GOVERNMENT PROGRAMS COMPLIANCE OFFICER NEWSLETTER

Message from Kim Green
HCSC Government Programs Compliance Officer

Welcome to our fourth quarter newsletter for 2014! As we close out the year, we would like to highlight a reality of Government Program business that can be a bit scary - being the subject of a Regulatory Audit. In this edition, we will discuss what is involved in a Regulatory Audit, who to engage and what you should do if you are contacted by an auditor. An audit doesn't have to be a scary subject. Keys to surviving an audit are being informed, prepared and familiar with expectations surrounding an audit.

Since HCSC is a plan sponsor and administers several state and federal Government Programs (Medicare Advantage, Medicare Prescription Drug Plan, MMAI or Medicaid) we are at risk of being audited at anytime by the Centers for Medicare & Medicaid Services (CMS), a state Regulatory office or their designees. Regardless of the auditor or scope, one constant will be the need for Government Programs Compliance (GPC) to work closely with the Government Programs Division (GPD), Audit Services (AS) and Legal in response to an audit.

Please do not hesitate to contact your immediate supervisor, one of our business partners in AS, Legal or me directly if you have been informed of an audit being initiated.

As always, please remember that you are required to report any suspicious behavior or potential wrongdoing related to any government contract. You can report this information to your manager or our Medicare Compliance hotline number, which is listed below. As the Government Programs Compliance Officer, please know that you can always contact me directly at 312-653-5110. We encourage you to visit our website and submit any topics that you would like to read about in future newsletters.

Kim Green

HCSC Government Programs Compliance Officer

Inside this issue:

Medicare Compliance Issues?

Contact HCSC Medicare Hotline 1.877.211.2290

Your 24/7 resource for questions about Medicare Part D or MAPD

Why an Audit?

Since HCSC administers several state and federal contracts, it's our responsibility to know and follow the terms of each of those contracts. CMS and other state Regulatory agencies conduct audits to reasonably assure that Plan Sponsors such as HCSC deliver benefits to our members in accordance with their contracts. They have the authority to take actions on Plan Sponsors when they fail to comply with the program or the contract requirements. Those enforcement actions can include Civil Monetary Penalties (CMP), Intermediate Sanctions (i.e., suspension of marketing, enrollment, payment) and Contract Terminations. Here is a snapshot of Enforcement Actions CMS has taken on Other Plans. As you can see, there has been a significant increase in these actions taken by CMS during 2014.
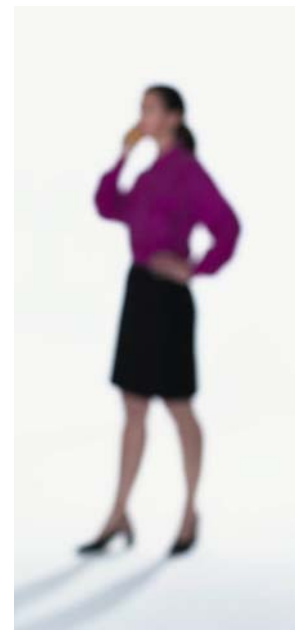
Year	Type of Enforcement Actions Taken on Other Plans
2013	3 – Immediate Suspension of Enrollment and/or Marketing 11 – CMP totaling $1,131,505 14 Total (6 – were a result of an audit or 43%)
2014	5 – Immediate Suspension of Enrollment and/or Marketing 30 – CMP totaling $4,925,150 (Represents a 335%↑ over 2013) 35 Total (31 were a result of an audit or 89%)

Similar enforcement actions that can be imposed by our state Regulatory agencies. As you can see from the above penalties, it's critical that we maintain an "audit ready" culture. Being audit ready can include knowing the specifics of the contract that relate to your business area, implementing day to day monitoring, completing required and job-specific training, staying current on regulatory requirements and attending regular meetings.

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What if an Auditor calls?

1. **Relax** - #1 rule! It's okay, an audit will happen, it's just a matter of when.

2. **Remain Professional** - It's important to remain professional even under pressure.

3. **Report to the appropriate people** - Please notify your immediate supervisor who will notify the appropriate contact in AS. AS will coordinate the rest of the external audit leveraging all appropriate business areas including GPC and the Legal Division.

Methods of notification can include:

- Formally (i.e. audit letter via U.S. mail, official email to Compliance Officer)

- Informally (i.e., telephone call, email)

What if I'm Interviewed?

If you are selected to be interviewed by an auditor, always:

- ♦ **<u>Be Honest</u>** - You must be open, honest and responsive when answering questions, however, only answer the questions that are being asked.

- ♦ **<u>Clarify</u>** - You may ask for clarification if you do not understand what's being asked. It is okay to say, "I don't know."

The steps you take now to prepare for an audit by CMS, a state Regulatory office or their designees can help alleviate the anxiety of unknowns and help prevent a finding, fine or worse.

* When an audit is announced, there will be planning activities and clear direction given to all affected parties.

Next Steps

If we are the subject of an audit by CMS, a state Regulatory agency or their designees, the following areas will be engaged:
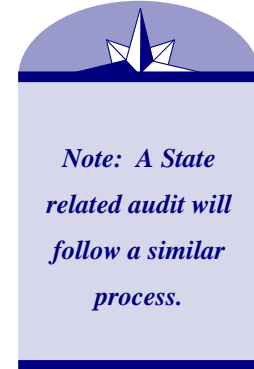
Area	Main Responsibilities	Contact
Business Owner	• Business Owners are responsible for all work products related to the audit (i.e., providing documentation of processes, policies and procedures and universes).	Varies
Government Programs Division Program Oversight	• Serves as the primary representative for all government audits.	Liz Lopez Cepero 312-653-1282
Audit Services	• Will coordinate efforts through the entire audit process.	Dave Reid 312-653-8448
Government Programs Compliance	• Provides compliance input when questions arise.	Kim Green 312-653-5110
Legal Division	• Provides legal input when questions arise.	Chris Buley 972-766-6040

Audit Timeline

Here is an example of the process CMS would follow if HCSC were audited for our administration of Medicare:
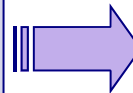
PRE-AUDIT
- Receipt of Engagement Letter - 4 weeks prior to audit
- Follow-up Call - 1-2 days after engagement letter
- Plan Sponsor submits all requested data (Universe) to CMS
- CMS will send finalized Audit Schedule to Plan Sponsor

Note: A State related audit will follow a similar process.

AUDIT ACTIVITIES
- <u>Entrance Conference</u>
  * Held morning of the first day
  * Introductions, Review of CMS Audit approach and expectations
  * Answer any questions of the Plan Sponsor
- <u>Week 1 - Operational Areas</u>
  * Review Live Sample Cases
  * Determine findings in real time.
- <u>Week 2 - On-site Compliance</u>
  * Management, BOD and Staff Interviews
  * Review of sampled selection
  * Operation and System walk-throughs
- <u>Exit Conference</u>
  * Immediate results and next steps shared
  * Plan Sponsor has opportunity to ask questions and provide follow up information

POST-AUDIT
- CMS prepares a Draft Audit Report for Plan Sponsor (typically within 60 days of audit conclusion)
- Plan Sponsor has 10 days to respond to Draft
- Final Audit Report presented to Plan Sponsor with any findings or issuance of Corrective Action Plan (CAP)

CONTACT INFORMATION

Email - If you have any news or questions that you would like included in the newsletter, please send an email to: hisccompliance@bcbsil.com

Fraud Hotline - Available 24/7 - Report fraud issues anonymously
- ◊ 1-800-543-0867 - for Members
- ◊ 1-877-272-9741 - for Producers, Vendors & Providers
- ◊ 1-877-211-2290 - for Employees

Visit our website: www.hisccompliance.com