

Dean Health Plan, Inc. / Dean Health Insurance, Inc.
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Title	Compliance Auditing and Monitoring	P&P #:	CC - 11
Product Line	MAPD, EGWP	Effective Date	February 1, 2015
Department	Compliance	Next Review Date	July 1, 2018
Initially Developed by	Kathy Johnson	Date	March 2005
Last Revised by	Elizabeth Andrews	Date	July 1, 2017
Last MCO Approval	Elizabeth Andrews	Date	July 1, 2017
Last CCO Approval	Stephanie Cook	Date	July 5, 2017

Policy: Dean Health Insurance, Inc. /Dean Health Plan, Inc. (collectively “Dean”) has a system to evaluate compliance with Medicare requirements, sub-regulatory guidance, contractual agreements, all applicable state and federal law, and internal policies and procedures. Dean ensures that adequate resources are devoted to the audit function and that auditors are knowledgeable about CMS operational requirements under review, independent, do not engage in self-policing, and have access to information necessary to perform review. Per CMS, monitoring and auditing are part of Element VI of an effective compliance program.

Regulatory References: 42 CFR §§422.503(b)(4)(vi) and 423.504(b)(4)(vi); Medicare Managed Care Manual Chapter 21 – Compliance Program Guidelines and Prescription Drug Benefit Manual Chapter 9 – Compliance Program Guidelines, § 50.6.

Definitions: See CC-01

Procedure:

- 1) Auditing and Monitoring Work Plan
 - a. The Compliance Department creates an annual monitoring and auditing work plan to address the risks identified in the baseline risk assessment. The work plan prioritizes the operational areas that pose the greatest risk to Dean. However, the Medicare Compliance Officer has the discretion to determine which activities effectively address those risks. Accordingly, an operational area with a high risk score is typically, but not necessarily, audited. See CC-16 for more information about the risk assessment.
 - b. The audit work plan identifies:
 - i. Audits to be performed (announced and unannounced);

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- ii. Audit schedules (with start and end dates);
 - iii. Audit scopes;
 - iv. Internal operational area or FDR subject to audit; and
 - v. Lead auditors and Dean business contacts.
 - c. The monitoring work plan identifies:
 - i. Monitoring activities;
 - ii. Frequency of monitoring activities;
 - iii. Internal operational area or FDRs subject to monitoring; and
 - iv. Individual performing monitoring.
 - d. When audits and monitoring activities are created, they are assigned a system-generated number in ServiceNow. The Compliance Department updates the baseline risk assessment with these numbers to create a cross-walk between risks and oversight activities.
 - e. The Compliance Department may update the auditing and monitoring work plan throughout the year based on changing risks and priorities (e.g., non-compliance, audit findings, trends in metrics, and CMS guidance).
- 2) Monitoring
- a. Monitoring activities are performed by the Compliance Department and individuals within Dean's Medicare operational areas. Monitoring activities address operations performed by internal business units and FDRs.
 - b. Examples of monitoring activities include:
 - i. Participation in regularly scheduled meetings with the FDR/business unit;
 - ii. Review of FDR/business unit source data or reports;
 - iii. Review of FDR audit workbooks or reports; and
 - iv. Review of FDR/business unit policies and procedures.
 - c. The Compliance Department utilizes the following approaches for testing internal and FDR oversight. Whenever the Compliance Department utilizes such procedures, the activities and conclusions are documented in SharePoint:
 - i. **Independently test:** The Compliance Department completes independent testing procedures that include: establishing a sample size, selecting a test population, obtaining audit supporting documentation, and executing the testing procedures.
 - ii. **Re-perform:** The Compliance Department re-performs the testing procedures of a business unit or FDR to verify whether the Compliance Department's conclusions agree with those of the business unit or FDR. The testing procedures include reviewing the universe list, audit or monitoring workbook, audit or monitoring supporting documentation, and

conclusion memo. The Compliance Department also confirms its conclusions are properly reflected within the business unit's or FDR's conclusion memo, if applicable.

- iii. **Review:** The Compliance Department reviews the business unit or FDR's documentation to confirm that all necessary testing procedures were completed in order to reach the conclusion. Also, the Compliance Department confirms its conclusions are properly reflected within the business unit or FDR's conclusion memo, if applicable.
 - iv. **Rely:** The Compliance Department reviews the conclusions of the business unit or FDR to obtain an understanding of the procedure performed and conclusion reached.
- d. Individuals performing monitoring activities submit documentation of activity completion to Service Now.
 - e. If an individual identifies potential non-compliance while performing a monitoring activity, they report it via the Compliance Incident Reporting Form in Service Now.
 - i. Such potential non-compliance is identified through a monitoring activity, it is investigated, documented and remediated according to the process described in CC-13.
 - ii. Compliance updates the record for the monitoring activity with the system-generated number for the compliance incident.

3) Auditing

- a. Audits by Compliance Department
 - i. The Compliance Department conducts audits of business units and FDRs. FDR audits may address both operational compliance and the effectiveness of the compliance program. For FDR operational audits, the Compliance Department works with Dean SMEs to ensure reviewers are knowledgeable.
 - ii. Methodologies
 - 1. Audit procedures are based on CMS audit protocols, where appropriate.
 - 2. Generally, the Compliance Department selects a sample size of 10% of the total universe, with a maximum of 30 samples. This approach ensures there is statistical reliability to audit conclusions. The MCO has the discretion to approve an alternate sample size.
 - 3. The Compliance Department utilizes targeted sampling to maximize the value of the audit. This ensures, for example, the samples are representative of all sample types in the universe, areas of particular concern are closely examined, etc.
 - iii. Audit Notice

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1. The Compliance Department provides at least 30 days' notice prior to the commencement of an audit, unless there are exigent circumstances. An exigent circumstance may include an incident of non-compliance that requires immediate auditing to confirm the scope or remediation of the incident.
 2. The notice includes the following:
 - a. Audit scope;
 - b. Initial documentation request (e.g., universes); and
 - c. Timelines for documentation requests.
- iv. Audit Report.
1. Preliminary
 - a. After the audit is completed, the audit lead creates a preliminary audit report and provides it to the MCO for review and approval.
 - b. Once the MCO approves the preliminary report, the MCO provides it to the CCO for final sign off.
 - c. Then, the audit lead provides it to the appropriate business unit or FDR and requests that the business unit or FDR respond to each of the findings within the report (i.e., acceptance of finding and proposed corrective action plan).
 2. Final
 - a. Before finalizing the final report, the audit lead evaluates the auditee's response and ensures all corrective action plans and findings are appropriate. Then, he/she revises the preliminary report, as appropriate.
 - b. The audit lead provides the final report to the MCO for review and approval.
 - c. Once the MCO approves the final report, the MCO provides it to the CCO for final sign off.
 - d. The audit lead then provides the report to the appropriate business unit or FDR.
 3. The preliminary and final audit reports adhere to a standard template that includes:
 - a. Audit objectives;
 - b. Scope;
 - c. Procedures;
 - d. Findings

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- i. All findings are assigned a rating to help communicate the significance or concern that the Compliance Department places on the finding. Where appropriate, the rating will take into account an extrapolation of the findings to the full universe.
 - ii. Next to each finding in the report, there is a section for the business unit/FDR to describe their intended corrective action plan. The Compliance Department evaluates a proposed corrective action plan to determine whether it will fully remediate the non-compliance and prevent future non-compliance.
 - e. Recommendations
 - i. These recommendations are based on weaknesses identified during the scope of the audit that are not, in fact, non-compliant. As such, the business unit/FDR has the discretion to incorporate the recommendations in its current processes and the Compliance Department will not validate remediation.
 - v. Audit Closure
 - 1. The audit lead requires that the auditee produce documentation that evidences that each finding has been effectively remediated.
 - 2. Once the audit lead validates remediation of all audit findings, he/she requests the MCO's approval to close the audit.
 - b. Compliance Program Effectiveness ("CPE") Audit
 - i. The CPE audit is performed by either Internal Audit Services ("IAS") or an external auditor on an annual basis. See IAS' policies and procedures for more information about its audit approach.
 - ii. The results of this audit are shared with the DHI/DHP Compliance Committee and Board Audit Committee.
- 4) Reporting Results of Auditing and Monitoring to Committees
 - a. At each Auditing & Monitoring Committee, the MCO or designee provides a status update of all active audits.
 - b. At each DHI/DHP Compliance Committee meeting, the CCO or designee provides:
 - i. An overview of the compliance audits that have been finalized since the last meeting.
 - ii. Dashboards of compliance metrics from information gathered through monitoring activities.

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- iii. An overview of Reportable Incidents with an open corrective action plan or a corrective action plan that was closed since the last meeting. These incidents may have been identified in the scope of a monitoring activity.
 - c. The CCO provides reports to the Board Audit Committee no less than four times a year on the status of the Compliance Program. Depending on the recommendation of the Committee, or at the discretion of the CCO, such reports may address auditing and monitoring activities.
- 5) Documentation related to all monitoring and auditing activities is maintained within Compliance's audit, monitoring and incident tools within ServiceNow for a minimum of 10 years.