Effective Auditing Programs for Managed Care Plans

Health Care Compliance Institute
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Disclaimer

The views and opinions expressed during this presentation are those solely of the presenters and not those of any company or entity with which they may be associated.
Today’s Goals

Discuss impact of CMS annually published protocols on Managed Care Plan Auditing Program

Review case scenarios to understand how to audit Medicaid managed care plans

Understand the importance of auditing vendor transactions for compliance

US Health Care Regulatory Systems

Source: https://www.bing.com/images/search?view=O焚烧makeup&query=Obamacare+Organization
Elements of Effective Compliance Program

- Written Policies, Procedures & Standards
- Compliance Officers/ Committee
- Education & Training
- Auditing & Monitoring
- Violation Reporting and Resolution
- Investigation and Remediation of Systematic Issues
- Assess Program Effectiveness
- Temperature and climate
- Prevent, detect, correct
- Consistent Disciplinary Standards
- Compliance with requirements
- Assess compliance effectiveness

Framework…
Continuous Audit Preparedness

- Continuous Audit and Monitoring (Design, Implement, Assess)
- Risk Assessment and Monitoring
- Quality Improvement Data Monitoring
- Compliance Control monitoring
- Testing
- Independence and objectivity

- Effective/Compliance Program
  - Policies
  - Training
  - Communication
  - Reporting/ Committees
  - Issues/Investigate

- Technology/ Systems
- People/ Governance
- Process/ Operations
- Vendors/ Compliance
- Fraud/ Waste/ Abuse Controls
Effective Audit And Monitoring Program

- **Audit Program, Oversight and Stakeholders**
  - Audit Program Description and reporting structure
  - Audit Program Work plan (annual)
  - Governance and executive management oversight
  - Programs internal resource(s), teams and stakeholder

- **The Audit Committees**
  - Audit Committee Charter
  - Internal audit program’s purpose, design and implementation process.
  - Audit Committee core membership

- **Key Stakeholder to involve in the Internal Audit Program Activities**
  - Operational executive leaders and manager from anchor business units
  - Internal work teams Subject Matter Experts (SME) assist with auditing monitoring compliance controls.
  - Vendors champions

**Note:** External auditors and regulators test adherence to compliance requirements.

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Set Goals, Objectives, Process and Reporting Procedures

<table>
<thead>
<tr>
<th>Plan</th>
<th>Understand</th>
<th>Execute</th>
<th>Review and Reporting</th>
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</table>

**Scope**
- Compliance audit infrastructure
- Timeline/ schedules
- Health Plan Products mix (Medicare, Medicaid, Marketplace)
- Organization Vendors /FDR’s
- FWA controls
- Identify and establish audit rules

**Objectives**
- Culture and business risk areas
- Strategies and methodologies used to evaluate organizational compliance
- Identify tools to monitor, track, trend and report on risk and compliance
- Existing controls

**Risk Identification**
- Focus on significant risk deviations from industry standards/bright line processes
- Risk mitigation controls and fraud controls
- Highlight opportunities to improve efficiency of business processes

**Communicate Findings**
- Develop a communication plan
- Develop an established process for follow-up on corrective actions
- Coordinate communication for external audit follow-ups
Building An Effective Annual Audit Plan

Outline Product Mix

- **Medicare (Part C and D Participation)**
  - Medicare Advantage
  - Medicare Medicaid Plans
  - Institutional Special Needs Plans
  - Dual Special Needs Plans (dual eligible)
  - Prescription Drug Plan / Drug Rebate Programs

- **Medicaid (State Contract)**
  - Health Services (Population)
  - Technology / Telehealth
  - Reporting

- **Federally Funded “MarketPlace”**
  - Exchange / Health Marketplace Products
    - (State and Federal)

- **Accrediting bodies**
- **Vendors**
- **Fraud Waste Abuse**

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Consider Your Product Mix

- Collaboratively develop project scope, sample, size, timeline and communications.
- Current policies and procedures, product risk profiles and previously identified issues.
- Attend and observe scheduled event/activity, collect relevant materials and information.
- Clarify, confirm and categorize observations. Provide individual program, summary update and immediate action reports.
- Each potential compliance observation is initially documented, reviewed and reported as an independent unique occurrence.
- Patterns and trends are analyzed to determine if compliance observations are the result of more systemic compliance gaps.

Source: copyright © 2015 Searchlight Compliance Advisors
Develop a Comprehensive Annual Audit Plan

**CMS Audit Protocols**
- Comments and Responses
- Past Published Medicare Program Audit Performance

**DHHS / CMS HPMS Memoranda**
- Compliance Program Effectiveness Requirements
- Seven Elements

**Past Audits Findings and Corrective Actions**
- All Products
  - Performance Outcomes / Risk Areas
  - Quality Improvement / Case Management
  - Risk Assessment Findings
  - Vendor / FDR Findings
  - Leadership and Governance Reporting

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**Case Scenario # 1**

The management team instructs the Compliance Officer to report all audit risk findings quarterly to the team. The report should only be reviewed with the management team and should not exceed ten minutes because the organization cannot afford to pay employees for non-productive time. “And the Compliance Report is always too long!”
Communications Plan

Reporting Tracking and Trending Risks

- Board and Compliance Committee reports on Internal Audit work plan
- Overview of current compliance risks
- Status report of new or revised policies & procedures
- Summary of identified key FWA issues
- HIPAA program audit updates & risks monthly/quarterly/annual
- Compliance Program assessment results/risks and corrective action plan
- Vendor performance / compliance monitoring/identified risks
- Communicate updated State contract requirements/risks
- Monitoring and review of compliance departments responsibilities to ensure resource dedication to core compliance requirements
- Use dashboards, data, and surveillance tools to demonstrate monitoring results
An Effective Auditing and Monitoring Program

Auditing & Monitoring – Medicaid Managed Care

- Program Structure
  - Foundational to the auditing & monitoring process
- Program Focus
  - What is being audited & monitored
- Program Reporting
  - Key stakeholders
Auditing & Monitoring Medicaid Health Plan

An effective Compliance Program will include a robust methodology to audit and monitor all functional areas in an organization against the following:

- Regulatory Requirements
- Contractual Requirements
- Seven Elements
- Historical Findings

State and Federal Regulatory Requirements

- Federal Regulations
  - Health Insurance Portability & Accountability Act (HIPAA)
  - Member Rights & Responsibilities
  - Early, Periodic Screening, Diagnostic & Treatment (EPSDT) Services
- State Statutes
  - Primarily an extension of federal regulations
  - State Plan Amendments
  - Physician contracts (Georgia Code § 33-20A-61 - Physician contracts)
- Recently Passed Legislation
  - House Bills
  - Senate Bills
State Medicaid Contract Requirements

State Contract Requirements
  - Service Level Agreements
  - Turnaround Times
  - Committee Structures
  - Reporting
  - Vendor Responsibilities
  - Remedial Actions
  - Corrective Action Processes

Historical Findings

Internal/External Audit Review Findings
  - External Quality Review (EQRO) Audits
  - Internal Audits / Risk Assessments
  - Statements on Standards for Attestation Engagements (SSAE)
  - Accrediting Body
    - National Committee for Quality Assurance (NCQA)
    - Utilization Review Accreditation Commission (URAC)
Seven Elements

- Written policies and procedures
- Designation of a Compliance Officer & Compliance Committee
- Effective training and education
- Effective lines of communication
- Internal auditing and monitoring
- Enforcing standards through well-established guidelines
- Responding to identified problems and taking appropriate corrective action
- Assessing Program Effectiveness

Case Scenario #2

The operation manager recently received your SSAE-16 report that must be submitted to your State agency. Is there anything else you need to do with the report findings other than send the report to the State agency?
The Monitoring Process

Monitoring is:
• An ongoing event
• Conducting analyses and tracking trends to correct issues in “real time”
• Continuously validating risk assessments
• Performed at the lowest level of detection
• Completed regularly during normal operations
• Recording and reporting incidents of non-compliance
• Communicating potential risks
The Audit Process

Auditing is
- Formal retrospective review
- Methodical
- Includes sampling
- Performed periodically (i.e., annually)
- Performed by un-biased auditors

Auditing Process

<table>
<thead>
<tr>
<th>Identify Risks</th>
<th>Audit Risk Areas</th>
<th>Review Audit Results</th>
<th>Take Corrective Action</th>
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</thead>
<tbody>
<tr>
<td>Internal controls questionnaire</td>
<td>Fieldwork</td>
<td>Assess results</td>
<td>Issue corrective actions for remediation</td>
</tr>
<tr>
<td>Audit scope</td>
<td>Evaluation</td>
<td>Communicate findings to stakeholders</td>
<td>Monitor remediation</td>
</tr>
<tr>
<td>Objectives</td>
<td>Testing controls</td>
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Relationship Between Auditing & Monitoring

Comprehensive Auditing and Monitoring

Health Plans Compliance Program Oversight

State and CMS Contracts Compliance

Adherence to Product Performance Measures

Vendor Compliance and Adherence

Source: https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/Downloads/ehr-internal-monitoring-jobaid.pdf
Case Scenario #3

The Compliance Officer received an anonymous call that an executed agreement with a network of providers expired. The agreement was for the Medicare Advantage and Part D plans. However, capitated payments were still being made to the providers.

What’s Next?

- Obtain a list of all contracts
- Randomly select and test sample contracts
- Trace payments from accounts payable ledger to agreements and vice versa
- Review authorization and payment process
- Interview staff
- Review previous audits for similar findings
- Summarize findings in a report with recommendations
- Collaborate with the responsible manager to develop a corrective action plan
- Communicate results of audit report with those responsible for contract management and other leaders within organization
Vendor Risks...Control...Audit

Identify
Assessment
Action Plans
Reporting
Risk
Compliance & Control
Audit

Vendors aka First Tier, Downstream, and Related Entities (FDR)

Related Entity

<table>
<thead>
<tr>
<th>Holding Company</th>
<th>Plan Sponsor</th>
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<tbody>
<tr>
<td>Pharmacy Benefit Manager (PBM)</td>
<td>Independent Practice Association (IPA)</td>
</tr>
<tr>
<td>Retail Pharmacy</td>
<td>Specialty Pharmacy</td>
</tr>
<tr>
<td>Individual Physician</td>
<td></td>
</tr>
</tbody>
</table>

Compliance Risks

- Lack of coordinated compliance oversight
- Incomplete list identifying all vendors and FDRs
- No written agreement with vendor to include CMS expectations for FDR oversight
- Not meeting quality care measurements
- Not performing exclusionary checks
- Poor utilization management
- Lack care coordination
- No credentialing process
- Payment inaccuracies
- Billing errors

Auditing & Monitoring

Source: [https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/Downloads/internal-monitoring-jobaid.pdf](https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/Downloads/internal-monitoring-jobaid.pdf)
Auditing & Monitoring

• Prompt assignment of a qualified person to vendor oversight
• Verify and validate that executed and current contracts exist
• Ensure FDR specific CMS requirements are met
• Perform due diligence pre-contractual audits
• Monitor exclusion screenings and credentialing
• Develop audit plan to include performance audits & corrections
• Conduct claim data mining and credentialing evaluations
• Follow up on external/internal audit results and recommendations to ensure compliance with FWA
• Annually evaluate FDRs

Evaluation and Performance

• Annually evaluate FDRs
  o Desk and onsite visits
  o Adherence to plan and regulatory requirements
  o Validate FDRs compliance program

• Performance Maintenance
  o Review contractual established performance metrics
  o Review new state guidance
  o Set rules for downstream
  o Focus on FWA compliance
  o Corrective action plan for non-compliance including contract termination

• Document results in a written report
Continuous Cycle

- Environmental risks
- Sampling protocols
- Site visits vs. desk

- Questionnaires
- Interviews
- Trend analysis
- Summarize Information

- Identify Opportunities
- Written regularly
- Hotline
- Good Faith
- Communications

Board, Physicians and Staff Training

- Be brief and detailed
- Use data, trends and performance measures
- Financial data and risks
- Demonstrate any potential risk impact on business operations
- Use examples that are relevant to the audience
- Responsibilities and obligations
- Questions and answers
Auditing and Monitoring Balance

- Audit Program Oversight
- Medicare CMS Audit Protocols
- Health MarketPlace DOI
- State Regulators State Contract
- Compliance Program Effectiveness
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