

## GOVERNMENT PROGRAMS COMPLIANCE POLICY

<b>Title: Accountability and Oversight of First Tier, Downstream and Related Entities</b>				<b>Policy No:008</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>					
The purpose of this policy is to articulate HCSC's commitment to compliance with the CMS guidelines that require oversight for HCSC's first tier, downstream, and related entities (FDRs), including internal monitoring and auditing.					
<b>Scope</b>					
This policy applies to HCSC employees who are involved in 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>					
HCSC is committed to complying with all CMS requirements, including but not limited to those specific to the oversight of FDRs.					
HCSC acknowledges that it is accountable for all functions delegated to FDRs. HCSC will ensure that its contracts with FDRs contain all contract provisions, agreements and clauses required by applicable regulations.					
HCSC does not and will not delegate any compliance program administrative functions to an FDR outside of routine monitoring, auditing, and training.					
The Delegation Oversight Department maintains the ultimate responsibility for fulfilling the terms and conditions of any contractual requirement delegated to an FDR. Delegation Oversight maintains policies and procedures to ensure appropriate controls exist to oversee any contractual requirement delegated to an FDR.					
<b>Definitions</b>					
<b>CMS:</b> Center for Medicare & Medicaid Services.					
<b>Downstream Entity:</b> 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).					
<b>FDR:</b> First Tier, Downstream or Related Entity.					
<b>First Tier Entity:</b> 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).					
<b>Governing Body:</b> 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.”

**GPCO:** Government Programs Compliance Officer.

**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. §§ 422.504(i)  
 42 C.F.R. §§ 423.504(b)(4)(vi)(F)  
 42 C.F.R. §§ 423.505(i)

Prescription Drug Benefit Manual. Chapter 9

Medicare Managed Care Manual. Chapter 21

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
08/27/2020	12/08/2020	Angela Broadway	Added Delegation Oversight, where applicable and updated Government Contracts Holders to include new subsidiary IBCBSIC.
07/03/2019	12/03/2019	Angela Broadway	Removed Medicaid Plans – created new Medicaid specific GPC Policy. Minor grammatical corrections.
06/22/2018	12/04/2018	Angela Broadway	Removed reference to Montana HELP program. Added Community Health Plans Contract to Additional Resource section
06/13/2017	12/05/2017	Angela Broadway	Change in ownership, update name of IL Medicaid Plans and minor grammatical corrections.
08/31/2016	12/06/2016	Ren Herr	Added a high-level statement to reflect that HCSC will include required statements in FDR contracts.
08/27/2015	12/08/2015	Kim Tulsy	Owner changed, and references added.

07/23/2015	07/23/2015	Andrew Massura	No changes required.
06/24/2014	12/09/2014	Andrew Massura	Annual Update
04/14/2014	05/06/2014	Andrew Massura	Policy language extracted and updated from the 2/26/2013 approved Policy and Procedure. 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	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	04/21/11	Ren Herr	Developed to specifically address Medicare Part D.