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June 20, 2023

## REQUEST FOR CORRECTIVE ACTION PLAN

Contract ID: H3192

Parent Organization Name: CVS Health Corporation

Legal Entity Name: AETNA HEALTH OF MICHIGAN INC.

Patrick Jeswald  
Medicare Compliance Officer  
9501 E Shea Blvd.  
MC-016  
Scottsdale, AZ 85260

VIA EMAIL: MedicareCO@aetna.com

### RE: Ad-Hoc CAP failure to submit accurate Medical Loss Ratio data

Dear Patrick Jeswald:

The Centers for Medicare & Medicaid Services (CMS) is issuing this request for the development and implementation of a corrective action plan (CAP) to AETNA HEALTH OF MICHIGAN INC., which operates the Medicare Advantage-Prescription Drug (MA-PD) contract H3192, in response to their failure to comply with Medicare Part C and Part D requirements concerning the submission of accurate medical loss ratio (MLR) data.

Each year, each MA organization (MAO) and Part D sponsor must submit an MLR data form for each contract pursuant to §§ 422.2410(a), 422.2460, 423.2410(a), and 423.2460. MLRs must be calculated in accordance with 42 CFR §§ 422.2420 and 423.2420. Contracting organizations are required to maintain evidence of the amounts reported to CMS and to validate all data necessary to calculate the MLR. §§422.2480(b) and 423.2480(b).

In March 2023, your organization disclosed to CMS that it had submitted incorrect MLR data for the CY2020 reporting year. As a result, CMS has determined that your organization failed to comply with the requirement that contracting organizations submit accurate MLR data as required by §§ 422.2460 and 423.2460.

Consistent with §§ 422.510(c) and 423.509(c), CMS requests that your organization immediately develop and implement a CAP to ensure that it will submit accurate MLR data for future submission periods. Specifically, CMS expects your organization to develop a process for auditing its MLR data prior to submitting it to CMS that would include:

- Verification of the accuracy of the data used to calculate the CY2020 MLR, including verification of

amounts included in incurred claims, total revenue, expenditures on activities that improve healthcare quality, non-claims costs, taxes and licensing or regulatory fees, and any remittance owed to CMS under §§ 422.2410 and 423.2410.

- An assessment of the accounting principles used and significant estimates made by your organization and an evaluation of the reasonableness and accuracy of allocations of expenses to your organization from affiliated parties, and of allocations of expenditures that affect multiple lines of business, markets, or contracts to a specific line of business, market, or contract.

- A determination that the CY2020 MLR was calculated and reported in compliance with the relevant statutory accounting principles, the MLR regulations at 42 CFR Part 422, Subpart X, and 42 CFR Part 423, Subpart X, the CY2020 MLR Data Form Filing Instructions, and other applicable guidance.

CMS requests that your organization submit its audit process to CMS for review and comment within 30 days of the date of this notice to [MLRReport@cms.hhs.gov](mailto:MLRReport@cms.hhs.gov). CMS believes that the implementation of a CAP that includes the elements described above will enable your organization to promptly make the necessary improvements in its ability to accurately calculate its MLR and will enhance CMS' confidence in the information your organization provides during the next MLR data submission period.

CMS will consider your organization to have corrected the deficiencies identified in this notice when it next successfully submits accurate MLR data.

We appreciate your organization's prompt attention to this matter. Should your organization fail to come into compliance in a timely manner, CMS may consider taking enforcement actions in the form of intermediate sanctions (e.g., the suspension of marketing and enrollment activities) pursuant to our authority under Subpart O of Parts 422 and 423, or the issuance of a contract termination notice pursuant to Subpart K of Parts 422 and 423.

In issuing this CAP request, CMS considered that your organization did self-disclose this matter.

Please be aware that this letter will be included in the record of your organization's past Medicare contract performance, which CMS will consider as part of our review of any application for new or expanded Medicare Contracts your organization may submit. CMS deems this instance of noncompliance both a Part C and D issue. If you have any questions concerning this letter, please contact your CMS Account Manager.

Sincerely,



Amy Larrick Chavez-Valdez, Director

Medicare Drug Benefit and C&D Data Group

CC via email:

ELIZABETH HORN, MICHAEL MASSIMINI, CMS  
Michael Neuman, CMS,  
Arienne Spaccarelli, CMS

