### Health Plan of San Mateo  
#### Policy & Procedure Manual

<table>
<thead>
<tr>
<th>Procedure: CP.028</th>
<th>Title: Auditing and Monitoring Delegated Entities</th>
<th>Original Effective Date: 05/26/2022</th>
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</thead>
<tbody>
<tr>
<td>Revision: 0</td>
<td>Last Reviewed/Revised: 05/26/2022</td>
<td>Dept: Compliance</td>
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**Approval By:** Compliance Committee  
**Date:** 07/29/2022  
**Annual Review Date:** 07/01/2023  
**Authored by:** Director of Compliance

**Pursuant To:**  
☒ DHCS Contract Provision Exhibit A, Attachment 4, Provisions 6, 8, 10, 12 and 13; Exhibit A, Attachment 5, Provision 5; Exhibit A, Attachment 6, Provision 13; Exhibit A, Attachment 14, Provision 3; Exhibit E, Attachment 2, Provision 27(B)  
☐ Health and Safety (H&S) Code  
☒ CFR 42 CFR 422.503(b)(4)(vi); 42 CFR 422.504(i); 42 CFR 423.504(b)(4)(vi); 42 CFR 423.505(i); 42 CFR 438.608  
☒ APL / DPL APL 17-004

**Departments Impacted:** All

### Policy:

This policy specifies auditing and monitoring requirements for all delegated entities, and the responsibilities of account managers and the Compliance Department regarding auditing and monitoring.

### Scope:

This procedure applies to (check all that apply):

<table>
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<tr>
<th>☒ All LOBs/Entire Organization</th>
<th>☐ CCS</th>
<th>☐ Medi-Cal Expansion</th>
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<td>☐ ACE</td>
<td>☐ HealthWorx</td>
<td>☐ Medi-Cal Children</td>
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<td>☐ CA-CMC / MMP / DSNP</td>
<td>☐ Medi-Cal</td>
<td>☐ Other (specify)</td>
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☐ W & I Code  
☐ California Title #  
☐ Organization Need  
☒ Other Medicare Managed Care Guide Chapter 21; Medicare Prescription Drug Benefit Manual Chapter 9; NCQA Accreditation Standards
Responsibility and Authority

- The Chief Compliance Officer is responsible for implementing a Compliance Program to ensure that HPSM services are provided in accordance with all applicable federal, state, and county laws and regulations.
- The Director of Compliance is the Chair of the Delegation Oversight Committee.
- The Delegation Oversight Committee is a sub-committee of the Compliance Committee and is responsible for reviewing and monitoring overall delegate performance and providing guidance to the Compliance Committee.
- Business owners, that is individuals with activities under their purview delegated to a delegate, are responsible for day-to-day oversight of delegated activities, relationship management and for reporting issues of non-compliance regarding delegate performance to the Compliance Department in accordance with CP.003 and CP.022.

Definitions

**Account Manager** is the HPSM business owner responsible for day-to-day oversight of subcontractors delegated responsibilities of the business owner’s operational area.

**Auditing** is a formal review of compliance with a particular set of internal (e.g., policies and procedures) or external (e.g., laws and regulations) standards used as base measures, and are performed by someone with no vested interest in the outcomes or FDR being reviewed.

**First Tier Entity** is any party that enters into a written arrangement with HPSM to provide administrative services or health care services to an HPSM member.

**Delegate** is any entity that HPSM enters a contract with and is authorized to perform functions which HPSM is obligated to perform pursuant to contractual obligations, regulations, and accreditation standards.

**Downstream Entity** is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with an HPSM Medicare line of business below the level of the arrangement between HPSM and a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

**Monitoring** includes surveillance activities conducted during the normal course of operations and which may not necessarily be independent of the business area being monitored (e.g., self-reviews, peer reviews, etc.). Monitoring activities may occur to ensure corrective actions are
being implemented and maintained effectively or when no specific problems have been identified to confirm ongoing compliance.

**Related Entity** would be any entity related to HPSM by common ownership or control and (1) performs some of HPSM’s management functions under contract or delegation; (2) furnishes services to Medicare beneficiaries under an oral or written agreement; or (3) leases property or sells materials to HPSM at a cost of more than $2,500 during a contract period.

### Procedure

1.0 **Accountability**

1.1 HPSM Business Owners, as the delegated entity account manager, are responsible for day-to-day oversight of subcontractors delegated responsibilities in the account manager’s operational area.

1.2 Day-to-day oversight and account management include but are not limited to being the primary contact for the delegated entity, receiving and responding to concerns from the delegate or HPSM, routing compliance issues to the Compliance Department, and ensuring the timely submission of performance reports to HPSM.

1.3 HPSM’s Compliance Department is responsible for auditing of delegated entities, pursuant to regulatory agency and accreditation requirements for auditing of specific delegated functions.

1.3.1 Account managers will assist with auditing functions of the Compliance Department, including acting as a content subject matter expert (SME) as necessary for audits to be conducted appropriately.

2.0 **Provision of Guidance, Policies and Procedures, and Compliance Requirements**

2.1 HPSM’s Compliance Department will provide to delegated entities, on an annual basis, communications regarding Compliance training, the HPSM Code of Conduct, Compliance Program, and pertinent Compliance policies and procedures.

2.2 HPSM account managers are responsible for ensuring HPSM policies and procedures, including updates to applicable policies and procedures, are communicated to delegated entities as appropriate.

2.2.1 Policies and procedures affecting delegated entities must be provided to delegated entities prior to initiation of delegated activities.
2.2.2 Updates to HPSM policies and procedures must be provided to affected delegated entities immediately upon approval and posting of the applicable policy and procedure.

2.3 HPSM’s Compliance Department will collaborate with account managers on provision of new regulatory affairs guidance.

2.3.1 Delegated entities will, upon request, submit documentation demonstrating compliance with new regulatory requirements.

3.0 Monitoring Requirements of Delegated Entities

3.1 The level of monitoring and auditing for each subcontractor will vary depending on the line of business for which the delegate is subcontracted.

3.2 HPSM’s Compliance Department will maintain and make available documentation on the status of delegated entities by line of business.

3.3 Based on the line of business, account managers will refer to the policies below on specific oversight requirements based on the delegated entity’s status:

3.3.1 See CP.029 Oversight of Medicare Delegates (FDR)

3.3.2 See CP.030 Oversight of Medi-Cal Delegates

4.0 Routine Performance Reporting

4.1 All delegated entities must provide, on the schedule specified in the delegation agreement or other written agreement, performance reports which enable HPSM to assess the performance of the delegated entity.

4.1.1 Reports will be formatted and contain information to meet the requirements of regulatory agencies and accreditation standards.

4.1.2 Reports will be reviewed by account managers and shared by the account manager or directly from the delegated entity with the Compliance Department.

4.2 Account managers will submit performance reports, and their assessment of the delegated entity’s performance to the appropriate internal oversight committee.

4.2.1 For example, reports regarding network management performance will be submitted to the appropriate Provider Services committee for documentation of review. Reports regarding utilization management performance will be submitted to the Utilization Management Committee (UMC) and/or the Clinical Quality Committee (CQC).
4.2.2 Account managers will engage the respective committee for recommendations on any corrective actions, if necessary, to correct performance which does not meet the expectations defined in the delegation agreement.

4.2.2.1 Decisions on deferral or initiation of corrective actions will be submitted by the account manager to the Compliance Department immediately after a decision is rendered by the oversight committee.

4.3 HPSM’s Compliance Department and account managers will collaborate to create and maintain performance dashboards for delegated entities with roles in the following operational areas:

4.3.1 Utilization Management (medical (non-drug), pharmacy (drug), behavioral health);

4.3.2 Network Management (credentialing, contracting, provider relations/services);

4.3.3 Claims Payment; and

4.3.4 Customer Support (call center, grievances, and appeals).

4.4 Delegated entity performance dashboards will be made available for review by the Delegation Oversight Subcommittee pursuant to CP.022 and the Compliance Committee.

5.0 Auditing

5.1 All delegates will be audited on at least an annual basis based on their line of business status as noted below:

5.1.1 High-risk Medicare delegates will receive an FDR attestation audit; and audit of work performed if any the delegated entity is responsible for any operational area defined in Section 3.3.

5.1.2 Medi-Cal delegates will be audited for work performed related to delegation of any operational area defined in Section 3.3.

5.2 Audits will be led by HPSM’s Compliance Department, with support from account managers and other operational area SMEs, as necessary.

5.3 Corrective actions resulting from non-compliance identified in an audit will:

5.3.1 Be tracked and managed by the assigned account manager;

5.3.2 Reported to the Delegation Oversight Subcommittee; and

5.3.3 Reported to the applicable regulatory oversight agency within the specified
5.4 Corrective actions will be tracked and managed by account managers.

5.4.1 Account managers will provide progress updates as milestones are met.

5.4.2 HPSM’s Compliance Department will verify with account managers whether corrective actions have been achieved based on the corrective action plan provided by the account manager and delegated entity.

Related Documentation

- CP.021 Delegation Oversight Activities and Responsibilities
- CP.022 Delegation Oversight Subcommittee and Charter
- CP.023 Pre-Delegation Review
- CP.029 Oversight Responsibilities of Medicare FDRs
- CP.030 Oversight Responsibilities for Medi-Cal Delegates

Attachments

- None

Log of Revisions

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