

**GOVERNMENT PROGRAMS COMPLIANCE POLICY**

<b>Title: Medicare Disciplinary Standards</b>			<b>Policy No: 005</b>		
<b>Effective Date: 4/21/11</b>					
<b>Policy Applies to the Following Products with an "X":</b>					
X	Medicare Part D (as applicable includes Group)	X	Medicare Advantage and Part D (as applicable includes Dual-Special Needs Plan (D-SNP) and Group)	X	Medicare Medicaid Plan (MMP)
<b>Owners:</b>					
Kim Green		Government Programs Compliance Officer		Government Programs Compliance	
<b>Approved:</b>					
HCSC Board of Directors					
<b>Purpose</b>					
The purpose of this policy is to articulate HCSC's commitment to compliance with all CMS guidelines relating to adopting and implementing well-publicized disciplinary standards.					
<b>Scope</b>					
This policy applies to HCSC employees who are involved in the administration or delivery of the Government Programs referenced above, including the chief executive and senior administrators, managers, governing body members and first tier, downstream and related entities (FDRs).					
<b>Policy</b>					
<p>HCSC is committed to complying with all CMS guidelines, including but not limited to those requiring HCSC to adopt and implement well-publicized disciplinary standards through the implementation of procedures which encourage good faith participation in the compliance program by all affected individuals.</p> <p>HCSC's disciplinary standards for employees and FDRs:</p> <ul style="list-style-type: none"> <li>• Articulate expectations for reporting and assistance in resolving compliance issues</li> <li>• Define noncompliant, unethical, and illegal behavior</li> <li>• Include requirements that employees participate in required training</li> <li>• Include provisions for timely, consistent, and effective enforcement of the standards</li> </ul> <p>HCSC publicizes the disciplinary standards and examples of behavior that may result in disciplinary actions using the following publication mechanisms:</p> <ul style="list-style-type: none"> <li>• Code of Ethics and Conduct</li> <li>• Annual Regulatory and Compliance Management Certification</li> <li>• Newsletters</li> <li>• Communications with FDRs and similar subcontractors</li> <li>• Compliance Training</li> <li>• Internet and Intranet Web Sites</li> </ul> <p><b><u>HCSC Code of Ethics and Conduct</u></b></p> <p>The HCSC Code of Ethics and Conduct articulates HCSC's compliance requirements for its employees and FDRs.</p> <p>Failure to meet these expectations could result in disciplinary action, up to and including termination of employment or FDR contract. Examples of HCSC compliance requirements include:</p> <ul style="list-style-type: none"> <li>• Employees and FDRs are required to report noncompliant, unethical or illegal behavior. <ul style="list-style-type: none"> <li>○ This requirement is communicated upon hire through general compliance training and in training for HCSC's FDRs.</li> </ul> </li> </ul>					

- Employees and FDRs must participate in required training.
  - HCSC will establish, implement, and provide effective training and education on compliance responsibilities and Fraud, Waste and Abuse (FWA) for its employees, including the CEO, senior administrators, managers, and governing body members. Training will occur within 90 days of hire or contracting and annually thereafter, and evidence of attendance will be maintained.
  - FDRs are responsible for complying with all terms and conditions of HCSC's contract with CMS, including required training. HCSC will monitor and track compliance and FWA responsibilities and contractual obligations amongst their FDRs through the FDR Oversight process.
- Employees and FDRs are required to assist in resolving compliance issues.
  - Depending on the circumstances of each case, assistance may be required from Human Resources, Work Force Engagement, Legal, and various governmental agencies.

Failure to comply with the above expectations and standards will result in disciplinary action.

- **Employees:** HCSC addresses employee enforcement standards in their "Corrective Action Policy: The Code and Conduct Standards." There are four levels of action taken on noncompliant, unethical, or illegal behavior:
  - Level 1: Counseling of employee
  - Level 2: Counseling of employee with denial of or a lower merit increase and denial of all or a portion of the Annual Performance Incentive
  - Level 3: Counseling of employee who will be placed on an unpaid suspension
  - Level 4: Termination of employment.
- **FDRs:** HCSC may become aware of noncompliant or unethical behavior at FDRs through monitoring, auditing activities, self-reporting by FDRs, or other means.

When HCSC becomes aware of these activities, it may impose corrective actions which may include disciplinary actions, if warranted. Disciplinary action taken on noncompliant, unethical or illegal behavior must be appropriate to the seriousness of the violation.

This corrective action may result in

- counseling and training,
- a correction action plan,
- contract termination, and
- reporting of noncompliant, unethical, or illegal behavior to appropriate government agency (CMS, Department of Insurance (DOI), etc.).

Records of disciplinary actions resulting from compliance violations must be maintained for 10 years from the end of the final contract period or completion of audit, whichever is later. The record will include:

- date the violation was reported,
- description of the violation,
- date of investigation,
- summary of findings,
- disciplinary action(s) taken, and
- date disciplinary action(s) was/were taken.

#### Definitions

**CMS:** Centers for Medicare & Medicaid Services.

**DOI:** Department of Insurance.

**Downstream Entity:** any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit or Part D benefit, below the level of the arrangement between an MAO or applicant or a Part D plan sponsor or applicant and a first-tier entity. These written arrangements

continue down to the level of the ultimate provider of both health and administrative services. (42 C.F.R. §, 423.501).

**FDR:** First Tier, Downstream or Related Entity.

**First Tier Entity:** any party that enters into a written arrangement, acceptable to CMS, with an MAO or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the MA program or Part D program. (See, 42 C.F.R. § 423.501).

**Governing Body:** that group of individuals at the highest level of governance of the sponsor, such as the Board of Directors or the Board of Trustees, who formulate policy and direct and control the Government Contract Holder in the best interest of the organization and its enrollees. Governing body does not include C-level management such as the Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, etc., unless persons in those management positions also serve as directors or trustees or otherwise at the highest level of governance of the sponsor.

**Government Contracts Holders:** Health Care Service Corporation, a Mutual Legal Reserve Company (“HCSC”) and the following entities: HCSC Insurance Services Company, a wholly-owned subsidiary of HCSC (“HISC”); GHS Health Maintenance Organization, Inc. d/b/a BlueLincs HMO a wholly-owned subsidiary of HCSC (“BlueLincs HMO”); GHS Insurance Company (formerly known as GHS Property and Casualty Insurance Company), a wholly-owned subsidiary of HCSC (“GHS”); Illinois Blue Cross Blue Shield Insurance Company, a wholly-owned subsidiary of HCSC (“IBCBSIC”) or any other HCSC subsidiary or affiliate that holds a Government Programs contract. HCSC, HISC, BlueLincs HMO, GHS and IBCBSIC are each referred to as a “Government Contract Holder” and collectively as “Government Contract Holders.”

**Related Entity:** any entity that is related to an MAO or Part D sponsor by common ownership or control and:

- performs some of the MAO or Part D plan sponsor’s management functions under contract or delegation,
- furnishes services to Medicare enrollees under an oral or written agreement, or
- leases real property or sells materials to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period (See, 42 C.F.R. §423.501).

**Governing Authorities**

42 C.F.R. §§ 422.503(b)(4)(vi)(E)  
 42 C.F.R. §§ 423.504(b)(4)(vi)(E),  
 42 C.F.R. § 438.608(a)(1)(vi).

Prescription Drug Benefit Manual, Chapter 9 – Compliance Program Guidelines

Medicare Managed Care Manual, Chapter 21 – Compliance Program Guidelines

Corrective Action Policy: The Code and Conduct Standards (Human Resources Policy)

United States Department of Health and Human Services Centers for Medicare & Medicaid Services Contract in Partnership with State of Illinois Department of Healthcare and Family Services and Health Care Service Corporation (Illinois Medicare Medicaid Alignment Initiative Contract)

Review Date	Board Ratification Date	Author	Description of Changes
07/13/2021	12/07/2021	Angela Broadway	Updated title to include “Medicare”..
08/27/2020	12/08/2020	Angela Broadway	Added Government Contrats Holder definition and updated FDR Training language.

07/03/2019	12/03/2019	Kim Tulsy	Removed Medicaid Plans – created new Medicaid specific GPC Policy. Added section headings. Minor grammatical corrections.
8/6/18	12/4/2018	Kim Tulsy	Updated products. Revision to reflect change in requirements for FDR training.
05/24/17	12/05/2017	Kim Tulsy	Changed ownership. Minor grammatical edits. Update name of IL Medicaid Plans.
08/26/2016	12/06/2016	Ren Herr	Edited for clarity and for consistency of wording of the Chapter 9 requirements.
08/27/2015	12/08/2015	Dennis Klopfle	No substantive changes recommended. Minor formatting changes made.
06/27/2014	n/a	Dennis Klopfle	No changes recommended.
04/14/2014	05/06/2014	Dennis Klopfle	Policy language extracted from the 02/26/2013 approved policy and procedure #005 Investigations of Medicare Inquiries/Allegations. Government Programs Compliance (GPC) will now be maintaining a separate policy and a separate procedure on each government requirement.
01/23/2013	02/26/2013	Dennis Klopfle	Changed “subsidiary” reference to “Government Contract Holders (as defined in the Health Care Service Corporation Corporate Integrity & Compliance Program Government Programs Section).”
02/02/2012	02/20/2012	Ren Herr	Modified to reflect HCSC ownership and to include application to MA-PD
10/14/2011	11/07/2011	Charles Pickett	Reviewed and revised to include comments from Legal and Government Contracts Compliance.
03/15/2011	04/21/2011	Fran Free	Developed a HISC P&P for addressing government programs related investigations.