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Friday, November 19, 2010

Contact:CMS Office of Public Affairs
202-690-6145**MEDICARE IMPOSES MARKETING AND ENROLLMENT SUSPENSION ON THREE HEALTH AND DRUG SPONSORS**
PLAN VIOLATIONS RANGE FROM MARKETING TO RISKS TO HEALTH AND SAFETY OF MEMBERS

The Centers for Medicare & Medicaid Services (CMS) today issued a notice to three Medicare health and drug plan sponsors imposing sanctions for violations of Medicare's rules and regulations. This action ensures that beneficiaries continue to have access to the essential Medicare services to which they are entitled, and also protect Medicare beneficiaries from misleading marketing practices.

Under the notices issues today, Health Net of Woodland Hills, Calif., is required to immediately suspend marketing to and enrolling new beneficiaries into their prescription drug and Medicare Advantage plans. Intermediate sanctions were also imposed on Medicare Advantage plans sponsored by Arcadian Management Services of Oakland, Calif., and Universal American Corporation of Houston, Texas. The marketing and enrollment suspension for Arcadian and Universal American will be effective on December 5. These sanctions will remain in effect until each of the three plans demonstrate to CMS that they have corrected the related deficiencies and that those deficiencies are not likely to recur. CMS' actions will not impact the one million Medicare beneficiaries currently enrolled in these three health and drug plans across the country.

"Current members in Health Net, Arcadian and Universal American health and drug plans who are having difficulty getting their prescriptions filled or accessing needed medical services should contact 1-800-MEDICARE or their local state health insurance assistance program for help," said Jonathan Blum, deputy administrator of CMS' Center for Medicare. "Beneficiaries who may have already enrolled in one of these plans as part of the annual enrollment period should call 1-800-MEDICARE if they have any additional questions about that enrollment."

Health Net's violations were identified during a CMS audit of the plan. The Universal American and Arcadian issues were identified by CMS monitoring and were raised to CMS by both plan members and CMS' partners. The immediate sanctions were imposed on Health Net because it has continued to

improperly administer the Medicare drug benefit in its national prescription drug plan (PDP) and local Medicare Advantage prescription drug plan (MA-PD) contracts. Approximately 660,000 Medicare beneficiaries are enrolled in the organization's national and local plans. Health Net operates MA-PD plans in California, Oregon, Washington and Arizona.

Universal American currently has 300,000 enrollees in its MA-PDs in all 50 states and the District of Columbia. Sanctions were not imposed on its national stand-alone PDPs. The sanctions apply to the sponsor's Medicare Advantage plans because it did not provide proper oversight of sales agents who misled beneficiaries about network providers who were not actually part of the network or drugs that were not part of the plan's formulary. These marketing violations resulted in delays in treatment and may have resulted in risks to patient health.

Arcadian was served with intermediate sanctions for similar marketing violations. Sales agents were misleading beneficiaries about network providers and/or drug plan formularies. Arcadian has 66,000 enrollees in Medicare Advantage plans, including a number of Special Needs Plans, in 15 states with the vast majority of members in Texas and Arkansas.

CMS will closely monitor the plans until the determination is made that corrective actions have been taken and to ensure that these deficiencies are not likely to recur. If the sponsors do not come into compliance with Medicare requirements, penalties that could be imposed range from fines to the possibility of termination of the sponsors' contracts with Medicare.

CMS encourages plan members who may have concerns with their Medicare Advantage or Part D coverage to contact 1-800-MEDICARE (1-800-633-4227) or the state health insurance assistance program (SHIP) to help get them resolved.

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NOTE: The letters to all three plan sponsors will be available at: <http://go.usa.gov/CL3>.