

# GOVERNMENT PROGRAMS COMPLIANCE OFFICER NEWSLETTER

Volume IV, Issue

December 2015

**HEALTH CARE SERVICE CORPORATION**



*Message from Kim Green  
HCSC Government Programs Compliance Officer*

Welcome to our final newsletter of the year! In last quarter's edition we highlighted the importance of identifying potential issues of non-compliance, determining the root cause of those issues, and implementing effective Corrective Action Plans (CAPs). That topic feeds into our new topic. What are the consequences if we are out of compliance with the various requirements for the government contracts we hold? As a reminder, HCSC is a Plan Sponsor that administers various 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.

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. 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. 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

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**Government Programs Hotline**

For compliance questions or concerns related to:

- Medicare Advantage
- Medicare Part D
- Medicaid

**1-877-211-2290**

Your 24/7 resource

### What happens when we have instances of non-compliance?

The Centers for Medicare & Medicaid Services (CMS) perform routine monitoring and auditing of our different Medicare programs, such as Medicare Advantage, Medicare Prescription Drug Plan and MMAI. Based on their findings, they can require sponsors to correct instances of non-compliance by issuing compliance notices. For more serious or continuous infractions, they have the authority to impose enforcement actions or terminate the contract.



### Compliance Notices

#### COMPLIANCE NOTICES

CMS issues these notices to document problems/issues that have been identified. Notices are forwarded to the responsible Business Area to take action. Some notices are informative and a response to CMS is not required, while others warrant swift actions and a formal response.

#### Notices of Non-Compliance

Mildest type of letter, used to document isolated or small problems.

#### Warning Letters

Formal communication that includes warning language about consequences of repeated instances of non-compliance.

#### Corrective Action Plan Requests

Represents the most serious form of compliance notice. Indicates continuing and/or severe, systemic problems.

### What types of violations warrant enforcement actions?<sup>1</sup>

Those that result in the following beneficiary outcomes:

- Inappropriate delay or denial of access to health services or medications.
- Incorrect premiums charged or unnecessary cost incurred.
- Inaccurate or untimely information provided about health and drug benefits.

<sup>1</sup><https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/Downloads/CMS-Enforcement-Actions.pdf>

## Enforcement Actions

Intermediate Sanctions	Civil Money Penalties (CMPs)
<p>Intermediate Sanctions are corrective in nature and require a sponsor to take time to fix noted deficiencies. There are three forms of intermediate sanctions.</p> <p><b>I. Marketing Sanctions</b> Suspend a plan sponsor’s ability to market to any Medicare beneficiaries</p> <p><b>II. Enrollment Sanctions</b> Suspend a plan sponsor’s ability to enroll any Medicare beneficiaries (new or existing)</p> <p><b>III. Payment Sanctions</b> Suspend CMS payment to the plan sponsor for any beneficiaries enrolled after the sanction becomes effective</p> <p><b>Note:</b> Sanctions last as long as it takes the sponsor to demonstrate to CMS that the deficiencies have been corrected and are not likely to recur.</p>	<p>CMS can impose Civil Money Penalties when one or more violations have adversely and directly affected or has the likelihood of adversely affecting one or more enrollees. CMP amounts are as follows:</p> <ul style="list-style-type: none"> <li>◆ Up to \$25,000 per determination</li> <li>◆ Up to \$25,000 per enrollee adversely affected (or with the substantial likelihood of being adversely affected)</li> <li>◆ Up to \$10,000 for each week that a deficiency remains uncorrected after the week in which CMS issues a CMP</li> </ul> <p>CMS considers a number of factors when determining the amount of a penalty including, but not limited to the nature of the conduct, the degree of culpability of the sponsoring organization and the harm which resulted or could have resulted from the conduct of the sponsoring organization.</p>

### Contract Actions

CMS will terminate a contract as a last resort when one or more violations are cause for termination and which results in the organization substantially failing to comply with the terms of their contract.

#### 2014 Industry-wide Stats *(HCSC received none)*

Intermediate Sanctions	There were 5 intermediate sanctions in 2014. Four sponsors made corrections to their deficiencies and their plan was approved by CMS. One sponsor opted to terminate their contract by mutual consent. The average number of days these intermediate sanctions were open was 298 days.
CMPs	There were 41 CMPs in 2014 totaling over \$7.8 million, with an average of \$190,390 per CMP.
For-Cause Terminations	There were no for-cause terminations in 2014.

*Similar enforcement actions can be imposed by state Regulatory agencies for our state sponsored Medicaid plans.*

#### 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](mailto:hisccompliance@bcbsil.com)
- Fraud Hotline - Available 24/7 - Report fraud issues anonymously
  - ◆ 1-800-543-0867
- Government Programs Hotline - Available 24/7
  - ◆ 1-877-211-2290
- Visit our website: [www.hisccompliance.com](http://www.hisccompliance.com)