



CENTER FOR MEDICARE

December 27, 2021

REQUEST FOR CORRECTIVE ACTION PLAN

Contract ID: H0571

Parent Organization Name: Chinese Hospital Association

Legal Entity Name: CHINESE COMMUNITY HEALTH PLAN

Greg Gertz
Medicare Compliance Officer
445 Grant Avenue
Suite 700
San Francisco, CA 94108

VIA EMAIL: greg.gertz@cchphealthplan.com

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

Dear Mr. Greg Gertz:

The Centers for Medicare & Medicaid Services (CMS) is issuing this request for the development and implementation of a corrective action plan (CAP) to CHINESE COMMUNITY HEALTH PLAN, which operates the Medicare Advantage-Prescription Drug (MA-PD) contract H0571, 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 C.F.R. §§ 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 June 2021, Chinese Hospital Association disclosed to CMS that it had submitted incorrect MLR data for the CY2018 reporting year. As a result, CMS has determined that Chinese Hospital Association 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 Chinese Hospital Association immediately develop and implement a CAP to ensure that it will submit accurate MLR data for future submission periods. Specifically, CMS expects Chinese Hospital Association 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 Chinese Hospital Association and an evaluation of the reasonableness and accuracy of allocations of expenses to Chinese Hospital Association 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 CY 2020 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 CY 2020 MLR Data Form Filing Instructions, and other applicable guidance.

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

CMS will consider Chinese Hospital Association 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 Chinese Hospital Association did self-disclose this matter.

If you have any questions about this matter, please contact your CMS account manager.

Sincerely,



Amy Larrick Chavez-Valdez, Director

Medicare Drug Benefit and C&D Data Group

CC via email:

CELIA XU, CMS
Michael Neuman, CMS
Amir Familmohammadi, CMS