

## GOVERNMENT PROGRAMS COMPLIANCE POLICY

<b>Title: System to Identify Medicare Compliance Risks</b>				<b>Policy No: 006</b>	
<b>Effective Date: 4/21/11</b>					
<b>Policy Applies to the Following Products with an "X";</b>					
X	Medicare Part D	X	Medicare Advantage and Part D	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>					
<p>The purpose of this policy is to articulate HCSC's commitment to compliance with the CMS guidelines that require HCSC to adopt and implement an effective system for routine monitoring and identification of compliance risks. This system includes internal monitoring and audits and external audits to evaluate HCSC's compliance with CMS requirements and the overall effectiveness of the compliance program. This system extends to HCSC's first tier entities.</p>					
<b>Scope</b>					
<p>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, first tier, downstream and related entities (FDRs).</p>					
<b>Policy</b>					
<p>HCSC is committed to complying with all CMS guidelines, including but not limited to those that relate to the establishing and implementing an effective system for routine monitoring and identification of compliance risks.</p>					
<b>Risk Assessment</b>					
<p>The Government Programs Compliance (GPC) Department performs formal Risk Assessments for Medicare Products at least annually.</p> <p>As risks change and evolve with changes in the law, regulations, CMS requirements, and operational matters, GPC will re-evaluate the potential risks of noncompliance and Fraud, Waste, and Abuse (FWA) within the MAPD and MMP functions and adjust the monitoring and/or auditing work plans as appropriate. Significant changes to the Risk Assessment, as determined by the Government Programs Compliance Officer (GPCO), will be reported to the Government Programs Compliance Committee and the Corporate Compliance Committee.</p> <p>This Risk Assessment accounts for all MAPD and MMP business operational areas, including those performed by FDRs, for all Government Contract Holders. The MAPD and MMP operational areas will be assessed for the types and levels of risks they present to the MAPD and MMP programs and to HCSC.</p> <p>At a minimum, GPC considers the following factors when formally assessing risk on an ongoing basis:</p> <ul style="list-style-type: none"> <li>• Past compliance issues</li> <li>• Risks of potential FWA</li> <li>• OIG Work Plan</li> <li>• Identified CMS Risk Areas</li> <li>• Changes in Laws or Regulations</li> <li>• FDR Relationship</li> <li>• Defined Business Ownership</li> <li>• Internal Infrastructure (e.g., Policies and Procedures, Training, Monitoring)</li> <li>• Regulatory Change Management</li> <li>• Complexity of the work</li> </ul>					

- Outcomes (e.g. Internal Audit Findings)

The GPCO or her/his designee(s) develop and regularly update procedures to score each MAPD and MMP function based on objective and subjective criteria. The MAPD and MMP operational areas are then ranked according to the resulting risk scores to determine which will present the most significant risks to the MAPD and MMP programs and impact on the respective Plan.

GPC monitors significant federal and state disasters and public health emergency declarations. Adjustments are made, as necessary, to the risk assessment and the compliance program monitoring activities.

GPC works closely with Audit Services and other key business areas to develop appropriate monitoring, auditing, and other mitigation strategies based on the results of the Government Programs Compliance Risk Assessment and the Audit Services Risk Assessment.

The GPCO presents the results of the Risk Assessment to the Government Programs Compliance Committee and the Corporate Compliance Committee at least annually, or more often as deemed necessary by the GPCO.

### Definitions

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

**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).

**FWA:** Fraud, Waste and Abuse.

**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. (42 C.F.R. § 423.501).

**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 Managed Health Care Plans, Inc. (formerly known as AHS-Tulsa Oklahoma Health Plan, Inc. d/b/a Lovelace Medicare Plan), a wholly owned subsidiary of BlueLincs HMO (“GHS-MHC”); GHS Insurance Company (formerly known as GHS Property and Casualty Insurance Company), a wholly-owned subsidiary of HCSC (“GHS”); or any other HCSC subsidiary or affiliate that holds a Government Programs contract. HCSC, HISC, BlueLincs HMO, GHS-MHC and GHS are each referred to as a “Government Contract Holder” and collectively as “Government Contract Holders.”

**GPCO:** Government Programs Compliance Officer.

**OIG:** Office of the Inspector General. The OIG, an agency within the Department of Health and Human Services (DHHS), is responsible for audits, evaluations, investigations, and law enforcement efforts relating to DHHS programs and operations, including the Medicare program.

**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. (42 C.F.R. §423.501).

**Governing Authorities**

42 C.F.R. §§ 422.503(b)(4)(vi)(F)  
 42 C.F.R. §§ 423.504(b)(4)(vi)(F)

Prescription Drug Benefit Manual, Chapter 9, Compliance Program Guidelines

Medicare Managed Care Manual, Chapter 21, Compliance Program Guidelines

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)

<b>Review Date</b>	<b>Board Ratification Date</b>	<b>Author</b>	<b>Description of Changes</b>
08/27/2020	12/08/2020	Angela Broadway	Updated Risk Assessment factors to align with current procedure, updated Government Contracts Holders to include new subsidiary IBCBSIC and added verbiage for state and federal disasters or public health emergencies.
07/03/2019	12/03/2019	Kim Tulsy	Added section headings. Minor grammatical corrections.
8/6/18	12/04/2018	Kim Tulsy	Minor wording changes to paragraph 2 for clarity. Updated factors considered and removed references to Medicaid.
06/5/2017	12/05/2017	Kim Tulsy	Change of owner. Update name of IL Medicaid Plans. Revised the sentence listing major Medicare and Medicaid functions to align with the risk categories in the risk assessment. Changed verb tense. Minor wording changes.
08/31/2016	12/06/2016	Ren Herr	Minor wording changes for clarity.
08/27/2015	12/08/2015	Ren Herr	Change in owner and the addition of a resource.
06/19/2015	06/19/2015	Ren Herr	No changes recommended.
06/27/2014	12/09/2014	Ren Herr	No changes recommended.
04/14/2014	05/06/2014	Ren Herr	Policy extracted and updated from 02/26/2013 approved Policy 002, Medicare Monitoring and Auditing.
02/26/2013	02/26/2013	Dennis Klopfle	Reflects Board Approval Date
01/23/2013	01/29/2013	Dennis Klopfle	Reflect consolidation of Medicare and Government Programs Compliance Program into the HCSC Compliance Program and other minor changes. 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.

03/29/2011	04/21/2011	Ren Herr	Developed to specifically address Medicare Part D.
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