

## GOVERNMENT PROGRAMS COMPLIANCE POLICY

<b>Title: Government Programs Compliance Program Overview – Medicare</b>				<b>Policy No: 001</b>	
<b>Effective date: 4/21/11</b>					
<b>Policy Applies to the Following Products with an “X”:</b>					
X	Medicare Part D (PDP) (as applicable includes Group)	X	Medicare Advantage and Part D (MAPD) (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 Program Compliance
<b>Approved:</b>					
HCSC Board of Directors					
<b>Purpose</b>					
The purpose is to provide an overview of the mandatory compliance program requirements and articulate how Health Care Service Corporation (HCSC) complies with these requirements.					
<b>Scope</b>					
This policy applies to HCSC employees, who are involved in the administration or delivery of the Medicare government programs referenced in the Policy Application section above including the chief executive and senior administrators, managers, governing body members, and first-tier, downstream, and related entities (FDRs).					
<b>Policy</b>					
<p><b><u>Overview – Core Requirements and Corporate Resources</u></b></p> <p>HCSC is committed to adopting and implementing an effective compliance program, which includes measures to correct program non-compliance, as well as fraud, waste, and abuse (FWA).</p> <p>The HCSC Government Programs Compliance Program Charter (Compliance Program) will include the following core requirements as defined in Chapter 9 of the Medicare Prescription Drug Manual and Chapter 21 of the Medicare Managed Care Manual, published by the Centers of Medicare &amp; Medicaid Services (CMS):</p> <ul style="list-style-type: none"> <li>I. Written Policies, Procedures, and Standards of Conduct</li> <li>II. Compliance Officer, Compliance Committee, and High-level Oversight</li> <li>III. Effective Training and Education</li> <li>IV. Effective Lines of Communication</li> <li>V. Well-Publicized Disciplinary Standards</li> <li>VI. Effective System for Routine Monitoring and Identification of Compliance Risks</li> <li>VII. Procedures and System for Prompt Response to Compliance Issues</li> </ul> <p><b><u>The Compliance Program</u></b></p> <p>The Compliance Program contains a Government Programs section which documents the CMS mandatory compliance program requirements and the operations of those aspects of the Compliance Program which apply to Government Programs.</p> <p>The Compliance Program, the Code of Ethics and Conduct (the “Code”), and Government Programs Compliance policies, are reviewed and updated at least annually, or as necessary, to incorporate any changes in applicable laws, regulations, and other requirements by the Executive Director of Compliance Operations with the Government Programs Compliance Officer (GPCO) or their designee(s). The GPCO ensures that the results of the review and updates are presented to the Government Programs Compliance Committee (GPCC) and the Corporate Compliance Committee (CCC) for their review. The GPCC and the CCC will recommend any changes that they feel are appropriate for acceptance by the governing body of any of the HCSC Government Contract Holders.</p>					

HCSC has certain corporate policies that articulate required behavior for HCSC and its employees. To meet the government programs requirements, certain HCSC policies may be relied upon in addition to any applicable government programs-specific policies and procedures.

### **Corporate Resources**

HCSC shall commit adequate resources to operate and maintain the program, as well as:

- Promote and enforce its Standards of Conduct (Code),
- Promote and enforce its Compliance Program,
- Effectively train and educate its governing body members, employees, temporary staff, and FDRs,
- Effectively establish lines of communication within itself and between itself and its FDRs,
- Oversee FDR compliance with Medicare Part C and Medicare Part D requirements,
- Establish and implement an effective system for routine auditing and monitoring, and
- Identify and promptly respond to risks and findings.

The HCSC Chief Ethics, Compliance, and Privacy Officer (CECPO) is responsible for the adoption and implementation of the Compliance Program, including the Code. The Code is developed by the Ethics and Compliance Department with input from the GPCO or her/his designee(s). The GPCO reports directly to the CECPO.

### **Government Contract Holders and FDRs**

Government Contract Holders and FDRs may rely on the Compliance Program, the Code, and the Code of Ethics and Conduct for Vendors for compliance expectations. FDRs may rely on their own compliance program that meets Medicare Program requirements as outlined by CMS.

In addition to the HCSC Government Programs Compliance policies and procedures, the Government Contract Holders rely on other internal oversight policies and those of their FDRs to establish and maintain an effective compliance program and prevent, detect, and correct Medicare Part C or Medicare Part D program non-compliance, as well as FWA. Internal functional areas maintain policies and procedures that relate to Government Programs.

### **Fraud, Waste, and Abuse**

HCSC is committed to the prevention, early detection, investigation, and elimination of FWA within its Medicare programs. FWA is incorporated into every element of HCSC's compliance program. Additionally, HCSC maintains a comprehensive FWA Program describing the efforts taken to detect, correct, and prevent FWA.

HCSC's Special Investigations Department (SID) reviews and investigates potential FWA complaints and conducts health care fraud investigations associated with the government programs. If a complaint is found to be potential fraud or misconduct, the SID refers the case to appropriate federal agencies and law enforcement. SID also shares information about potential fraud schemes with other stakeholders via multiple mechanisms. SID mines data through its Data Intelligence Unit, developing individualized analytical programs and detection routines which can be modified to address new and emerging fraud schemes. Government Programs Compliance (GPC) is responsible for review of the FWA Program, participating in FWA activities in an advisory role and conducting monitoring of SID activities.

SID maintains policies and procedures that describe how HCSC meets contractual and regulatory FWA and compliance program requirements.

### **Records Retention**

HCSC is committed to complying with all CMS guidelines related to records retention.

HCSC and all subcontractors must preserve and retain records and documents for 10 years from the last day of the contract period or government audit, whichever is later. If there is no legal or tax hold, records can be destroyed after complying with these retention standards. Documentation is maintained in several formats such as, but not limited to, hard copy and various forms of electronic versions.

### External Audit Requirements

HCSC is committed to complying with all requirements, including but not limited to related to auditing by government agencies. In addition, GPC will adhere to the HCSC Corporate Policy 3.02, External Regulatory Examinations, which requires that HCSC and its subsidiaries cooperate appropriately with all government and regulatory entities' audit requests.

### Definitions

**Abuse:** Actions that may, directly or indirectly, result in: unnecessary costs to a Government Program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. Abuse involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment. Abuse cannot be differentiated categorically from fraud because the distinction between "fraud" and "abuse" depends on specific facts and circumstances, intent and prior knowledge, and available evidence, among other factors.

**(The) Code:** Code of Ethics and Conduct. HCSC document, including the Government Programs section, outlining the standards of behavior expected to be followed to maintain compliance to policies and regulations, operate with integrity, and make good and ethical decisions when serving our members and communities.

**Compliance Program:** Compliance Program Charter, including the Government Programs Section.

**Downstream Entity:** Any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the Medicare Advantage benefit or Part D benefit, below the level of the arrangement between a Medicare Advantage Organization 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).

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

**Fraud:** Knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money or property owned by, or under the custody or control of, any health care benefit program. (18 U.S.C. § 1347).

**FWA:** Fraud, waste, and abuse.

**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."

**Government Programs:** The operations of any Medicare Advantage, Medicare Part D, Medicare Medicaid Plan (MMP), or Medicaid contracts.

**GPC:** Government Programs Compliance.

**GPCO:** Government Programs Compliance Officer.

**MA:** Medicare Advantage. A health plan offered by a private health insurance company as an alternative to traditional Medicare Part A and Part B services, plus Part D. Additional benefits are often added to the plan, such as dental, vision, and wellness services. Sometimes referred to as Medicare Part C since it combines Part A, Part B, Part D, and any additional benefits into a single plan.

**MAO:** Medicare Advantage Organization. Medicare-approved private health insurance company (subject to following the same rules set for traditional Medicare) offering a Medicare Advantage plan.

**MAPD:** Medicare Advantage and Part D (prescription drugs) combined benefit plan offered by a private health insurance company.

**Medicare:** The health insurance program for people:

- 65 or older,
- Under 65 with certain disabilities, or
- Of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

**PDP:** Prescription Drug Plan. Medicare insurance plan covering prescription drug costs offered by a private health insurance company. Available as a stand-alone service.

**Related Entity:** Any entity that is related to a Medicare Advantage Organization (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).

**Waste:** Overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to the Medicare program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources.

#### **Governing Authorities**

42 C.F.R. §§ 422.503(b)(4)(vi)

42 C.F.R. §§ 423.504(b)(4)(vi)

42 C.F.R. § 438.608(a)(1)(iv).

Prescription Drug Benefit Manual, Chapter 9 – Compliance Program Guidelines

Medicare Managed Care Manual, Chapter 21 – Compliance 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>
08/21/2024	11/21/2024	Angela McCullough	Minor grammatical changes. Added FWA, Records Retention and External Audit Requirements sections.
09/30/2023 08/15/2023	11/14/2023	Denise Anderson Angela McCullough	Standardization of language used in all GPC policies, updated Definitions section to ensure inclusion of applicable words/phrases, and minor clarification of language in content. Updated HCSC Chief Ethics, Compliance and Privacy Officer name and removed department specific references.
08/16/2022	11/15/2022	Angela Broadway	Updated Compliance Program name, Code of Ethics and Conduct name and business area department names and acronyms. Changed job title to Executive Director of Compliance Operations.
06/21/2021	12/07/2021	Angela Broadway	Updated Government and Consumer Solutions to Medicare Performance and Delivery, updated title to include "Medicare" and added regulatory reference for MMP.
08/24/2020	12/08/2020	Angela Broadway	Updated Government Contracts Holders to include new subsidiary IBCBSIC. Changed job title to Sr. Director of Compliance Operations.
07/03/2019	12/03/2019	Angela Broadway	Removed Medicaid Plans – created new Medicaid specific GPC Policy. Removed verbiage around GPCO – created new Policy. Added section headings. Minor grammatical corrections.
06/22/2018	12/04/2018	Angela Broadway	Removed reference to Montana HELP program. Added reference to IL Blue Cross Community Health Plans and removed references to old IL Medicaid contracts. Updated name of Code of Ethics and Conduct.
06/13/2017	12/05/2017	Angela Broadway	Change in ownership, update name of IL Medicaid Plans and minor grammatical corrections.
08/25/2016	12/06/2016	Ren Herr	Included reference to Compliance Officers that might be dedicated to a single program who report to the GPCO and edited for clarity and consistency of formatting.
08/27/2015	12/08/2015	Dennis Klopfle	Deleted a few statements that were no longer pertinent. Also deleted the complete list of definitions and moved them to a procedure.
04/03/2015	07/23/2015	Dennis Klopfle	The only change was to the Owner Names.
06/27/2014	N/A	Deb Coleman	No changes recommended.
04/14/2014	05/06/2014	Deb Coleman	Policy language extracted & updated from the 2/26/2013 approved Policy & 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	Revised the Compliance Officer information. Included all Medicare and Medicaid products. Changed header title. Included responsibilities of Enterprise Health Care Management. 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.
10/11/2011	11/07/2011	Fran Free	Reviewed and revised to include comments from Legal and Government Contracts Compliance.
03/29/2011	04/21/2011	Fran Free	Develop an overarching P&P that explains HISC utilizes HCSC departmental P&Ps.