

CENTERS FOR MEDICARE & MEDICAID SERVICES

GENERAL SESSION: CMS Update


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Medicare Parts C and D Oversight and Enforcement Group (MOEG)
Center for Medicare (CM)
January 31, 2017

Objectives

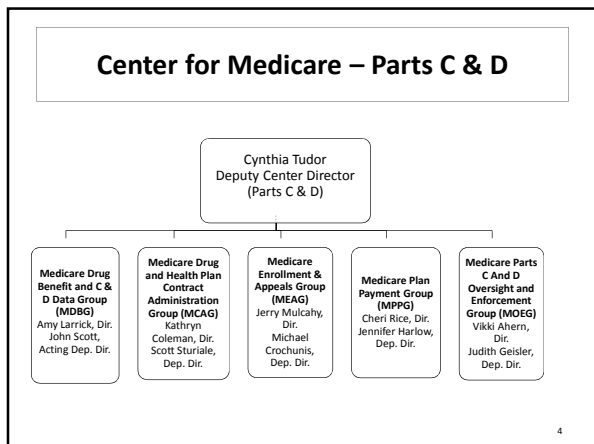
1. Understand the organizational structure, mission, and vision of the Medicare Parts C and D Oversight and Enforcement Group
2. Increase knowledge of CMS' Parts C and D program audit cycle, process, protocols, reports, and dissemination of results
3. Learn about ways in which CMS educates and collaborates with the industry
4. Understand why enforcement actions for program audits and excessive Part D auto-forwarding are taken and the methodology for civil money penalties (CMP)
5. Learn about other initiatives underway and Best Practices

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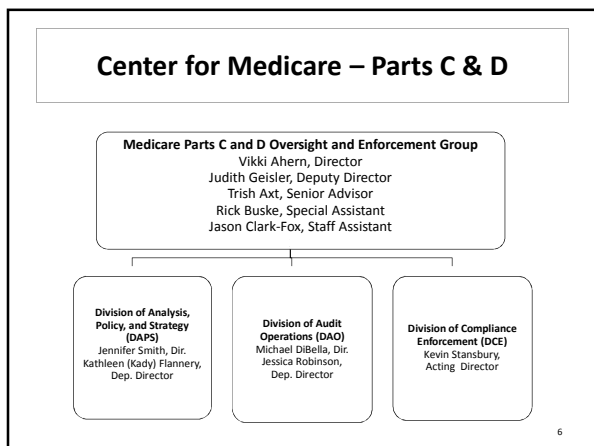
Center for Medicare – Organization

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graph TD; A[Vacant Dep. Administrator and Center Director] --> B[Liz Richter Dep. Center Director (Fee-For-Service)]; A --> C[Dr. Jeffrey Kelman Medical Officer]; A --> D[Cynthia Tudor Dep. Center Director (Parts C and D)];
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Audits

Audit Cycle
<ul style="list-style-type: none">• Audit approach redesign: 2010• First cycle: 2010 – 2014<ul style="list-style-type: none">– Audited 49% of sponsors/parent organizations– Covered 96% of all Parts C and D enrolled beneficiaries• Second cycle: 2015 - present<ul style="list-style-type: none">– Audited about 40% of sponsors/parent organizations– Covered 76% of all Parts C and D enrolled beneficiaries at the end of 2016• 2017 Audits: the first routine engagement letters to initiate audits will be sent beginning February 21, 2017 for audit start dates in early April.
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Audit Process Phases
<p>Four Phases to an Audit:</p> <ul style="list-style-type: none">– Audit Engagement and Universe Submission (weeks 1 – 6)– Audit Fieldwork (weeks 7-8/9)– Audit Reporting (weeks 8/9-21)– Audit Validation and Close Out (weeks 22 – 48) <p>2017 Program Audit Process Overview is posted on our webpage https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/ProgramAudits.html</p>
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Audit Process Timeline

**Audit
Engagement
and Universe
Submission**

- Weeks 1-6**
 - Engagement Letter
 - Universe Submission
 - Universe Validation
- Enhancements/Changes**
 - Sponsor disclosures – mitigating factor
 - Audit submission checklist with issuance of engagement letter
 - All universes submitted in Health Plan Management System (HPMS), not SFTP

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Audit Process Timeline

**Audit
Fieldwork**

- Weeks 7-8/9**
 - Entrance Conference
 - Webinar Audit
 - Onsite Review of Compliance Program (as applicable) & Issuance of Preliminary Draft Audit Report
 - Exit Conference
- Enhancements/Changes**
 - Remodeled Compliance Program Effectiveness (CPE) approach and protocol

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Audit Process Timeline

**Audit
Reporting**

- Weeks 9/10-21**
 - Notification of Immediate Corrective Action Required (ICAR)
 - Draft report issuance
 - Sponsor response to draft report
 - Final report issuance
- Enhancements**
 - Increased time to submit root cause summaries from 24 hours to 48 hours
 - Increased time to produce impact analysis from 5 business days to 10 business days
 - Use of Program Audit Consistency Teams (PACT) to ensure consistency in classifying audit conditions across audits

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Audit Process Timeline

**Audit
Validation and
Close Out**

Weeks 22-48

- Sponsor CAP submission
- CMS review and acceptance of CAP Sponsor Validation Audit
- Audit Close Out

Enhancements

- Listening session with the industry to obtain feedback and comments on the independent auditor selection and process

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Audit Protocols

Paperwork Reduction Act Process

- 2017 Protocols went out for comment in June 2016 as part of the Paperwork Reduction Act
- We received 570 comments
- Second comment period closed December 5, 2016
- Final protocols pending Office of Management and Budget (OMB) approval

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2017 CPE Audit Protocol

Significant changes to make the protocols more effective

- Three audit elements:
 - Prevention controls and activities
 - Detection controls and activities
 - Correction controls and activities
- Universes/record layouts:
 - Three new questionnaires for on-site interviews with sponsor’s senior personnel
 - Eliminated fraud, waste, and abuse monitoring (FWAM) universe
 - Both compliance and fraud, waste, and abuse issues and activities conducted during the audit period should be included in the first tier entity auditing and monitoring (FTEAM), internal auditing (IA), and internal monitoring (IM) record layouts

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2017 CPE Audit Protocol (continued)

- Tracer evaluation:
 - Tracer method to evaluate implementation of applicable compliance requirements
 - Sample of six cases to trace the sponsor’s response to compliance issues
 - Tracer case = customized tracer summary PowerPoint + supporting documentation

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Annual Report

- The 2015 Annual Report was released on September 6, 2016 and covers a variety of audit-related information:
 - The most common conditions seen during 2015 audits
 - Audit scores by various organizational characteristics, including enrollment size, program experience, and tax status

https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/Downloads/2015_C_and_D_Program_Audit_and_Enforcement-Report.pdf

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Frequently Cited Common Conditions

Compliance Program Effectiveness

- Sponsor did not have an effective system to monitor first tier, downstream related entity (FDR) compliance with Medicare program requirements.
- Sponsor did not establish and implement a formal risk assessment and an effective system for routine monitoring and auditing of identified compliance risks.

Formulary Administration

- Sponsor failed to properly administer its CMS-approved formulary by applying unapproved quantity limits.
- Sponsor failed to properly administer the CMS transition policy.
- Sponsor improperly effectuated prior authorizations or exception requests.

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Frequently Cited Common Conditions (continued)

Part D Coverage Determinations, Appeals, and Grievances (CDAG) and Part C Organization Determinations, Appeals, and Grievances (ODAG)

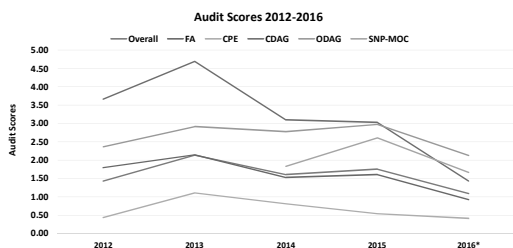
- Denial letters did not include adequate rationales, contained incorrect/incomplete information specific to denials, or were written in a manner not easily understandable to enrollees.
- Sponsor did not demonstrate sufficient outreach to prescribers or beneficiaries to obtain additional information necessary to make appropriate clinical decisions.

Special Needs – Model of Care (SNP-MOC)

- Sponsor did not provide evidence that it developed individualized care plans (ICP) for beneficiaries.

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Average Audit Scores 2012-16



*This average is based on final audit reports issued as of 12/20/16. As the remaining 2016 audit reports are finalized, the 2016 average score will change.

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CMS Education Efforts and Collaboration with Sponsors

- Posting the protocols and other pertinent information on the web
- Annual Report
- Updated Guidance
- Job Aids
- Conferences

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Enforcement Actions

Enforcement Actions

- CMS detects sponsor non-compliance through monitoring and auditing. Serious or sustained non-compliance can result in an enforcement action.
- Enforcement actions include:
 - CMPs
 - Intermediate sanctions (suspension of enrollment, marketing, or payment)
 - CMS for-cause terminations

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Enforcement Actions

- CMPs are the most common enforcement action
 - Majority of CMPs issued are based on referrals from program audits
 - Some CMPs are issued for errors related to plan benefit information in ANOC/EOC documents
 - In 2017, CMPs will be issued for high rates of auto-forwarding cases to the Independent Review Entity (IRE)
 - Other CMPs are issued based on referrals of non-compliance

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Release of CMP Methodology

- Proposed CMP methodology released on September 13, 2016
- Received 94 comments from 19 submitters
- Released final CMP methodology on December 15, 2016
- CMS will begin applying this methodology in 2017

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CMP Methodology Highlights

- CMS will apply a standard penalty amount for each deficiency
- Amounts will be calculated on a “per determination” or “per enrollee” basis
 - “Per determination” penalties will be multiplied by the number of affected contracts
 - “Per enrollee” penalties will be multiplied by the number of enrollees affected
- Amounts may be adjusted based on aggravating factors contributing to the deficiency
- Maximum penalty amounts/limits - enrollment based maximum limits are applied for each violation

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CMP Methodology

The complete methodology is posted at:
<https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/PartCandPartDEnforcementActions-.html>

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Other Initiatives and Best Practices

Provider Network Accuracy (PNA)

- A collaborative initiative between MOEG and MCAG piloted in 2016 and 2017.
- The PNA review consists of two phases. MCAG conducts the phase 1 review and MOEG conducts the phase 2 review.
- Results for 2016 will be released to sponsors in early 2017.
- The 2017 phase 2 review will begin in February.

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Industry-Wide Appeals Timeliness Monitoring

- Beginning January 9, 2017, CMS began issuing requests for sponsors' timeliness data:
 - Select ODAG and CDAG universes
 - Sponsor compliance with forwarding cases to the IRE
- Assess the completeness of the data at the IRE across all contracts
 - Results may be considered in the Star Ratings data integrity review process

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Best Practices

Suggestions for improved performance

- Conduct risk assessments to identify areas of weakness and institute corrective actions upon detection
- Internal auditing, tracking of corrective actions, and reporting results to your Compliance Committee
- Management and staff held accountable for compliance results (performance evaluations, incentives, etc.)

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**Best Practices
(continued)**


- Practice pulling universes. Then practice some more.
- Include FDRs that work on audit-related areas in your practice sessions.
- Conduct mock audits, including “driving” during the webinars.
- Collaborate with your peers in other organizations!

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Contact Us

- **Audit mailbox:**
part_c_part_d_audit@cms.hhs.gov
- **Compliance mailbox:**
Parts_C_and_D_CP_Guidelines@cms.hhs.gov
- **Part C and Part D Compliance and Audits website:**
<https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/index.html>

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Thank you!
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