



COMPLIANCE PROGRAM REQUIREMENTS MANUAL

VENDOR FIRST TIER, DOWNSTREAM AND RELATED ENTITIES (FDRs)



A Public Entity

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1 INTRODUCTION

Inland Empire Health Plan (IEHP) is committed to conducting its business in an honest and ethical manner, and in compliance with the law. IEHP has established and implemented a Compliance Program to promote our culture of ethical conduct and compliance. The Compliance Program sets forth the principles, policies, and procedures for how IEHP Team Members, Governing Board Members, as well as subcontracted entities known as First Tier, Downstream and Related Entities (FDRs) are required to conduct business and themselves. IEHP's Compliance Program is built upon and implemented in accordance with applicable Federal and State laws, regulations and guidelines, including those set forth by the Federal Sentencing Guidelines (FSG) and Office of Inspector General (OIG) Seven Elements of an Effective Compliance Program. This commitment extends to our business associates, delegated entities and identified FDRs that support IEHP's mission.



2 IEHP'S MISSION AND CORE VALUES

The mission of IEHP is to organize and improve the delivery of quality, accessible and wellness-based health care services for our community. The organization prides itself on six core values:

- 1 **Health and Quality before Costs:** IEHP believes in placing Members' health care needs above all else.
- 2 **Team Culture:** IEHP is a dedicated and cohesive team focused on Member care and supporting our Providers.
- 3 **Think and Work LEAN:** IEHP strives to continuously improve our daily operations and delivery of health care services.
- 4 **Partner with Providers:** IEHP recognizes the necessity of a strong working relationship with our Providers based on mutual respect and collaboration.
- 5 **Stewardship of Public Funds:** IEHP is accountable to the public and strives for transparency and prudent fiscal management.
- 6 **Foster Innovation:** IEHP is thinking about the future of health care in terms of digital access, use of data, creative initiatives and other innovations that will improve the lives of our Members, Providers, the Community, and our Team Members.



3 PURPOSE OF FDR COMPLIANCE REQUIREMENTS MANUAL

IEHP recognizes that FDRs play a critical role in the Plan's success, as well as helping to provide certain services that help the Plan to fulfill its contractual obligations. IEHP is also committed to ensure its contracted FDRs are fully compliant with all laws, regulations and Compliance Program standards. In order to ensure FDRs understand and meet their obligations, the Vendor FDR Compliance Requirement Manual is provided. The purpose of the manual is to serve as a resource tool that provides important information on key elements and the steps needed to remain compliant.

Resource citation:

42 C.F.R. §§422.503(b)(4)(vi) and 423.504(b)(4)(vi)

42 C.F.R § 438.608 - Program integrity requirements under the contract

CMS Prescription Drug Benefit Manual, Chapter 9, Compliance Program Guidelines

CMS Medicare Managed Care Manual, Chapter 21

Compliance Program Guidelines





4 COMPLIANCE PROGRAM HIGHLIGHTS

The IEHP Compliance Program is designed to:

- 1 Ensure IEHP and its contracted FDRs comply with applicable laws, rules, and regulations;
- 2 Reduce or eliminate Fraud, Waste, and Abuse (FWA);
- 3 Prevent, detect and correct non-compliance;
- 4 Reinforce the commitment to a culture of compliance for which IEHP strives; and
- 5 Establish and implement a shared commitment to honesty, integrity, transparency, and accountability.



5 WHAT IS A FIRST TIER, DOWNSTREAM AND RELATED ENTITY (FDR)?

An FDR is defined by Centers for Medicare & Medicaid Services (CMS) as any party that enters into a written arrangement, acceptable to CMS with a Medicare Advantage Organization (MAO) or Part D plan sponsor applicant to provide administrative services or health care services to a Medicare-eligible individual under the Medicare Advantage (MA) program or Part D program.

Downstream Entity is 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 a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health care and administrative services.

Related Entity means any entity that is related to a MAO or Part D sponsor by common ownership or control and:

- 1 Performs some of the MAO or Part D plan sponsor's management functions under contract or delegation;
- 2 Furnishes services to Medicare enrollees under an oral or written agreement; or
- 3 Leases real property or sells materials to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period.

Resource citation:

42 C.F.R. §, 422.500 Scope and definitions



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EXAMPLES OF ADMINISTRATIVE SERVICES THAT FDRs PROVIDE FOR IEHP

Medicare program requirements apply to FDRs to whom the sponsor has delegated administrative or health care service functions relating to the sponsor's Medicare Parts C and D contracts. FDRs are also required to be compliant with CMS and the OIG of the U.S. Department of Health and Human Services (HHS) guidelines.

- Sales and marketing;
- Utilization Management;
- Applications processing;
- Enrollment, disenrollment, membership functions;
- Claims administration, processing and coverage adjudication
- Appeals and grievances;
- Licensing and credentialing
- Pharmacy benefit management;
- Hotline operations;
- Customer Service;
- Bid preparation;
- Outbound enrollment verification; and
- Provider network management.

Resource citation:

CMS Medicare Managed Care Manual, Chapter 21



7 FDR REQUIREMENTS

To confirm that our FDRs are meeting their compliance obligations, IEHP will issue an FDR attestation upon initial contract and annually thereafter. An authorized representative from the FDR's organization is required to attest to comply with IEHP's compliance program requirements. In addition to completing an annual attestation, IEHP may request that the FDR provide supporting documentation for any of the requirements listed on the attestation to ensure compliance program requirements are being met. For those FDRs that fail to meet these requirements each calendar year, failure to comply may lead to the issuance of a corrective action plan, retraining, or possible termination of the contract. The requirements are as follows:

CODE OF CONDUCT/COMPLIANCE POLICIES

The FDR must ensure they have either implemented Standards of Conduct or have adopted IEHP's Code of Business Conduct and Ethics and maintain evidence that it has been distributed to its employees.

Frequency

Must be distributed to employees within 90 days of hire or contracting and annually thereafter. All evidence must be retained and be provided to IEHP upon request. Evidence shall also contain employee names and dates of distribution.

Resource citation:

Medicare Managed Care Manual §50.1, Chapter 21

[IEHP Code of Conduct](#)

[FDR Attestation](#)

FRAUD, WASTE AND ABUSE (FWA), GENERAL COMPLIANCE TRAINING (INCLUDING HIPAA)

WHAT IS FWA?

Fraud is knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program, or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any health care benefit program.

Waste includes overuse of services, or other practices that, directly or indirectly, result in costs that are unnecessary. Waste is generally not considered to be caused by criminally negligent actions but rather by the misuse of resources.

Abuse Abuse includes actions that may, directly or indirectly, result in costs that are unnecessary and improper payment/services. Abuse involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment.

FDRs must complete general compliance training as well as FWA and HIPAA training. The FDR must fulfill at least one of the options below to ensure satisfaction with the general compliance and FWA training requirement:

Frequency

Trainings must be distributed to employees within 90 days of hire or contracting and annually thereafter. All evidence must be retained and be provided to IEHP upon request. Evidence shall also contain employee names and dates of completion.

Option 1. Adopt IEHP's General Compliance, FWA, HIPAA, and Privacy Security training. This can be found on our Compliance page.

<https://www.iehp.org/en/about/compliance-program>

Option 2. Incorporation of the content of the CMS standardized training modules related to General Compliance, FWA, HIPAA, and Privacy Security into the organization's existing compliance training materials/systems. This may be subject to IEHP review and approval.

[Click to view CMS FWA/HIPAA training material](#)

Option 3. FDRs may also utilize the Industry Collaboration Effort (ICE) Fraud, Waste and Abuse (FWA) and General Compliance training as an acceptable mode of completing the FWA requirement.

[Click to view the ICE FWA and General Compliance training material](#)

Resource citation:

CMS Prescription Drug Benefit Manual, Chapter 9, Compliance Program Guidelines & CMS Medicare Managed Care Manual, Chapter 21, Compliance Program Guidelines

Element III: Effective Training and Education



RECORD RETENTION AND ACCESS TO RECORDS

First tier and downstream entities must comply with Medicare laws, regulations and CMS instructions (422.504(i)(4)(v)), and agree to audits and inspection by CMS and/or its designees and to cooperate, assist, and provide information as requested, and maintain records a minimum of 10 years. This includes all records related to the administration or delivery of benefits to IEHP Members and delegated activities.

Frequency

All evidence must be retained and be made available to IEHP upon request for an audit, monitoring, and/or in the event IEHP is engaged with a regulatory audit.

Resource citation:

CMS Medicare Advantage Application Procedures and Contract Requirements, Chapter 11

§100.4 – Provider and Supplier Contract Requirements

CMS Medicare Prescription Drug Benefit, Chapter 9 §50.3.1 & 50.6.11



EXCLUSION MONITORING

Federal law prohibits Medicare and Medicaid health care programs from paying for items or services furnished, prescribed, or ordered by an individual, entity, or downstream entity who has been excluded from these federal programs. IEHP and its FDRs are expected to conduct exclusion screenings to ensure that none of its board members, employees, temporary employees, volunteers/interns, and downstream entities are excluded/suspended or do not become excluded/suspended from participation in federal and state health care programs.

FDRs are expected to use the exclusion sources below when conducting exclusion reviews.

Exclusion sources

- Office of Inspector General's (OIG) List of Excluded Individuals and Entities (LEIE) <https://oig.hhs.gov/>
- U.S. General Services Administration (GSA) Systems for Award Management (SAM) <https://sam.gov/SAM/pages/public/index.jsf>
- DHCS Medi-Cal Suspended and Ineligible List (S&I) (as applicable) <https://files.medi-cal.ca.gov/pubsdoco/SandILanding.asp>
- CMS Preclusion List (as applicable) <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/PreclusionList>

Frequency

Exclusion screenings must be conducted prior to contracting, prior to hiring and each month thereafter in order to prevent inappropriate payment to pharmacies, vendors, and other entities that have been added to exclusion lists since the prior month. Screening shall include all employees, governing board members, temporary staff, volunteers, and consultants. All evidence must be retained and be provided to IEHP upon request.

Reporting

In the event the organization or an employee of the organization appears on an Exclusionary List or is otherwise not eligible to participate in the Medi-Cal and/or Medicare programs, the FDR shall notify IEHP within five business days and shall ensure that the employee does not participate in the care or services provided to IEHP or IEHP Members. FDRs are also expected to immediately remove any board members, employees, volunteers/interns, and downstream entities responsible for the administration or delivery of benefits to IEHP Members. Evidence of exclusion reporting shall contain the employee names and date of completion.



REPORT AND REQUEST TO USE OFFSHORE SUBCONTRACTORS

CMS defines an Offshore Subcontractor as: The term “subcontractor” refers to any organization that a MAO or Part D Sponsor contracts with to fulfill or help fulfill requirements in their Part C and/or Part D contracts.

Subcontractors include all first tier, downstream, and/or related entities. The term “offshore” refers to any country that is not one of the 50 United States or one of the United States Territories.

Subcontracting that involves receiving, processing, transferring, handling, storing, or accessing Personal Health Information (PHI) to an offshore location requires notice to IEHP.

Frequency

FDRs shall not utilize the services of any subcontractors in providing the services required without IEHP’s prior written approval. FDRs shall request approval by submitting a written description of the services to be subcontracted. If approved by IEHP, FDRs shall remain the prime contractor for the services and be responsible for the conduct and performance of each approved subcontractor.

In the event First Tier entity is in breach of this section, IEHP shall have sole discretion the right to immediately terminate its contract agreement.

FDRs can request permission to perform offshore services by completing an FDR attestation.

REPORT COMPLIANCE AND FWA ISSUES/CONCERNS

FDRs are required to report suspected violations of any laws and regulations to IEHP. Based on IEHP policies, a zero-tolerance policy for retaliation or intimidation against anyone who is reporting suspected misconduct is enforced. IEHP has the following resources available for reporting fraud, waste or abuse, privacy issues, and other compliance issues:

Compliance Hotline: 866-355-9038

Fax: (909) 477-8536

E-mail: compliance@iehp.org

Mail:

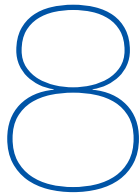
IEHP Compliance Officer

P.O. Box 1800

Rancho Cucamonga, CA 91729-1800

Online:

[Report a Compliance Issue](#)



MONITORING AND AUDITING

MONITORING ACTIVITIES

Monitoring activities are regular reviews performed as part of normal operations to confirm ongoing compliance and to ensure that corrective actions are undertaken and effective.

AUDIT ACTIVITIES

An audit is a formal review of compliance with a particular set of standards (e.g., policies and procedures, laws and regulations) used as base measures.

As a plan, IEHP must undertake monitoring and auditing to test and confirm compliance with regulatory requirements, sub-regulatory guidance, contractual agreements, and all applicable Federal and State laws, as well as internal policies and procedures to protect against noncompliance and potential FWA. To ensure IEHP's FDRs are in compliance with contractual and regulatory requirements, IEHP performs a risk assessment, which is structured around the FDRs delegated work functions. Doing so helps to confirm if contractual obligations and ongoing compliance are being maintained.

FDRs are also expected to conduct their own routine auditing and monitoring of the delegated work they do on behalf of IEHP. FDRs must be able to provide the results of these ongoing activities at any given time that IEHP requests them to ensure they are being maintained. Additionally, IEHP holds its FDRs accountable to ensure their downstream entities are also compliant in meeting contractual and regulatory obligations. IEHP, at any time, may request to see evidence of monitoring and auditing activities conducted on a downstream entity that is contracted to perform a delegated function.

If FDRs fail to comply with these requirements, a Corrective Action Plan (CAP) may be issued to address the identified deficiency(ies).

Resource citation

42 CFR § 422.503(b)(4)(vi)(F) for MA

42 CFR § 423.504(b)(4)(vi)(F) for Part D

Medicare Managed Care Manual, Chapter 21, § 50.6.6

