



CENTER FOR MEDICARE

---

August 06, 2021

**Corrective Action Plan**

Contract ID: S5805, S5820, S8841

Parent Organization Name: UnitedHealth Group, Inc.

Legal Entity Name: UNITEDHEALTHCARE INSURANCE COMPANY OF NEW YORK,  
UNITEDHEALTHCARE INSURANCE COMPANY, OPTUM INSURANCE OF OHIO, INC.

Katherine Tarvestad  
Medicare Compliance Officer  
9800 Health Care Lane  
Minnetonka, MN 55343

VIA EMAIL: [compliance\\_officer@uhc.com](mailto:compliance_officer@uhc.com)

**Re: Failure to Accurately Adjudicate Claims at Point of Sale**

Dear Katherine Tarvestad:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for UNITEDHEALTHCARE INSURANCE COMPANY OF NEW YORK, UNITEDHEALTHCARE INSURANCE COMPANY, OPTUM INSURANCE OF OHIO, INC., which operate Medicare Part D S5805, S5820, S8841, to develop and implement a corrective action plan (CAP). Specifically, CMS requests that UnitedHealth Group address its failure to comply with requirements to give Part D enrollees access to negotiated prices and to accurately adjudicate claims at point of sale.

Part D program regulations at 42 CFR § 423.104(g) require Part D sponsors to provide Part D plan enrollees with access to negotiated prices for covered Part D drugs at all phases of the benefit. “Negotiated prices” are, among other things, the prices a Part D plan sponsor and a network pharmacy have agreed the pharmacy will receive, in total, for a particular drug dispensed to the sponsor’s Part D plan members. 42 CFR § 423.100.

Part D Sponsors are further required by 42 CFR § 423.505(b)(17) to provide benefits via a point of sale system that adjudicates drug claims in a “timely and efficient manner in compliance with CMS standards.” This includes adjudicating the claims using the correct negotiated price in accordance with the contract between the sponsor and network pharmacy.

In January 2019, your organization began processing Part D claims for some of its Medicare networks using the prices negotiated for certain commercial pharmacy networks. This error continued for over 15 months. It was discovered on April 17, 2020 because of a pharmacy complaint to your pharmacy benefit manager (PBM), OptumRx. Your organization reported the problem to CMS on April 20, 2020, with a more thorough written report provided on May 1, 2020. The error affected several Part D contracts held

by UnitedHealth Group subsidiaries.

All classes of drugs and both brand name and generic drugs were affected by this error. The error resulted in pharmacies receiving both higher and lower negotiated prices for Part D drug claims than their contracts called for. Member cost sharing was calculated using the incorrect negotiated prices, resulting in both over- and under-payments by members at the point of sale. According to data you provided, 66,712 United members paid the incorrect amount for \$2,940,603 claims before the error was corrected. The total amount of overpayments was \$179,291.84 and the total amount of underpayments was \$520,527.40. Your organization informed CMS that it had refunded overpayments and attempted to collect all underpayments as of September 2020.

CMS requests that your organization take corrective action to come into compliance. CMS understands that you have reprocessed all affected claims, refunded overpayments, attempted to collect underpayments, and updated your claims adjudication systems to use the correct negotiated prices for Medicare pharmacy networks. CMS requests that you continue to take steps to ensure that this type of error does not occur in the future and that any errors are caught more quickly.

CMS notes that we are issuing this compliance notice based on information that we obtained from the sponsor's self-disclosure.

If you have any questions about this notice, please contact Michael Neuman at (410) 786-7069 or [michael.neuman@cms.hhs.gov](mailto:michael.neuman@cms.hhs.gov) and copy your account manager.

Sincerely,



Amy Larrick Chavez-Valdez, Director

Medicare Drug Benefit and C&D Data Group

CC via email:

GILBERT LARA, CMS  
Linda Anders, CMS  
Scott Nelson, CMS  
Michael Neuman, CMS