Why the CMS Part C & D Audit Cycle Matters More Than Ever (2024 Edition)

Charles Baker, VP, Compliance Solutions

Over the past three years, CMS hasn't shouted, but it has indeed spoken. Quietly, steadily, and now unmistakably, the agency has cranked up oversight of Medicare Advantage (MA) and Part D plans. And the 2024 audit cycle? It's not just louder— it's broader, sharper, and more pointed than ever.

Whether you're a seasoned Medicare leader or a compliance newcomer, this year's CMS Part C & D Program Audit and Enforcement Report reads less like an annual recap and more like a roadmap for the future of managed care oversight.

Here's what we're watching:

1. The Audit Landscape: CMS Is Back in a Big Way

After two years of auditing smaller sponsors, CMS returned to broad market coverage in 2024, and it wasn't subtle.

Metric	2022	2023	2024 (as of report)
Parent organizations audited	25	25	36 (39 audits)
Contracts reviewed	291	83	494
Share of MA population touched	63%	~3M lives	87.6%
Focused vs. routine audits	n/a	n/a	20 focused / 19 routine

Takeaway: CMS isn't just sampling anymore, it's saturating. The return to system-wide coverage means even high-performing plans should assume it's not *if* their number is called, but *when*.

2. Déjà Vu: The Deficiencies That Won't Die

Across 2022–2024, five program areas remain stubbornly problematic:

Program Area	Common Pain Point
Compliance Program Effectiveness (CPE)	Weak non-compliance remediation, poor delegation oversight
Formulary Admin (FA)	Unapproved utilization management (UM) edits, incorrect effectuations, enrollment and eligibility accuracy, broken transition fill logic
Coverage Determinations, Appeals, and Grievances (CDAG) Organization Determinations, Appeals, and Grievances (ODAG)	Misclassified requests, flawed notices, and timeliness
Special Needs Plan (SNP) and Medicare-Medicaid Plan (MMP) Care Coordination	Individualize Care Plans (ICP) missing Health Risk Assessment (HRA) findings or lacking measurable goals
Civil Money Policy (CMP) Drivers	Cost-sharing miscalculations, denials and misclassifications

Consultant's note: These are fundamental audit findings. If a plan is still struggling here, it's time for a serious internal refresh, starting with mock audits and first-line controls.

3. What's New in 2024—and Why It Matters

CMS-4201-F is officially on the road. The 2024 audits marked CMS's first test drive of new UM rules finalized in the 4201-F Final Rule. Plans were evaluated on:

- Alignment with national (NCD) and local coverage determinations (LCD)
- Publication of internal coverage criteria
- Creation and documentation of utilization management committees (UMC)
- Prevention of denials for previously authorized care

The result? Most sponsors are *trying*, but it's clear some are still playing catch-up. It's essential to ensure your organization has properly interpreted and implemented the new requirements. Don't wait for CMS to find your blind spots, pressure-test UM workflows now.

Focused audits are here. For the first time, CMS initiated *20 focused audits*, enabling it to pinpoint red flags between cycles. Think of it as the regulatory equivalent of a drone strike: faster, targeted and potentially high impact.

Bigger money, bigger message. A single one-third financial audit yielded a $2M CMP for Centene. Total CMPs for 2024? Roughly $2.9M, with nearly a quarter linked to aggravating factors.

4. Signals from the Broader Compliance Universe

- The Office of Inspector General keeps heat on prior authorization: An April 2024 data brief showed persistently high overturn rates and renewed calls to "fully implement" 4201-F
- Behavioral health is next: A June 2025 Government Accountability Office report flagged denials in behavioral health services—expect that to be a prime target in the 2026 audit cycle

5. What Plans Should Be Doing Now

Here's the action list we're using with clients:

Pressure-test your UM program

- Show NCD/LCD alignment
- Publish internal coverage criteria
- Document UMC agendas and minutes
- Build guardrails against denying previously approved care

Expand mock audit scenarios

- Prepare for focused audits on CDAG, ODAG, or FA
- Practice real-time data pulls and workflows while presenting

Watch your CMP triggers

- Cost-sharing remains the low-hanging fruit
- Review maximum out-of-pocket, true out-of-pocket and premium handling logic

Automate care coordination

- Link HRA data to ICPs
- Flag stale or non-measurable goals

Bottom Line

CMS's 2024 report didn't rewrite the audit playbook; it enforced a whole new chapter. If you've been ahead on 4201-F, your audit probably felt like a quiz. If not? It may have felt like an exam you didn't study for.

Either way, 2026 is already knocking. These reports aren't just retrospectives, they're blueprints. Please share them with your compliance committee, operational leads, and any other relevant stakeholders.

The 2024 audit cycle changed the game. Talk with ATTAC to learn what CMS is signaling—and what your plan must do now to avoid costly missteps in the next round.