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March 04, 2022

**Corrective Action Plan**

Contract ID: H3362

Parent Organization Name: Independent Health Association, Inc.

Legal Entity Name: INDEPENDENT HEALTH ASSOCIATION, INC.

Nicole Britton  
Medicare Compliance Officer  
511 Farber Lakes Drive  
Buffalo, NY 14221

VIA EMAIL: [Nicole.Britton@independenthealth.com](mailto:Nicole.Britton@independenthealth.com)

**RE: Failure to Administer CY 2022 Benefit as Approved**

Dear Nicole Britton:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for INDEPENDENT HEALTH ASSOCIATION, INC., which operates Medicare Part D Contract ID H3362, to develop and implement a corrective action plan (CAP) to address the organization's failure to administer its contract year (CY) 2022 benefit as approved by CMS.

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 2022, 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 7, 2021 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.

Per 42 C.F.R. § 423.272 and Section 1860D-11 of the Social Security Act, CMS approves the proposed Part D bid and benefit plan only if the plan and the Part D sponsor offering the plan comply with all applicable CMS Part D requirements. Prescription drug plan, as defined in Part 423, means prescription drug coverage that is offered under a policy, contract, or plan that has been approved as specified in § 423.272 and that is offered by a PDP sponsor that has a contract with CMS that meets the contract requirements under subpart K of Part 423. Each Prescription Drug Plan (PDP) sponsor also agrees in its contract with CMS every year to provide Part D benefits as described in the PDP Sponsor's bid(s)

approved each year by CMS. This information can be found in Article II, Section B.1 of the CY 2022 PDP Contract. In CY 2022, for H3362's plans with a deductible, the submitted and approved PBP indicated tiers 1 and 2 were waived from the deductible and that a \$0 cost sharing would be applied for both tiers. This information was displayed on Medicare Plan Finder throughout open enrollment. As currently administered, affected beneficiaries are instead paying a \$15 copay for tier 2 prescriptions, or a \$3 copay for tier 1 prescriptions and a \$20 copay for tier 2 prescriptions, which is not in compliance with the benefit as approved by CMS.

CMS requests that your organization take corrective action to come into compliance by April 1, 2022. CMS will rely on H3362's system fix to adjudicate the Part D benefit in alignment with its approved bid to determine whether the CAP has been successfully implemented. Your organization will also be expected to refund beneficiaries that paid more in the first few months of the CY 2022 benefit year than they should have based on your approved bid. All refunds must be issued by May 31, 2022. CMS will consider the CAP closed once the Division of Formulary and Benefit Operations has determined that H3362's system fix demonstrates that it has effectively resolved the issues described above, and all affected beneficiaries have been issued refunds.

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

For questions regarding your bid, please contact the Part D Benefits mailbox at [PartDBenefits@cms.hhs.gov](mailto: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](mailto:Christine.Hill@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:

DUDLEY LAMMING, CMS  
Linda Anders, CMS  
Michael Neuman, CMS  
Christine Hill, CMS