

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



**CENTER FOR MEDICARE**

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February 09, 2026

**Warning Letter**

Contract ID: H1994

Formulary ID(s): 26029

Parent Organization Name: Intermountain Health Care, Inc.

Legal Entity Name: SELECTHEALTH, INC.

Clifton Schmidt  
Medicare Compliance Officer  
5381 S Green St  
Murray, UT 84123

VIA EMAIL: [clifton.schmidt@selecthealth.org](mailto:clifton.schmidt@selecthealth.org)

**RE: FAILURE TO MEET CY 2026 FORMULARY REQUIREMENTS**

Dear Clifton Schmidt:

The Centers for Medicare & Medicaid Services (CMS) is issuing this warning letter to SELECTHEALTH, INC., which operates Medicare Part D Contract ID H1994, for failing to comply with the Part D program requirement that Part D plan sponsors submit all required information described in 42 C.F.R. 423, Subpart F, concerning its future year's bid (of which the formulary is an element), [1] according to requirements established by CMS. We are issuing a warning letter because CMS issued a notice of non-compliance to your organization for its failure to comply with similar submission requirements for contract year (CY) 2025.

Part D sponsors may offer only those benefit plans, including formularies, that they have submitted according to the instructions CMS issued pursuant to 42 C.F.R. § 423.265 and which CMS has reviewed and approved pursuant to 42 C.F.R. § 423.272. To ensure the timely review of thousands of bid submissions each year, CMS established a process by which we conduct the formulary review process in stages. Corrections to the formulary requested by CMS during each stage review must be made in order for the formulary to be eligible for the Summer Limited Update Window.

During the annual formulary review process, Part D sponsors must be certain to comply with requirements related to deadlines for re-submission and with limitations on the scope of changes sponsors may make to a formulary during a re-submission. CMS has made clear to sponsors the fact that their failure to meet submission deadlines adversely impacts CMS's review of all sponsors' submitted formularies and, therefore, missed re-submission deadlines may place CMS's approval of a proposed

formulary at risk. For the CY 2026 Stage 1 Review, CMS communicated issues to sponsors on June 9, 2025, and allowed them to justify or correct the identified formulary issues and resubmit by June 12, 2025. For the Stage 2 Review, CMS communicated issues to sponsors on June 27, 2025, and allowed them time to justify or correct and resubmit by July 03, 2025. For the Stage 3 Review, CMS communicated issues to sponsors on July 21, 2025, and allowed them time to resubmit by July 24, 2025.

At each stage of the formulary review process, unless otherwise instructed, sponsors must limit the revisions made to a formulary during re-submission to those necessary to address the issues identified by CMS. Sponsors that use re-submission opportunities to make changes to their formulary beyond the scope necessary to address CMS-raised issues (i.e., “non-allowable” changes) are out of compliance with Part D formulary submission and review requirements.

According to the HPMS Memo entitled “Summer Update Window for CY 2026 Formularies” (dated July 29, 2025), Part D sponsors had the opportunity to make limited updates to their conditionally approved CY 2026 formulary submissions from 12:00 a.m. EDT August 6, 2025 through 5:00 p.m. EDT August 8, 2025. The summer update window cannot be used to make significant enhancements or significant negative changes to existing formulary drugs, since the formulary version that was initially submitted to CMS for review was considered in the bid and Part D benefits review. CMS also offered a final CY 2026 formulary submission window between 12:00 a.m. EDT September 19, 2025 and 5:00 p.m. EDT on September 23, 2025, as outlined in the HPMS Memo entitled “CY 2026 September Formulary Enhancement Submission Window” (dated August 28, 2025).

Consistent with 42 C.F.R. §§ 423.128 and 423.2265(c), Part D sponsors must include on their website their current drug list or formulary, including tier level and applicable quantity limit (QL) restrictions, prior authorization (PA), limited access (LA), and step therapy (ST) requirements. Part D sponsors must also post all ST and PA criteria documents. As communicated in the Phase 1 CY 2026 Formulary Utilization Management Group Description (UMGD) Response email (issued on September 26, 2025), plan sponsors cannot post PA and ST criteria on their website without a “Review Approved” status in the UMGD Status Report. Sponsors should indicate that PA and ST criteria are “pending CMS review” on their website if the criteria are not approved in HPMS.

CMS is issuing this compliance notice to your organization because it failed to comply with the CY 2026 Part D formulary submission and review requirements when:

**The sponsor submitted its Limited Summer Update formulary resubmission with non-allowable changes in that it submitted generic substitutions where the generic offset was added to a different therapeutic category from the brand. This affected 7 RxCUIs.**

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 deems this instance of non-compliance a Part D issue. CMS notes that we are issuing this compliance notice based exclusively on information that we obtained from sources other than the sponsor’s own self-disclosure.

In the future, please ensure that your organization’s formulary is updated and approved within CMS’s specified timeframes. For questions regarding your formulary submission, please contact the Part D Formulary mailbox at [PartDFormularies@cms.hhs.gov](mailto:PartDFormularies@cms.hhs.gov). If you have questions related to the compliance

implications of this notice, please contact Christine Hill at [Christine.Hill@cms.hhs.gov](mailto:Christine.Hill@cms.hhs.gov) and copy your account manager.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Anders".

Linda Anders, Division Director  
Division of Benefit Purchasing and Monitoring  
Medicare Drug Benefit and C&D Data Group

CC via email:

Anthony Jordan, CMS  
Arianne Spaccarelli, CMS  
Brian Martin, CMS  
Christine Hill, CMS

[1] As discussed in the preamble of Final Rule CMS-4068-F, “information that would accompany the bid submission would, at a minimum, include...the plan’s formulary.” See p.4294 at <https://www.govinfo.gov/content/pkg/FR-2005-01-28/pdf/05-1321.pdf>