

GOVERNMENT PROGRAMS COMPLIANCE POLICY

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| Title: Medicare Auditing by Government Entities | | | | Policy No: 011 | |
| 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 fully cooperating with all Centers for Medicare & Medicaid Services (CMS) guidelines related to plan responsibilities when being audited by the regulatory agency or any designees of the regulatory agency. | | | | | |
| Scope | | | | | |
| This policy applies to HCSC employees who administer or deliver a benefit of the government programs referenced in the Policy Application section above, including the chief executive and senior administrators, managers, governing body members, and any first-tier, downstream, or related entities (FDRs). | | | | | |
| Policy | | | | | |
| <p>HCSC is committed to complying with all requirements related to auditing by government agencies, including but not limited to, that is required by the US Department of Health and Human Services (HHS), the Comptroller General, or their designee's right to:</p> <ul style="list-style-type: none"> • Evaluate through inspection, audit, or other means: <ul style="list-style-type: none"> ○ The quality, appropriateness, and timeliness of services furnished to Medicare enrollees under the contract, ○ Compliance with CMS requirements for maintaining the privacy and security of protected health information and other personally identifiable information of Medicare enrollees, ○ The facilities of the Medicare Advantage Organization (MAO) to include computer and other electronic systems, and ○ The enrollment and disenrollment records for 10 years from the end of the final contract period or completion of audit, whichever is later. • Audit, evaluate, or inspect any books, contracts, medical records, patient care documentation, and other records of the MAO, related entity, contractor, subcontractor, or its transferee that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under the contract, or as the Secretary may deem necessary to enforce the contract. • Inspect, evaluate, and audit through 10 years from the end of the final contract period or completion of audit, whichever is later unless: <ul style="list-style-type: none"> ○ CMS determines there is a special need to retain a particular record or group of records for a longer period and notifies the MAO at least 30 days before the normal disposition date, ○ There has been a termination, dispute, or allegation of fraud or similar fault by the MAO, in which case, the retention may be extended to 6 years from the date of any resulting final resolution of the termination, dispute, fraud, or similar fault, or ○ CMS determines that there is a reasonable possibility of fraud or similar fault, in which case CMS may inspect, evaluate, and audit the MAO at any time. <p>HCSC agrees to make available the Medicare Advantage/PDP organization's premises, physical facilities and equipment, records relating to its Medicare enrollees, and any additional relevant information that CMS may require.</p> | | | | | |
| Corporate External Audit Requirements | | | | | |

In addition, Government Programs Compliance 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. This policy fully aligns with the guidelines set forth by CMS in §50.6.11 of Chapter 9 of the Medicare Prescription Drug Manual and Chapter 21 of the Medicare Managed Care Manual, both titled “Auditing by CMS or its Designee.”

Definitions

CMS: Centers for Medicare & Medicaid Services.

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 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).

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).

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

HCSC: For the purposes of this policy, Health Care Service Corporation and any and all of its subsidiaries that are directly involved in the administration of Government Programs.

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).

Governing Authorities

42 C.F.R. §§ 422.504(e)(2)
42 C.F.R. §§ 423.505(e)(2)
42 C.F.R. §§ 438.230©(3), 438.3(h)
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

HCSC Corporate Policy 3.02: External Audit Requests

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 |
|--------------------|--------------------------------|-------------------|--|
| 08/21/2024 | 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. |
| 08/18/2022 | 11/15/2022 | Angela Broadway | No changes required. |
| 07/13/2021 | 12/07/2021 | Angela Broadway | Added official names for HHS and CMS. Updated reference to HCSC Corporate Policy 3.02, updated title to include “Medicare” and added regulatory reference for MMP. |
| 09/04/2020 | 12/08/2020 | Angela Broadway | Added Government Contracts Holders information. |
| 07/03/2019 | 12/03/2019 | Kim Tulsy | Removed Medicaid Plans – created new Medicaid specific GPC Policy. Added section headings. Minor grammatical corrections. |
| 8/6/18 | 12/04/2018 | Kim Tulsy | Minor product changes. |
| 06/06/2017 | 12/05/2017 | Kim Tulsy | Changed owner. Annual review. Update name of IL Medicaid Plans. No additional changes. |
| 08/29/16 | 12/06/2016 | Kim Tulsy | Annual review. Minor wording and formatting changes. |
| 08/27/2015 | 12/08/2015 | Kim Tulsy | Changed owner and added additional resources. |
| 07/23/2015 | 07/23/2015 | Andrew Massura | No changes recommended. |
| 06/24/2014 | 12/09/2014 | Andrew Massura | Annual Review, no changes recommended. |
| 04/17/2014 | 05/06/2014 | Ren Herr | Policy extracted and updated from 02/26/13 approved Policy 002, Medicare Monitoring and Auditing. |
| 01/23/2013 | 02/26/2013 | Dennis Klopfe | 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 | 11/7/2011 | 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. |