



United States Government Accountability Office
Washington, DC 20548

November 7, 2012

The Honorable Marilyn B. Tavenner
Acting Administrator
Centers for Medicare & Medicaid Services

Subject: *CMS Provided GAO and Medicare Beneficiaries with Inaccurate Information about the Enrollment Status of Medicare Cost Contracts in 2012*

Dear Ms. Tavenner:

On September 21, 2012, GAO testified before the House Ways and Means Committee, Subcommittee on Health, on the status of Medicare Private Health Plans.¹ In preparation for that testimony, we sought to update information in our 2009 report on Medicare cost contracts by including more recent data supplied by CMS on the number of existing Medicare cost contracts and the enrollment status (open or closed to new enrollment) of those contracts.² During our subsequent review of the data provided by CMS in September 2012 and additional data available on Medicare.gov, we identified several inaccuracies that raise concerns about the reliability of the data provided to us by CMS and the data the agency makes available to beneficiaries to inform them of their Medicare private health plan options.

CMS provided us with inaccurate information about the total number of cost contracts as of March 2012 and the number of those cost contracts open to new enrollment. CMS reported to GAO that as of March 2012, there were 20 cost contracts, of which 15 were open to new enrollment. As part of our assessment of data reliability, we compared the data from CMS to similar data from the Medicare Cost Contractors Alliance and identified two discrepancies. First, CMS reported that the cost contract operated by Hawaii Medical Service Association (HMSA) was open to enrollment, while the data from Medicare Cost Contractors Alliance showed this contract to be closed to enrollment. Second, CMS reported that Welborn Health Plans had a contract that was open to enrollment, while Medicare Cost Contractors Alliance data did not show Welborn Health Plans as having a cost contract. We confirmed with representatives from both HMSA and Welborn Health Plans that the data from the Medicare Cost Contractors Alliance was correct and that CMS's data

¹ See GAO, *Medicare Private Health Plans: Selected Current Issues*, GAO-12-1045T (Washington, D.C., Sept. 21, 2012).

² For our 2009 report on cost contracts, see GAO, *Medicare Managed Care: Observations about Medicare Cost Plans*, GAO-10-185 (Washington, D.C., Dec. 28, 2009).

contained errors. HMSA was closed to enrollment effective January 2011 and Welborn Health Plans was closed to enrollment effective January 2008 and ceased operating as of January 2012 (see table 1).

Table 1: Cost Contracts for Which CMS Provided Inaccurate March 2012 Enrollment Status Information

Organization	Contract number	Enrollment status, reported to GAO by CMS	Enrollment status, per plan representative
Hawaii Medical Service Association	H1251	Open to enrollment	Closed to enrollment
Welborn Health Plans	H1558	Open to enrollment	Closed to enrollment and no longer in operation

Additionally, Medicare Plan Finder—a tool on Medicare.gov that is intended to help beneficiaries find private health plans in their area that best meet their needs—contains inaccurate information about the availability of certain Medicare cost contracts. Using Medicare Plan Finder, we looked up Medicare private health plan options for select zip codes that fell in the service areas for the 19 cost contracts as of March 2012 and the former service area of the Welborn Health Plans cost contract. We identified four inaccuracies. In two cases, cost contracts that were open to new enrollment were not listed as options in Medicare Plan Finder for zip codes in the cost contracts' service areas. In preparing this letter, we confirmed with both cost contracts—Contra Costa Health Plan and Heart of America Health Plan—that they were open to new enrollment in September 2012. In the other two cases, cost contracts that were closed to enrollment were listed as options in Medicare Plan Finder for zip codes in the cost contracts' service areas. There was no indication in the Medicare Plan Finder entry for either cost contract—HMSA or Excellus Health Plan, Inc.—that they were closed to enrollment (see table 2).

Table 2: Cost Contracts with Inaccurate Enrollment Status Information in Medicare Plan Finder, September 2012

Organization	Contract number	Status in Plan Finder	Enrollment status, per plan representative
Contra Costa Health Plan	H0502	Contract not listed	Open to enrollment
Heart of America Health Plan	H3503	Contract not listed	Open to enrollment
Excellus Health Plan, Inc.	H3356	Contract listed	Closed to enrollment
Hawaii Medical Service Association	H1251	Contract listed	Closed to enrollment

While our review of data provided by CMS and included in Medicare Plan Finder was limited to the 19 cost contracts in place as of March 2012 and Welborn Health Plans, our findings raise the possibility of additional inaccuracies in the enrollment status of other Medicare private health plans. When we discussed with CMS officials our finding that HMSA was closed to new enrollment, they confirmed that HMSA was closed to new enrollment and indicated that system errors caused the initial identification of HMSA as open to enrollment. We do not know the nature of the system errors or whether they may have resulted in other plans being incorrectly identified as open to enrollment. Similarly, we do not know the cause of the inaccuracies in Medicare Plan Finder or whether the cause could have resulted in other plans being incorrectly included or excluded from Medicare Plan Finder.

Agencies and beneficiaries depend on the accuracy of CMS data to make important decisions regarding program policy and individual health coverage. Additionally, CMS needs reliable data in order to effectively administer and oversee the Medicare program, which involves a major portion of the federal budget and affects the health care of millions of beneficiaries. We believe the inaccuracies we identified in the Medicare cost contract data and Medicare Plan Finder data are serious and warrant an investigation by CMS into the cause and extent of the problem. We further believe that CMS, based on the results of this investigation, should quickly correct any errors it identifies and fix the process problems that resulted in the errors. It is critical that beneficiaries, CMS, and other agencies be able to rely on the information that CMS provides.

If you or your staff have any questions about this letter, please contact me at (202) 512-7114 or CosgroveJ@gao.gov.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'James C. Cosgrove', written in a cursive style.

James C. Cosgrove
Director, Health Care

cc: The Honorable Wally Herger
The Honorable Pete Stark