FDR Oversight: How Do You Do It All (Or Not)?

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Medica’s Vendor Oversight Program
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Introduction

- Who is Medica?
- CMS Requirements
  - What is an FDR?
  - FDR Oversight Requirements
  - Training Details and Changes
- Medica’s Oversight Program
  - Contracting Process
  - Identifying FDRs
  - Ongoing Auditing and Monitoring
  - Vendor Oversight Committee
- Resources

Who is Medica?

- Founded in 1975
- Headquartered in Minnetonka, Minnesota
- Provides health coverage to 1.5 million members
- Provider network includes 27,000 providers at more than 4,000 offices, clinics and hospitals in Minnesota, Wisconsin, North Dakota and South Dakota.
### What is an FDR?

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<th>First Tier</th>
<th>Downstream</th>
<th>Related Entity</th>
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<td>Any party that enters into a written agreement, acceptable to CMS, with a Medicare Advantage Organization (MAO) or Part D sponsor or applicant to provide administrative or health care services to a Medicare eligible individual under the Medicare Advantage (MA) or Part D program.</td>
<td>Any party that enters into an acceptable written arrangement below the level of the arrangement between an MAO or Part D sponsor and a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.</td>
<td>Any entity that is related to an MAO or Part D sponsor by common ownership or control and: performs some of the MAO or Part D sponsor’s management functions under contract or delegation; furnishes services to Medicare enrollees under an oral or written agreement; or leases real property or sells materials to MAO or Part D plan sponsor at a cost of more than $2,500 during a contract period.</td>
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Common FDR Examples

- Pharmacies
- Pharmacy Benefit Managers (PBMs)
- Network Providers
- Provider Credentialing Services
- Claims Processing Entities
- Fulfillment Vendors
- Sales and Marketing Agents

FDR Oversight Requirements

Accountability resides with the Sponsor for any functions or responsibilities delegated to an FDR

- Appropriately identify FDRs
- Provide FDRs general compliance and fraud, waste & abuse training (at the time of contract and annually thereafter)
- Monitor and audit FDR compliance with Medicare program requirements
Who Needs Training?

- CMS has a Standardized Training and Education Module for both general compliance training and FWA.
- FDRs subject to this training requirement must take both training modules.
- FDRs that meet the FWA certification requirement through enrollment into Parts A or B of the Medicare program or through accreditation as a supplier of DMEPOS are deemed to have met the FWA training requirement. However, they must still complete the general compliance training module.

Training Details

- In addition to providing training to the FDR, the Sponsor must be able to demonstrate FDRs have fulfilled the training requirements.
- 3 Current mechanisms to provide training:
  - Sponsor provides training directly to the FDRs (live and in person using CMS training).
  - Sponsor provides training material to FDRs (link to CMS training).
  - FDRs complete the CMS Standardized training available on the CMS Medicare Learning Network (MLN).
2016 Training Changes

- Beginning on January 1, 2016, FDRs are required to take the CMS compliance and FWA training module on the CMS website
  - Sponsors can put a link to the CMS training on their website
  - Deemed FDRs must still complete the general compliance training module, but are exempt from FWA training via certification or enrollment in Part A or B
- Sponsors are required to accept the certificate of completion of the CMS compliance and FWA training as satisfaction of this requirement

Medica’s Vendor Oversight Program
Company Structure

Medicare Compliance & Contract Leads

Operational Business Structure

Compliance Program Structure

Financial Structure

Corporate Compliance & Vendor Oversight

Internal Audit completes auditing & monitoring

Vendor Oversight Workflow

Contract entered into Contract System by Business Unit

Vendor Oversight Committee reviews processes, auditing and prompts escalation to Compliance Officer

Medicare Compliance identifies FDR status

Internal Audit conducts audit on FDR processes

Vendor Oversight ensures initial FDR specific requirements are met

Vendor Oversight and Medicare Compliance manage annual FDR auditing and monitoring
The Contracting Process

- Medica uses a Contract Relationship Management (CRM) system for contract tracking
- Business Owners initiate the contract and manage the day-to-day relationship with vendors
- Contract Leads understand the contracting policies and are accountable for the accuracy and completeness of the information in CRM
- Contract Leads receive both initial training and ongoing quarterly training on the CRM system and contract policies

Contract Management Hierarchy
Contract Considerations

- Provision of general compliance and fraud, waste & abuse training
- Inclusion of a Regulatory Addendum
- Obtaining a Disclosure of Ownership to execute excluded entity sanction checks
- Inclusion of a Business Associate Addendum for access to PHI

CRM System
Identifying FDRs

- The Medicare Compliance Department conducts analysis of Medicare related vendors to determine FDR status
  - Is the vendor providing administrative or healthcare services related to Medicare Part C or Part D Plans?
  - Does the vendor have access to or work with member data?
  - Risk assessment of size, potential impact to beneficiaries and risk for FWA.

Initial FDR Communication

Vendors:
- FDR status is recorded by Compliance in CRM system
- Compliance ensures a Regulatory Addendum was attached to the contract
- Disclosures of Ownership are collected; individuals and entities are checked against the OIG and GSA exclusion lists
- Standards of Conduct, General Compliance training and FWA training notification is sent to the vendor and notification is tracked in CRM system

Providers:
- Contractual obligation and provider welcome kit
Medica FWA Website for Vendors

About Us

Fraud and Abuse: For Vendors

Compliance Program • Annual Training for Vendors • Special Investigations Unit • Report Fraud or Abuse •

Compliance Program

Standards of Conduct

We conduct business with the highest ethical standards, and our compliance program supports this. We’ve created the Medica Standards of Conduct to assist in understanding expectations for how we do business and to outline your responsibilities as a vendor that provides goods or services to Medica or our members.

As a Minnesota Department of Human Services (DHS) and a Centers for Medicare and Medicaid Services (CMS) contracted organization, we apply these Standards of Conduct to our first-tier and downstream entities.

View the Medica Standards of Conduct »

Reporting Policy

Under our Compliance Program, providers, vendors, contractors, and Medica employees are required to promptly report any good faith belief of any suspected or known violation of the laws and regulations that govern our business, our Standards of Conduct, financial reporting and standards, or our Corporate Compliance Program and Medicare Compliance Program, including our Privacy or Security Programs.

View our Reporting Policy for Compliance, Fraud, Waste and Abuse, and Privacy »

Medica FWA Website for Providers

Administrative Manuals

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Annual FDR Oversight

- Send Standards of Conduct, General Compliance training and FWA training to FDRs
  - Vendors notified through CRM system, letter, Medica’s vendor portal, and questionnaire
  - Providers notified through Connections Article, letter, admin manual, provider portal
- Collect FDR attestation forms regarding compliance
- Attach scorecards to allow FDRs to provide greater detail on processes
- Identify deficiencies and determine corrective action plan for at-risk vendors

Key Considerations for Attestations

- Confirmation of FDR employee and board training
- Confirmation of downstream entity monitoring
- Attestation to policies and procedures regarding general compliance, FWA, anti-relation and prompt response to compliance issues
- Attestation to reporting mechanism for suspected FWA
- Validation of ongoing excluded entity checks
Auditing and Monitoring

Auditing FDRs

- Use annual attestations and scorecards to identify potential non-compliance
- Identify high risk providers and vendors

Internal Auditing

- Conduct internal audit on FDR oversight program to identify areas of improvement
- Conduct internal audit on CRM and business unit compliance with contracting policies

Vendor Oversight Attestation

Vendor Compliance Program Attestation

We have entered into an agreement with Medica to provide administrative or health care services to Medicare or State Health Program eligible individuals, and we attest that we have the following compliance related activities in place: [Check all that apply]

- We received Medica’s Standards of Conduct, Compliance Reporting Policy, and General Compliance and Fraud, Waste, and Abuse (FWAs) Training for the current year.
- We have a code of ethics.
- We have a conflict of interest reporting and review process.
- We have policies and procedures that demonstrate our organization’s commitment to comply with state and federal laws.
- We have a senior level management responsible for oversight of our organization’s state, federal, and contractual obligations.
- We provide general and specific compliance and FWA training to employees and board members at the time of hire and annually thereafter.
- We provide general and specific compliance and FWA training to downstream entities at the time of hire and annually thereafter.
- We have a process to communicate compliance related requirements to employees, board members, and downstream entities.
- We have a process for individuals and downstream entities to report suspected FWA and compliance issues and will immediately report to Medica those issues that relate to delegated services.
- We have a policy that protects individuals and downstream entities from retaliation when reporting suspected compliance and FWA issues.
- We have disciplinary standards that are communicated and applied within our organization.
- We have a process for identifying compliance and FWA risks and monitoring those compliance and FWA risks.
- We check the Office of Inspector General (OIG) and General Services Administration (GSA) at the time of hire or contract and monthly thereafter to ensure we don’t make improper payments to persons or entities excluded from participation in federal programs.
- We have a policy requiring prompt response and correction to detected compliance issues.
## Vendor Oversight Scorecard

**Medicare Vendor Compliance Program Scorecard**

**Vendor:** Reporting Period: January 1 - Dec 31, 2014  
**Business Area:**  
**Evaluation Date:**  
**Overall Score:**

Please complete the shaded sections of the scorecard using the drop-down boxes to the right of each question and the "Comments" box below each question.

### I. Compliance Program Questions

1. **Do the policies and procedures cover major risk areas?**
   - **Instruction:** Vendor will identify policies & procedures that address the major risk areas listed below.
   - **Risk Policy or Procedure Title**  
   - **Last Revised**
   - **Health Risk Assessment Policy**  
   - **Care Plan Policy**  
   - **Member Notification of Care Coordinator Contact Information**  
   - **Model of Care Training**

2. **Are policies and procedures identified in question 1 available to business area staff?**
   - **Instruction:** "Available" means the policies and procedures can be easily located in either electronic or hard copy format.
   - **Comments:**

3. **Is staff informed about Medicare requirements and any revisions or clarifications to the requirements prior to the effective date?**
   - **Instruction:** How did you inform staff about the requirements--by email, meeting, web-training, etc.
   - **Comments:**

4. **Does business area staff know how to report a Medicare compliance concern or suspected Fraud, Waste, or Abuse (including anonymous reporting)?**
   - **Instruction:** Please describe your reporting mechanisms in the comments section below.
   - **Comments:**

5. **Does business area know how to report/escalate a compliance concern to Medica?**
   - **Instruction:** Please briefly explain your process for reporting concerns to Medica.
   - **Comments:**

## FDR Compliance Escalation Path

- Compliance Officer  
- Vendor Oversight Manager and Committee  
- Corporate Compliance Officer  
- Executive Leadership and Board
Vendor Oversight Committee

- Provide guidance on scope of vendor oversight activities
- Assist in identifying FDRs
- Maintain list of FDRs, functions delegated and performance review activity
- Oversee auditing and monitoring results and corrective action
- Assist in non-compliance escalations
- Engage company-wide leadership

Final Insight

- Incorporate FDR considerations in all aspects of your Corporate Compliance Program
- Delegate and train key individuals in the business units
- Develop robust internal and external FDR policies and procedures, such as: Medicare and Corporate Compliance Work Plans, Overall Vendor Oversight Committee Workplan, FDR Decision Tree, FDR Attestation tracking, FDR Annual Workplan, Contracting Policies
- Create an annual work plan for FDR monitoring and auditing activities
- Conduct internal audits on your own processes for FDR oversight
- Engage leadership through the Oversight Committee
Resources

- Chapter 9, Medicare Prescription Drug Manual
- Chapter 11, Medicare Managed Care Manual
- Chapter 21, Medicare Managed Care Manual
- 42 CFR, Parts 422 and 423

Questions?