

CareSource Michigan Corporate Compliance Plan

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Objectives

The Corporate Compliance Plan (“the Plan”) is an affirmation of CareSource Michigan’s commitment to provide quality managed care services in a legal and ethical environment. The Plan is established to:

- Develop and maintain a culture that promotes integrity and ethical behavior.
- Formalize CareSource Michigan’s commitment to integrity and honesty in communication, both within the company and with the community.
- Ensure compliance with all applicable local, state, and federal laws and regulations.
- Implement a system for the early detection and reporting of noncompliance with laws, regulations, and internal policy so that any problems will be promptly corrected, thereby minimizing the impact on our members, financial loss (e.g., improper or false claims), and reducing our exposure to civil damages, penalties, criminal sanctions, etc.

The Plan has the support of the CareSource Michigan Board of Trustees. Please read it thoroughly. It is staff responsibility to adhere and follow the legal and ethical standards identified. If you have questions about any aspect of the Plan, please contact the Corporate Compliance Officer.

Key Laws and Regulations

Staff should be familiar with the following key laws and regulations applicable to CareSource Michigan. Basic information on these laws and regulations can be found on the Compliance Department, Public Q Drive.

- Fraud, Waste, and Abuse
 - 42 CFR §423.504
- 1991 Federal Sentencing Guidelines, Section 8
- False Claims Act 31 U.S.C. §3729, *et seq.*
- Health Insurance Portability and Accountability Act (HIPAA)
 - 45 CFR Parts 160, 162 and 164
- Anti-Kickback Statute
 - 42 U.S.C. §1320a-7b (Sec. 1128B(b) of the Social Security Act)
- Freedom of Information Act (FIOA)
 - 5 U.S.C. §552

Accreditation Standards

Staff should be familiar with all URAC accreditation standards for their area. Department management is responsible for educating their employees on these standards.

Responsible Parties

All members of the Board of Trustees and all employees are responsible for following the Corporate Compliance Plan. Subcontractors, delegated entities, consultants, and agents must be aware of the Plan.

- **Board of Trustees** – Resolves that CareSource Michigan creates and implements an effective Compliance Plan. Receives annual reports on Compliance issues. The Board receives Compliance updates at least annually year and as needed. The Board approves the Corporate Compliance Plan along with the CEO.
- **CEO** – Along with the Board, approves the Corporate Compliance Plan. Formally communicates to employees the importance of and commitment to the Plan and its importance to the continuing existence of CareSource Michigan and its ongoing success.
- **Corporate Integrity and Compliance Committee** – Oversees and directs the Corporate Compliance Officer, the Fraud Compliance Officer, and the Corporate Compliance Plan.
- **Corporate Compliance Officer** - Creates and implements the Corporate Compliance Plan and monitors and audits adherence to the Plan. If problems are identified, the Compliance Officer develops a Corrective Action Plan to ensure the issue is corrected and works with Human Resources to enforce appropriate disciplinary actions. The Corporate Compliance Officer is responsible for the **Compliance and Ethics Hotline** and other reporting mechanisms and works with Human Resources to protect those reporting concerns.
- **Fraud Compliance Officer** – Monitors all fraud, waste, and abuse activities, reviews all internal and external complaints and grievances; develops and maintains corrective action plans for detected incidents of fraud, waste, and abuse. The Fraud Compliance Officer reports to the Corporate Compliance Officer.
- **Senior and Operations Management** – Establishes policies and procedures that are consistent with applicable laws and regulations; places importance on the Plan objectives and relays that importance to staff and adheres to the Plan in their work.
- **Individual Contributors** – Follows all company policies and procedures and report concerns.
- **Human Resources** – Follows established screening and hiring policies and procedures; assists in the definition and administration of the Standards of Conduct and Conflict of Interest Policies; administers employee disciplinary actions; implements departing employee procedures and maintains employment attestations.
- **Subcontractors, Delegated Entities, Consultants, and Agents** – Must be aware of the Compliance Plan and know how to report compliance concerns or allegations of fraud and abuse. Each entity must provide certification that their business and their employees working on CareSource Michigan business are not debarred from doing business with government programs and must commit to confidentiality.

Corporate Compliance Plan Components

Corporate Compliance Officer

The Corporate Compliance Officer is part of the Executive Management Team and has direct access to the CEO and the Board to discuss compliance concerns. The Compliance Officer is approved by the Board and has oversight for the following responsibilities:

- Develop, implement, and monitor the Corporate Compliance Plan once approved by the CEO and Board.
- Report activities and findings as needed but at least twice per year to the Corporate Integrity and Compliance Committee.
- Present an overview of Compliance Issues to the Board at least annually and as needed.
- Provide a means for employees to anonymously and confidentially report compliance and fraud and abuse concerns. Compliance concerns are reported using the Compliance and Ethics Hotline/E-mail; and Fax number. Fraud and abuse concerns are reported using the Fraud Hotline/E-Mail/Fax number, and; Fraud Reporting Form. Concerns, allegations, and questions should be reported using one of these methods.
- Establish procedures to respond and process compliance and fraud and abuse complaints.
- Educate and train all new hires and all existing employees annually on compliance and fraud and abuse issues. Educate members and providers on fraud, waste and abuse.
- Develop an annual Compliance Audit Plan to be approved by the Corporate Compliance and Integrity Committee.
- Monitor and audit the business functions to evaluate for compliance/fraud and abuse deviations/issues. An example of monitoring and auditing activities include:
 - Analysis of provider and subcontractor service patterns.
 - Auditing of record retention policies.
 - Monitoring for underutilization of services.
 - Auditing of internal controls to ensure proper submission and payment of claims.
 - Auditing of marketing policies/procedures and activities.
 - Auditing of pharmacy claims.
- Take prompt corrective action when compliance and fraud and abuse issues are identified. Those actions include employee/provider/subcontractor corrective action plans and employee disciplinary actions as published in the Compliance Plan.

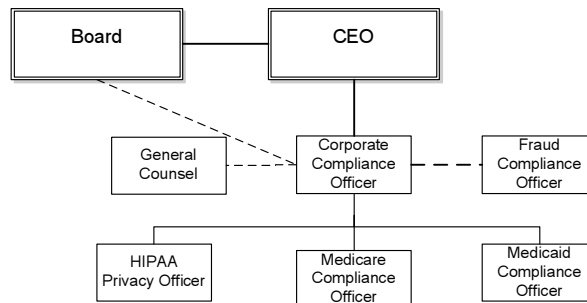
- Take prompt action to detected internal offenses and development of corrective action initiatives in regard to the Medicare Advantage contract.
- Monitor prohibited affiliation compliance with internal departments and subcontractors.
- Report compliance concerns and fraud and abuse allegations to the appropriate government agencies, including CMS, MEDIC, and law enforcement.
- Report compliance/fraud and abuse concerns/allegations, investigative findings, and corrective actions to the Corporate Compliance and Integrity Committee.
- Draft and maintain compliance and fraud and abuse policies and procedures that articulate CareSource Michigan's commitment to comply with all federal and state laws and regulations.
- Obtain training for the Compliance and Fraud and Abuse staff and staff to remain current on compliance/fraud and abuse issues.
- Ensure compliance with judicial requirements by reviewing, tracking, and taking action on all legal documents served to CareSource Michigan.
- Work with Human Resources to update and maintain the Human Resources Employee Handbook in regard to the Compliance Plan, Standard of Conduct, Conflict of Interest, Disciplinary Actions, False Claims Act, reporting of concerns and allegations, etc.

Corporate Integrity and Compliance Committee (CICC)

There are currently eight voting members of the Corporate Integrity and Compliance Committee. All members are Executive level employees and represent different areas of responsibility within CareSource Michigan. This committee's primary role is to oversee the compliance efforts of the Corporate Compliance Officer in regards to the Corporate Compliance Plan.

This committee meets as needed, but at least twice annually to:

- Advise the Corporate Compliance Officer on strategies and tactics to address compliance risks effectively and appropriately.
- Assist the compliance officer to continually assess compliance risks and identify areas for improvement.
- Monitor the Corporate Compliance Officer's actions in relation to identified noncompliance to include disciplinary actions, corrective action plans, reporting to governmental agencies, etc.
- Refer to the Committee Charter for all the responsibilities of the CICC.



Standards of Conduct

CareSource Michigan's goal is for all employees to act in a manner using good judgment, high ethical standards, and honesty in business dealings on behalf of CareSource Michigan. Unethical actions or the appearance of unethical actions is not acceptable. CareSource Michigan's interests, policies, and high standard of business conduct must not be compromised as a result of an individual's improper behavior.

There are two fundamental principles under the Standards of Conduct:

1. Employees are responsible for establishing and maintaining a high standard of ethical business conduct. Each supervisor is accountable for, and so must be aware of, the ethics of business conduct engaged in by the employees reporting to him or her.
2. It is the duty of each supervisor to aid employees in understanding the content, scope, and importance of the Standards of Conduct and to illustrate, by his or her own behavior, the spirit, and practice of ethical business conduct. Questions regarding the interpretation of the Standards of Conduct should be directed to the employee's immediate supervisor, Human Resources, or the Corporate Compliance Officer.

General Guidelines

- All transactions made on behalf of CareSource Michigan will be executed in accordance with management's general or specific authorization and recorded on a consistent basis.
- Cash disbursements shall not be approved or made with the intention or understanding that any part of the payment is to be used for any purpose other than what is described in the supporting documentation.
- All cash receipts will be properly identified and recorded.
- Use of or access to CareSource Michigan property for any unlawful or unethical

purpose is strictly prohibited.

- All fund accounts and other assets shall be properly recorded and disclosed.
- Employees shall not make, offer or accept a bribe, kickback or gratuity from any person or entity with the intention or effect of influencing judgment or conduct with respect to the CareSource Michigan's business operations.
- No activity will be undertaken for the purpose of unlawfully evading any tax.
- CareSource Michigan's property will not be used by or contributed to any political party unless authorized by executive management.
- CareSource Michigan's financial statements shall be prepared in conformity with generally accepted accounting principles or other applicable standards which maintain clear accountability.
- Employees will not violate any federal, state or local law or regulation in conducting of CareSource Michigan business.

HIPAA – Health Insurance Portability and Accountability Act

CareSource Michigan collects and maintains a great deal of protected health information (PHI) about CareSource Michigan members. The federal HIPAA Privacy and Security regulations describe how health plans and their workforce members may use and disclose this information and how this information must be safeguarded. In order to protect the privacy and confidentiality of members' PHI and to comply with federal law, all members of the workforce are required to comply.

CareSource Michigan requires compliance with the laws and regulations regarding the privacy, confidentiality, and security of individually identifiable health information found at 45 CFR Parts 160, 162, and 164. CareSource Michigan is committed to compliance with these laws and regulations and intends to assure that its operations, as carried out by its workforce and associates are conducted in compliance with such laws and regulations. CareSource Michigan requires that all members of its workforce whose performance is under the direct control of CareSource Michigan adhere to and comply with the following:

- No member of the workforce has any authority to act contrary to the provisions of any law, regulation, policy, or procedure relating to the use or disclosure of protected health information (PHI).
- Any member of the workforce who violates a privacy law, regulation, policy or procedure of CareSource Michigan, or who orders or knowingly permits a subordinate to violate the same, will be subject to appropriate disciplinary action, which may include discharge or termination of their employment with CareSource Michigan.

Conflict of Interest

A Conflict of Interest is a situation in which a member of the workforce has competing professional and personal interests. Such competing interests can make it difficult to fulfill duties impartially. Even if there is no evidence of improper actions, a conflict of

interest can create an appearance of impropriety that can undermine confidence in the ability of that person to act properly in his/her position.

Common forms of Conflicts of Interest are:

- Outside employment with competitors, network providers, or vendors. While some outside employment may not be an issue, those that take away you're an individual's ability to effectively perform you're his or her job or conflict with you're his or her scheduled work hours, is a conflict.
- Use of information obtained in the course of business for personal advantage.
- Accepting gifts from vendors, suppliers, members, or providers of more than a nominal value.
- A financial interest in a competitor, vendor, network provider, network facility, etc., whether or not the individual believes the interest is substantial in nature.
- Knowingly asking for and/or receiving any compensation, including any kickback, bribe, or rebate, directly or indirectly, overtly or covertly, in cash or in kind in return for credentialing a provider, using a vendor's services, etc.

Outside vendors or customers occasionally send "thank you" gifts to staff. These gifts should be declined if the perceived value is over \$25.00. Gifts that have been sent to a department (perishable food items, for example), may be accepted and distributed to the department as a whole.

If an employee has questions as to whether a given situation is appropriate and within this policy, he or she should discuss that situation with you're his or her supervisor prior to taking any action. If an employee has a concern about a potential conflict of interest or believes that another employee has an unreported conflict of interest that he or she does not feel comfortable talking to you're his or her supervisor or Human Resources about, he or she must call the Compliance and Ethics Hotline and report the concerns.

Annually, each employee signs a Conflict of Interest statement that is reviewed by Human Resources and the Corporate Compliance Officer.

Employee Discipline

If an employee violates the terms of the Corporate Compliance Plan or does not report a suspected violation, the Human Resources Department, in conjunction with the Corporate Compliance Officer, may take disciplinary action. The uniform disciplinary program may result in a range of actions from an oral reprimand to termination of employment.

The actual disciplinary action taken will be determined considering all relevant facts and circumstances of the particular incident, including the nature of the employee's conduct and whether the employee promptly reported and cooperated in the investigation of the incident.

Employees are required to report incidents promptly and to cooperate in the investigation of such incidents. The fact that an employee fulfills these obligations will not insulate the employee from disciplinary action should it be deemed appropriate.

Uniform Disciplinary Program

The Uniform Disciplinary Program is communicated to employees in the Human Resources Employee Handbook, Compliance Plan, policies and procedures, on CareSource Michigan intranet site, and through education and training. It is as follows:

<u>Violation</u>	<u>Range of Potential Disciplinary Actions</u>
1. Negligently providing false or misleading information to the Corporate Compliance Officer, a government agency, customer, insurer, or the like.	Oral Reprimand to Termination
2. Intentionally providing false or misleading information to the Corporate Compliance Officer, a government agency, customer, insurer, or the like.	Termination
3. Negligent violation of any federal, state, or local law or regulation.	Oral Reprimand to Termination
4. Intentional violation of any federal, state, or local law or regulation.	Termination. With notification to the appropriate legal and/or regulatory authority of the intentional violation.
5. Failure to report another employee's conduct that violates any law, regulation or the Standard of Conduct	Oral Reprimand to Termination
6. Failure or refusal to cooperate with any compliance investigation.	Oral Reprimand to Termination
7. In the case of supervisory personnel, failure to exercise adequate supervision of subordinate personnel where such failure leads, directly or indirectly, to a compliance incident.	Oral Reprimand to Termination
8. Direct retaliation against any employee who in good faith reports a compliance incident.	Termination
9. Indirect retaliation or attempting to directly or indirectly retaliate against an employee who in good faith reports a compliance incident.	Oral Reprimand to Termination
10. Engaging in any other conduct that fails to comply with the duties and prohibitions, express or implied, set forth in the Plan or the Standard of Conduct.	Oral Reprimand to Termination

Reprimands may be oral or written. All written reprimands will be retained in the employee's Human Resources file.

Education & Training

The Corporate Compliance Officer is responsible for developing and coordinating a comprehensive education and training program that effectively communicates the Compliance Plan components to all employees. New hires are trained following hire and all employees receive annual training.

New hire and annual training covers the following:

- Explains the Compliance Plan, including the Standards of Conduct, Conflict of Interest Policy, Fraud, Waste, and Abuse.
- Explains HIPAA Privacy standards and implementation specifications specific to health plans.
- Educates on the expectation that all employees will adhere to the Compliance Plan, all CareSource Michigan policies and procedures, and all applicable federal and state laws and regulations.
- Reviews new policies and procedures.
- Addresses key issues in specific departments (e.g., claims, marketing, and finance).
- Defines Fraud, Waste, and Abuse.
- Explains responsibility to report noncompliance and allegations of fraud and abuse.
- Defines the Uniform Disciplinary Plan.
- Identifies the method of reporting complaints.

The Corporate Compliance Officer works with the Human Resources' Learning and Development Department to develop and administer training specific to Medicare functional areas. Attendance records for this training will be maintained by the Learning and Performance Department on their Learning Management System. The Corporate Compliance Officer will be notified of training completion.

Record Management & Disposal

CareSource Michigan has a Record Management and Disposal policy all employees are required to follow. This policy:

- Ensures records will be retained for at least the minimum period required by applicable laws and regulations.
- Protects the privacy and security of all records including those that are maintained on magnetic tape or other electronic data processing storage media.
- Preserves reports of wrongdoing posing a significant risk of substantial civil and/or criminal liability for CareSource Michigan.
- Establishes a uniform record destruction policy. This policy addresses record destruction for business reasons to avoid any implication that CareSource Michigan has deliberately destroyed records in anticipation of a specific problem.
- Has a mechanism for halting and preventing destruction of appropriate records immediately upon receipt of service of legal process for which those records might be relevant.

Reporting to Authorities

The Corporate Compliance Officer evaluates all allegations of wrongdoing to determine if the allegations are valid. If it appears, after an internal investigation, that an allegation is supported, the Compliance Officer will discuss the case with General Counsel, the CEO, and/or the Corporate Integrity and Compliance Committee regarding the potential need for reporting the alleged violations to authorities.

Judicial Documents Handling

In consultation with and at the direction of the CEO, the Compliance Officer, working with Corporate Legal, ensures the complete and prompt compliance with all court documents and/or the filing of necessary pleadings to answer, suppress, modify, or otherwise protect CareSource Michigan.

Screening and Hiring Process

The Human Resources Department is responsible for utilizing effective screening and hiring procedures to ensure that CareSource Michigan employs individuals who will abide by the standards of their obligations under the Compliance Plan. Screening procedures are completed for all applicants who have been given conditional offers of employment as soon as it is reasonably practical. The requirements of the screening and hiring process may not be waived for any employee except by the Corporate Compliance Officer in consultation with the Vice President of Human Resources. The Vice President of Human Resources or her designee will educate the Corporate Compliance Officer about screening and hiring procedures and will consult with the Corporate Compliance Officer prior to modifying the process.

The Vice President of Human Resources may develop guidelines allowing temporary employees or subcontractors to be hired to complete specific tasks without completing the screening process as long as the temporary employee has been screened by the agency from which the individual was hired. The Vice President of Human Resources or her designee will coordinate a training system with the Corporate Compliance Officer to ensure that all new employees receive training on CareSource Michigan's Compliance Plan to include the Standard of Conduct prior to the employee being authorized to act on behalf of CareSource Michigan.

Employment Attestations

The Vice President of Human Resources requires all new employees to sign acknowledgement forms attesting to the following:

- That the employee has read the Human Resources Employee Handbook and agrees to be bound by it;
- That the employee has read and agrees to comply with the Corporate Compliance Plan and the Standard of Conduct;

- That the employee has disclosed all familial relationships he or she has with other CareSource Michigan employees, contractors, subcontractors, agents or consultants;
- That the employee has never been convicted of an offense which, if the individual were employed by CareSource Michigan, would constitute a material violation of the Plan; and
- That the employee is not subject to exclusion or debarment under Federal law.

The original employee acknowledgment forms will be maintained by Human Resources in the employee's personnel file.

Departing Employees

The Human Resources Department uses a system of exit interviews to determine if departing employees have any knowledge of wrongdoing within CareSource Michigan. The system is reasonably designed to encourage departing employees to make good faith reports of potential wrongdoing. The exit interview system includes a written questionnaire that requires each departing employee to state whether he or she is aware of any past or present fraudulent or abusive practices. If the employee is not aware of any such practices, the questionnaire will include a place for the departing employee to certify the same.

The exit interview system may also be used to obtain information about unsafe or unsound business practices. The exit interview should be conducted while the employee remains on the payroll. The Vice President of Human Resources will maintain written reports of all exit interviews in the Human Resources Department and will direct all interview reports that contain allegations of wrongdoing to the attention of the Corporate Compliance Officer.

Monitoring and Auditing

In order to ensure compliance with federal and state laws and regulations and the Medicare Advantage contract, CareSource Michigan monitors and audits operations and functions of the organization to verify compliance. Annually, an Audit Plan is developed after assessing risks based on prior audit findings, reported concerns (hotline), etc. Once the Audit Plan is approved, the Corporate Compliance Officer is responsible for implementing the plan. Results of the audits are shared with the Corporate Integrity and Compliance Committee, Senior Management, and the Board of Trustees.

Auditor Qualifications

The auditor must possess the qualifications and experience necessary to adequately identify potential issues with the subject matter to be reviewed and be independent of the specific functional areas examined. The auditor must also have access to relevant personnel and all relevant areas of operation.

Auditor's Responsibilities:

- Evaluating internal controls to determine if they are effective and efficient.
- Determining the level of compliance with internal policies and procedures, state and federal laws, government regulations, and the Medicare Advantage contract.
- Recommending improvements to controls, operations, policies and procedures, etc. to mitigate risk.
- Monitoring any corrective action plans.

Audit Plan

- The Corporate Compliance Officer develops an annual Audit Plan and has it approved by the Corporate Integrity and Compliance Committee.
- An audit report is developed for each audit performed. This report documents audit objectives, scope, findings, and any corrective action plans.

The Corporate Compliance Officer will oversee monitoring and auditing activities conducted by staff and external audit resources.

The monitoring and auditing tools and controls have been established and implemented to measure CareSource Michigan's compliance with contractual requirements relating to the following:

- Access to medical services
- Quality;
- Network Access;
- Marketing Activities;
- Issuance of member ID cards;
- Submission of encounter data;
- Grievances/Appeals;
- Submission of required reports;
- Fraud, waste and abuse; and
- HIPAA Privacy standards and implementation specifications relevant to health plans.

Prohibited Affiliations

It is the intent of CareSource Michigan not to have relationships with any individual who has been debarred, suspended, or otherwise excluded from participating in procurement activities by federal agencies. All new employees prior to hire; all existing employees annually; all delegated entities annually; all providers when credentialed, when recertified, and monthly are checked against the Excluded Parties Listing System: <http://www.arnet.gov/epls/> and the OIG-HHS website: <http://exclusions.oig.hhs.gov/>

A relationship is defined as follows:

- A director, officer, or partner of CareSource Michigan;
- A person with beneficial ownership of five percent or more of CareSource Michigan; or
- A person with an employment, consulting, or other arrangement with CareSource Michigan.

If CareSource Michigan determines that it has a relationship with a debarred, suspended, or otherwise excluded individual, the relationship will be terminated immediately.

Fraud, Waste, and Abuse Program

CareSource Michigan is strongly committed to the detection and prevention of Fraud, Waste, and Abuse. The CareSource Michigan program includes all the following components:

- **Identification** – The following are some of the sources used to identify fraud, waste, and abuse: Random audits; Medical and pharmacy claims data analysis; Data Mining; Utilization Reports; Prior Authorization and Grievance Reports; Fraud Hotline/E-mail/Fax, Fraud Reporting Form, and Claims System Routing allegations; information from state and federal agencies, etc.
- **Prevention** – Training of employees, members, providers, subcontractors, agents, and consultants on fraud, waste, and abuse and how to report any concerns and by correcting identified internal weaknesses.
- **Investigation** – Allegations are evaluated to determine exposure and, if appropriate, a full investigation is initiated.
- **Correction** – CareSource Michigan responds promptly to detected problems and when a potential violation is identified, takes appropriate corrective action. Corrective actions include pursuing a prompt repayment of funds; instituting additional training and education; legal action; notifying applicable law enforcement; instituting appropriate disciplinary action; development, implementation, and monitoring of corrective action plans, and; implementing systemic changes to prevent similar problems from occurring.
- **Reporting** – All identified fraud, waste, and abuse are promptly reported to CMS, MEDIC, and other appropriate government agencies.

Fraud Compliance Officer – CareSource Michigan has a Fraud Compliance Officer who works with and reports to the Corporate Compliance Officer. This person is responsible for:

- Developing and maintaining the fraud, waste, and abuse policies and procedures;
- Managing the reported allegations through the Fraud Hotline/E-mail/Fax and Fraud Reporting Form, and Claim System Routings.
- Auditing and monitoring to detect any misconduct related to payment or delivery of items or services under the Medicare Advantage contract.
- Investigating fraud, waste, and abuse allegations and analyzing the results.
- Developing, implementing, and monitoring of appropriate corrective action plans for detected offenses.

Policies and Procedures – The Fraud Compliance Officer, with the oversight of the Corporate Compliance Officer, establishes policies and procedures for the Fraud, Waste, and Abuse Program. Policies and procedures reflect CareSource Michigan commitment to comply with all state and federal laws and regulations and with the

Medicare Advantage contract. CareSource Michigan policies and procedures are reviewed annually and updated as needed.

Education and Training – All new hires immediately following hire and all existing employees annually are trained on fraud, waste, and abuse issues. This training includes defining fraud, waste, and abuse; explaining employee responsibility to report suspected incidents of fraud, waste, and abuse; advising how to report using the Fraud Hotline/E-mail/Fax, Fraud Reporting Form, and internal claims routing system; and explaining that they may report anonymously and that their reported allegations will be maintained as confidential. Members, Providers, Subcontractors, Agents, and Consultants are given information defining Fraud, Waste, and Abuse and provided with contact information for reporting any concerns.

Disenrollment – CareSource Michigan disenrolls members who:

- knowingly provide, on the election form or by another election mechanism, fraudulent information that materially affects the member’s eligibility to enroll in the plan;
- intentionally permits others to use his/her enrollment card to obtain services or supplies from the plan or any authorized plan provider.

When a disenrollment occurs, CareSource Michigan immediately notifies the CMS Regional Office so that Office of the Inspector General may initiate an investigation of the alleged fraud and/or abuse. All disenrollments for the above reasons will always result in moving the member to Original Medicare.

Monitoring and Auditing – The CareSource Michigan Fraud, Waste, and Abuse Program utilizes a post-payment fraud detection program that runs against medical and pharmacy claims data. This software program has built-in fraud scenarios and it evaluates all data looking for those scenarios. Once potential concerns are identified, an investigation is initiated to prove or disprove fraud, waste, or abuse. Identified fraud, waste, and abuse are reported to CMS and all appropriate government agencies. Other monitoring and auditing includes:

- **Underutilization of Services** – Review of grievance data, appeal logs, and prior authorization reports, and service denials looking for any indication that members have been prevented from obtaining covered health services.
- **Claims and Billing** – Data mining and medical/pharmacy claim reports are used to look for aberrances.
- **Medicare Part D** – Express Scripts, Inc. (“ESI”), CareSource Michigan’s pharmacy benefit manager, is strongly committed to the detection and prevention of Fraud, Waste, and Abuse. Their program includes the identification of potential problem pharmacies as well as prescribers and members with unusual or excessive utilization patterns. ESI monitors pharmacies in the following ways:
 - **Statistical System Audits** – Daily, professionally-trained auditor-analysts review adjudicated claims from the previous day looking for excessive quantities, incorrect dosages, high ingredient costs, etc.
 - **Desk Audits** – ESI uses proprietary algorithms to flag pharmacies for desk audits. When a pharmacy is identified, auditors compile a list of targeted claims and request supporting documentation from the pharmacy. Desk audits may also include recredentialing procedures, such

as requesting copies of the pharmacy's current store licenses and permits, proof of liability insurance, etc.

- **Field Audits** – ESI performs on-site audits of approximately three percent of network pharmacies that fill over 250 prescriptions annually. Pharmacies are selected for on-site audits through their sophisticated proprietary Risk Assessment protocol program, through referrals (tips), based on other audit efforts, and at random. These audits verify pharmacy compliance with applicable laws, provider agreements, and member plans.
- **Investigative Audits** – Less traditional but highly effective investigative techniques may be deployed to help ensure the integrity of claims paid. These techniques are designed to more effectively uncover fraud and irregularities. Investigative audits are highly complex and include many special techniques, such as inventory purchase verification, physician and member audits, review of destruction records, pharmacy trending analysis, etc.

ESI has procedures to voluntarily self-report potential fraud or misconduct related to the Part D Program to MEDIC or other government authority within a reasonable period but not longer than 60 days after discovery.

Coordination with Government Agencies – It is CareSource Michigan's policy to fully cooperate with any requests for information or assistance from local, state, or federal agencies.

Reporting a Concern

CareSource Michigan expects employees to report potential compliance violations and any indications of fraud, waste, and abuse. Concerns may be reported in the following ways:

- Using the Compliance and Ethics Hotline/E-mail/Fax/website which is managed by an external vendor. This vendor is available 24 hours per day, 7 days per week. All calls are considered confidential to the extent permitted by law. Employees that report concerns are given the right to anonymity.
- Using the Fraud, Waste, and Abuse Hotline/E-mail/Fax/Fraud Reporting Form, and Claim System Routing which are managed internally. This hotline is available 24 hours per day and 7 days per week. All calls are considered confidential to the extent permitted by law. Contacts may be anonymous.

The Corporate Compliance Officer, along with the Fraud Compliance Officer, respond promptly to detected problems and following an investigation, take appropriate corrective action.

Corrective Action Plans

CareSource Michigan is committed to promptly responding to all potential offenses. If evidence of misconduct related to payment or delivery of items or services under the Medicare Advantage contract is discovered, the Compliance Officer will conduct an investigation in a timely manner to verify the allegation.

If the investigation confirms noncompliance or fraud, waste, and abuse issues, the appropriate corrective action will be taken. Corrective actions may include one or more of the following:

- education and training
- repayment of overpayments
- repayment of embezzled or stolen funds
- disciplinary actions
- legal actions
- corrective action plans

Confirmed noncompliance and fraud, waste, and abuse cases are reported in a timely manner to all appropriate government agencies.