



CENTER FOR MEDICARE

CORRECTIVE ACTION PLAN REQUEST

June 10, 2021

Contract ID: S5596

Parent Organization Name: Anthem Inc.

Legal Entity Name: ANTHEM INSURANCE COMPANIES, INC.

Michelle Turano
Medicare Compliance Officer
4200 W. Cypress Street
Tampa, FL 33607

VIA EMAIL: MedicareCO@anthem.com

RE: Failure to Comply with CMS CY2021 Bid Instructions

Dear Michelle Turano:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for Anthem Insurance Companies, Inc. (“Anthem”) which operates the Medicare Prescription Drug Plan (PDP) Contract ID S5596, to develop and implement a corrective action plan (CAP) to address the organization’s failure to comply with CY2021 Part D bid submission requirements.

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 CY2021, 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 1, 2020 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.

Federal regulations at 42 C.F.R. § 423.104(f)(3) state that an MA organization offering coordinated care plans must offer required prescription drug coverage throughout its service area. The regulations at 42 C.F.R. § 423.100 define “required prescription drug coverage” as the coverage of Part D drugs under either a basic prescription drug plan or an enhanced alternative plan provided there is no MA monthly supplemental beneficiary premium applied under the plan.

Organizations are responsible for ensuring that complete and accurate CY 2021 bids were submitted by the June 1, 2020 deadline. Yet, the Part D portion of Anthem's initial MA-PD bid failed to constitute required prescription drug coverage. This deficiency was revealed when CMS noticed that Anthem's PBP submission did not match its BPT submission. The deficiency required a change to the submitted Tier 1 standard retail copay for a 90 day prescription supply. The copay was originally submitted as \$5.00 and should have been submitted as \$15.00. The need for CMS to work with Anthem to correct its CY2021 bid to ensure that its PBP and BPT ultimately matched and reflected a consistent benefit package indicates that it failed to comply with Part D regulatory requirements and follow CMS bid instructions.

CMS requests that your organization take corrective action to come into compliance. CMS will rely on Anthem's 2022 bid submission to determine whether the corrective action plan has been successfully implemented. CMS will consider the CAP closed once the Division of Formulary and Benefit Operations has determined that Anthem's 2022 bid submission demonstrates that it has effectively resolved the issues described above.

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

If you have any questions about this notice, please contact Michael Neuman at (410) 786-7069 or 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:

ALBERT LICUP, CMS

Scott Nelson, CMS