



CORRECTIVE ACTION PLAN REQUEST

December 31, 2013

Contract ID: S5755

Delivered via email to Michael Gaisbauer at: mgaisbauer@torchmarkcorp.com

Re: Corrective Action Plan for Failure to Submit 4Rx Data

Dear Michael,

The Centers for Medicare & Medicaid Services (CMS) is issuing a request for a Corrective Action Plan (CAP) to UNITED AMERICAN INSURANCE COMPANY, which operates the Medicare contract listed in Table 1, due to non-compliance with the Part D program requirement that sponsors need to successfully submit 4Rx data for at least 99% of their 2014 plan year CMS-generated enrollments within 72 hours after receiving the TRR for CMS-generated enrollments.

CMS requires each Part D sponsor to submit data in mandatory fields for each enrollment transaction. This data, referred to as 4Rx, stands for Rx ID, Rx BIN, Rx PCN, and Rx Group. The 4Rx data helps to adjudicate drug claims in a timely and efficient manner and support E1 eligibility queries for pharmacies. Sponsors are notified of CMS-generated enrollments, which include Auto-assigned Enrollments, Facilitated Enrollments, Rollovers, Reassignments, and UI Transactions, through transaction reply reports (TRR). Part D sponsors are responsible for submitting to CMS a valid plan change transaction "type 72" for updating 4Rx data.

Pursuant to 42 CFR § 423.32(c), Part D sponsors must process enrollment requests in a timely manner, which includes prompt submission of 4Rx data. As stated in the Health Plan Management System (HPMS) memos dated 3/6/2008 and 4/9/2009, Part D sponsors not meeting a 99% 4Rx data completion standard are identified as out of compliance with their obligation to process enrollment requests in a timely manner.

In a HPMS memo dated September 17, 2013, CMS announced the processing schedule for CY 2014 enrollment transactions to ensure 4Rx data are available timely.

Furthermore, the memorandum reminded sponsors that CMS would continue to monitor 4Rx completeness. Auto-assigned and facilitated 2014 enrollments began processing daily beginning on or about October 18, 2013. The rollovers and terminations were processed on or about December 7, 2013. On December 23, 2013, your organization received a warning letter stating that it had not met the 99% 4Rx completion requirement. Our data indicates that as of the date of this letter your organization still has not corrected the problem or has submitted the data too recently for our systems to reflect your submission – in either case, your organization has continued to miss the 72 hour processing requirement. Table 1 reflects the data in our systems currently.

Your organization's failure to timely submit the required data places it out of compliance with Part D requirements. Beneficiaries and pharmacists rely on the 4Rx information in CMS systems to be complete and accurate so there is no interruption in service or problems accessing needed prescriptions. Therefore, CMS is issuing this CAP request.

CMS requests that your organization take immediate action to come into compliance. Further, we request that you provide CMS within 30 days a copy of the corrective action plan you implemented to address this issue and to ensure it will not recur. You may provide your CAP and direct any questions you may have to David McLachlan at david.mclachlan@cms.hhs.gov. CMS will consider the CAP closed once all outstanding 4Rx data loads into our systems, and your organization has provided the requested report.

We appreciate your prompt attention to this matter. **Should your organization continue to fail in meeting the 4Rx completion standard, CMS will consider additional compliance and enforcement actions, including imposition of intermediate sanctions (e.g., the suspension of marketing and enrollment activities).**

Please be aware that this letter will be included in the record of your organizations 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. For purposes of the past performance analysis, CMS considers this a Part D issue that has beneficiary impact. CMS notes that we are issuing this compliance notice based exclusively on information that we obtained from sources other than the sponsor's own self-disclosure.

Sincerely,

\s\ (On File)

Tracey McCutcheon, MHSA, MBA
Acting Director
Medicare Drug Benefit and C & D Data Group
Centers for Medicare and Medicaid Services

CC: SANDRA MASON at Sandra.Mason@cms.hhs.gov

Table 1

| CONTRACT ID | CONTRACT_NAME | Total TRC Sent | Missing 4Rx Data | Percent Missing 4Rx Data |
|-------------|---|----------------|------------------|--------------------------|
| S5755 | UNITED AMERICAN INSURANCE COMPANY | 39981 | 1747 | 4.37% |