DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850

CENTER FOR MEDICARE

CORRECTIVE ACTION PLAN REQUEST

June 10, 2021

Contract ID: H3388, H5042

Parent Organization Name: Capital District Physicians' Health Plan, Inc.

Legal Entity Name: CAPITAL DISTRICT PHYSICIANS' HEALTH PLAN, INC., CDPHP UNIVERSAL BENEFITS, INC.

Dennis Schoonmaker
Medicare Compliance Officer
500 Patroon Creek Corporate Center
Albany, NY 12206

VIA EMAIL: dennis.schoonmaker@cdphp.com

RE: Failure to Comply with CMS CY2021 Bid Instructions

Dear Dennis Schoonmaker:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for Capital District Physicians' Health Plan Inc. and CDPHP Universal Benefits, Inc. ("CDPHP") which operate the Medicare Advantage Prescription Drug Plans (MA-PDs) Contract IDs H3388 and H5042, 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 CDPHP's initial MA-PD bid failed to constitute required prescription drug coverage. This deficiency was revealed when CMS noticed that CDPHP's PBP submission did not match its BPT submission. CDPHP submitted the following plan correction: Preferred mail order 90 day supply Tier 1 drugs required a revision to reflect a $0 cost share. The need for CMS to work with CDPHP 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 CDPHP '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 CDPHP's 2022 bid submissions demonstrate 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:

ERICKA WILLIAMS, CMS

Christine Reinhard, Scott Nelson, CMS