



CENTER FOR MEDICARE

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May 22, 2020

**Corrective Action Plan**

Contract ID: H1994

Formulary ID(s): 20145, 20574

Parent Organization Name: Intermountain Health Care, Inc.

Legal Entity Name: SELECTHEALTH, INC.

Clifton Schmidt  
5381 S Green St  
Murray, UT 84123

VIA EMAIL: [clifton.schmidt@selecthealth.org](mailto:clifton.schmidt@selecthealth.org)

**Re: Failure to Comply with CMS CY2020 Bid Instructions**

Dear Clifton 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 CY2020 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 CY2020, 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 4, 2019 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 2020 bids were submitted by the June 3, 2019 deadline. Yet, the Part D portion of SELECTHEALTH, INC.'s initial MA-PD bid failed to constitute required prescription drug coverage. This deficiency was revealed when CMS noticed that SELECTHEALTH, INC. had submitted an inaccurate formulary submission. The need for CMS to work with SELECTHEALTH, INC. to correct its CY2020 bid to ensure that its formulary was accurate 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. The first opportunity for SELECTHEALTH, INC. to demonstrate that it has taken the necessary corrective action will be the 2021 bid cycle. Therefore, CMS requests that SELECTHEALTH, INC. address these areas of noncompliance in their 2021 bid submission. CMS will rely on SELECTHEALTH, INC.'s 2021 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 SELECTHEALTH, INC.'s 2021 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](mailto: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:

Linda Anders, CMS

Scott Nelson, CMS

Michael Neuman, CMS

DAWN FINNELL, CMS