



Audits, Compliance and Enforcement Lessons Learned

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Today's Presentation

- Audits Update
 - Performance audits
 - Compliance audits
 - Best Practices
- Sanctions & Enforcement
 - Lessons Learned
- Questions

On-Site Audits - Overview

Discussion points

- Key findings – 2010 and 2011
- Feedback
- Changes to 2011 process
- The Future

On-Site Audits - Overview

Numbers:

- 33 on-site audits conducted 2010, 11 in 2011 (so far!)
- Covered 50 - 60% of all enrolled in MA and PDPs – both years

Audit Review Areas:

- Formulary Administration (Transition, Utilization Management, Protected Class Drugs)
- Prescription Drug Coverage Determinations, Appeals, Grievances
- Premium Billing/Enrollment/Disenrollment (2010)
- Agent/broker licensure, testing, training (2011)
- Compliance Plan

On-Site Audits - Overview

Methodology for choosing which plans to audit:

- Based on risk assessment
- December 2010 HPMS memo from Cynthia Tudor
- Same as used for past performance determinations
 - Eleven indicators
- Enrollment size
- Referrals from Regional offices

On-Site Audits – Key Findings

Formulary Administration:

- No Transition fills provided – new and/or continuing enrollees
- Access to protected class drugs

Coverage Determinations, Appeals & Grievances: (CDAG)

- Not identifying coverage determinations correctly
- Timeliness
- Resolving grievances appropriately
- Documentation

On-Site Audits – Key Findings

Agent / Broker

- OEV Calls
- Complaints

Compliance

- Lack of sufficient leadership level/Board level involvement, awareness, oversight and support of compliance functions
- FDR Oversight

Feedback for CMS

Feedback focused on process...

- Not enough time
- Requested information overly burdensome
- Auditor “behavior”
- More transparency and information regarding expectations
- Availability of Audit guides
- Ability to respond/dispute
- Listening sessions held with industry associations and sponsors (AHIP and BCBS Association)
- Where are the reports??

Changes to the 2011 Process

CMS responded to your feedback...

- Extended the time between notice and audit
- Requested significantly less information
- Instituted SFTP process
- Changes to make up of audit team
- Where are the reports??

Validation Process

- Required evidence of correction and quantifiable, observable measurement of compliant outcomes (e.g., review of period of rejected pharmacy claims)
- Sponsors conduct self-validation process at same time with a particular universe and attests to results
- Failure thresholds and validation process given to sponsors
- What will validation look like for 2011 and beyond?

The Future

Michelle's predictions...



Sanctions & Enforcement

2010 Enforcement Actions:

- Based in part, or all, on audit results
- One Termination
- Five Marketing/Enrollment sanctions
- Two had issues related to marketing misrepresentation
- Four of five had formulary admin issues
- Ineffective compliance programs at all sanctioned organizations

Sanctions & Enforcement

What can you learn from the CEO of a health plan under sanction?

- Don't just kick the tires
- Trust but verify
- Don't be the last to know
- Encourage reporting of issues

Best Practices



- **Formulary Administration**
 - review rejected claims files
 - Pull a 2 week universe, look for problems
 - Make sure those claims that are rejecting, are doing so properly
- **CDAG**
 - Same thing – pull a universe
 - Check for documentation, timestamps, timeliness of processing
 - Pull the grievance log. Make sure grievances are resolved
 - Make sure Coverage determinations are identified appropriately

Best Practices

- Agent/Broker
 - Record all OEV calls!
 - Investigate complaints thoroughly, and document (don't automatically side with agent, over the beneficiary)
- Compliance
 - Board Agenda includes compliance as standing agenda item
 - Board minutes detailed and reflect discussion and resolution of compliance issues
 - Meet regularly with leaders of FDR's (especially your PBM) and hold them accountable

Best Practices

Compliance, continued....

- CO does not report to GC/CFO
- Publicize (de-identified) disciplinary actions (transparency changes behavior)
- Create quantifiable metrics for compliance (where you are and whether improvements made)
- Business leaders held accountable for compliance results (performance evaluations, incentives, etc)

Wrap Up

For Enforcement Letters

www.CMS.gov/MCRAAdvPartDEnrolData/EL/list.asp

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