

GOVERNMENT PROGRAMS COMPLIANCE POLICY

Title: Medicare Accountability and Oversight of First-Tier, Downstream, and Related Entities				Policy No:008	
Effective Date: 4/21/11					
Policy Applies to the Following Products with an "X":					
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)
Owners:					
Kim Green	Government Programs Compliance Officer	Government Programs Compliance			
Approved:					
HCSC Board of Directors					
Purpose					
The purpose of this policy is to articulate Health Care Service Corporation's (HCSC) commitment to compliance with the Centers for Medicare & Medicaid Services (CMS) guidelines that require oversight for HCSC's first-tier, downstream, and related entities (FDRs), including internal monitoring and auditing.					
Scope					
This policy applies to HCSC employees who are involved in administration or delivery of the government programs referenced in the Policy Application section above, including the chief executive and senior administrators, managers, temporary workers, governing body members, and FDRs.					
Policy					
<p>HCSC is committed to complying with all CMS requirements, including but not limited to those specific to the oversight of FDRs.</p> <p>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.</p> <p>HCSC does not and will not delegate any compliance program administrative functions to an FDR outside of routine monitoring, auditing, and training.</p> <p>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.</p>					
Definitions					
<p>CMS: Centers for Medicare & Medicaid Services.</p> <p>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).</p> <p>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. (42 C.F.R. § 423.501).</p> <p>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.,</p>					

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: Applies specifically to the operations of any Medicare Advantage [including Dual Eligible Special Needs Plans (D-SNPs)], Medicare Part D, Medicare Medicaid Plans (MMPs), held by Health Care Service Corporation, a Mutual Legal Reserve Company (“HCSC”) or any other HCSC subsidiary or affiliate that holds, either now or in the future a contract with CMS.

Government Programs: Operations of any Medicare Advantage, Medicare Part D, MMP, or Medicaid contracts.

GPCO: Government Programs Compliance Officer.

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).

Routine Monitoring: Monitoring Activities documented and reported through the System of Controls.

Temporary Workers: for the purposes of this policy, are defined as HCSC contingent workers classified by HCSC’s Procurement and Support Services area as “Staff Augmentation” or “Independent Contractors.”

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)
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)

Review Date	Board Ratification Date	Author	Description of Changes
07/18/2025	08/21/2025	Sarah Sanchez	No additional recommended changes.
04/10/2025	05/28/2025	Lou Crognale, Katie Klein, Jeanene Kerestes, Yvonne Yang	Updated scope, definitions, titles, Committee names & changes relevant to the acquisition.
08/21/2024	11/21/2024	Angela McCullough	No recommended changes.
09/30/2023	11/14/2023	Denise Anderson	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.

08/16/2022	11/15/2022	Angela Broadway	No changes required.
07/13/2021	12/07/2021	Angela Broadway	Updated title to include "Medicare" and added regulatory reference for MMP.
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.