GOVERNMENT PROGRAMS

Compliance Officer Newsletter

Volume VI, Issue 2

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HEALTH CARE SERVICE CORPORATION



Message from Kim Green

Welcome to the Government Programs Compliance (GPC) quarterly newsletter. Our goal is to provide you with pertinent information relating to the administration of the various government programs administered by HCSC.

HCSC is a Plan Sponsor that administers several state and federal Government Programs, including:

- Medicare Advantage
- Medicare Prescription Drug Plan
- Medicare-Medicaid Alignment Initiative (MMAI) and
- Medicaid

As a Plan Sponsor we have the responsibility to know and adhere to the requirements of all the contracts we administer. If we fail to meet those requirements, we are at risk for being subjected to various enforcement actions.

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 Corporate Integrity Hotline number, which is listed below. All calls to our hotline can be made anonymously and without fear of intimidation or retaliation. As the Government Programs Compliance Officer, please know that you can always contact me directly at 312-653-5110.

Kim Green

HCSC Government Programs Compliance Officer



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BACKGROUND

2016 CMS PROGRAM AUDIT

Beginning in January of 2016, CMS audited five areas of HCSC's Medicare Advantage and Prescription Drug Plan contracts. CMS periodically performs Program Audits on all Plan Sponsors who administer various Medicare Advantage and Prescription Drug Plan Contracts. Below is a partial timeline of HCSC audit activities.

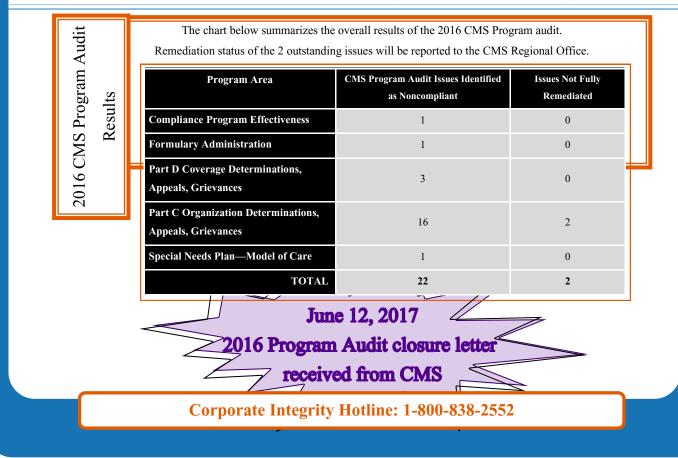
January 25, 2016	HCSC received an official audit notice from CMS.
March 7 - 17, 2016	CMS audit occurred. HCSC received a preliminary Exit Conference report of findings.
September 9, 2016	CMS issued its final audit report
October 11, 2016	HCSC received a Civil Monetary Penalty of \$115,625 from CMS as a result of
	the audit finding

INDEPENDENT VALIDATION AUDIT

CMS required that HCSC hire an Independent Auditor to demonstrate that the conditions of noncompliance

identified in the audit have been corrected and are not likely to recur.

- HCSC hired Blue Peak Advisors, LLC, to conduct the Independent Audit.
- BluePeak Independent Audit occurred in April 2017
- HCSC submitted BluePeak's final Independent Audit Report to CMS on April 17, 2017.



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