

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



CENTER FOR MEDICARE

June 30, 2025

WARNING LETTER

Contract ID: H0137, H2225

Parent Organization: CareSource

Legal Entity: COMMONWEALTH CARE ALLIANCE, INC.

Katherine Charron
Medicare Compliance Officer
30 Winter Street
Boston, MA 02108

VIA EMAIL: kcharron@commonwealthcare.org

Subject: Failure to Timely Reimburse Enrollees

Dear Katherine Charron:

The Centers for Medicare & Medicaid Services (CMS) is issuing this warning letter to Commonwealth Care Alliance Inc., which operates the Medicare-Medicaid Plan (MMP) Contract ID H0137 and Medicare Advantage Prescription Drug Plan (MA-PD) Contract ID H2225, regarding your organization's failure to timely reimburse enrollees. We are issuing a warning letter because of the organization's egregious failure to promptly correct the identified issue.

Your organization is non-compliant with the following:

- 42 C.F.R. § 422.568(c), which requires the MA organization to process requests for payment according to the "prompt payment" provisions set forth in 42 C.F.R. § 422.520.
- 42 C.F.R. § 422.520(a)(1), which requires that the contract between CMS and the MA organization must provide that the MA organization will pay 95 percent of "clean claims" within 30 days of receipt if they are claims for services that are not furnished under a written agreement between the organization and the provider.
- 42 C.F.R. § 422.520(a)(3), which states that all other claims from non-contracted providers must be paid or denied within 60 calendar days from the date of the request.
- 42 C.F.R. § 422.503(b)(4)(vi)(G), which requires an MA organization to adopt and implement an effective compliance program that establishes and implements procedures and a system for promptly responding to compliance issues as they are raised, investigating potential compliance problems as

identified in the course of self-evaluations and audits, correcting such problems promptly and thoroughly to reduce the potential for recurrence, and ensure ongoing compliance with CMS requirements.

- 42 C.F.R. § 422.503(b)(4)(vi)(G)(2), which requires the MA organization to conduct appropriate corrective actions in response to the potential violation.
- 42 C.F.R. § 422.503(b)(4)(vi)(G)(3), which states that the MA organization should have procedures to voluntarily self-report potential misconduct related to the MA program to CMS or its designee.

Your organization is out of compliance with these Part C requirements because your organization did not ensure that adjudicated enrollee reimbursement requests were effectuated in the required CMS timeframes, nor did your organization adhere to the general contract provisions requiring the MA organization to promptly respond to, investigate, correct, reduce the potential for recurrence of, and self-report the compliance issue.

On December 8, 2023, your organization disclosed to CMS that it had earlier identified an enrollee reimbursement file processing issue on September 11, 2023. This problem resulted in a failure of your organization to properly process plan-approved reimbursement requests from enrollees. This problem impacted all plan-approved requests with dates of service after April 1, 2023. To identify the scope of the issue, on April 12, 2024, your claims department audited all impacted requests, including investigating claims details, such as bank account numbers, payment amounts and dates, and payee names. On April 18, 2024, you reported that 107 enrollees (52 in H0137 and 55 in H2225) were impacted when 175 plan-approved requests totaling \$36,488.33 were processed greater than 60 calendar days from the date of request. On September 29, 2023, your organization implemented an interim manual process for issuing enrollee reimbursements, until a permanent fix could be implemented on April 18, 2024.

Based on your enrollee impact data provided on June 7, 2024, CMS determined that the interim manual process did not resolve the untimely enrollee reimbursements. After September 2023, 46 enrollee reimbursement requests were greater than 160 days old. Checks for these requests were mailed between January 25, 2024, and June 6, 2024, with the oldest request being 269 days old at the time of resolution. Your organization reported receiving 13 grievances related to this matter, in which some enrollees expressed dissatisfaction over the length of time they waited for reimbursement and difficulties receiving an explanation for the delay from your organization.

On September 9, 2024, CMS requested that your organization validate the effectiveness of the remediation measures you had implemented. On September 20, 2024, your organization provided an additional impact analysis that identified the timeliness of all enrollee reimbursement requests. This analysis showed that from November 16, 2023, through August 1, 2024, your organization received 188 enrollee reimbursement requests, and 59 percent were processed untimely. After your organization implemented a permanent fix on April 18, 2024, 27 percent of enrollee reimbursement requests totaling \$10,714.02 continued to be out of compliance with CMS requirements. You failed to self-report the ineffectiveness of your corrective actions and failed to report any additional actions you have taken to correct the ongoing issues.

CMS determined from your data that the corrective actions you implemented were ineffective in meeting CMS enrollee reimbursement timeliness requirements. On October 21, 2024, CMS informed your organization that it must implement additional measures to promptly correct the recurrence and ensure ongoing compliance with CMS requirements. CMS will continue to monitor your monthly reporting of enrollee reimbursement requests until your organization delivers evidence of sustained compliance with these measures.

Please be aware that this letter will be included in the record of your organization's past Medicare contract

performance, which CMS will consider as part of our review of any application for new or expanded Medicare contracts your organization may submit. CMS determines this instance of non-compliance a Part C issue. CMS considers your organization's efforts in self-reporting information concerning the non-compliant activity as a mitigating factor in determining the severity of this notice.

Should your organization fail to come into compliance in a timely manner, CMS may consider taking additional compliance actions, including a formal request for a corrective action plan (CAP). Your organization has been referred for enforcement action. CMS has the authority to impose sanctions, penalties, and other enforcement actions as described in federal regulations at 42 C.F.R. Part 422 Subpart O.

If you have any questions about this notice, please contact your CMS Account Manager Emily Chapple at: (857) 357-6368, or Emily.Chapple@cms.hhs.gov.

Sincerely,



Jeremy C. Willard, Director
Division of Surveillance, Compliance & Marketing
Medicare Drug & Health Plan Contract Administration Group
Centers for Medicare and Medicaid Services

CC via email:

Emily Chapple, Edgardo Reyes, CMS
Christine Reinhard, CMS Baltimore