



CENTER FOR MEDICARE

January 18, 2024

Corrective Action Plan

Contract ID: H1994

Parent Organization Name: Intermountain Health Care, Inc.

Legal Entity Name: SELECTHEALTH, INC.

Cliff Schmidt
Medicare Compliance Officer
5381 S Green St
Murray, UT 84123

VIA EMAIL: clifton.schmidt@selecthealth.org

RE: Failure to Comply with CMS CY 2024 Bid Instructions

Dear Cliff Schmidt:

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for SELECTHEALTH, INC., which operates Medicare Part D Contract ID H1994, to develop and implement a corrective action plan (CAP) to address the organization's failure to comply with contract year (CY) 2024 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 CY 2024, 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 5, 2023 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.

Organizations are responsible for ensuring that complete and accurate CY 2024 bids were submitted by the June 5, 2023 deadline. Yet, the Part D portion of H1994's initial MA-PD bid failed to constitute an accurate bid. This deficiency was revealed due to the following scenario, which resulted in a plan correction submitted by H1994:

The sponsor requested a correction for Tier 2 Mail Order Rx, which should have a \$0 copay, matching what was submitted last year for CY 2023. No change should have been made for CY 2024, as the sponsor erroneously entered \$6 copay for this tier. The BPT was already priced to reflect \$0 copay on this tier.

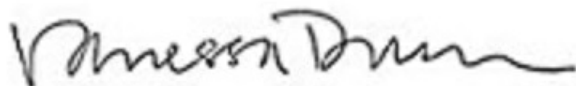
The need for CMS to work with H1994 to correct its CY 2024 bid to ensure that it reflected a consistent benefit package indicates that it failed to comply with Part D regulatory requirements and follow CMS bid instructions.

Consistent with CMS's authority under 42 C.F.R. § 423.505(n)(3)(iii), we request that your organization take corrective action to come into compliance. CMS will rely on H1994's CY 2025 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 H1994's CY 2025 bid submissions demonstrate that it has effectively resolved the issues described above.

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 non-compliance a Part D issue. 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 submission, please contact the Part D Benefits mailbox at 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 and copy your account manager.

Sincerely,



Vanessa Duran, Acting Director
Medicare Drug Benefit and C & D Data Group
Center for Medicare

CC via email:

ANTHONY JORDAN, CMS

Linda Anders, CMS
Arianne Spaccarelli, CMS
Christine Hill, CMS

