

Effective Auditing Programs for Managed Care Plans

Health Care Compliance Institute

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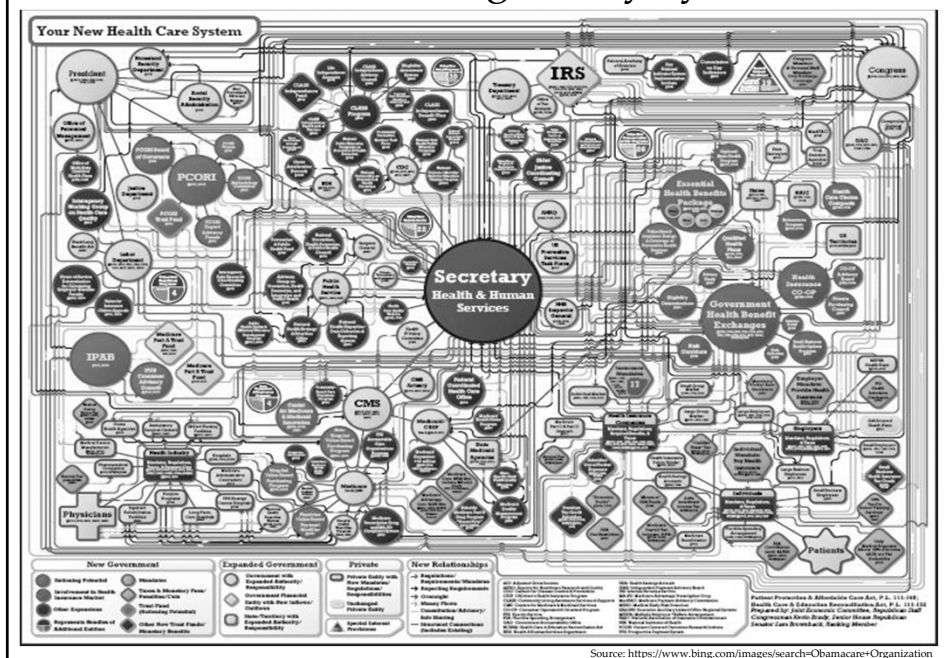
Today's Goals

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

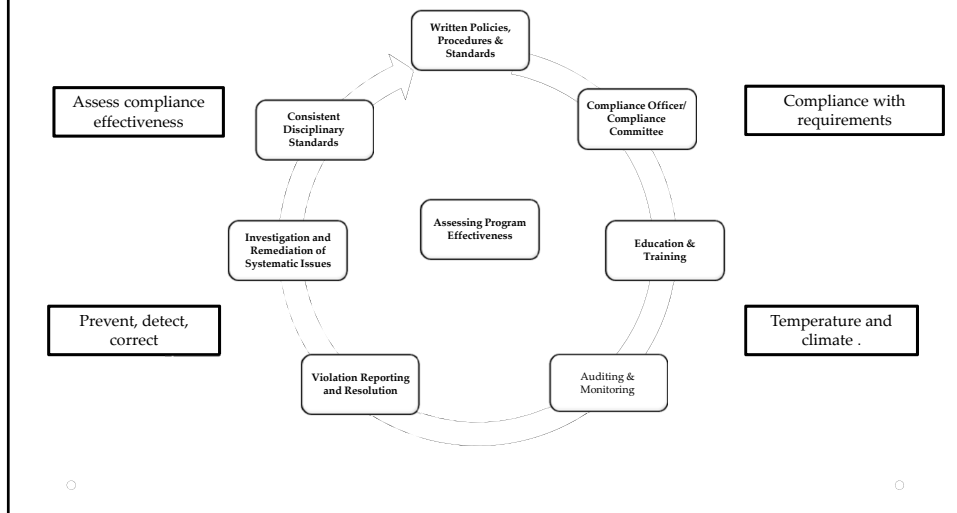
Review case scenarios to understand how to audit Medicaid managed care plans

Understand the importance of auditing vendor transactions for compliance

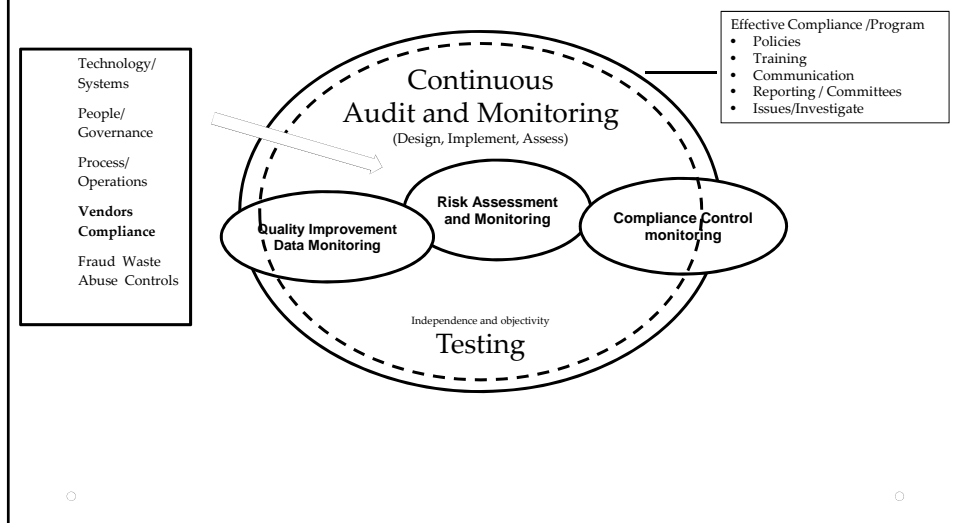
US Health Care Regulatory Systems



Elements of Effective Compliance Program



Framework... Continuous Audit Preparedness



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**

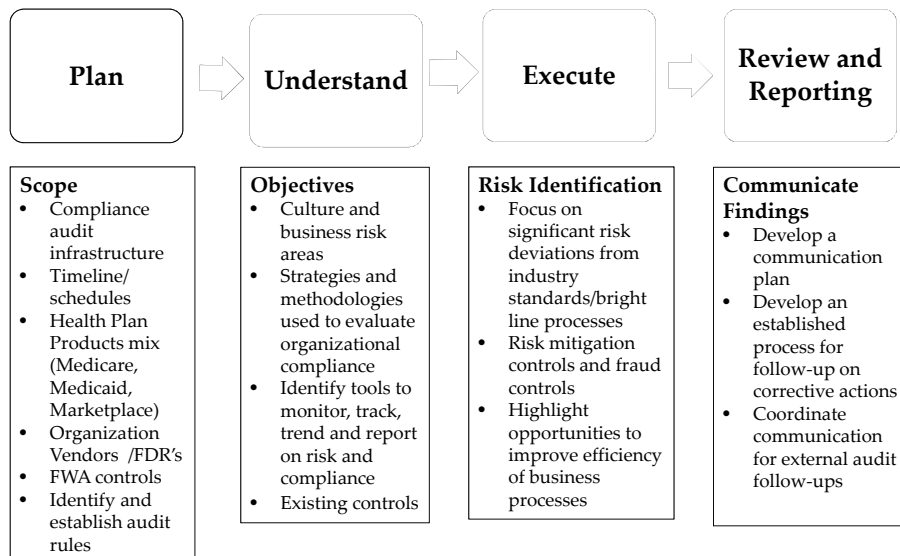
- Audit Committee Charter
- Internal audit program's purpose, design and implementation process.
- Audit Committee core membership

- **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.

Set Goals, Objectives, Process and Reporting Procedures



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**



Consider Your Product Mix

• Collaboratively develop project scope, sample, size, timeline and communications.

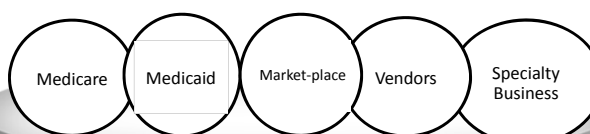
• Current policies and procedures, product risk profiles and previously identified issues.

• 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.



Plan

Understand

Execute

Review & Report

Observations

Individual Issues
Systemic Problems

Follow up & Remediation

Source: copyright © 2015 Searchlight Compliance Advisors

Develop a Comprehensive Annual Audit Plan

CMS Audit Protocols

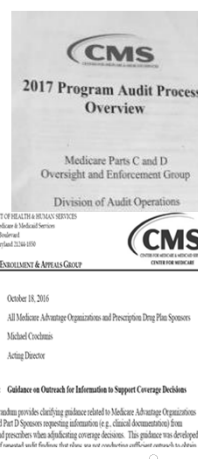
- Comments and Responses
- Past Published Medicare Program Audit Performance

DHHS / CMS HPMS Memoranda

- Compliance Program Effectiveness Requirements
- Seven Elements

Past Audits Findings and Corrective Actions

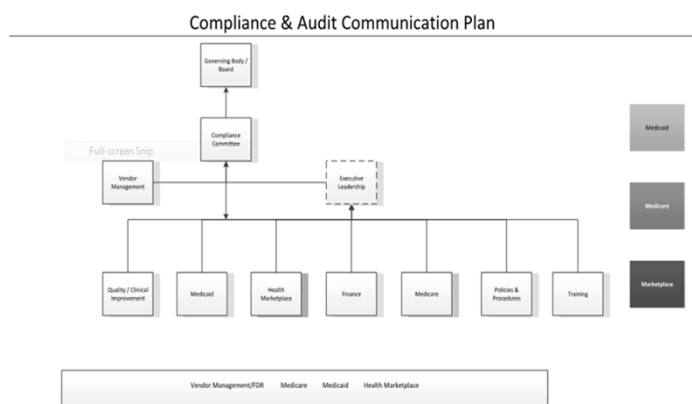
- All Products
 - Performance Outcomes / Risk Areas
 - Quality Improvement / Case Management
 - Risk Assessment Findings
 - Vendor /FDR Findings
 - Leadership and Governance Reporting



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



Source: <https://ctmfile.com/story/setting-up-and-maintaining-a-world-class-ethics-compliance-programme>

Auditing & Monitoring – Medicaid Managed Care

- Program Structure
 - Foundational to the auditing & monitoring process
- Program Focus
 - What is being audited & monitored
- Program Reporting
 - Key stakeholders

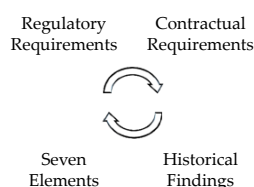


Program Focus

Program Structure

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:



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

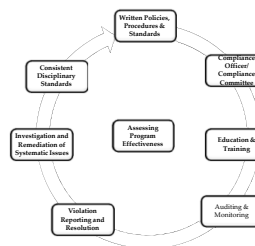
Internal /External Audit Review Findings

- 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

Review Area	Ref.	Matter	Deliverable	Date of review and by whom	Frequency/ Next Review	Comment	Status
B. Dealings with FCA	B1	FCA Penalties	Review Incidents undertaken by The Firm in particular to ensure that	Annual As needed • Compliance Officer • Office Manager	Annual	Regulatory Engagement Log	
			Compliance Officer to grant regular monthly to verify accuracy and to report to FCA as needed	Annual As needed • Compliance Officer • Office Manager	Annual		
	B3	Reports to FCA	Ensure that reports, notifications, regulatory returns are prepared	Annual • Office	Annual	Financial Reports Outlets	
	B4	FCA Categories, etc.	Review FCA are imposed to in a clearly monitor and ensure	Annual • Office Manager	Annual	Regulatory Engagement Log	

Who Is Involved

Suggested Frequency

Evidence or File Reference



Monitoring Process



The Audit Process

Auditing is

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



Auditing Process

Identify Risks

- Internal controls questionnaire
- Audit scope
- Objectives

Audit Risk Areas

- Fieldwork
- Evaluation
- Testing controls

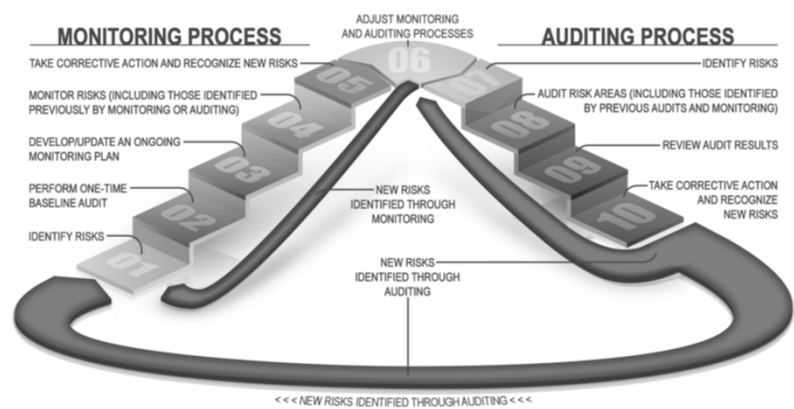
Review Audit Results

- Assess results
- Communicate findings to stakeholders

Take Corrective Action

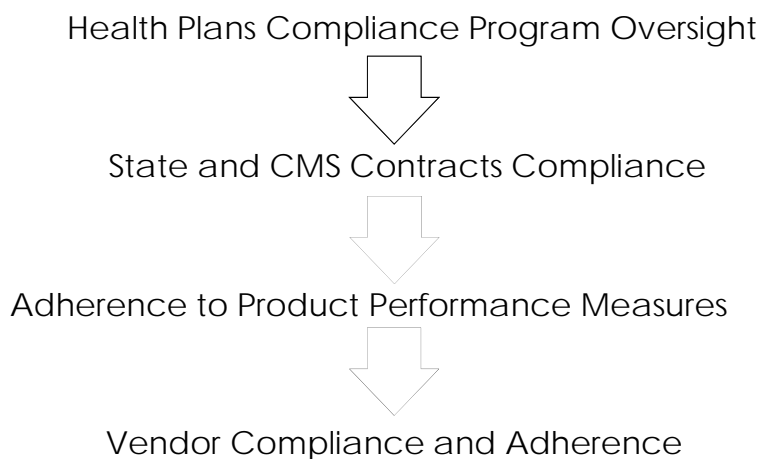
- Issue corrective actions for remediation
- Monitor remediation

Relationship Between Auditing & Monitoring



Source: <https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/Downloads/ehr-internal-monitoring-jobaid.pdf>

Comprehensive Auditing and Monitoring



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.



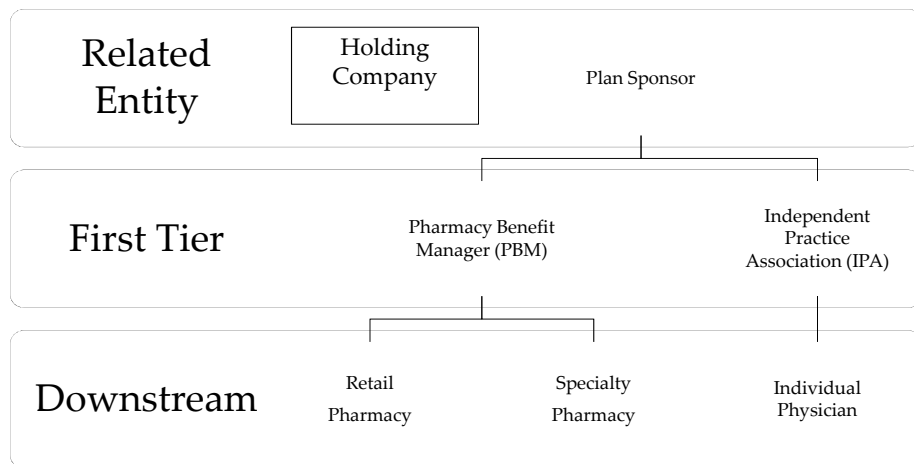
What's Next?

- 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



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



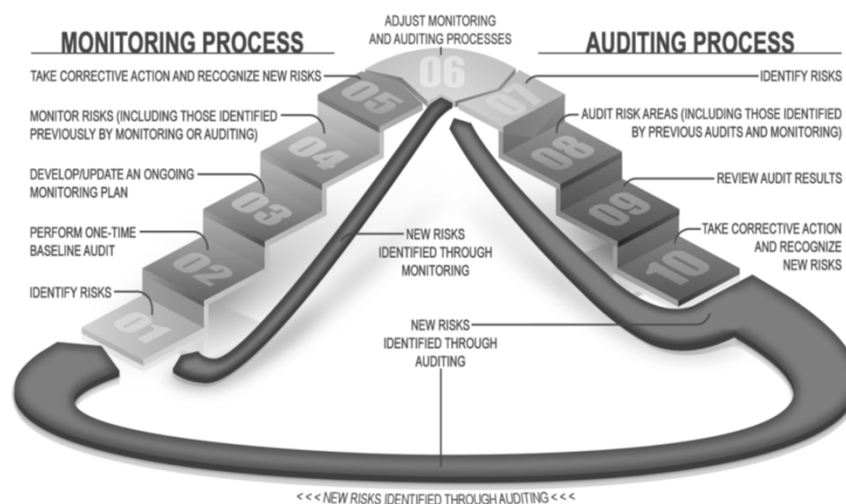
Source: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/regulatory/us-reg-2695-beth-at-regulatory-article-v4-032615.pdf>

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/ehr-internal-monitoring-jobaid.pdf>

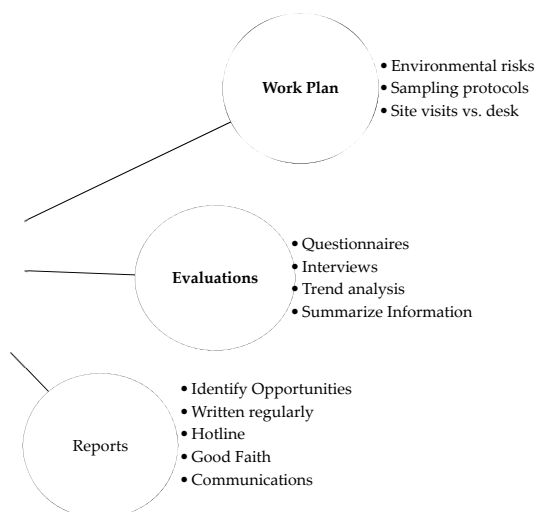
Auditing & Monitoring

- 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
 - Desk and onsite visits
 - Adherence to plan and regulatory requirements
 - Validate FDRs compliance program
- Performance Maintenance
 - Review contractual established performance metrics
 - Review new state guidance
 - Set rules for downstream
 - Focus on FWA compliance
 - Corrective action plan for non-compliance including contract termination
- Document results in a written report

Continuous Cycle

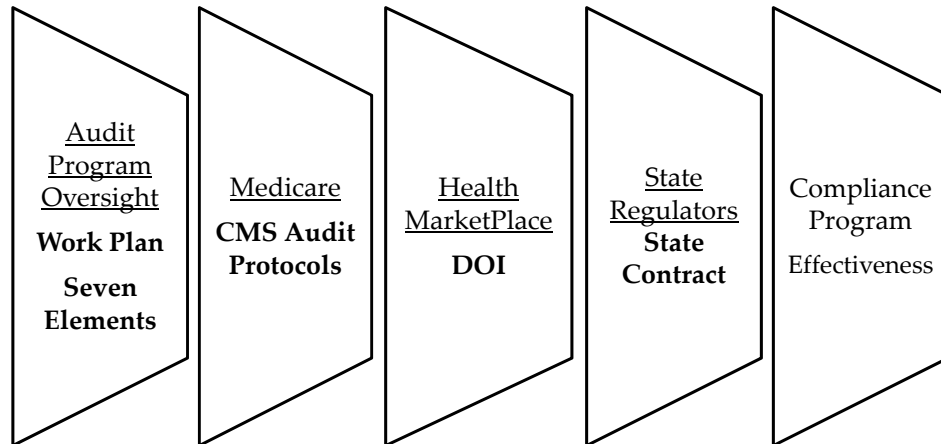


Board, Physicians and Staff Training

- 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



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