| Community Health Group | POLICY TYPE: ☒Corporate ☐ Divisional | | | |
|---|---|---|---|---|
| EFFECTIVE DATE: 5/15/14 | INITIAL APPROVAL DATE: May 15, 2014 | NEXT REVIEW DATE: May 2017 | POLICY NUMBER: 5530 | |
| REVISION APPROVAL DATE: 11/14, 4/15, 4/16 | | APPLIES TO PRODUCT TYPE: ☒Medi-Cal ☒ CMC | | PAGE: 1 of 5 |
| POLICY APPLIES TO: All Divisions and Departments | | CLASSIFICATION SERIES: Compliance | | |

SUBJECT:

# Risk Assessment

## Policy:

The Risk Assessment Tool lists all processes associated with carrying out the business and operations of the Medi-Cal, MMP, MA and PDP products. On a quarterly basis the Compliance Officer and Compliance Managers will record process concerns and identify risk areas. The Compliance Officer reserves the right to modify the spreadsheet as "deemed necessary" to incorporate additional areas of risk to maintain appropriate compliance and monitoring oversight.

In addition, monitoring and evaluative plans will be developed with the functional areas; focused audits, as well as routine annual audits, will be scheduled according to the risk score. Depending on the level of risk assessment, an operational function (as well as the documented policy and procedure) may be included in the annual audit schedule. In addition to auditing Community Health Group internal business areas, the annual audit schedule also includes sub-contractors audits. It is important to note that audits conducted by Compliance are separate and distinct from the audits performed by Community Health Group's Internal Audit Department.

All Compliance audits are conducted in accordance with accepted industry practice, CMS monitoring tools and guidance available at the time of the audit. Compliance has developed appropriate tools for audit notification, summarization and reporting. All finalized audit results will be captured on the "Annual Audit Year to Date Summary" and the final audit report summaries will be shared with senior management and discussed with the Medicare Compliance Committee and Sub-Committees.

## Purpose:

Community Health Group has established and currently maintains various practices and procedures that collectively comprise the Compliance Program to identify and review business activities relative to compliance and legal requirements set forth in laws, rules and regulations applicable to our MA and PDP plans.

With respect to Medicare plans, two federal agencies have issued guidance regarding compliance programs: the Centers for Medicare & Medicare Services (CMS) and the Office of Inspector General (OIG). Both CMS and the OIG used the United States Federal Sentencing Guidelines (the "Federal Sentencing Guidelines") to establish a framework for their compliance plan regulations and recommendations. The Federal Sentencing Guidelines include seven minimum objectives that an organization must meet in order for a compliance and ethics program to be considered effective in preventing, detecting and correcting violations of law. Community Health Group has incorporated all seven minimum objectives into its Compliance Plan. One of the seven objectives is to ensure Community Health Group has established procedures to conduct contract performance monitoring, auditing and reporting.

This policy outlines the process to be used by Compliance to assess the risk and impact to our contract with CMS, DHCS, Community Health Group or our members. It will allow for tracking and monitoring in a centralized location for easy accessibility to the department, management CMS and DHCS, upon request. The policy utilizes a point system that determines auditing needs and frequency.

## Definitions:

DHCS - Abbreviation for the California Department of Health Care Services.

MA - Abbreviation for Medicare Advantage.

MA-PD -Abbreviation for Medicare Advantage Prescription Drug Plan under Part D of the Social Security Act.

PDP -Abbreviation for standalone prescription drug plan. PDP has the definition set forth in 42 CFR §423.4.

Procedure:

I) Compliance Manager will update the Risk Assessment Tool *(refer to Exhibit 1)* on a quarterly basis based on a deficient element after completing a regularly scheduled audit or changes in policy and procedure. They will indicate the area(s) impacted by answering questions within the spreadsheet. This will cause a change in the risk level. An increased risk level assessment may require training, policy modification and audit. Changes in policy and procedure may occur through:

   a. HPMS memos, the yearly call letter, All Plan Letters, Dual Plan Letters, Policy Letters or system changes. The impacted business area receives a Compliance Alert and must make necessary revisions to applicable policy. The policy must be reviewed by the Compliance Manager to ensure changes have been adequately made. The business area must schedule and conduct training that must be attested. The attestation is sent to Compliance as evidence of completion.
   b. Other changes will be generated by the business area due to Management Action Plans (MAPs) or improvements to processes. Policies are revised by the appropriate business area and reviewed by Medicare Compliance before implementation. The business area must schedule and conduct training that must be attested. The attestation is sent to Compliance as evidence of completion. Any changes in response to a MAP will be audited 30 days after implementation.

2) Each question is assigned points that are totaled and categorized based on the range of points. The range is assessed a risk level that is used to determine further audit needs.

3) The three levels are High/Red, Medium/Yellow and Low/Green.
   a. High/Red (11 points and above): Monitored closely over a 6 month period. A focused audit plan of action will be created for each process. Daily, weekly, and monthly monitoring and analysis will be performed. If testing and monitoring are successful over a period of 6 months or 2 quarters, then the process will be moved to green.
   b. (6-10 points): Monitored following a quarterly schedule. If testing and monitoring are successful over a period of 6 months or 2 quarters, then the process will be moved to green.
   c. Low/Green (0-5 points): Monitored following an annual schedule.

4) Thirty days prior to the month of the scheduled audit, the lead Compliance Manager will issue the 30-Day Audit Notification Memorandum *(refer to Exhibit 2)* to the management team of the functional business area scheduled to be audited. The memo issued will outline the scope of the upcoming audit, CMS monitoring elements, audit timelines and due dates and the type of documentation required to complete the audit review (universes, samples, policies and procedures, reports, etc.). The memo will also include a copy of the applicable CMS worksheets to be used and the sample documentation checklists, outlining the documentation required to be included with each sample.

5) If deemed necessary, the Compliance Manager and/or the management of the functional business area can request a brief meeting to clarify the scope of the audit and what will be required. The Compliance Manager will schedule a meeting within five business days of the 30-day notification memo being issued.

   The requested universes are due to the Compliance Manager within fifteen days of issuance of the 30-day audit notification memo. Upon receipt of the requested universe(s), the Compliance Manager will confirm the universes contain the correct information and randomly select the number of samples required for the audit elements. Within 2 to 3 business days of receipt, the Compliance Manager will return the universe sample selection via email to the designated business area contact and include the requested sample due date.

Note: If requested universe(s) are not received by Compliance by the date specified in the audit memo, it will result the audit element being reflected as "Not Met".

6) The 30-day audit notification memo will reflect a sample due date of 5 to10 business days, determined by the scope and size of the audit. All requested samples must be received by Compliance no later than the last business day of the month prior to the audit start date to ensure the scheduled audit is conducted and completed in accordance with the annual audit schedule timeline. All samples provided must include a complete documentation checklist and all of the checklist information requested. If information is not available, the reason "why" should be noted on the sample checklist. Samples that do not contain all requested documentation required to review will result in an error and affect the overall audit results.

7) Upon receipt of the samples and other requested documentation, the Compliance Manager must validate that the correct number of samples and other documentation requested in the audit notification memo have been received. If the Compliance Manager identifies missing samples or documentation, he/she must immediately contact the appropriate business area contact to advise and discuss why this occurred.

Note: Compliance will review the samples and documentation received. As noted above, if sample and/or other requested documentation is not provided, this will negatively impact the overall audit results and could result in the audit element being reflected as 'Not Met."

8) Within ten business days of receipt of the samples, the responsible Compliance Manager will complete the audit review and populate the applicable worksheet(s) to capture the audit results and any necessary comments. In addition to the worksheets, the lead Compliance Manager will draft a preliminary audit report *(refer to Exhibit* 3) summarizing the audit results/findings. The audit report will include any additional reporting metrics that tie into the elements reviewed and if they are considered CMS or DHCS publicly reported data. The draft audit report will be reviewed and approved by Compliance Managers responsible for audit oversight prior to being released to the business area. Any significant audit findings are quickly elevated to the Compliance Officer and the Compliance Committee.

9) Within five business days of completing the review and drafting audit report, the lead Compliance Manager will schedule a meeting with the management team of the functional business area to discuss the audit results and findings reflected in the worksheets and draft audit report.

10) Management from the functional business is given 5 days in which to submit a rebuttal to findings noted in the draft audit report. Rebuttal documentation and explanations will be reviewed by the audit team and the merits discussed with the Compliance Subject Matter Expert and Compliance Officer. A report accepting or rejecting the rebuttals will be submitted to the business area 5 days after receipt of rebuttal documentation and accepted rebuttals will be noted on final report.

11) Within three business days of the audit results discussion, the lead Compliance Manager will finalize the audit report, indicating the required due date if applicable for the Management Action Plan (MAP) audit response. The report and MAP response template will be emailed to the senior managers of the functional business area. The Compliance Officer and other applicable internal contacts must be included in the email distribution. The Management Action Plan will be due 30 days from the date the draft audit report is issued to senior management of functional business area.

12) The lead Compliance Manager must calendar and track the MAP due date to ensure it is received timely. An Access database record should be created to enter all MAPs and their due dates. Once a MAP is received, the date must be entered in the database. A weekly compliance report should be run to determine if the MAP has been received. The Compliance Manager should create a calendar event to remind him or herself. An automated email should be sent ten days prior to the due date of the MAP and sent to the applicable area.

13) Upon receipt of the MAP, the lead Compliance Manager will review the response received to ensure it addresses the findings identified. Any elements not addressed adequately will be discussed by Compliance and the business area management in order to finalize within 5 days of receiving the MAP.

    If the MAP is not received by the required due date, the lead Compliance Manager will escalate this to the senior management of the functional business area immediately.

14) When a MAP is required, notification of a re-audit and the scheduled due dates will be included in the initial audit's final report. A re-audit is scheduled no later than thirty (30) days after receipt of the MAP. The requested universe are due to the Compliance Manager within fifteen (15) days of receipt of the 30-day audit notification memo. An automated email should be sent if not received on the fifteenth day. Upon receipt of the requested universe(s) the Compliance Manager will confirm the universe contains the correct information and randomly select the number of samples required for the audit elements. Within 2 - 3 business days of receipt, the Compliance Manager will return the universe sample selection via email to the designated business area contact and include the requested sample due date.

15) The 30-day audit notification memo will reflect a sample due date of 5 to ten (10) business days, determined by the scope and size of the audit. All requested samples must be received by Medicare Compliance no later than the last business day of the month prior to the audit start date. All samples provided must include a completed documentation check list and all of the checklist information requested. If information is not available, the reason "why" should be noted on the sample checklist. Samples that do not contain all requested documentation required to complete the review, will result in an error and affect the overall audit results.

16) Upon receipt of the samples and other requested documentation, the Compliance Manager must validate that the correct number of samples and other documentation requested in the audit notification memo has been received. If the Compliance Manager identifies missing samples or documentation, he/she must immediately contact the appropriate business area contact to advise and discuss why this occurred.

    Note: Compliance will review the samples and documentation received. As noted above if sample and/or other requested documentation is not provided this will negatively impact the overall audit results and could result in the audit being reflected as Not Met.

17) Within ten business days of receipt of the samples, the responsible Compliance Manager(s) will complete the audit review and populate the applicable CMS worksheet(s) to capture the audit results and any necessary comments. In addition to the worksheets, the lead Compliance Manager will draft a preliminary audit report (refer to Exhibit 2) summarizing the audit results/findings. The audit report will include any additional reporting metrics that tie into the elements reviewed and if they are considered CMS publicly reported data. The draft audit report will be reviewed and approved by Compliance Managers responsible for audit oversight prior to being released to the business area.

18) Within 5 business days of completing the review and drafting the audit report, the lead Compliance Manager will schedule a meeting with the management team of the functional business area to discuss the audit results and findings reflected in the worksheets and draft audit report.

19) Within 3 business days of the audit results discussion, the lead Compliance Manager will finalize the audit report. The Compliance Officer, CEO and other applicable internal contacts must be included on the email distribution. If the re-audit is a "Not Met," management must meet to discuss the MAP and determine if the steps were adequately followed. Further training or staff corrective action may be necessary. Possible review by Compliance may be scheduled. Upon discussion, review and iimplementation, a universe will be requested to verify if improvements have been made. If the re-audit is a "Met," the audit will be added to the audit calendar on a quarterly basis. Areas of high volume or concern may be reviewed on a more frequent basis.

20) The final worksheet(s), audit report and MAP response will be saved in the applicable audit folder on the Compliance network shared drive. The lead Compliance Manager will report out the final results during the monthly Medicare Compliance audit analysis meetings to ensure the results are captured on the "Annual Audit YTD Summary."

21) Upon completion of audits, the Compliance Manager will answer the questions again and determine the risk assessment for each element. Changes in Risk level will provide a snapshot of current risk to the Medicare Program. Successful implementation of CMS or business revisions will reflect a risk level of Low/Green.

22) At a minimum, Compliance will meet once per month to review the risk assessment tool and annual audit schedule, as well as discuss current audit status and future scheduled audit activity to help ensure audits are conducted timely and in accordance with the schedule timelines. During these meetings, audits are reviewed and final audit results and any other key issues requiring further discussion are presented to ensure (i) the Compliance Officer is properly apprised of all audit activity and (ii) results are recorded accordingly.

Access Privileges: ☒ All ☐ _____

Regulatory: Prescription Drug Benefit Manual, Chapter 9 Section 50.2.6.1.2

NCQA:

Attachments: Risk Assessment Tool
Audit Notification Memo
Audit Report Template
Management Action Plan Template

Policy Status: ☒ Signed (Signature on File) ☐ Active Draft ☐ Policy in Development

Approved By: Signature: _____

Department Head: Chief Compliance & Regulatory Affairs Officer

Date: _____

Signature: _____

Division Chief: Chief Executive Officer

Date: _____