# Applicable to

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Entity** | QHBPC[[1]](#endnote-1) | QHPC[[2]](#endnote-2) | QHPMC[[3]](#endnote-3) | QHIC[[4]](#endnote-4) | QTZ[[5]](#endnote-5) | If other, please specify. | |
| **State** | Iowa | Illinois | Minnesota | Wisconsin | | If other, please specify. | |
| **Product Line** | All Insured Product Lines (Does not include self-funded) | | | | | Self-Funded |  |
|  | Commercial HMO  Commercial PPO  Commercial POS | | Individual ACA Exchange  Individual ACA Non-Exchange  Individual Pre-2010  Medicaid-BadgerCare Plus  Medicaid-SSI | | | Medicare Advantage  Medicare Select  Medicare Supplement  State/Local  D-SNP | |

# Enforcement

Workforce members who violate this policy will be subject to disciplinary actions, up to and including termination of employment. Workforce members have a duty to report suspected or actual noncompliance. Failure to do so may result in disciplinary action leading up to and including termination.

# Review, Revision and Distribution

This policy and any material revisions to this policy require the approval of **the Compliance Officer(s)**.

External requests for access to this P&P (from network partners, sister companies, etc.) should be directed to **the Compliance Officer(s)**.

This document will be updated periodically to reflect changing business and technology requirements or at least annually, whichever is sooner. All change requests should be directed to the document owner.

# Document Logistics & Revision History

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| --- | --- |
| **Document Owner:** | AVP, Compliance and Government Regulatory Operations and Senior Director, Deputy General Counsel – Compliance Services |
| **Next Review:** | November 2024 |

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| **Description of Changes** | **Name, Title, or Committee** | **Date** |
| **Creation** | Jessica Stanton, Compliance Analyst | 8/21/2017 |
| **Reviewed/Revised** | Jessica Stanton, Sr. Compliance Analyst | 11/28/2023 |
| **Approved** | Compliance Committee | 11/29/2023 |
| **Note:** Only keep the initial creation, last revision, and last approval dates. Previous versions must be archived for 10 years. | | |

# Purpose

The purpose of this policy is to provide a documented standard for conducting and reporting of internal compliance auditing and monitoring that tests and confirms compliance with state and federal regulations and laws, sub-regulatory guidance, and contractual agreements as well as internal policies and procedures to protect against noncompliance and fraud, waste, and abuse.

# Policy

This policy applies to all departments and all products within Quartz. This policy also applies to auditing and monitoring performed by all federal program first-tier, downstream and related entities (FDRs), requiring documentation of their internal auditing and monitoring to be provided to the Compliance department.

# Definitions

|  |  |
| --- | --- |
| **Auditing** | Auditing activities are typically performed by reviewers who do not work in the department being audited. Audits may be performed by Compliance staff, Internal Audit staff, management staff, or external third-party reviewers. Auditing activities may include:   * Reviewing policies, procedures, reports, and related documents * Reviewing a sample of data to assess understanding of regulatory requirements and to verify that procedures and controls are working as intended; or pulling a universe and testing a relevant sample to confirm that outcomes comply with regulatory requirements. |
| **Monitoring** | Monitoring activities may be performed by operational areas and/or compliance staff on a regular basis (e.g. daily, weekly, monthly, quarterly, etc.). Monitoring activities may include:   * Reviewing and analyzing relevant compliance and performance metrics * Trending relevant compliance and performance metrics to proactively identify indicators of potential noncompliance * Verifying that procedures and controls are working as intended; or performing limited testing. |
| **FDR** | First Tier, Downstream or Related Entity |
| **First Tier Entity** | Any party that enters into a written arrangement, acceptable to CMS, with a Medicare Advantage Organization (MAO) and Part D plan sponsor, to provide:  Administrative services (e.g. marketing, utilization management, quality management, application processing, enrollment or disenrollment functions, claims processing, adjudicating Medicare organization determinations, appeals and grievances, provider credentialing); or  Health care services to a Medicare or FFM eligible individual under the Medicare Advantage program or Part D program (e.g. independent practice association, pharmacy benefit manager, hospital) |
| **Downstream Entity** | Any party that enters into a written arrangement, below the level of the arrangement between a sponsor and a First-Tier Entity for provision of administrative services or health care services to a Medicare or FFM eligible individual under the Medicare Advantage program, Part D program or FFM program. (e.g. hospitals within a health system or credentialing verification organization) |
| **Related Entity** | Any entity that is related to the sponsor by common ownership or control and either: (1) performs some of the sponsor’s management functions under a contract or delegation; (2) furnishes services to Medicare or FFM eligible individuals under an oral or written agreement; or (3) leases real property or sells materials to the sponsor at a cost of more than $2,500 during a contract period. (42 C.F.R. § 423.501) |

# Related Documents

Effective Lines of Communication Policy

FDR Identification, Monitoring and Oversight Policy

Risk Assessment Practice Policy

Compliance Program Investigations Policy

Mandatory Exclusion Screening Policy

# Requirements

42 CFR §§ 422.503(b)(4)(vi)(E) and 423.504(b)(4)(vi)(E)

42 CFR §§ 422.503(b)(4)(vi)(F) and 423.504(b)(4)(vi)(F)

Medicare Managed Care Manual Chapter 21 – Compliance Program Guidelines

Prescription Drug Benefit Manual Chapter 9 – Compliance Program Guidelines

OIG Work Plan

# Procedure

Compliance Auditing and Monitoring

The Compliance Department is responsible for planning and executing internal compliance audits. An annual Auditing and Monitoring Work Plan is maintained and controlled in Compliance and provides a reference for all current and ongoing auditing and monitoring activities that take place in the calendar year. The Compliance Department must regularly update the grid with completion and start dates of the activities. The work plan will be reviewed and approved annually by the Compliance Committee.

A risk assessment will be conducted annually to determine compliance risk areas related to requirements with federal and state laws, as well as evaluating the risk of fraud, waste and abuse. Risk areas determined to be a severe or immediate compliance risk will take precedence in the audit schedule. Details can be found in the Risk Assessment Practice policy. To mitigate fraud, waste and abuse, Compliance will annually assess the OIG Work Plan, audit findings of other organizations, CMS audit findings, current compliance risks, and previous compliance history of our organization, and incorporate into the Risk Assessment and Auditing and Monitoring Work Plan.

Auditing and monitoring activities are assigned based on knowledge and expertise of reviewers, as well as resource availability and timing. The Compliance Department will prepare for audits by reviewing applicable policies and procedures, work instructions, records, previous audit reports, and applicable state and federal regulations. Compliance will have access to relevant data, records, and information under review, including at the FDR level, when performing auditing and monitoring activities.

When Compliance audits or monitors another internal department (or entity, in the case of FDRs), the Director or Manager of the department audited will be informed of the findings of the audit via email with report attachments. The Compliance Department will be responsible for documentation and tracking of all auditing and monitoring activities and reporting results to the Compliance Officer(s) and Compliance Committee.

Audit methodology and scope will include appropriate methods for selecting operational areas or entities for audit, determining sample sizes, extrapolation of audit findings in compliance with generally accepted auditing standards, and application of targeted or stratified sampling methods. Audits will include an assessment of compliance with policies and procedures of the companies, as well as federal and state regulatory requirements.

Compliance Program Effectiveness Audit

The effectiveness of the compliance program is evaluated annually by an external source, as required by CMS. The Compliance Department will provide documentation, policies and procedures, and data universes to the external contractor for review. The results and the formal audit report are shared with the Compliance Officer(s), Compliance Committee, and board Audit Committee. Any findings that require corrective action will be addressed by Compliance.

FDR Auditing and Monitoring

Auditing and Monitoring of FDRs includes testing their compliance with Part C and D regulations, Federally Facilitated Marketplace regulations, sub-regulatory guidance, contractual agreements, applicable Federal and state laws, and internal policies and procedures and the Code of Conduct. Monitoring and auditing FDRs will also include testing for fraud, waste and abuse. Details can be found in the FDR Identification, Monitoring and Oversight policy.

Compliance must develop, enforce, and publicize standards that clearly convey the expectation that FDRs are to report auditing and monitoring activities, and report compliance issues along with their resolution to Compliance.

Deconfliction with DHS for the Medicaid Line of Business

Quartz collaborates with DHS OIG and DHS OIG’s contracted Program Integrity vendors on all matters related to audits including, but not limited to coordinating deconfliction efforts relative to scope and sample to prevent a duplication of audit efforts between DHS OIG and Quartz. DHS OIG notifies Quartz by email and uploads a deconfliction spreadsheet to the HMO SharePoint for each network provider audit. The deconfliction spreadsheet contains the scope and sample information pertaining to the potential audit. Within 10 business days, Quartz SIU reviews and responds to the deconfliction spreadsheet. All responses are uploaded to the HMO SharePoint site. In its response, Quartz indicates whether the SIU is currently investigating the providers and provider types indicated on the deconfliction spreadsheet. If confliction is noted, DHS OIG removes any conflicting information from the audit and Quartz SIU continues with the investigation as planned.

Internal Departmental Auditing and Monitoring

The Internal Audit Department is responsible for performing financial and regulatory audits on behalf of the companies and acts as an independent operator in order to prevent self-policing.

The Internal Audit Department as well as individual departments of the companies that perform auditing and monitoring activities within their department, across departments, or of a vendor or contractor must follow the below procedure:

1. After completion of the audit or monitoring activity, complete a [Compliance Audit Summary Form](file:///\\unitydata1\unityall\Jessica%20Stanton\Compliance%20Audit%20Summary%20Form.docx). If daily monitoring occurs, roll up the results into a weekly or monthly Summary Form for submission to Compliance.
2. Send the completed form and any supporting documentation to the Compliance Department via email.
3. Compliance will review the audit results and evaluate the need for corrective actions for any issues identified by the Summary Form.
4. If corrective action is necessary, Compliance will send a [Corrective Action Plan Form](file:///\\unitydata1\unityall\Jessica%20Stanton\Compliance%20CAP%20Template.pdf) for the department to complete.
5. Compliance will monitor and follow up on corrective action items in order to validate that appropriate resolution has occurred before closing out the corrective action item.
6. All corrective action items will be reported to the Compliance Officer(s) and Compliance Committee, detailing the effectiveness and the status of corrective actions taken.

Reporting to Committees

It is the responsibility of the Compliance Officer(s) to provide updates on the results of monitoring and auditing activities to the Compliance Committee and the board Audit Committee. The Compliance Officer(s) will provide updates on a quarterly basis.

1. [↑](#endnote-ref-1)
2. [↑](#endnote-ref-2)
3. [↑](#endnote-ref-3)
4. [↑](#endnote-ref-4)
5. [↑](#endnote-ref-5)