



Government
Programs
Compliance

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GOVERNMENT PROGRAMS

Compliance Officer Newsletter

A Message from Kim Green:

My goal for each Government Programs Compliance Officer Newsletter is to provide you with information about the various government programs administered by HCSC.

HCSC is a Plan Sponsor that administers several Federal and State Government Programs, including:

- Medicare Advantage
- Medicare Prescription Drug Plan
- Illinois 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.

This newsletter edition provides general information about regulatory audits, why audits are important and tips for what you can do to be audit ready. Also highlighted are a few examples of regulatory audits, potential consequences if a plan fails to comply with the regulations and terms of its government contracts.

As the Government Programs Compliance Officer, please know you can always contact me directly at 312-653-5110.

Kim Green

HCSC Government Programs
Compliance Officer

HCSC Corporate Integrity HOTLINE 1-800-838-2552

HOW?
Can You Help?

- Watch for questionable activity
- Know the laws & HCSC policies
- Report any issues

For compliance questions or concerns related to:

- Medicare Advantage
- Medicare Part D
- Medicaid

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GPC Resources:

**Enterprise
Medicaid/Debarment
Melissa Lupella, Senior
Director**

**NM Medicaid
Jeanene Kerestes, Senior
Director**

**IL Medicaid
Yvonne Yang, Director**

**TX Medicaid
Kirstie Reck, Director**

**Medicare/MMAI
Kathleen Klein, Director**

What is a Regulatory Audit?

A regulatory audit is an effective means of providing governing agencies with an in-depth view of a contract holder's operations.

- ✓ Audits review systems and controls to ensure regulatory requirements are being met.
- ✓ Audit reports provide an evaluation of the contract holder's strengths and thoroughness of meeting contractual and regulatory requirements.

Why are Audits Important?

Compliance and audits are like two sides of the same coin but play very different roles. Audits review and evaluate organizational processes, identify deficiencies, and provide process improvement recommendations. An audit's objective is the independent verification of the adequacy and effectiveness of internal control measures.

- ✓ Government agencies have the authority to take actions if HCSC fails to comply with contract and regulatory requirements.
- ✓ If deficiencies are identified, enforcement actions can include monetary penalties and/or sanctions.
- ✓ HCSC is responsible for addressing any findings or recommendations identified in an audit.
- ✓ HCSC has the responsibility to know and adhere to the requirements of all the contracts we administer.

What can you do to ensure that you are Audit Ready?

Know and understand the rules and regulations of the government contract your job duties pertain to.

Complete required and job-specific training.

Review, at minimum annually, documentation to ensure that they reflect current regulatory requirements and department processes.

Implement, or continue, to conduct ongoing monitoring activities to ensure regulatory requirements are being met.



Government Programs Compliance

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Example of a Medicaid Regulatory Audit

Medicaid State Contracts require regular contract compliance audit to be conducted to ensure that each Managed Care Organization (MCO) is administering the contract appropriately.

The state Medicaid agencies contract with an External Quality Review Organization (EQRO) to conduct the audit.

The EQRO works with the MCOs to gather supporting evidence to demonstrate compliance with the requirements. Supporting evidence may include policies and procedures, job aids, workflows, and member files.

The EQRO may conduct an onsite, or virtual onsite, to discuss the supporting documentation.

Once the audit has concluded the EQRO, with the approval of the state Medicaid agency, publishes a final audit report that details any findings or discrepancies identified.

Example of a Medicare Program Audit

CMS Program Audit

- As a Plan Sponsor that administers Medicare programs on behalf of the Centers for Medicare and Medicaid Services (CMS), HCSC is subject to CMS Program Audits.
- A CMS program audit consists of four phases.

Phase 1

- **Audit Engagement and Universe Submission**
- CMS sends an Engagement Letter to the plan sponsor to initiate the audit.
- The plan sponsor submits the requested Data Universes.
- CMS selects targeted samples from the submitted universes to test during audit field work in Phase 2.

Phase 2

- **Audit Field Work** begins with an Entrance Conference, generally, conducted via webinar.
- CMS conducts a Compliance Program Effectiveness (CPE) review, which evaluates the plan sponsor's approach to addressing identified issue or deficiency through Tracer Samples.
- The Auditor-in-Charge (AIC) issues a preliminary Draft Audit Report.
- The final day of field work concludes with an Exit Conference.

Phase 3

- **The Audit Reporting** phase is led by CMS.
- CMS notifies plan sponsors of their scores, conditions, corrective actions through the issuance of the Draft Audit Report.
- After the plan sponsor reviews the draft report and provides comments, CMS issues the Final Audit Report.

Phase 4

- **Audit Validation and Close Out** occurs over a period of approximately 6 months.
- The plan sponsor has an opportunity to demonstrate to CMS that it has corrected the noncompliance that was identified during the audit.
- CMS determines whether the audit can be closed based on the results in the Validation Audit Report and any supplemental information provided by the plan sponsor.
- CMS communicates its decision to HCSC's Government Programs Compliance Officer via letter.