

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



CENTER FOR MEDICARE

February 12, 2026

Warning Letter

Contract ID(s): H0354, H0439, H0672, H2108, H2752, H3949, H4407, H4513, H5410, H7020, H7787, H7849, H9460, H9725

Parent Organization Name: Health Care Service Corporation

Legal Entity Name(s): BRAVO HEALTH MID-ATLANTIC, INC., BRAVO HEALTH PENNSYLVANIA, INC., CIGNA HEALTHCARE OF COLORADO, INC., HEALTHSPRING LIFE & HEALTH INSURANCE COMPANY, INC., HEALTHSPRING OF FLORIDA, INC.

Kim Green
Medicare Compliance Officer
Health Care Service Corporation
300 East Randolph Street
Chicago, IL 60601

VIA EMAIL: hsc_medicare_compliance_officer@hcsc.net

RE: Failure to Comply with CMS CY 2026 Bid Instructions

Dear Kim Green:

The Centers for Medicare & Medicaid Services (CMS) is issuing a warning letter to BRAVO HEALTH MID-ATLANTIC, INC., BRAVO HEALTH PENNSYLVANIA, INC., CIGNA HEALTHCARE OF COLORADO, INC., HEALTHSPRING LIFE & HEALTH INSURANCE COMPANY, INC., HEALTHSPRING OF FLORIDA, INC., which operate Medicare Part D Contract IDs H0354, H0439, H0672, H2108, H2752, H3949, H4407, H4513, H5410, H7020, H7787, H7849, H9460, H9725, for failure to comply with one or more of the contract year (CY) 2026 Part D bid submission requirements.

Part D program regulations at 42 C.F.R. § 423.265(c) state that each potential Part D sponsor must submit bids (and supplemental information specified by CMS) that reflect the features (e.g., premium amount, cost sharing) and projected cost estimates of each benefit package it expects to offer. For CY 2026, sponsors provided their bid information through three different submissions: a proposed formulary, a Bid Pricing Tool (BPT), and a Plan Benefit Package (PBP) submitted together by the statutory June 2, 2025 deadline. In general, the PBP describes the structure of a proposed benefit package (e.g., co-pay amounts, deductibles) while the BPT describes the underlying basis used to calculate the price of the benefit package. The information in all three of these submissions must combine to reflect a consistent benefit package. Additionally, pursuant to 42 C.F.R. § 423.505(k)(4), the sponsor's CEO or CFO must submit a certification (referred to as the "benefit certification") that the information provided in each bid is accurate, complete, and truthful.

Organizations are responsible for ensuring that complete and accurate CY 2026 bids were submitted by the June 2, 2025 deadline, and for following CMS bidding procedures. Yet, the Part D portion of the cited contracts' initial bids failed to constitute a complete and accurate bid submission. These deficiencies were revealed by the following:

During the Office of the Actuary (OACT) review, a modeling error was discovered for all tiers with coinsurance. Health Care Service Corporation (HCSC) noted that it realized that, for a handful of claims that span the deductible and initial coverage phase (ICP), the coinsurance for the remaining ICP part of the claim is understated. This PBP/BPT correction affects the average expected cost sharing amount for all 211 enhanced alternative (EA) plans. After updating the model to correctly calculate the cost sharing when coinsurance is applied, several Dual Eligible Special Needs Plans (D-SNPs) failed actuarial testing requirements. HCSC requested to reduce its Tier 3 cost sharing to pass the test. For Plan H5410_031, HCSC requested to reduce its Tier 4 cost sharing as well.

The need for CMS to work with your organization to correct its CY 2026 bid indicates that it failed to comply with Part D regulatory requirements and follow CMS bid instructions.

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 on information that we obtained from sources other than the sponsor's own self-disclosure.

For questions regarding your bid submission, please contact the Part D Benefits mailbox at PartDBenefits@cms.hhs.gov. If you have any questions about the compliance implications of this notice, please contact Christine Hill at Christine.Hill@cms.hhs.gov and copy your account manager.

Sincerely,



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

CC via email:

Ericka Williams, CMS
Arianne Spaccarelli, CMS
Christine Hill, CMS