sending them on a rolling basis through September. Fieldwork for the organizations that receive engagement letters in mid-March will not begin until May 2021.

**3. Is CMS conducting the 2021 audits consistent with how the 2020 audits were conducted?**

Yes. On March 30, 2020, CMS announced<sup>1</sup> that it was temporarily reprioritizing routine program audits for PACE and Medicare Parts C and D organizations so the organizations could immediately focus on the health and safety threats faced by participants and other impacted individuals caused by the PHE. In mid-July, CMS resumed routine audit activities in order to satisfy the statutory requirement to audit certain PACE organizations<sup>2</sup> and ensure all organizations were providing essential care and prescription drugs to beneficiaries during

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<sup>1</sup> <https://cms.gov/files/document/covid-19-programauditsadv-memo.pdf>

<sup>2</sup> CMS is statutorily required to audit each PACE organization that is in the first three years (i.e., the trial period) of its contract with CMS and the states.

the PHE. CMS expects to conduct audits in 2021 consistent with how it conducted audits in late 2020. More specifically, CMS expects to focus on auditing PACE organizations that CMS is statutorily required to audit, follow our typical process for auditing PACE and Medicare Parts C and D organizations, and provide organizations with the additional flexibilities discussed in Question 4 below.

**4. Will CMS provide flexibilities when needed to account for challenges resulting from the PHE?**

Yes. CMS will provide organizations audited in 2021 with the same flexibilities that were provided to the organizations that were audited in 2020. The flexibilities include giving organizations additional time to provide requested documentation, respond to questions, respond to the draft audit report, implement actions to correct audit findings, and demonstrate the correction of findings. CMS will also continue mitigating findings when identified non-compliance is related to, and consistent with, the flexibilities that CMS provided to PACE and Medicare Parts C and D organizations during the PHE.

**Questions**

- PACE organizations may send PACE audit questions to [PACEAuditQs@cms.hhs.gov](mailto:PACEAuditQs@cms.hhs.gov)
- All other organization types may send program audit questions to [Part\\_c\\_part\\_d\\_audit@cms.hhs.gov](mailto:Part_c_part_d_audit@cms.hhs.gov)