



Highlights of [GAO-08-760](#), a report to the Ranking Member, Committee on Finance, U.S. Senate

Why GAO Did This Study

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established a voluntary outpatient prescription drug benefit, known as Medicare Part D. The Centers for Medicare & Medicaid Services (CMS) contracts with private companies to serve as Part D sponsors and administer the Part D prescription drug benefit plans. To protect beneficiaries and the fiscal integrity of the program, the MMA requires Part D sponsors to implement programs to control for fraud and abuse in Part D. Subsequent regulations and guidance from CMS contain requirements and recommended measures for these programs.

This report examines (1) the extent to which certain Part D sponsors have implemented programs to control fraud, waste, and abuse and (2) the extent of CMS’s oversight of Part D sponsors’ programs to control fraud, waste, and abuse. GAO conducted on-site reviews of five of the largest Part D sponsors’ fraud and abuse programs. GAO also interviewed officials from CMS and reviewed CMS documents.

What GAO Recommends

To help safeguard the Medicare Part D program from fraud, waste, and abuse, GAO recommends that CMS conduct timely audits of Part D sponsors’ fraud and abuse programs. CMS disagreed that its oversight has been limited, but GAO found that CMS has not audited sponsors’ fraud and abuse programs. CMS concurred with GAO’s recommendation.

To view the full product, including the scope and methodology, click on [GAO-08-760](#). For more information, contact Kathleen King at (202) 512-7114 or kingk@gao.gov.

MEDICARE PART D

Some Plan Sponsors Have Not Completely Implemented Fraud and Abuse Programs, and CMS Oversight Has Been Limited

What GAO Found

The five Part D sponsors in GAO’s review had not completely implemented all of CMS’s required compliance plan elements and selected recommended measures for Part D fraud and abuse programs. All Part D sponsors had completely implemented the requirements and selected recommendations for three of the seven required compliance plan elements. However, Part D sponsors varied in their implementation of the remaining required elements and selected recommended measures.

Summary of Five Part D Sponsors’ Implementation of the Required Compliance Plan Elements and Selected Recommended Measures for Fraud and Abuse Programs

Required compliance plan elements and selected recommended measures	Extent of Part D sponsors’ implementation				
	Required elements / Recommended measures				
	A	B	C	D	E
1. Written Policies, Procedures, and Standards of Conduct	●/●	●/●	●/●	●/●	●/●
2. Compliance Officer and Compliance Committee	●/○	●/●	○/○	●/●	●/●
3. Effective Training and Education	●/○	○/○	○/○	●/●	○/○
4. Effective Lines of Communication	●/●	●/●	●/●	●/●	●/●
5. Enforcement of Standards through Disciplinary Guidelines	●/●	●/●	●/●	●/●	●/●
6. Internal Monitoring and Auditing	●/●	●/●	○/○	●/●	○/○
7. Prompt Responses to Detected Offenses	●/●	●/●	○/○	●/○	●/●

Source: GAO analyses of documentation collected from the five Part D sponsors.

Key:

- The sponsor met all of the requirements or selected recommended measures.
- The sponsor partially met the requirements or selected recommended measures.
- The sponsor did not meet any of the requirements or selected recommended measures.

Note: The five Part D sponsors are labeled A through E.

CMS oversight of Part D sponsors’ fraud and abuse programs has been limited. To date, CMS’s activities have been limited to the review and approval of sponsors’ fraud and abuse program plans submitted as part of the initial Part D applications. For example, CMS officials reported that they worked with sponsors to help them develop fraud and abuse program plans that met the agency’s compliance plan requirements and recommendations specific to fraud and abuse. However, CMS has not conducted oversight to assess Part D sponsors’ implementation of fraud and abuse programs. Officials from CMS stated that the agency had not audited sponsors’ implementation of fraud and abuse programs in 2007, and as of April 2008, no audits of these programs had been conducted.