


Compliance – Monitoring & Delegation Oversight		<u>Effective Date</u> 05/05/2011	<u>Owner</u> Monitoring & Delegation Oversight
		<u>Policy #</u> MDO.PNP.003.06	<u>Revision Date</u> 02/20/2017
	Monitoring and Delegation Oversight Risk Assessment	<u>SOX Ref #</u> N/A	<u>Approved By</u> SVP, MA Compliance Officer
		<u>Draft Date</u> 05/05/2011	<u>Last Review Date</u>
	Approvers Name (Printed): Celeste Panaro		Date:
	Approver's Signature:		

1.0 PURPOSE

- 1.1 The purpose of this policy is to outline the process taken by Monitoring Oversight (MO) and Delegation Oversight (DO) to effectively and consistently perform and document the risk assessments of Universal American's Corp. (UAM's) Medicare Advantage (MA) Operations and First Tier, Downstream and Related Entities (FDRs) in order to identify and prioritize the selection of FDRs for annual on-site audits and desk delegation oversight audits, as well as to determine the review scope for the upcoming year.

2.0 POLICY

- 2.1 UAC maintains ultimate responsibility where it delegates any of its activities for fulfilling the terms and conditions as set forth in its MA contract(s) with CMS, including all statutory and regulatory requirements. It is UAC policy to evaluate its FDRs' capacity to perform delegated activities prior to assigning authority and at least annually, thereafter. UAM maintains a monitoring program for the oversight of UAC's Business Process Outsourcing (BPO) and Field Marketing Organizations (FMO) in order to identify risk and assist in correcting any noted deficiencies; or when no risks have been identified, to confirm ongoing compliance.

3.0 APPLICABILITY

- 3.1 This policy is applicable to the UAM MA line of business.

4.0 DEFINITIONS

- 4.1 **Annual Risk Assessment:** A tool used to measure business owners operations, including that of delegated entities contracted to perform functions on the company's behalf, to define all risks in association with current and future processes and procedures.
- 4.2 **Business Process Outsourcing (BPO):** BPO is the practice of using a third party contracted to perform specific, specialized processes on a company's behalf.
- 4.3 **Corrective Action Report (CAR):** A written document issued by Compliance to the Business Owner to report compliance/operational deficiencies identified during the course of routine or ad-hoc compliance monitoring or CMS notices.
- 4.4 **Delegated Entity:** An entity that is contracted with the Plan sponsor to perform certain functions that otherwise would be the responsibility of the Plan to perform under its CMS contract, including management and provision of services. A delegate may be a First tier, Downstream or Related entity (FDR).

- 4.5 **Field Marketing Organization (FMO):** A third party entity such as a field marketing organization or similar type entity that has been retained to market, sell or promote a plan's Medicare Advantage products on the plan's behalf either directly, through sales agents or a combination of both.
- 4.6 **First Tier Entity:** Any party that enters into a written agreement, acceptable to CMS, with a Medicare Advantage Organization (MAO) or Part D Plan Sponsor or applicant to provide administrative services to a Medicare eligible individual under the Medicare Advantage (MA) Program or Part D Program. For example, an IPA.
- 4.7 **Downstream Entity:** Any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA 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 first tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.
- 4.8 **Related Entity:** Means any entity that is related to the Sponsor by common ownership or control: and
- 4.8.1 Performs some of the Sponsor's management functions under contractor delegation;
 - 4.8.2 Furnishes services to Medicare enrollees under oral or written agreement; or
 - 4.8.3 Lease real property or sells materials to the Sponsor at a cost of more than \$2,500 during a contract period.

5.0 PROCEDURE

5.1 Risk Assessment Process

- 5.1.1 On an annual basis, Business Owners (BOs) are required to complete a risk assessment of their internal processes including that of their first tier, downstream and related entities. The BOs have the responsibility to ensure that processes performed within their department, or by delegated entities on the company's behalf, are compliant with CMS regulations and protect Medicare beneficiaries. The risk assessment will be used to assist BOs, MO and DO in identifying areas of risk so that proper mitigation may be taken to ensure full regulatory compliance.
- 5.1.2 Annual Risk Assessments will be distributed to the BOs by Internal Audit during the last quarter of each year to identify risks in the upcoming year.
- 5.1.3 BOs are provided two weeks from the issuance of the Annual Risk Assessment to evaluate risks within their responsible departments.
- 5.1.4 Results of the risk assessments are reviewed by Internal Audit, MO and DO and then communicated to the Executive Leadership Team.
- 5.1.5 Areas of risk identified from the information provided on the assessments are prioritized based on level of deficiency and beneficiary impact.
- 5.1.6 The prioritized areas of risk will be made part of the organization's annual monitoring efforts.
- 5.1.7 Additional Requirements for Delegation Oversight Risk Assessment
 - 5.1.7.1 The minimum information necessary to perform a risk analysis of a UAM FDR is driven by entity review type (BPO or FMO), as noted below.

- 5.1.7.2 DO will utilize a one (1) year look-back period for its risk analysis. The data sources below are not intended to be all inclusive.
- 5.1.7.3 BPOs – Risk Assessment Data Required
 - 5.1.7.3.1 Whether the delegate is ‘member-facing’ (e.g. interacting directly with UAC’s plan members on UAC’s behalf).
 - 5.1.7.3.2 Whether delegate is sharing PHI/secure information.
 - 5.1.7.3.3 Results of prior year annual or pre-delegation reviews.
 - 5.1.7.3.4 Number and severity of CARs initiated (if applicable) and the timeliness with which each deficiency was remediated by the delegate.
 - 5.1.7.3.5 Annual Risk Assessment Questionnaire completed by appropriate Business Owner (BO).
 - 5.1.7.3.6 Dollars spent on each existing delegate for the last twelve (12) months.
 - 5.1.7.3.7 Performance monitoring reports, if available.
- 5.1.7.4 FMOs – Risk Assessment Data Required
 - 5.1.7.4.1 Active policy count
 - 5.1.7.4.2 Number of current year certified agents
 - 5.1.7.4.3 Number of current year agent submissions
 - 5.1.7.4.4 Number of complaints within last 18 months
- 5.1.7.5 DO will risk rank the resulting data as follows:
 - 5.1.7.5.1 For BPO entities
 - 5.1.7.5.1.1 Entities that have been identified as “high and/or medium risk” DO will evaluate the need for a full scope review.
 - 5.1.7.5.1.2 Entities that have been identified as “low risk” DO will recommend no review.
 - 5.1.7.5.1.3 Entities that pose a risk due to other information/ circumstances not captured by the annual risk assessment process, may also be included for a review based on those other factors.
 - 5.1.7.5.2 For FMO entities:
 - 5.1.7.5.2.1 FMOs with an active policy count >500 will be selected to further evaluation of risk by dividing the active policy count for that particular FMO by the total active policy count for all FMOs, this is performed in order to obtain a percentage of risk based upon membership exposure.

5.1.7.5.2.2 FMOs will have their complaint totals for the past 18 months divided by the number of current year certified agents. This calculation is in order to evaluate for potential as well as actual risk (percentages over 2% or greater) DO will evaluate for a full scope review.

5.1.8 The scope and type of review to be performed may be updated and modified at any time based on the identification of additional adverse trends or increase in risk profile. An increase in a delegated entity's risk profile can be generated from, but not limited to, the following events:

5.1.8.1 Expansion of an existing arrangement where the delegated entity is awarded additional services and/or processes on UAC's behalf.

5.1.8.2 Reduction in services and/or processes in an existing arrangement.

5.1.8.2.1 Acquisition of the delegated entity by another organization.

5.2 Monitoring Schedules

5.2.1 Internal Monitoring Schedule

5.2.1.1 The routine monitoring schedule will be developed each calendar year based on:

5.2.1.1.1 Results of the annual risk assessments

5.2.1.1.2 OIG Work Plan

5.2.1.1.3 CMS Star Ratings where the plan has received a star rating of 2 or less

5.2.1.1.4 Trends identified within the industry

5.2.1.2 Ad-Hoc monitoring will occur if risks are identified outside the scope of the monitoring operational schedule, or as directed by the MO Management.

5.2.2 DO Calendar

5.2.2.1 Once DO has identified the FDRs to be reviewed, reviews will be conducted in accordance with Delegation Oversight's Standard Operating Procedure (See DO-SOP-004 Annual Delegation Review).

6.0 TRAINING

6.1 The listing of operational areas/functions and FDRs scheduled for review during the current calendar year may be updated and modified based on the identification of any additional adverse trends or increase in risk profile.

7.0 REPORTING

7.1 Preliminary risk ranking will be provided to Compliance Management for review and approval.

7.2 Upon approval by Compliance Management of the proposed risk ranking, MO & DO will engage the BOs and present the results to the Corporate Compliance Committee to inform them of the

final risk assessment results.

7.3 DO will provide a calendar of scheduled BPO and FMO reviews identified through the risk assessment and outcomes quarterly to the Delegation Oversight Committee (DOC).

7.4 The monitoring schedule is distributed to operational areas at the beginning of each calendar year and reminders will be provided to the business owners prior to the scheduled auditing and/or monitoring activity.

Related Documentation

Attachments

- Attachment - Business Process Outsourcing Risk Assessment Template

Other Regulatory/Accreditation Citations

- 42 CFR §422.504
- 42 CFR §423.504
- 42 CFR §423.505
- 42 CFR 422.2268
- 42 CFR 423.2268
- Medicare Managed Care Manual, Chapter 21