



CENTER FOR MEDICARE

CORRECTIVE ACTION PLAN (CAP) REQUEST

June 13, 2017

Contract ID: E7316

Legal Entity Name: UNION PACIFIC RAILROAD EMPLOYES HEALTH SYSTEMS

Barbara Pappadakis

1040 North 2200 West Suite 200
Salt Lake City, UT 84116

VIA EMAIL: bpappadakis@uphealth.com

RE: Failure to Meet Administrative and Management Requirements

Dear Barbara Pappadakis:

The Centers for Medicare & Medicaid Services (CMS) is issuing this compliance notice your organization concerning its failure, as indicated by its most recent low star rating, to meet the administrative and management requirements that apply to Medicare Advantage organizations (MAOs) and stand-alone Medicare Prescription Drug Plan (PDP) sponsors. In particular, your organization's score(s) established it as a poor performer, and CMS is requesting that your organization develop and implement a corrective action plan designed to ensure that it will achieve at least an "average" star rating.

Medicare regulations at 42 C.F.R. § 422.503(b)(4)(ii) and §423.504(b)(4)(ii) require MAOs and PDP sponsors, respectively, to have administrative and management arrangements satisfactory to CMS, including personnel and systems sufficient for the organization to market and administer benefit plans and conduct utilization management and quality assurance activities consistent with Medicare requirements. The performance measures used to calculate an organization's Part C or D Summary Star Rating reflect a sponsor's contract performance across multiple Medicare program requirements. A contracting organization's administrative and management arrangements necessarily have a direct impact on its performance of a similarly broad range of program requirements. Therefore, CMS considers a low Part C or D Summary Star Rating to be evidence that the sponsor has in place insufficient administrative and management arrangements to meet its obligations as a Medicare plan sponsor. Based on that determination, CMS has established for MAOs and PDP sponsors the contract requirement that these organizations maintain Part C or Part D summary plan rating scores of at least three stars. 42 C.F.R. §§422.504(a)(18) and 423.505(b)(25).

In October 2016, CMS released the CY 2017 Part C and D star ratings on the Medicare Plan Finder tool on www.medicare.gov. CMS assigned sponsors separate Summary Star Ratings for their Part C and Part D operations. Most MAOs were assigned both C and D Summary Star Ratings. PDP sponsors received only a Part D Summary Star Rating as did a number of MAOs for which CMS could not calculate a Part C rating. Your organization received the following Summary Star Rating(s):

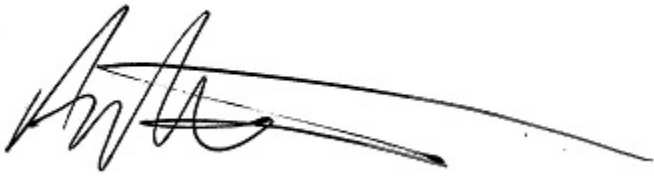
Part D 2.5 Stars

Be advised that CMS treats Summary Star Ratings of below 3 stars for Part C operations and for Part D operations as two separate compliance issues even though they may be discussed in a single letter. For sponsors with low star ratings for both Part C and D operations, CMS will document the issues in our records as two separate CAP requests.

CMS advises your organization to take steps to improve its operations in the areas identified above and bring its Summary Star Rating(s) to a level that indicates at least average contract performance, compliant with Medicare requirements. **CMS is not requiring a CAP submission from your organization.** CMS will simply look at your organization's star rating performance in the coming year to determine whether you took the necessary corrective action to achieve at least a three-star summary star rating.

If you have any questions about this notice, please contact *Scott Nelson* at *Scott.Nelson2@cms.hhs.gov*.

Sincerely,

A handwritten signature in black ink, appearing to read 'Amy', followed by a long, sweeping horizontal line that extends to the right.

Amy Larrick Chavez-Valdez, Director

Medicare Drug Benefit and C and D Data Group

CC via email:

Matthew Guerand, CMS

Scott Nelson, CMS