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

DATE: November 30, 2022

TO: All Current and Prospective Medicare Advantage, Prescription Drug Plan, Section 1876 Cost, and Medicare-Medicaid Plan Organizations

FROM: John A. Scott
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SUBJECT: 2023 Program Audit Updates

The Centers for Medicare & Medicaid Services (CMS) has several announcements in this memorandum related to its 2023 program audits.

2023 Program Audits

CMS will continue to use the Final Audit Protocols for the Medicare Part C and Part D Program Audits and Industry-Wide Part C Timeliness Monitoring Project (CMS-10717) and the 2022 MMP Audit Protocols and Data Requests to conduct 2023 program audits. Collectively, these protocols and supporting data collection instruments are available for download on the program audit website at: https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/ProgramAudits.html.

As a reminder, these protocols are not a substitute for a review of the applicable statutes or regulations. Rather, the data collection specifications and tools described in the program audit protocols, including the record layout instructions, are used for auditing and monitoring activities and by themselves should not be used to interpret policy.

Additionally, CMS's program audits will primarily focus on the criteria listed in the protocols, but we may review related requirements not specifically addressed. As an example, CMS issued a final rule (CMS-4185-F) on April 5, 2019, that included provisions requiring all Dual Eligible Special Needs Plans (D–SNPs) to assist enrollees with Medicaid coverage issues and grievances, including authorizations for, or appeals related to, Medicaid-related services. It also established new standards for integration of Medicare and Medicaid benefits for D–SNPs that improve care coordination, beneficiary satisfaction, and reduce administrative burden. These regulations, effective January 1, 2020, are intended to promote D-SNP enrollees' access to Medicaid benefits and are consistent with the definition of a D-SNP at 42 CFR § 422.2. Beginning in 2023, CMS will inquire, when applicable, how Sponsoring organizations who offer a D-SNP implemented these requirements in an effort to understand how D-SNP enrollees are provided the assistance prescribed in these regulations.

CMS will also continue exploring opportunities to respond to stakeholder feedback received on our program audit process. Specifically, the Formulary Administration auditors will begin analyzing prescription drug event (PDE) data already collected under 42 CFR 423.319(b) and 423.505(f) to determine if this data can be used for program audit purposes as an alternative to

collecting Universe Table 3: Prescription Drug Event, in future audit years. CMS recognizes the potential for process efficiencies and will explore this opportunity throughout 2023.

2023 Program Audit Process Overview Updates

CMS releases the Program Audit Process Overview document annually to provide stakeholders with information about what to expect during a program audit, beginning with issuance of audit engagement letters through audit validation and close out. CMS recommends Sponsoring organizations read the document to understand how CMS conducts each phase of a program audit. CMS updated the document for 2023 audits and it's available on the program audit website.

Specifically, the 2023 document:
- Announces CMS will send scheduled program audit engagement letters to Sponsoring organizations in February through July 2023;
- Reminds that CMS will notify Sponsoring organizations in the audit engagement letter whether the compliance program effectiveness portion of the audit will be conducted onsite at the Sponsoring organization's location; and
- Clarifies the standard impact analysis data collection timeframe.

Questions related to the program audit process can be sent to the program audit mailbox at part_c_part_d_audit@cms.hhs.gov.