



MEDICAL MUTUAL®  
**Corporate Policy**

**Routine Monitoring, Auditing and Identification of Compliance Risks**

<b>Policy No.</b> MACP.POL.004	<b>Responsible Area: Medicare Advantage Compliance</b>	
<b>Date Approved:</b> 06/22/2018	<b>Approved by:</b> Steven White	<b>Date Reviewed/Revised:</b> 06/14/2018, 8/22/2019, 8/1/2020, 6/15/2021

**REFERENCES:**

Chapter 21 of the Medicare Managed Care Manual (MMCM) including Sections 50.6,

**SCOPE:**

Medical Mutual of Ohio (MMO) Medicare Advantage (MA) Compliance Department and all MA areas governed by MA

**POLICY:**

MMO MA Compliance Department will adhere to the establishment and implementation of an effective system for routine monitoring and identification of compliance risks set forth under 42 C.F.R. 422.503(b)(4)(vi)(E), 423.504(b)(4)(vi)(E), 42 C.F.R. 422.503(b)(4)(vi)(F), and 423.504(b)(4)(vi)(F). MMO will ensure the system includes internal monitoring and audits in addition to, as appropriate, external audits, to evaluate MMO's, including first tier downstream related (FDR) entities', compliance with CMS requirements and the overall effectiveness of the compliance program

**DEFINITIONS:**

CMS- Centers for Medicare and Medicaid Services; a regulatory agency, under the Department of Health and Human Services that regulates and oversees Medicare Advantage Organizations.

FDR- First Tier Downstream Related

FWA- Fraud, Waste, Abuse

MA- Medicare Advantage

MMO- Medical Mutual of Ohio

**I. ROUTINE MONITORING AND AUDITING:**

MMO undertakes monitoring and auditing to test and confirm compliance with Medicare regulations, sub-regulatory guidance, contractual agreements, and all applicable Federal and State laws, as well as internal policies and procedures to protect against Medicare program noncompliance and potential FWA.

- a. In order to ensure MMO's compliance with CMS rules, regulations and expectations, the MMO Medicare Advantage Audits utilizes multiple methods to perform monitoring and audit activities of operational areas and FDRs:
  - i. Desk reviews;
  - ii. Monitoring of self-audit reports;
  - iii. Ad-hoc audits initiated as special projects, management requests, emergent issues and/or as areas deemed to present high risk
  - iv. and on-site audits as necessary
- b. MMO MA Compliance Department audits and/or monitors FDRs, as contractually permitted, to ensure they fulfill all delegated functions and meet established service level agreements (SLAs)

**II. SYSTEM TO IDENTIFY COMPLIANCE RISKS**

- a. MMO conducts an annual risk assessment which incorporates all MMO Medicare Advantage operational areas' levels of risk
  - i. MMO ranks the risks identified to determine which have the greatest impact and prioritizes the strategy for monitoring and auditing utilizing the baseline assessment
  - ii. MMO performs an ongoing review of potential risks of noncompliance and FWA via, but not limited to, the following mechanisms:
    - 1. MMO incident management process
    - 2. Self-reporting from operational areas and FDRs via email
    - 3. MMO compliance hotline
  - iii. This ongoing review is conducted due to the changes in risks as a result of updates in guidance, laws and regulations, CMS requirements, operational and/or FDR changes

1. Periodic re-evaluations are performed to ensure accuracy of the risk assessment and any risks identified by CMS are considered priority. The Medicare Advantage Compliance Oversight team creates the Risk & Recommendation (R&R) Report on a quarterly basis based on these on-going evaluations. The R&R report is reviewed with MA Compliance management to determine how and if the additional risks identified will be incorporated into Audit Work Plan or on-going monitoring review. MMO utilizes the results of the risk assessment to develop the audit work plan

### **III. MONITORING AND AUDITING WORK PLAN**

- a. The audit work plan is coordinated, overseen and executed by the MMO MA compliance officer and assisted by the MMO Medicare Advantage Audits team.
- b. The MMO MA compliance officer receives regular reports from the MMO Medicare Advantage Audits team regarding the results of auditing and monitoring and the status and effectiveness of corrective actions taken.
- c. The MMO MA compliance officer provides updates on monitoring and auditing results to the compliance committee, the CEO, senior leadership and MMO's governing body

### **IV. AUDIT SCHEDULE AND METHODOLOGY**

- a. MMO audit schedule
  - i. MMO audits are organized by calendar year and quarter
- b. MMO audit methodology
  - ii. MMO's audit methodology varies based on circumstances, but may include the following methods:
    1. Desk
    2. On-site
    3. Desk and on-site
  - iii. MMO MA compliance composes a report of every audit performed outlining, but not limited to, the following:
    1. Objective (s)

2. Scope
3. Methodology
4. Findings
5. Recommendations

**V. AUDIT OF OPERATIONS AND COMPLIANCE PROGRAM**

a. Audit of Operations

- i. The MMO MA compliance officer and compliance committee ensure the MMO Medicare Advantage Audits team perform various audits of the operational areas to certify operational areas are compliant with Medicare regulations

1. The MMO Medicare Advantage Audits team is comprised of independent dedicated auditors that participate in the audit function and have knowledge of the CMS operational requirements under review

b. Audit of Compliance Program

- i. MMO Internal Audit (IA) performs an annual compliance program effectiveness (CPE) audit on the MMO compliance program.

**VI. MONITORING AND AUDITING FDRs**

- a. MMO MA compliance performs an annual FDR audit which includes ensuring first tier entities are monitoring and/or auditing their respective downstream and/or related entities

- i. MMO MA compliance includes FDR audits on the annual audit work plan

**VII. TRACKING AND DOCUMENTING COMPLIANCE AND COMPLIANCE PROGRAM EFFECTIVENESS**

- a. MMO MA Compliance tracks compliance efforts via the quarterly dashboard and SharePoint site.

- b. Medicare Advantage Audits team tracks audits via SharePoint which are shared in monthly meetings with MMO MA operational areas and MMO MA compliance committee.

**VIII. OIG/GSA EXCLUSION**

- a. MMO reviews the Department of Health and Human Services (DHHS) Office of Inspector General (OIG) List of Excluded Individuals and Entities (LEIE) and the GSA Excluded Parties Lists System (EPLS) prior to the hiring or contracting of any new employee, temporary employee, volunteer, consultant, governing body

member, or FDR, and monthly thereafter, to ensure that none of these persons or entities are excluded or become excluded from participation in federal programs

- i. After entities are initially screened against the entire LEIE and EPLS at the time of hire or contracting, MMO reviews the LEIE supplement file provided each month, which lists the entities added to the list that month, and review the EPLS updates provided during the specified monthly time frame.

**IX. USE OF DATA ANALYSIS FOR FWA PREVENTION AND DETECTION**

- a. MMO performs effective monitoring in order to prevent and detect FWA via data analysis which includes, but is not limited to:
  - i. Comparison of claim information against other data (e.g., provider, drug or medical service provided, diagnoses or beneficiaries) to identify unusual patterns suggesting potential errors and/or potential fraud and abuse
    1. This data analysis factors in the particular prescribing and dispensing practices of providers who serve a particular population (e.g., long term care providers, assisted living facilities, etc.).
  - ii. MMO routinely generates and reviews reports on pharmacy billing, medical claims, etc., based upon the data analysis performed to identify pharmacies and other FDRs that require further review.

**X. SPECIAL INVESTIGATION UNITS (SIUs)**

- a. Conduct surveillance, interviews, and other methods of investigations relative to FWA

**XI. AUDITING BY CMS OR DESIGNEE**

- a. MMO MA compliance will cooperate with CMS and/or its designee for all audit requests including, but not limited to, providing all requested records as it pertains to the Medicare Part C and/or Part D program.

**APPROVED BY:**

*Steven D. White*

06/15/21

Name

Date

Revision Date	Section	Revision Notes
09/27/16	All	New document
06/14/18	All	Added additional sections from Ch. 21 of the MMCM as it pertains to Element VI
8/22/2019	All	Included Risk & Recommendations, removed obsolete processes, document structure.

