How Vendor Oversight Should Lead the Charge for Contracting With a New FDR

Jennifer Justine Phillips M.Ed,CHC
Tammy Sanchez RN, BSN, CCM

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Jennifer Justine Phillips is currently the Sr. Manager of Compliance for Delegation & Vendor Oversight and Fraud, Waste and Abuse for Arizona Complete Health; a full spectrum product including Medicaid, Medicare, Marketplace and Commercial products in Arizona. AzCH is a wholly owned subsidiary of Centene Corporation. Her position manages the Health Plan’s Vendor Oversight Program for all products as well as the FWA Oversight and Investigation Program, for State and Federal compliance.

Jennifer has over 15 years of experience in behavioral and integrated health care programs, including program oversight, training, policy and administration in both the non-profit and for-profit arenas. Additionally, she served a term as a Governor’s appointee to the Arizona Rehabilitation Advisory Council, whose goal it is to help individuals with disabilities achieve and maintain meaningful employment. With this experience, she strives to bring together the compliance requirements and communicate effectively from both sides of the provider and managed care organization relationship.

Jennifer completed both her undergraduate and post graduate education at Arizona State University and is Certified in Healthcare Compliance (CHC).
Mrs. Tammy Sanchez presently serves as the Manager of Vendor Oversight, Compliance & Internal Audit at Peach State Health Plan, a wholly owned subsidiary of Centene Corporation, in Atlanta, Ga. In her roles, Mrs. Sanchez has responsibility for ensuring third-party vendors comply with state and federal guidelines and contract requirements. She works collaboratively with the internal senior management and the vendor partners to build strategic partnerships that deliver the highest quality of services to the enrolled members.

Mrs. Sanchez is a Registered Nurse with over 30 years of experience as a clinical leader for major teaching hospitals in both the public and private sectors. Her clinical roles include medical-surgical, operating room, home health care, hospice care, long-term care, and occupational health. As a clinical leader, she has worked for several Fortune 500 companies, in the area of compliance, case and vendor oversight and management.

Mrs. Sanchez completed her undergraduate studies at Hampton University with a Bachelor’s of Science Degree in Nursing and earned a Masters of Health Administration from Central Michigan University. She holds clinical certifications in Hospice Care Nursing, Nursing Instructor, and Case Management, additionally she earned the Lean Six Sigma Green Belt.

Disclaimer

The opinions and information provided during this presentation are that of the speakers and do not necessarily represent the opinions of their employer.
Objectives

Assessing Internal Risk:
What similar contracts does your entity already have in place?

Why this vendor specifically?

Breakdown of oversight program responsibilities for functional areas and vendor oversight. Establish work flow for reporting issues.

Objectives

Exposure Risk of Vendor:
How the risk assessment shapes your program.
All functional areas should understand what the vendor is doing for your organization, and what the risks past, present, and potential, entail for their oversight responsibilities.

Ongoing Risk:
Talk, Oversee, Audit: all contribute to managing a successful relationship: Getting into a groove for your oversight is great, but don’t let the groove become a rut you don’t break out of. Be comprehensive, but don’t surprise anyone.
Definitions

First-Tier, Downstream and Related Entities (FDRs)

First Tier Entity: Any party that enters into a written arrangement, acceptable to CMS, with a Medicare Advantage Organization or Part D plan sponsor or applicant to provide administrative services or healthcare services to a Medicare eligible individual under the Medicare Advantage program or Part D Program.

- Administrative services (e.g., marketing, utilization management, care & disease management, network adequacy, quality assurance, applications processing, enrollment and disenrollment functions, claims processing, adjudicating Medicare organization determinations, appeals, and grievances, provider credentialing); or
- Health care services to a Medicare eligible individual under the Medicare Advantage program or Part D program (e.g., independent practice association, hospital, etc.)

Downstream Entity: Any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the Medicare Advantage benefit or Part D benefit, below the level of the arrangement between a Medicare Advantage Organization or applicant or a Part D plan sponsor or applicant and a first tier entity. With a First Tier entity for the provision of administrative services or health care services to a Medicare eligible individual under the Medicare Advantage program or Part D program

- Hospital within a health system that has entered into a system level agreement
- Credentialing verification organization

Related Entity: Any party that is related to the Covered Entity by common ownership or control and either:

- (1) performs some of the sponsor's management of functions under a contract of delegation
- (2) furnishes services to Medicare enrollees under an oral or written agreement
- (3) leases real property or sells materials to the Medicare Advantage Organization at a cost of more than 2,500 during a contract period
Your Benefits

- The initial justification for an outsourcing project is usually based upon cost savings.

- Secondly, the product or service must be delivered at a level of quality that is defined by your business, regulators and accreditation body that is communicated to your vendor and used to measure their performance.
Your Benefits

Any outsourcing arrangement must be viewed as an extension of your company into the subcontractor’s organization.

You can delegate authority to perform activities & functions, but you can’t delegate responsibility.

Effective Vendor Management

- Active vendor management, as opposed to simply procurement, can generate benefits for both the organization and the vendors, above direct financial savings.

- Vendor management now drives cost accountability and innovation through active management of vendor performance, and ensures sustainability through compliance and measurement.
Effective Vendor Management

- Focus on relationship management and delivery model.
- The time, money and energy used to nurture a positive vendor relationship cannot be measured directly against the company’s bottom line.

Assessing Internal Risk

- Conducting internal assessments of business unit motivation for, resources around and cost implications of, bringing on a new vendor.
- Vendors are not a ‘set it and forget it’ type of relationship.
Assessing Internal Risk

- What is the vendor going to do, and how?

- Ensure business departments understand the ongoing oversight responsibilities of delegation and are prepared to partner with vendor management to monitor specific functions and performance at the SME level.

Exposure Risk of Using a Vendor

Assemble a team of people who have a vested interest in selecting and managing the vendor for the project. The vendor selection team will define, in writing, the product, material or service that you are searching for from a vendor. They will also define the technical and business requirements.

Quality Assurance

- What other contracts does your entity already have in place?
- Why this vendor specifically?
- Is this vendor able to take on the added responsibilities of being a FDR?

Exposure Risk of Using a Vendor

- Assign functional owners for delegated responsibilities.
- Even if just a portion of an area is delegated, it is still considered a delegate.
- Where do your risks lie historically, and where are they likely to occur in the future?
Vendor Life Cycle

• Decision is made to use a vendor
• Annual Audit
• Termination
• Ongoing Monitoring
• Ongoing Monitoring
• Continued Use? Y/N
• Implementation
• Risk Assessment
• Oversight terms, reporting, performance measures established
• Performance Issue - CAP
Accountability

- The contract between the plan and the delegated entity governs the relationship and should outline the administrative functions to be performed by the vendor, specifically emphasizing performance guarantees and performance monitoring.

- The contract should also address communication about regulatory changes and compliance concerns, as well as reporting of information related to performance failures.

- Expectations should be documented regarding confidentiality, audit rights and contract termination if the vendors’ performance is unacceptable and consistently does not meet the expectations.

Oversight Structure

Develop a structure comprised of the key business owners within your organization to take charge with:

- Ensure controls are in place to identify review and monitor FDR compliance
- Review risk assessments results and prioritize FDRs for audit
- Assist in the development and monitoring of corrective action
- Provide subject matter experts for each area
Exposure Risk of Using a Vendor

How the standard vendor risk assessment shapes your oversight program: All functional areas should have a working understanding of what the vendor is doing for your organization and what the risks past, present and potential, entail for their ongoing oversight responsibilities.
Exposure Risk of Using a Vendor

Eight Risk Groups are considered

- Financial
- Reputation
- Compliance
- Performance
- Member and Provider Impact
- HIPAA Security Risk
- Entities Served
- Products

Any quality control standards or methodologies must be communicated and shared with your outsourcing vendor so that the product or service will be delivered at a level of quality that is consistent with your internal organization. This will prevent any negative impact on your current customer base.
The Vendor Benefits

“If you can’t measure it, you can’t manage it” is the mantra that every organization should have.

Giving the vendor the tools to define and measure quality will aid the vendor’s quest to provide a consistent quality product or service to you.

Monitoring Ongoing Risk

CMS Managed Care Manual states that “The MA agrees to take the ultimate responsibility for all services provided and terms of the contract and otherwise fulfilling all terms and conditions of its contract with CMS regardless of any relationships that the organization may have with entities, contractors, subcontractors, first-tier or downstream entities. “

Importance of Monitoring

[Diagram showing balance between Your Organization and Subcontractor with layers indicating Values, Culture, Services, Mission]
Importance of Monitoring

Ensures that proper internal controls are in place to monitor FDR on a routine basis

Review FDR performance to ensure compliance with:
- Contractual provisions
- Policies and Procedures
- State, Regulatory and accreditation requirements

Oversight Objectives
Monitoring Ongoing Risk

Open Communication, regular review of performance, regular standing meetings and annual audits all contribute to managing a successful vendor relationship.

Outline routine oversight expectations

- Have a plan for issue escalation
- Annual review of all key components
- Corrective Action Plan

Overview of Vendor Management
**Monitoring**

**Pre - Delegation Audit**
- Pre-delegation reviews are a part of the plans due diligence process
- Review policies & Procedures
- Biographical information is collected and placed into database

**Annual Audit**
- Onsite/Remote review is conducted and evidence collected is evaluated using standardized audit tools

**Post Audit**
- Corrective Action Plans are issued for deficiencies identified during the Pre-delegation or Annual Review

**Annual Company Overview**
- Review of company's overall performance, barriers, new initiatives, and finances

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**Reporting**

- Board
- Quality Oversight Committee
- Compliance Committee
- Delegated Vendor Oversight Committee
- Subcontractor Regular Meeting
Attestation Requirements

Obtain an annual attestation from First Tier Entities to ensure its FDRs are in compliance with applicable compliance program requirements relating to the following:

- Code of Conduct and Compliance policies
- CMS’ Fraud Waste and Abuse (FWA) and general compliance training
- OIG/SAM/LEIE/GSA exclusion screenings
- Reporting non-compliance and FWA
- Offshore operations
- Auditing and monitoring
- Annual compliance training of staff
Questions?

Vignettes:

- You are a MCO/TPA contracting with a local provider group who manages a network of PCPs. You want to work with them to leverage their PCP relationships to close care gaps and meet HEDIS measures for the MCO. The provider group will be paid based on the amount of gaps they can close and the impact across affected HEDIS measures.

- Is this provider group a Vendor or a Provider? Why?
Vignettes:

- You are an MCO/TPA working with an entity to perform transitional care services for members coming out of EDs and SNFs. The entity will manage the member by providing home health care throughout the transition. The entity won't approve or deny members for care, they will provide the services based on who the plan refers, and they will perform intensive case management for the members receiving the transitional care services until the services end/are no longer needed.
  - What kind of an agreement would you use for this entity?
  - Are there any extenuating factors to consider?

Vignettes:

- You are a large provider group looking to use a telehealth/telemedicine service for afterhours crisis. Members would access the telehealth services after being triaged by an RN outside of office hours, and the telehealth provider would manage the treatment for members with an urgent need for care.
  - What kind of entity is this?