



CMS 2010 Tri-Regional Plan Compliance Conference
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A Mosaic of More: More insight, More answers, More compliance...

Verbatim Transcript

More Insight, More Answers, More Compliance

James Kerr, Consortium Administrator, Consortium for Medicare Health Plans Operations

>> JAMES T. KERR IS THE
CONSORTIUM ADMINISTRATOR FOR THE
CONSORTIUM FOR MEDICARE HEALTH
PLAN OPERATIONS.

HE IS LOCATED IN NEW YORK CITY.

JIM IS AN EXECUTIVE WITH OVER 30
YEARS OF EXPERIENCE IN HEALTH
CARE.

HE'S MANAGED COMMERCIAL
ENTERPRISES AS WELL AS
GOVERNMENT PROGRAMS BOTH LARGE
AND SMALL.

IN FACT, WHEN HE JOINED
C.M.S.--AND

I DIDN'T ASK HIM EXACTLY, I
BELIEVE IT WAS 2003 OR 2004--HE

HAD ONLY BEEN ON DUTY FOR A
SHORT PERIOD OF TIME WHEN
CONGRESS PASSED AND BROUGHT INTO
LAW THE MEDICARE PRESCRIPTION
DRUG PROGRAM.

WELL, WHO WAS IT THAT THE
ADMINISTRATOR FOR C.M.S.



CHOSE AS THE REGIONAL LEADER FOR
IMPLEMENTATION OF MEDICARE PART
D FROM THE REGIONAL PERSPECTIVE?

IT WAS JIM KERR.

THAT GIVES YOU AN IDEA OF THE
ESTEEM TO WHICH HE HAS BEEN AND
CONTINUES TO BE HELD BY THE
LEADERSHIP OF C.M.S.

JIM CURRENTLY SERVES AS
ADMINISTRATOR FOR THE
CONSORTIUM, AS I MENTIONED, AND
HE WAS PREVIOUSLY ADMINISTRATOR
FOR THE REGION IN NEW YORK,
RESPONSIBLE FOR MEDICARE AND THE
FEDERAL SHARE OF MEDICAID, STATE
CHILDREN'S HEALTH INSURANCE
PROGRAMS FOR NEW YORK, NEW
JERSEY, PUERTO RICO, AND THE
U.S.

VIRGIN ISLANDS.

PLEASE JOIN ME IN WELCOMING MR.

KERR, JIM, TO OUR CONFERENCE
THIS MORNING.

[APPLAUSE]

>> THANK YOU, JULIE.

IT'S REALLY GREAT TO BE HERE IN
DALLAS TODAY.

AS JULIE MENTIONED, I'M THE
CONSORTIUM ADMINISTRATOR FOR
C.M.H.P.O.,

AND, AS SHE ALSO MENTIONED, AND
THE NEW YORK ACCENT WOULD HAVE
GIVEN IT AWAY, I WORK OUT OF NEW
YORK.

BUT I HAVE 10 ASSOCIATE REGIONAL
ADMINISTRATORS FOR HEALTH PLANS
OPERATIONS, ONE IN EACH REGION,
AND THEY MANAGE THE STAFF THAT
YOU INTERACT WITH ON A DAILY
BASIS IN THEIR ACCOUNT

MANAGEMENT FUNCTIONS.

WHILE OUR C.M.S.

BALTIMORE STAFF ARE THE POLICY
FOLKS FOR PART C AND PART D,
C.M.H.P.O.

IS THE C&D OPERATIONAL ARM OF
THE AGENCY, AND IS ORGANIZED
AROUND 3 KEY AREAS OF
RESPONSIBILITY.

THE MOST IMPORTANT ONE FOR
COMPLIANCE--ALTHOUGH

THEY'RE ALL IMPORTANT--IS

HEALTH AND DRUG PLAN MONITORING.

WE SERVE AS THE FRONT-LINE

REGULATORS OF HEALTH AND DRUG
PLANS THROUGH, AGAIN, OUR
ACCOUNT MANAGEMENT
RESPONSIBILITIES, WHICH INCLUDE
DAY-TO-DAY

OVERSIGHT, MARKET SURVEILLANCE,
AUDITING, MARKETING MATERIAL
REVIEW AND FIRST-LEVEL

COMPLIANCE OF MEDICARE ADVANTAGE
ORGANIZATIONS AND THE
PRESCRIPTION DRUG PLANS.

WE ALSO HAVE A RESPONSIBILITY
FOR CASEWORK, AS I THINK YOU
PROBABLY KNOW, AND THAT CASEWORK
INFORMS OUR ACCOUNT MANAGEMENT
EFFORTS.

AND THE THIRD LEG OF OUR, UH,
RESPONSIBILITIES IS OUTREACH AND
EDUCATION, HELPING
BENEFICIARIES, THEIR ADVOCATES
AND PARTNERS, AND ACTIVE
STAKEHOLDERS UNDERSTAND THE
MEDICARE PROGRAM.

WE REALLY ARE THE EYES AND EARS
OF THE AGENCY, AND PROVIDE

SITUATIONAL AWARENESS FROM ALL
OF OUR VARIOUS INTAKE POINTS,
AND FUNNEL IT TO OUR LEADERSHIP
IN BALTIMORE AND WASHINGTON.

THE UNDERLYING THEME OF THIS
CONFERENCE IS "MORE."

WE HAVE HEARD OUR HEALTH AND
DRUG PLANS IN THEIR REQUESTS FOR
MORE INFORMATION, MORE ANSWERS
TO THEIR QUESTIONS, MORE ACCESS
TO C.M.S.

SUBJECT MATTER EXPERTS, AND
ESPECIALLY WE HEAR REQUESTS FROM
OUR PLANS WANTING TO KNOW MORE
ABOUT WHAT C.M.S.

CONSIDERS IMPORTANT.

WE CONSIDER IT ALL IMPORTANT.

WITH THAT CONCEPT OF "MORE" IN
MIND, OVER THE LAST COUPLE OF
YEARS WE HAVE ATTEMPTED TO
FACILITATE AND PROVIDE SPEAKERS
TO MORE HEALTH AND DRUG PLAN
CONFERENCES OUTSIDE THE
BALTIMORE BELTWAY.

BY HAVING CONFERENCES LIKE THE
TRI-REGIONAL

CONFERENCE THIS WEEK IN DALLAS,
OR OUR BI-REGIONAL

CONFERENCE IN NEW YORK NEXT
MONTH, OR THE ANNUAL ICE
CONFERENCE IN SAN FRANCISCO LATE
THIS FALL, WE ARE TRYING TO
PROVIDE MORE OPPORTUNITIES FOR
YOU AND YOUR COLLEAGUES TO
BETTER UNDERSTAND PROGRAM
ASPECTS AND ACHIEVE A LEVEL OF
COMPLIANCE THAT EXCEEDS OUR
EXPECTATIONS AND PROVIDES ADDED
VALUE TO OUR BENEFICIARIES.

THESE CONFERENCES ARE INTENDED
TO COMPLEMENT AND REINFORCE THE
THEMES OF OUR BALTIMORE

CONFERENCES AND GIVE YOU MORE OPPORTUNITIES TO INTERACT WITH US AS AN AGENCY.

WITH THAT IN MIND, SOME OF THE POINTS YOU'LL BE HEARING OVER THE COURSE OF THE NEXT 2 DAYS SHOULD NOT BE ENTIRELY NEW TO YOU.

HOWEVER, WE FEEL SOME POINTS ARE EXTREMELY IMPORTANT TO MAKE AND MAKE AGAIN, BECAUSE WE HAVE EVIDENCE THAT OUR SHARED OBJECTIVES ARE NOT ALWAYS BEING MET.

FROM MY PERSPECTIVE, COMPLIANCE NEEDS TO START AT THE TOP OF YOUR ORGANIZATION AND HAS TO BE INGRAINED IN YOUR COMPANY CULTURE, AND EACH OF YOU IN THIS ROOM ARE ESSENTIAL TO MAKING THAT HAPPEN.

HAVING PLANS AND PROCEDURES IN PLACE THAT OUTLINE A COMPLIANCE PROGRAM IS A GREAT WAY TO START, BUT THERE IS MUCH MORE TO COMPLIANCE THAN PROCEDURES AND MANUALS.

WHILE ALL OF OUR HEALTH AND DRUG PLANS HAVE AFFIRMED THAT THEY HAVE A POLICY-MAKING

BODY THAT EXERCISES AUTHORITY OVER PLAN OPERATIONS, SOME HAVE OWNERSHIP AND MANAGEMENT RELATIONSHIPS THAT MAY BE INSUFFICIENT FOR ENSURING COMPLIANCE WITH MEDICARE RULES AND REGULATIONS.

WE CONSIDER ORGANIZATIONS SUCH AS THESE WORTHY OF FURTHER EXAMINATION.

IN THE COURSE OF THE LAST 3 MONTHS, WE HAVE LOOKED AT SOME OF THESE ORGANIZATIONAL ARRANGEMENTS MORE CLOSELY, AND

IT HAS US SOMEWHAT CONCERNED.

WHILE I'M NOT SAYING THAT ANY OF THESE ORGANIZATIONS ARE SUBSTANTIALLY DEFICIENT, SUCH MANAGEMENT AND OPERATIONAL RELATIONSHIPS DO RAISE SERIOUS QUESTIONS, SUCH AS: WHAT SYSTEMS ARE IN PLACE FOR EMPLOYEES TO BRING POTENTIAL CONFLICTS OF INTEREST TO THE ATTENTION OF THE MEDICARE COMPLIANCE OFFICE?

HOW DOES THE ORGANIZATION ENSURE RELATIONSHIPS WITH ITS DOWNSTREAM ENTITIES DO NOT VIOLATE ANTI-KICKBACK

LAWS?

HOW OFTEN DOES THE BOARD DIRECTORS AND THE COMPLIANCE COMMITTEE MEET?

ARE MINUTES TAKEN, AND ARE OPERATIONAL DEFICIENCIES AT THESE MEETINGS ADDRESSED?

YOU'VE HEARD US SAY IT MANY, MANY TIMES, THAT C.M.S.

CONSIDERS COMPLIANCE ESSENTIAL.

IT HAS TO BE, BECAUSE COMPLIANCE PROVIDES A BASIC PROTECTION FOR OUR BENEFICIARIES THAT IS OUR JOB AS FEDERAL REGULATORS.

JUST AS YOU ARE HELD ACCOUNTABLE BY YOUR OWNERS OR SHAREHOLDERS, JUST AS WE HOLD YOU ACCOUNTABLE FOR MEETING ALL OF THE REQUIREMENTS OF YOUR CONTRACTS, WE ARE HELD ACCOUNTABLE BY OUR C.E.O.

AND BOARD OF DIRECTORS--THE

PRESIDENT, CONGRESS, AND THROUGH THEM, THE AMERICAN TAXPAYER--TO

PROTECT MEDICARE BENEFICIARIES.

NOW, IF YOU HAVE BEEN READING THE PAPERS OVER THE LAST FEW MONTHS, YOU KNOW THAT WE'VE TAKEN SOME ENFORCEMENT ACTIONS, AND I'M HERE TO TELL YOU THAT WE WILL CONTINUE TO DO THOSE WHERE NECESSARY, BUT IT IS NOT OUR GOAL TO DENY YOUR APPLICATIONS, TO LEVY CIVIL MONETARY PENALTIES, TO IMPLEMENT ENROLLMENT SUSPENSIONS, OR WORST OF ALL, CONDUCT PLAN TERMINATIONS.

THESE ACTIVITIES SHED AN UNFAVORABLE LIGHT ON WHAT WE CONSIDER TO BE A VERY VALUABLE PROGRAM FOR 29 MILLION MEDICARE BENEFICIARIES.

THEY ALSO HAVE THE POTENTIAL TO BE DISRUPTIVE TO OUR BENEFICIARIES.

BUT MAKE NO MISTAKE ABOUT IT, WE WILL TAKE SUCH ENFORCEMENT ACTIONS QUICKLY TO PROTECT OUR BENEFICIARIES.

WE ARE IN THE 5TH YEAR OF THE MEDICARE PART D PROGRAM, AND IN THE--I'VE

EVEN LOST COUNT OF HOW MANY YEARS IN THE MEDICARE PART C CONTRACT, AND IT'S REALLY OUR EXPECTATION AT THIS POINT THAT PLANS SHOULD BE GETTING IT RIGHT.

WHILE WE'RE NOT RELUCTANT TO TAKE DRAMATIC STEPS TO PROTECT THE INTEGRITY OF MEDICARE ADVANTAGE AND MEDICARE PART D, WHAT WE'RE REALLY GOING FOR HERE IS WE WANT TO GET TO THE EARLY DETECTION AND TIMELY PLAN CORRECTION SO WE ACHIEVE COMPLIANCE AND AVOID ENFORCEMENT ACTIONS, BUT THAT'S UP TO YOU.

WE WANT PLANS TO BE MORE
PROACTIVE SO WE DON'T HAVE TO BE
REACTIVE.

ACHIEVING COMPLIANCE IS NOT AN
EASY TASK, AND WE RECOGNIZE THAT
THERE WILL BE TIMES WHEN THINGS
DON'T GO RIGHT.

THAT'S WHY IT'S IMPORTANT AS AN
ORGANIZATION THAT YOU CLOSELY
MONITOR YOUR INTERNAL DATA,

WHETHER IT'S APPEALS DATA,
C.T.M.

METRICS, OR GRIEVANCE
STATISTICS, AND DIG DEEP TO
IDENTIFY FUNDAMENTAL BREAKDOWNS
THAT HAVE A POTENTIAL TO
SIGNIFICANTLY IMPAIR BENEFICIARY
ACCESS TO SERVICES.

AFTER YOU DETERMINE "WHAT DO I
NEED TO DO IMMEDIATELY TO FIX
THE PROBLEM?,"

DISCOVER WHY IT OCCURRED AND
WHAT WERE THE ROOT CAUSES, SO
THAT YOU CAN MAKE SURE IT
DOESN'T HAPPEN AGAIN.

IT'S ALL ABOUT GETTING TO THE
"WHY" AND ASSURING THAT THESE
PROBLEMS WILL NOT RECUR.

IF YOU'RE NOT LEADING YOUR PLAN
TO DO THIS ON A ROUTINE BASIS
AND MAKING NECESSARY
CORRECTIONS, NEITHER YOUR PLAN
NOR YOU AS A COMPLIANCE OFFICER
ARE MEETING OUR EXPECTATIONS.

BUT THERE IS MORE.

WE ALSO EXPECT YOU TO BE TAKING
ACTION THAT WILL PREVENT
COMPLIANCE ISSUES.

TO DO THIS EFFECTIVELY,
COMPLIANCE OFFICERS NEED TO BE
WELL VERSED IN THE QUALITY

CHECKS NEEDED TO ENSURE THEIR PLANS ARE BEING MARKETED APPROPRIATELY, AND THAT PLAN BENEFITS ARE BEING ADMINISTERED AS DETAILED IN YOUR BID.

THEY ALSO NEED TO BE PROACTIVE AND INITIATE ANALYSES IN AREAS OF HIGH RISK EVEN BEFORE PROBLEMS SURFACE, SUCH AS IN THE LOADING OF L.I.S.

INFORMATION INTO PLAN SYSTEMS OR THE RECONCILIATION OF ENROLLMENT TRANSACTIONS.

THEY NEED TO BE MINDFUL OF KEY H.P.M.S.

MEMORANDA, DUE DATES, AND CHANGES IN POLICY, AND LASTLY, THEY NEED TO EXHIBIT A COMMITMENT TO QUALITY.

THAT MEANS ENSURING YOUR ORGANIZATION CONDUCTS CHECKS AND SOMETIMES RE-CHECKS

TO MAKE SURE THAT THE DATA THAT COMES TO YOUR ORGANIZATION IS PROPERLY HANDLED AND THE DATA THAT LEAVES YOUR ORGANIZATION IS ACCURATE.

OVER THE PAST 18 MONTHS, C.M.S.

HAS BEEN RECEIVING AN INCREASED NUMBER OF SECURITY BREACHES SELF-DISCLOSED

BY PLANS AND, IN SOME CASES, BY THE MEDIA.

A SIGNIFICANT NUMBER OF THESE APPEAR TO HAVE OCCURRED DUE TO ERRORS AT YOUR VARIOUS DOWNSTREAM ENTITIES.

IN OUR POST-H.E.P.A.

ENVIRONMENT AND WITH IDENTITY THEFT ON THE RISE, IT IS

ESSENTIAL YOU TAKE THE NECESSARY
STEPS TO SECURE CURRENT AND
FORMER MEMBERS' PROTECTED
INFORMATION.

WHEN YOU FAIL TO DO THIS, WE SEE
IT AS AN INDICATION OF POOR
OVERSIGHT AND WEAK INTERNAL
CONTROLS.

AS MORE AND MORE ORGANIZATIONS
COME TO RELY ON 3RD-PARTY

VENDORS, EFFECTIVE INTERNAL
CONTROLS ARE INDEED ESSENTIAL,
WHETHER IT'S YOUR CLAIMS
PROCESSING CONTRACTOR OR AN
INDIVIDUAL AGENT IN A FIELD
MARKETING ORGANIZATION THAT
SELLS YOUR PRODUCT.

WE AT C.M.S.

DO NOT DISTINGUISH BETWEEN YOU,
YOUR P.B.M.,

OR YOUR CONTRACTORS.

AN ERROR MADE BY YOUR P.B.M.

IS YOUR ERROR, AND SO YOU NEED
TO MAKE SURE ISSUES ARE REPORTED
FROM YOUR CONTRACTORS TO YOU,
AND YOU NEED TO HAVE INTERNAL
CONTROLS WITH YOUR CONTRACTORS.

IN THE PAST YEAR, WE'VE SEEN
INSTANCES WITH PLAN SPONSORS
REPORT ISSUES POTENTIALLY CAUSED
BY A P.B.M.

THAT ARE NOT REPORTED TO OTHER
ORGANIZATIONS THAT USED THE SAME
P.B.M.

FOR THE SAME FUNCTION.

WE FOUND THAT SOME PROBLEMS
AFFECT MULTIPLE ACCOUNTS, AND
SOME PARENT COMPANIES KNOW
NOTHING ABOUT IT UNTIL WE TELL

THEM.

THAT IS COMPLETELY UNACCEPTABLE.

IN ADDITION, IN THE LAST 6 MONTHS OR SO WE'VE SEEN INSTANCES OF PART D BENEFICIARY ACCESS ISSUES, AND SO I'D LIKE TO DISCUSS A FEW OF THEM IN GREATER DETAIL.

NUMBER ONE IS THE FAILURE TO ADHERE TO C.M.S.

AND YOUR OWN C.M.S.-APPROVED

TRANSITION POLICIES.

PLANS ARE EXPECTED TO IMPLEMENT AN EFFECTIVE POLICY DESIGNED TO PREVENT ADVERSE CONSEQUENCES RESULTING FROM ENROLLED BENEFICIARIES NOT BEING ABLE TO OBTAIN NEEDED MEDICATION AT THE POINT OF SALE.

THIS MEANS WORKING AGGRESSIVELY TO EFFECTUATE A MEANINGFUL TRANSITION FOR NEW ENROLLEES, BENEFICIARIES IN LONG-TERM

CARE FACILITIES, AND CURRENT ENROLLEES AFFECTED BY FORMULARY CHANGES ONE YEAR TO THE NEXT.

NUMBER 2, INAPPROPRIATE PRIOR AUTHORIZATION OF STEP THERAPY REQUIREMENTS.

AS YOU KNOW, PRIOR AUTHORIZATION OF STEP THERAPY REQUIREMENTS CANNOT BE IMPLEMENTED TO STEER BENEFICIARIES TO PREFERRED ALTERNATIVES.

AND NUMBER 3, USE OF UNAPPROVED UTILIZATION MANAGEMENT EDITS AND FAILURE TO ADHERE TO C.M.S.'S

6 PROTECTED CLASSES.

NO UTILIZATION MANAGEMENT EDITS

ARE PERMITTED FOR
ANTI-RETROVIRALS.

FOR THE OTHER 5, P.A.

AND STEP THERAPY REQUIREMENTS
MUST BE LIMITED TO NEW STARTS
ONLY.

WHEN SUCH ISSUES ARE IDENTIFIED
THROUGH BENEFICIARY COMPLAINTS,
ALL PLANS HAVE QUICKLY ADDRESSED
THE INDIVIDUAL BENEFICIARIES'
ISSUES, BUT WE EXPECT MORE.

WE EXPECT EACH PLAN TO GET TO
THE "WHY" AND QUICKLY MAKE ANY
NECESSARY SYSTEMIC FIXES SO THE
PROBLEM DOES NOT RECUR.

I CAN'T UNDERSCORE ENOUGH THE
IMPORTANCE OF APPROPRIATE
DISCLOSURE AND CONTACT WITH YOUR
ACCOUNT MANAGER.

WHILE WE NEVER LIKE TO SEE PLAN
ISSUES, I CAN ASSURE YOU THAT WE
VIEW THE ONES WE FIND MORE
SERIOUSLY THAN THE ONES YOU
REPORT.

WORK PROACTIVELY WITH US TO
RESOLVE ISSUES AND DON'T BE
AFRAID TO SEEK THE TECHNICAL
ASSISTANCE THAT YOU NEED.

THERE ARE APPROXIMATELY 29
MILLION MEDICARE BENEFICIARIES
RELYING ON US.

C.M.S.

AND OUR PARTNERS IN THIS ROOM,
YOUR MEMBERS AND C.M.S.

HAVE HIGH EXPECTATIONS FOR YOU.

GETTING IT RIGHT THE FIRST TIME
YIELDS THE RETURNS WE NEED, BUT
DOING SO REQUIRES ENERGY AND
EFFORT WITH A COMMITMENT TO
INVEST IN SYSTEMS AND PEOPLE

WITHOUT CUTTING ANY CORNERS.

AT THE END OF THIS CONFERENCE,
KNOWING YOUR PLANS' OPERATIONS
INTIMATELY AND BETTER
UNDERSTANDING OUR EXPECTATIONS,
I'D LIKE YOU TO ASK YOURSELF ONE
SIMPLE QUESTION: IS YOUR PLAN,
AND THE PLANS THAT YOUR COMPANY
SELLS, GOOD ENOUGH FOR YOU, YOUR
FRIENDS, AND YOUR LOVED ONES?

IF THE ANSWER IS "NO," THEN YOU
HAVE MORE WORK TO DO, BECAUSE
YOUR COMPANY AND YOU HAVE AN
UPHILL CHALLENGE TO MEET OUR
EXPECTATIONS.

WITH THAT SAID, I WANT TO TAKE A
MOMENT TO THANK YOU FOR BEING
HERE FOR THIS CONFERENCE.

AS JULIE SAID, WE RECOGNIZE
YOU'VE TAKEN TIME OUT OF YOUR
BUSY DAYS TO BE WITH US HERE
TODAY AND TOMORROW, AND YOUR
ATTENDANCE DEMONSTRATES THAT YOU
ARE COMMITTED TO MEETING C.M.S.

REQUIREMENTS, AND THAT YOU SHARE
OUR VISION FOR INSURING MEDICARE
BENEFICIARIES RECEIVE
HIGH-QUALITY

HEALTH CARE.

THROUGHOUT THE CONFERENCE,
YOU'RE GOING TO BE HEARING
SUBJECT MATTER EXPERTS GIVE YOU
SOME GOOD ADVICE ABOUT
ENROLLMENT, SURVEILLANCE,
COMPLIANCE, COMPLAINTS, AND
OVERALL GOOD PRACTICES THAT YOUR
ORGANIZATION SHOULD FOLLOW.

I HOPE THAT YOUR COMMITMENT WILL
CONTINUE BEYOND TODAY, AND THAT
YOU WILL CHALLENGE YOUR
ORGANIZATION TO EXPLORE NEW AND
INNOVATIVE WAYS FOR YOUR COMPANY
TO EXCEED C.M.S.

EXPECTATIONS .

THANK YOU, AND ENJOY THE
CONFERENCE .

[APPLAUSE]

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