

PARTNERSHIP



HEALTHPLAN  
of CALIFORNIA

**Compliance Plan  
Calendar Year 2026**

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## SUMMARY

Partnership HealthPlan of California (Partnership) is committed to conducting its business operations in compliance with ethical standards, contractual obligations, and all State and Federal applicable statutes, regulations, and rules.

Partnership has a Compliance and Fraud Prevention Officer who oversees and maintains a formal compliance program. Partnership's compliance program incorporates critical compliance elements as identified by the U.S. Department of Health and Human Services (HHS), Office of the Inspector General (OIG), Code of Federal Regulations (CFR), the Centers for Medicare & Medicaid Services (CMS), the California Department of Health Care Services (DHCS) and the California Department of Managed Health Care (DMHC) related to the Medicare and Medicaid program requirements. Partnership also has a designated Chief Information Officer (CIO), whose role is to actively assess and manage security risks. The CIO provides regular updates to the Partnership Board of Commissioners (Commission) and Executive Staff. Additionally, Partnership's Privacy Officer, who also serves as the Compliance and Fraud Prevention Officer, actively participates in conducting risk analyses, oversees Partnership audits, and manages Fraud, Waste, and Abuse (FWA) and HIPAA (Health Insurance Portability and Accountability Act of 1996)/privacy reporting. This comprehensive approach is intended to prevent and detect any violations of ethical standards, contractual obligations, and applicable laws within Partnership's operations, senior leadership, or Board of Commissioners (Commission). The Compliance Plan is a continually evolving document that is annually reviewed and amended, as necessary, based on risk analysis, ongoing compliance monitoring, and newly identified areas of risk. The Compliance Plan applies to employees, temporary personnel, volunteers, interns, health care providers, commissioners, subcontractors, and delegates, collectively, workforce members and affiliates.

Partnership prioritizes its commitments by completing an annual risk assessment. The Compliance Plan reflects the application of this risk analysis by focusing Partnership's resources in a manner that most effectively protects Partnership from FWA, HIPAA breaches, and other risks to Partnership, its workforce members, affiliates, and members.

This plan is reviewed and approved annually by Partnership's Board of Commissioners.

## THE COMPLIANCE PLAN

This Compliance Plan sets forth Partnership’s commitment to legal and ethical conduct by establishing principles, standards, and policies and procedures in order to efficiently monitor compliance with applicable laws and regulations. The Compliance Plan is designed to ensure Partnership’s operations and the practices of its workforce members and affiliates, comply with contractual requirements, ethical standards, and applicable laws.

The first part of the Compliance Plan addresses the review and implementation of contractual, legal, and regulatory obligation for Partnership’s operations. Additionally, Partnership maintains policies and procedures relating to its business operations and compliance program. The Compliance Plan highlights critical elements of an effective compliance program. This includes, but is not limited to, the structure and operational aspects of the program, delegation of authority, training and education processes, monitoring and auditing activities, enforcement/discipline, and corrective action.

If a Partnership workforce member or affiliate has any questions about the application of this Compliance Plan, Partnership values, or Partnership policies and procedures, they can seek guidance from the Compliance Officer, or any member of the Compliance Committee. Partnership workforce members and/or affiliates should be generally familiar with the contractual, legal, and regulatory requirements pertinent to their roles with Partnership. All Partnership workforce members receive annual evaluations, which include measurements of job-specific knowledge and knowledge of departmental and company policies and procedures.

This compliance Plan is not intended to address all of Partnership’s compliance activities, but to provide the frameworks for the compliance program. Workforce members and affiliates should seek the guidance of their supervisor, direct report, the Compliance Officer, or Partnership Senior Management, as it relates to compliance functions stated within this plan or otherwise.

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## WRITTEN STANDARDS, POLICIES, AND PROCEDURES

Regulatory Affairs and Compliance (RAC), under the supervision of the Compliance Officer, analyzes potential implications and prepares summaries of new requirements or changes to existing requirements, for discussion with Partnership leadership and at the Compliance Committee and/or appropriate venue.

### **Policies and Procedures**

Partnership regularly and systematically reviews and updates its policies and procedures to ensure business operations are compliant with new and existing contractual, legal, accreditation, and regulatory requirements. This centralized process is managed by the Compliance Department in collaboration with operational teams and regular committee meetings to review and approve Partnership's policies and procedures.

Policies and procedures shall be reviewed no less than annually to ensure that Partnership, its workforce members, and affiliates operate under and comply with current standards and/or requirements. Policies and procedures are developed or amended more frequently as needed in response to a new or amended standards, requirements, and potential risk areas identified by Partnership and federal and/or state regulatory agencies.

Policies and procedures are maintained and made available in a manner that assures workforce members and affiliates are able to fulfill their roles and responsibilities, in compliance with applicable standards, requirements, laws, and regulations. Providers and delegates receive notice when Policies and Procedures are updated via a monthly memorandum. Partnership policies and procedures are available on the Partnership intranet and as applicable, accessible through the external Partnership website at [www.partnershiphp.org](http://www.partnershiphp.org).

### **Code of Conduct**

The Code of Conduct (Code) is Partnership's foundational document detailing fundamental principles, values, and the framework for business practices within and applicable to Partnership, its workforce members and affiliates. Partnership maintains a strong and historic commitment to the communities we serve and recognize that it is not enough to merely comply with laws and regulations. We believe that it is imperative to abide by the highest ethical standards in serving our customers, members, communities, and dealing with our fellow workforce members. This means conducting ourselves with integrity in everything we do. Partnership's Code of Conduct forms the foundation of our ethical culture and over the years has become the cornerstone of our commitment to integrity, one of our values.

**Reporting of Non-Compliance:** One of the most fundamental aspects of the Code of Conduct is the requirement that all Workforce members, contractors, and Commissioners promptly report any suspected FWA or noncompliance with applicable regulations or Partnership policies. This can be accomplished by reporting directly to your supervisor or management, the Compliance Department, or the Partnership Compliance Officer. If requested, a reported issue will be treated in a confidential manner, to the extent possible. If the individual reporting the issue requests to remain anonymous, they can call the Compliance Hotline at (800) 601-2146, seven days a week, hours a day. This service is managed by an independent third party.

**Non-Retaliation:** Partnership maintains a strict non-retaliation policy to protect individuals who report suspected non-compliance or FWA issues in good faith. Partnership takes violations of Partnership's non-

retaliation policy seriously, and the Compliance Officer will review and enforce disciplinary and/or other appropriate action for violations, as appropriate.

The Code of Conduct is a separate document from the Compliance Plan and can be found on Partnership's intranet. Partnership's Code is reviewed at least annually to ensure its alignment with current state and federal requirements and that it is representative of our mission, values, and emphasizes standards of professional conduct. Workforce members and Commissioners review and attest to their understanding of and compliance with the Code at onboarding, annually thereafter, and upon any changes.

## COMPLIANCE PROGRAM ADMINISTRATION

### Commission

Partnership's Board of Commissioners, herein. After referred to as "Commission", has the duty to assure that Partnership implements and maintains a Compliance Program governing Partnership's operations. The Commission receives and reviews reports from the Compliance Officer. The Commission delegates the Compliance Program oversight and day-to-day activities to the Chief Executive Officer (CEO). As the Compliance and Fraud Prevention Officer, the Senior Director of Regulatory Affairs and Compliance is designated by the CEO, to manage the day-to-day activities and oversight of the Compliance Program and Plan. Furthermore, the Commission may deputize compliance responsibilities to subcommittees, created by the Commission. The Commission retains the ultimate responsibility of ensuring the successful implementation and effectiveness of the Partnership Compliance Program. The Commission's compliance responsibility includes, but is not limited to:

- Understanding the content and operations of Partnership's Compliance Program;
- Review and approval of all policies and procedures related to Partnership's contractual and regulatory compliance, including operationalizing the compliance program;
- Approving the Compliance Plan;
- Reviewing the semi-annual compliance reports, including, but not limited to summaries of overall compliance activities, and upon review, making recommendations for improvement as necessary; and
- Completing annual compliance training.

### Compliance and Fraud Prevention Officer

The Senior Director of Regulatory Affairs and Compliance serves as the Partnership Compliance and Fraud Prevention Officer and as such, is responsible for developing, implementing, and ensuring the maintenance of compliance activities and programs in accordance with applicable laws, state and federal statutes and regulations, and contractual obligations. The Compliance and Fraud Prevention Officer interacts with the Board, Partnership executive staff, departmental management, legal counsel, state and federal representatives, and others as required. In addition, the Compliance Officer oversees the Regulatory Affairs and Compliance (RAC) Department, which includes compliance professionals with expertise and responsibilities for the following areas: Medi-Cal Regulatory Affairs & Compliance, FWA, Privacy, Internal Auditing and Monitoring. Policies and Procedures, and training on compliance activities. The Compliance and Fraud Prevention Officer reports directly to the CEO and the Commission.

The Compliance and Fraud Prevention Officer shall receive periodic regulatory and compliance training and has the authority to oversee and direct compliance efforts. Through annual performance evaluations, the Compliance and Fraud Prevention Officer will be assessed for fulfilling compliance responsibilities and promoting adherence to the Compliance Program. The Fraud Prevention Officer also attends and participates in DHCS' quarterly program integrity meetings, as scheduled and attends the California Department of Justice (DOJ) Managed Care Anti-Fraud trainings, as scheduled.

### Privacy Officer

The Senior Director of Regulatory Affairs and Compliance also serves as the Privacy Officer, is a privacy subject matter expert, and is responsible for ensuring Partnership and our staff comply with all state and federal privacy laws including, but not limited to the Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health (HITECH) Act, The Confidentiality of Medical Information Act (CMIA) and other rules as applicable.

### Security Officer

The Chief Information Officer serves as the Security Officer and is responsible for the administration of the information security program and maintaining the confidentiality, integrity and availability of data within the organization’s information systems for the Health Information Exchange and in compliance with HIPAA, HITECH, and related rules.

### Compliance Committee

#### Purpose

The Compliance Committee, chaired by the Compliance Officer, has general responsibility to oversee Partnership’s Compliance Program. The purpose of the Committee is to: (i) oversee Partnership’s implementation of the Compliance Program, interventions designed to mitigate compliance risk, policies and procedures that support the prevention and detection of violations with applicable law, regulations, and rules; (ii) provide a mechanism for regular and direct communication with management, those persons responsible for the internal compliance function, and the Commission; and (iii) perform any other duties as directed by the Commission or the CEO.



The Compliance Committee is comprised of internal membership including Senior Management and operational staff, as designated by the CEO and staffed by RAC. The Compliance Committee Charter is included as *Attachment A*. Individuals selected as members of the Compliance Committee are department heads (or their designated proxy), and other staff, as appropriate, based upon their job function. A complete list of positions for the members of the Compliance Committee is included in the Compliance Committee Charter. The Compliance Committee meets no less than four times annually. Partnership maintains minutes of Compliance Committee Meetings that shall include, but it is not limited to, summary of reports, discussion,

recommendations for corrective action that may include sanctions and/or revocation of agreements, and/or recommendations or referrals to other Partnership committees (subject to the attorney/client privilege, proprietary rights, et cetera).

### **Governance and Compliance Committee (GCC)**

The Governance and Compliance Committee (GCC) is a subcommittee of the Board of Commissioners and has the fiduciary responsibility to oversee Partnership’s regulatory Compliance Program and shall ensure the establishment and maintenance of an effective compliance and ethics program by assuring compliance activities are reasonably designed, implemented, and generally effective in preventing and detecting risks or compliance violations. Specifically, the GCC shall be primarily responsible for overseeing, monitoring and evaluating Partnership’s compliance with all regulatory requirements (federal, state and local), as applicable and contractual obligations. **Delegation Oversight Review Subcommittee (DORS)**

The Delegation Oversight Review at Subcommittee (DORS) is a subcommittee of the Compliance Committee and is chaired by a senior staff member of RAC. Membership is comprised of key subject matter experts from internal departments that are responsible for overseeing functions for which Partnership has delegated authority to an external entity. The DORS has overall responsibility for ensuring Partnership’s compliance with oversight of delegated responsibilities and activities set forth by Partnership’s policies and procedures, national accreditation standards, and applicable federal and/or state statuses, regulations, and contractual obligations.

The DORS meets no less than four times annually. RAC sets an external/delegate audit calendar that is reviewed by the Compliance Committee and/or CEO and results of these audits are reviewed by DORS.

### **The Physical, Technical, and Administrative Safeguards (PTAS) Subcommittee**

The Physical, Technical, and Administrative Safeguards (PTAS) Subcommittee is chaired by the Compliance Officer or their designee. Membership is comprised of key stakeholders from internal departments. This group implements and reviews reasonable and appropriate security measure to safeguard protected health information (PHI) and has oversight of policies and procedures intended to identify, prepare for, and respond to, potential or actual privacy and/or security incidents.

The PTAS meets no less than four times annually. All privacy and security policies are reviewed by PTAS, prior to being submitted to the Compliance Committee.

### **The Fraud, Waste and Abuse (FWA) Subcommittee**

The Fraud, Waste and Abuse (FWA) Subcommittee is chaired by the Compliance Officer or their designee. Membership is comprised of key stakeholders from internal departments. This group meets to identify irregularities in the practices of workforce members, affiliates, providers, vendors, subcontractors and members where potential FWA is identified and to make recommendations for prevention activities and interventions.

The FWA meets no less than four times annually. All FWA and overpayment recovery related policies are reviewed by FWA, prior to being submitted to the Compliance Committee.

### **Executive Leadership Team**

The CEO and Executive Leadership team at partnership shall:

- Ensure that the Compliance Officer is integrated into the organization and is given the credibility, authority, and resources necessary to operate a robust and effective compliance program;
- Review periodic reports from the Compliance Officer related to operational risk, the strategies being implemented to address them, and the results of those strategies;
- Maintain working knowledge of contractual obligations, law, regulations, and rules; and
- Be advised of all government compliance and enforcement findings and activity, including audit findings, notices of non-compliance, formal enforcement actions, and as applicable, imposition of corrective actions and sanctions and official responses.

### **Project Management Office**

The Project Management Office (OpEx/PMO) is responsible for ensuring that Partnership’s non-provider and vendor agreements are compliant with state and federal regulations and adhere to current business associate agreement requirements.

### **Network Contracting Department**

The Network Contracting Department is responsible for ensuring that all provider contracts are in compliance with associated state and federal regulatory requirements. Contracting plays a vital role in securing and maintaining. Relationships with providers throughout our service area to continually develop our network and ensure quality care for our members.

### **Network Service Department**

The Network services Department supports program integrity by ensuring credentialing/recredentialing our provider network and ensures that providers are not suspended or ineligible to participate in Medi-Cal, and as applicable, are Medi-Cal enrolled.

### **Provider Relations Department**

Provider Relations is responsible for communicating regulatory updates and Partnership policy changes to the provider network and as needed, providing education to promote understanding of compliance with updates.

### **Other Departments**

Other Partnership Departments including, but not limited to, Behavioral Health, Claims, Communications, Configuration, Grievances and Appeals, Population Health Management, Care Coordination, Utilization Management, Quality Improvement, Legal Affairs, Pharmacy, Finance, Human Resources (HR), Information Technology, and Member Services serve as subject matter experts and as liaisons between Partnership and our community. It is this responsibility of these departments to respond to, implement regulatory guidance, and where applicable, support the oversight of delegated activities for their respective functional areas.

## EDUCATION AND TRAINING

Partnership provides general and specialized training and education to workforce members and affiliates to promote understanding of and adherence with the Compliance Program, including the Compliance Plan, Code of Conduct, and applicable policies and procedures. Through training and education, workforce members are apprised of applicable state and federal laws, regulations, standards of ethical conduct, and corrective and/or disciplinary action for any violation of those rules.

Partnership provides training to commissioners, workforce members, and affiliates, as follows:

### **Initial and Continuing Education and Training**

Through onboarding, workforce members receive Partnership's Code of Conduct and Compliance Primer and must attest their receipt and understanding. They also have access to all Partnership policies and procedures, including those pertinent to the individual's job and/or responsibilities. The HR Department, in coordination with RAC, ensure workforce members receive training on the Compliance Plan during new hire orientation.

### **Ongoing Compliance Training**

All Partnership workforce members, regardless of position, are required to complete certain mandatory Compliance Trainings at the time of hire and annually thereafter. These trainings include:

- Compliance trainings that cover code of conduct, compliance plan, and applicable policies and procedures (DHCS Medi-Cal Contract 23-30236, Exhibit A, Attachment III, 1.3.1 (G))
- Information and privacy security (DHCS Medi-Cal Contract 23-30236, Exhibit G, Business Associate Addendum)
- Fraud, waste, and abuse (DHCS Medi-Cal Contract 23-30236, Exhibit A, Attachment III, 1.3.1 (H))

The Compliance Officer, or his/her designee, is responsible for coordinating compliance education and training programs, and ensuring that records evidencing an individual's completion of the training requirements are documented and maintained, such as sign-in sheets, attestations, or electronic certifications, as required by law. RAC coordinates with the HR Department to manage the implementation of this training through Partnership's Learning Management System (LMS). Partnership utilizes state of the art web-based training courses that emphasize Partnership's commitment to the Compliance Program, and updates courses regularly to ensure that workforce members are kept informed of any changes in procedures, regulations, and requirements.

The staff in the Compliance Department participate in regular external training to ensure that their auditing, investigative, and regulatory interpretation skillsets are up to date. The Compliance and Fraud Prevention Officer participates in compliance leadership training annually as well.

### **Specialized Training**

Workforce members may receive additional compliance trainings as is reasonable and necessary based on the scope of their job function and duties or as necessitated by improvement opportunities or non-compliance. The

Compliance Plan and compliance policies and procedures are accessible to workforce members via, Partnership's intranet.

In addition to maintaining an internal/external policy on how to report potential or actual compliance incidents and the training methods described within this Compliance Plan, Partnership may provide specialized training to the Commission, delegates, subcontractors, and/or providers to ensure appropriate response and reporting of compliance inquiries and potential or actual non-compliance.

### **Commissioner Compliance Training**

The Clerk to the Commission (*Board Clerk*) provides new commissioners with a copy of the Compliance Plan, The Code of Conduct, and Confidentiality Agreement upon their appointment. Partnership's Compliance Officer, or designee, provides a general overview of the Compliance Program to all Commission members on an annual basis.

### **Provider Compliance Training**

Under the direction of the Director of Provider Relations, providers shall be familiarized with the Partnership Provider Manual. This information is available on the provider section of the external Partnership website. Providers are encouraged to make available and/or disseminate copies of the Provider Manual to their employees, agents, and subcontractors that furnish items or services to Partnership or its members. Individual and group providers are encouraged to provide compliance training to their employees using these tools. In compliance with the Deficit Reduction Act (DRA) of 2005, Providers are given a copy of Partnership's False Claims Act policy (CMP-07) through the Provider Manual.

### **Failure to Participate in Annual Training**

RAC & HR Departments will make a good faith effort to ensure all workforce members participate in annual compliance training. Workforce member training is tracked through the LMS and monitored by RAC for completion. If identified as having failed to participate in the annual training, the workforce member's direct report is contacted. Failure to complete annual training within a reasonable amount of time may be reported at the Compliance Committee. Additionally, the Compliance Officer may discuss training non-compliance with department directors. Non-completion of training requirements may require the development and imposition of a corrective action plan.

### **Diversity, Equity and Inclusion Training**

Under the direction and leadership of the Health Equity Officer, Partnership workforce members, Commissioners, network providers, and subcontractors, as applicable, are required to complete sensitivity, diversity and cultural competency training.

### **Documentation**

RAC and/or HR shall maintain documentation of workforce member training and education via electronic means or hard copy signed attestations and/or sign-in sheets.

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**Other Education Program Communications**

When appropriate, Partnership informs workforce members and affiliates of any relevant federal and state fraud alerts and regulatory guidance, pending/new legislation reports, updates, and advisory bulletins through regular operations meetings, ad hoc workgroups, and/or via electronic communication as appropriate.

Partnership uses electronic communication and/or other forms of communication (as appropriate) to inform workforce and affiliates of changes in applicable federal and state laws and regulations. Partnership informs workforce members and affiliates that they can obtain additional information from the Compliance Officer. Any questions, which cannot be answered by the Compliance Officer, shall be referred to the Compliance Committee.

## COMMUNICATION

The Compliance program, including provisions of the Compliance Plan, is implemented and maintained on behalf of Partnership by the Compliance Officer and through the Compliance Committee.

### **Distribution of Compliance Plan**

*Workforce members and the Commissioners*

The Compliance Plan, Code of Conduct, and policies and procedures are made available on the Partnership intranet. Workforce members receive compliance training, the Compliance Plan, and the Code of Conduct during the New Hire Orientation and annually thereafter.

A copy of this Compliance Plan, Code of Conduct, and Confidentiality Agreement is distributed to the Commission member(s) upon their appointment, and annually thereafter for review and approval. Partnership's Compliance Officer or Clerk of the Commission shall have responsibility to distribute and obtain a signed Confidentiality Agreement from the Commission annually.

### **Annual Attestation**

Partnership requires that the Compliance Plan and Code of Conduct and applicable policies and procedures be affirmed each calendar year. The Compliance Plan and Code of Conduct is reviewed by workforce members annually. At the time of annual distribution, recipients will be advised of any changes. Each workforce member shall attest to their understanding of and compliance with these documents.

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## REPORTING

### **Disclosure, Confidentiality and Non-Retaliation Establishment, and Publication of Reporting System**

Partnership has established various avenues for the reporting of privacy incidents, FWA, misconduct or other compliance violation(s). This reporting system provides several lines of “upstream” communication to ensure an effective collection of possible misconduct. Confidentiality, when requested, will be honored to the extent allowed by law. Partnership workforce members and the Commissioners have an affirmative duty and are directed in the Code of Conduct, and policies and procedures to report compliance concerns, questionable conduct or practices, and suspected or actual violations immediately upon discovery.

The various means of reporting are described below:

#### **Open Door Policy**

All Partnership workforce members are notified upon hire, and annually thereafter of Partnership’s open door policy. This is incorporated into new hire onboarding and training. All workforce members may approach their supervisor, manager, or director with any issue. Partnership encourages check-ins with supervisors, managers, or directors regarding compliance issues, complaints, or questions. Management staff is trained to handle these situations and forward any necessary information to the Compliance Officer and/or RAC for review and/or investigation. Dedicated staff members are assigned to investigate and forward reports of potential or actual privacy incidents and FWA to the State or Federal Government, as applicable.

#### **Compliance Hotline**

Partnership has an anonymous telephone hotline (Compliance Hotline) for Partnership workforce members, affiliates, and members, and other interested persons to report all potential or actual violations of law and/or the compliance Program and/or questionable or unethical conduct or practices, without limitation. The Compliance Hotline also provides an anonymous and confidential way to report concerns about potential or actual violations of Partnership’s business standards.

**The Compliance Hotline is a toll-free number: (800)601-2146, and is accessible 24 hours a day, 7 days a week, excluding designated holidays (when callers are routed to a voicemail message alerting them to call back during established hours of operation).**

Partnership makes information about the Compliance Hotline accessible through Partnership’s intranet, external website, member handbook, e-newsletters, and/or posting hotline posters in prominent common areas.

Notification of hotline reports are sent directly to the Compliance Officer, the Privacy Officer, and the RAC Reporting inbox.

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## **Dedicated Reporting Resources**

RAC promotes and maintains a portal for use by workforce members in reporting any compliance, privacy or FWA issues. Furthermore, RAC has a dedicated email address to receive and manage reports of any compliance, privacy or FWA issues from external parties. This dedicated email address is

[RAC\\_Reporting@partnershiphp.org](mailto:RAC_Reporting@partnershiphp.org)

## **Confidentiality, Anonymous Reporting and Non-Retaliation/Non-Intimidation**

Partnership takes all reports of violations, suspected violations, questionable conduct or practices seriously.

Reports of compliance issues are treated with confidentiality to the extent permitted by applicable law and circumstances. For hotline reports the caller and/or author are not required to provide their name or identity.

Communication via the Compliance Hotline or in writing are treated as privileged to the extent permitted by applicable law.

Partnership's policy prohibits any retaliatory action against a workforce member or affiliate for making any verbal or written report in good faith. In addition, Partnership policy prohibits any attempt to intimidate an individual reporting a compliance issue, for any reason.

## **Voluntary Disclosure and Prohibition Against Insulation**

Partnership workforce members are notified annually during compliance training for Partnership's policy of voluntary disclosure. Partnership workforce members are encouraged to disclose mistakes and misconduct to their supervisors, managers, directors or the Compliance Officer to prevent or deter FWA.

Partnership takes violations of this reporting policy seriously and the Compliance Officer will review disciplinary and/or other corrective action for violations, as appropriate, with the Compliance Committee or Chief Human Resources Officer.

## MONITORING

Each Partnership department is responsible for implementing controls and oversight mechanisms to ensure compliance with governing requirements for the respective functions. Additionally, RAC facilitates an internal oversight function designed to detect inconsistencies and/or non-compliance with contractual and regulatory requirements, accreditation standards, and policies and procedures.

RAC, in coordination with the Compliance Committee, is responsible for assisting in the development and maintenance of regular auditing and monitoring activities, which is in part informed by a risk assessment reviewed by the Compliance Committee. RAC is responsible for developing, implementing and maintaining monitoring and auditing policies and procedures as approved by the Compliance Committee.

It is the responsibility of the Compliance and Fraud Prevention Officer to report compliance and risk related information in a format sufficient to satisfy the interests or concerns of the Commission and to fit their capacity to review that information.

### Monitoring Systems

#### *Organizational Monitoring*

Potential compliance issues are identified through regular monitoring and reports of potential or actual compliance violations, unethical conduct, privacy, FWA, and/or questionable conduct made by workforce members and/or affiliates in writing or verbally, formally, or informally. They are subject to review and investigation as provided below, and as needed, in consultation with legal counsel, by Partnership's Compliance and Fraud Prevention Officer and/or their designee.

The Compliance and Fraud Prevention Officer will work under the supervision of the CEO to investigate potential issues and initiate follow-up actions as appropriate.

#### *Internal Monitoring*

Department directors regularly review internal status/progress reports to ensure compliance and efficiency in departmental activities. "Red flags" that are identified in these reports are reviewed by the department director and/or specially trained staff to determine if misconduct has occurred. Suspected compliance issues or other misconduct known by the department director must be reported to RAC. As necessary, a report is prepared and brought before the Compliance Committee. Corrective action plans (CAPs) may be applied to the department or individual subject to the non-compliance and may be imposed under the direction of the Compliance Committee. Resolution of any such CAPS reported to the Compliance Committee at the next quarterly meeting.

#### *Oversight of Delegated Activities*

While Partnership remains ultimately responsible for the obligations of the DHCS Medi-Cal contract, Partnership may elect to delegate certain responsibilities. Under the context of the DHCS Medi-Cal contract and/or NCQA accreditation, Partnership may give the authority of performing certain functions and/or processes to external entities, known as subcontractors and/or delegates. Before entering into such an agreement, Partnership shall assess the capacity of a potential subcontractor/delegate to perform proposed responsibilities. Partnership maintains agreements, inclusive of a mutually agreed upon reporting calendar, with subcontractors

and/or delegates to enforce compliance with contractual, legal, and regulatory requirements and applicable Plan policies. Furthermore, Partnership maintains policies that govern the oversight requirement of subcontractor/delegate relationships, including regular monitoring and auditing, escalation of compliance issues and related corrective action plans, and administrative sanctions and penalties. Other programmatic documents include a matrix of delegated responsibilities by entity, a calendar of annual audits, tracking of corrective action, and a master calendar of reporting deliverables.

RAC, in coordination with subject matter experts from respective functional areas, ensures the regular oversight of subcontractors/delegates. No less than quarterly, evidence of oversight, monitoring, and/or auditing activities, including identification of deficiencies, improvement opportunities, and corrective actions (recommended or imposed) shall be presented to DORS. Any recommendations for the imposition of administrative or financial sanctions, up to the revocation of the agreement, shall be reported to DORS for review. Upon acceptance of recommendation, matters shall be escalated in compliance with applicable Partnership policy and procedure.

Consistent with the DHCS Medi-Cal contract, Partnership publicly posts the “Delegation Reporting and Compliance Plan” and makes our delegation audit calendar available upon request.

#### *Availability of Records*

Partnership and its delegate and provider records are available for review by regulatory agencies, or their designee. Records are maintained according to the contractual obligations specified under contract with DHCS and/or between Partnership and the provider, and are not kept for a period of time less than that mandated by applicable federal and/or state law.

Records under Medi-Cal are maintained for 10 years.

#### *Minimum Use*

Partnership has policies and procedures that regulate minimum use by workforce members and affiliates. Compliance with these requirements is regularly discussed during the PTAS Subcommittee and Compliance Committee meetings.

### **Audit Systems**

#### *Internal Audits*

In order to comply with its regulatory and contractual requirements, Partnership conducts periodic internal audits of its operation. Audits may be routine or ad hoc, depending on the needs of Partnership, the function/department that is being assessed, or pursuant to a regulatory agency request, notification, or alert. Audits are based on assessed risk, contractual or regulatory obligations, or Partnership policies and procedures.

A schedule of Internal Audits planned for the year is available upon request.

## External Audits

### *Compliance with Contractual Requirements*

As a Medi-Cal Managed care plan, Partnership maintains a contract with the Department of Health Care Services (DHCS). Partnership undergoes annual audit by DHCS to ensure compliance with contractual and regulatory requirements. RAC is responsible for coordinating audits as conducted by regulators, including DHCS. Results from the DHCS audit are referenced in the development, maintenance and as needed, modification of auditing plans.

Separate from the annual DHCS audit, Partnership undergoes an annual Financial Audit that is conducted by an outside Certified Public Accounting Firm. The results of this audit are reported directly to the Commission.

### *Government-Identified Risk Areas*

The Compliance Officer or designee monitors specific compliance issues identified by health care regulatory agencies. This includes but is not limited to areas of risk identified in the OIG's Annual Work Plan, specifically the OIG' Medicaid Managed Care and State Management of Medicaid work plan, the results of managed care organization oversight as conducted by health care regulatory agencies, and compliance issues identified and reported to RAC.

## Partnership Auditing and Monitoring Work Plan

Partnership maintains policies, procedures, template documents and a monitoring and auditing calendar. Together, these documents act as the auditing and monitoring work plan, which includes:

- Summary of internal monitoring processes;
- Calendar of internal and external audits;
- Audit narrative, including:
  - Audit objectives
  - Scope and methodology;
- Staff responsible for specific audits
- Audits tools and workbooks;
- Strategy to monitor and audit Partnership's subcontractors and/or delegates; and
- Process for developing follow-up and corrective action.

The monitoring and auditing plan is modified based on risk assessment and/or recommendation from leadership. The risk assessment is used to determine which areas of Partnership's business may be susceptible to privacy, FWA or other non-compliance risks. Audit guides, experiences of other COHS plans, resources developed by regulatory agencies and other health care industry standards, are all referenced to identify high-risk areas. RAC with input from Partnership leadership and the Compliance Committee, prioritizes the monitoring and auditing strategy based on assessed risk/vulnerabilities and available resources.

Areas in Partnership's business that are found to be deficient are reviewed for redress. Recommendations or corrective actions and/or sanctions may be required depending on the severity of the finding and shall be

reviewed and imposed under the authority of the Compliance Committee and/or the CEO in accordance with applicable state and/or federal regulations and Partnership policy and procedure.

Actions taken as a result of the audit work plan are tracked to evaluate the success of interventions. A report on internal or regulatory monitoring and auditing results are presented to the Compliance Committee in the quarter following the finalization of the audit report.

### **Compliance Program Annual Review**

Through regular reporting of RAC activities and statistics, the Compliance Committee oversees the effectiveness of the Compliance Program that includes an annual review of this Compliance Plan.

The Compliance Plan's functionality will be reviewed to ensure that best efforts are made to protect Partnership from FWA and privacy risks and other misconduct that could endanger Partnership, delivery of services, members, providers, and other affiliated parties.

### **Participation Status Review and Background Checks**

Partnership does not knowingly hire, contract with, or retain on its behalf, any person or entity that is currently suspended, excluded or otherwise ineligible to participate in federal and/or state health care programs; and/or has ever been excluded from participation in federal and/or state health care programs based on a mandatory exclusion.

Under the direction of the Chief Human Resources Officer, Partnership conducts participation status reviews upon hiring of new workforce members and monthly thereafter, to ensure individuals are not excluded or do not become excluded from participating in federal and state health programs.

Under the direction of the Director of Network Service, verification of a provider's eligibility to contract with Partnership is facilitated by Network Services through the credentialing and recredentialing and regular exclusion/sanction checks, no less frequently than monthly. Consistent with applicable requirements, providers found to be ineligible or excluded are reported to the appropriate oversight agency. Payments made by Partnership (i) to exclude persons or entities; or (ii) for items or services furnished at the medical direction; or (iii) on the prescription of an excluded or suspended physician are subject to repayment/recoupment.

The Clerk of the Commission conducts participation status reviews upon appointment of members to the Commission, and monthly thereafter, to ensure commissioners are not excluded or do not become excluded from participating in federal and state health programs.

Workforce members are required to notify the HR Department if, after hiring their ability to participate in federal and/or state health care programs change. In the event Partnership discovers the status of any workforce member no longer permits them to work for Partnership, corrective actions will be taken.

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## ENFORCEMENT

### Conduct Subject to Enforcement and Discipline

Commissioners may be subject to removal; workforce members to discipline, up to and including termination; and providers, subcontractors, and/or delegates to contract termination for non-compliance, including but not limited to:

- Conduct that leads to the filing of a false or improper claim in violation of federal or state laws, or failure to seek recoupment of known overpayment of a claim involving federal or state Medicaid funds;
- Conduct that results in a violation or violations of any other federal or state laws or contractual requirements relating to participation in federal and/or state health care programs;
- Failure to report potential or actual violations of the Compliance Program or applicable laws or to report suspected or actual FWA issues to an appropriate person; and
- Failing to disclose a conflict of interest.

### Enforcement and Discipline

Partnership maintains a “zero tolerance” policy towards any illegal conduct that affects the operation, mission, or good standing of Partnership. Any workforce member or affiliate engaging in violation of laws or regulation is subject to discipline scalable to the severity of the violation, up to and including, termination of employment or of their contract. Partnership will accord with no weight to a claim that any improper conduct was undertaken for the benefit of Partnership. Such conduct is not for Partnership’s benefit and is expressly prohibited.

Partnership maintains a policy on workforce member conduct and work rules which specify unacceptable work force member behavior. Necessary discipline is determined by the Chief Human Resources Officer. In determining the appropriate discipline or corrective action for any violation of the Compliance Program or applicable law, Partnership will not take into consideration a particular person or entities economic benefit to the organization.

Workforce members and affiliates should also be aware that violation of applicable laws and regulations, even unintentional, could potentially subject them or Partnership to civil, criminal, or administrative sanctions and penalties. Further, violations could lead to suspension or exclusion from participation in federal and/or state health care programs.

## INVESTIGATIONS AND REMEDIATION

### **Notice of Potential or Actual Violation**

If a Partnership workforce member or affiliate becomes aware of a potential or actual compliance issue, violation or questionable or unethical conduct in violation of the Compliance Plan or applicable law and program guidance, individual or entity shall notify Partnership immediately. The commissioner, workforce member, or affiliate may report any violation, suspected violation, or questionable conduct to their immediate supervisor or director, including the Compliance Officer or RAC, by direct verbal or written report. Such reports may also be made to the Compliance Hotline.

### **Response to Notice of Violation or Suspected Violation**

Upon receipt of a report of non-compliance (whether a general compliance issue, HIPAA or FWA), RAC is responsible for reviewing and investigating the issue and beginning the corrective action process. High-risk issues, including but not limited to, workforce member misconduct, may be reported directly to the Compliance and Fraud Prevention Officer or Chief Human Resources Officer for investigation as appropriate.

RAC will work with the appropriate Partnership workforce members and/or affiliates to remediate any current or potential for future instances of non-compliance.

Reported issues are tracked by RAC for routine reporting on a quarterly basis to the Compliance Committee. In addition, statistics on compliance issue reporting are provided to the Commission for regular review.

Any identification of deficiencies, improvement opportunities, and corrective actions (recommended or imposed) shall be reported to the (sub)committee with subject matter jurisdiction and as necessary, forwarded to the Compliance Committee for further action. Any recommendations for the imposition of administrative or financial sanctions, penalties and/or corrective action, up to the revocation of the agreement, shall be reported to the subcommittee with subject matter jurisdiction for review and as appropriate, forwarded to the Compliance Committee and/or CEO for review and final action. It is the responsibility of the Chief Human Resources Officer or their designee to implement any disciplinary action with regard to workforce member misconduct.

## FRAUD

Partnership must comply with specific regulatory requirements pertaining to FWA prevention. Such regulations dictate the investigative, reporting and monitoring related to FWA prevention. Partnership's approach to identifying and monitoring potential fraud activity is multi-faceted.

### **Fraud, Waste, and Abuse Program (FWA)**

Partnership's workforce has the responsibility to understand their job functions and associated processes in order to identify irregularities in the practices of workforce members, affiliates, and members to report any potential FWA to RAC. Partnership's approach to identifying and monitoring potential fraud activity is multi-faceted and further detailed in the Fraud Prevention Program, which is included as *Attachment B* to the Compliance Plan. The FWA program was established to detect and receive reports of suspected fraud and conduct an initial investigation. RAC maintains a tracking system and records all reported allegation of fraud.

## FILING SYSTEMS

The Compliance Officer, in coordination with the Security and Privacy Officer as appropriate, will establish and maintain a filing system (or systems) for all compliance- related documents. Records retention is handled according to Partnership’s contractual and regulatory obligations. Records related to the Compliance Program, including edits to the Compliance Plan, minutes of Compliance Committee meetings, documentation of education, and similar documentation is maintained for no less than 10 years, pursuant to CMS requirements.

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## RISK ASSESSMENT

### *Basis for the Compliance Risk Assessment*

As a Medi-Cal managed care plan (MCP), Partnership is obligated to regularly assess and mitigate risk posed to the privacy, security, and compliance programs. The annual risk assessment facilitated by RAC is focused on activities in alignment with the Compliance Plan and does not consider the privacy and security programs, which are assessed separately. This risk assessment informs the internal auditing and monitoring schedule for each calendar year.

### *Methodology*

The risk assessment is informed by a combination of external sources, which include oversight priorities, actions, and trends published by oversight agencies, publicly posted enforcement actions, deficiencies found by internal and external audit and monitoring reports, institution of new or updated Policies and Procedures and/or regulatory guidance, Significant management or organizational changes and/or significant system changes, the OIG Work Plan, Monitoring dashboard trends and input from internal stakeholders. Input from internal stakeholders was gathered through a survey from organizational leaders over a three-week period. When ranking potential risks, RAC considers factors such as the likelihood of occurrence, detectability, and potential impact on reputation, finances, and legal standings. It also evaluates existing controls and the scalability across the organization. While this risk assessment measures potential threats for a point in time, RAC engages in ongoing risk assessment throughout the year, and pivots auditing and monitoring priorities to ensure appropriate and timely mitigation.

### *Responding to Identified Risks*

Risks identified through the annual risk assessment and/or continuous assessment activities are first triaged by the RAC Department. RAC makes recommendations or takes action to mitigate reported risks. This may include additions to the auditing and monitoring calendar or referrals to impacted departments with jurisdiction for the affected domains. Whether mitigation is facilitated by RAC directly or in collaboration with other departments, RAC retains responsibility to oversee that identified risks are tracked to resolution.

## COMPLIANCE COMMITTEE CHARTER

### PURPOSE

The Compliance Committee (Committee) has the fiduciary responsibility to oversee Partnership HealthPlan of California's (Partnership) Regulatory Compliance Program and shall ensure the establishment and maintenance of a regulatory compliance program that constitutes part of an "effective compliance program". Specifically, the Committee shall be primarily responsible for overseeing, monitoring and evaluating Partnership's compliance with all regulatory and contractual obligations of Partnership (federal, state, and local), as applicable.



### AUTHORITY AND RESPONSIBILITIES

**Among its authority and responsibilities, the Compliance Committee shall:**

- 1) Oversee the development, review, evaluation, and implementation of the annual, plan-wide, Compliance program.
- 2) Assist the Compliance Officer in developing and maintaining written policies and procedures which provide guidance and promote Partnership workforce members and affiliates awareness of and compliance with all applicable laws, regulations, guidance, and contractual obligations. The Committee has final review and approval authority of Partnership's compliance policies and procedures, and ensures regular review and updates, as applicable. As appropriate, the Compliance Committee participates in the review and approval of policies and procedures that are required under any contract with government agencies for Partnership lines of business, or plan-wide policies and procedures.
- 3) Receive, review, and act upon reports and recommendations from the Compliance Officer, subcommittees, and workgroups regarding compliance and/or ethics issues generated through internal and external audits, monitoring, and individual reporting or referrals. Assists the Compliance Officer in developing initiatives to detect and prevent fraud, waste, and abuse across all lines of business.

- 4) The Compliance Committee is responsible for maintaining the Code of Conduct, subject to the ultimate authority of the Board of Commissioners (the Commission).
- 5) Assist the Compliance Officer in identifying and mitigating potential compliance and regulatory risk areas.
- 6) Recommend and monitor the development of policies and procedures to govern its operations as a Compliance Committee.
- 7) Advise the Compliance Officer in the development and implementation of general and specialized compliance and regulatory training materials related to specific compliance issues and risk areas.
- 8) Has the authority to conduct any investigation appropriate to fulfill its responsibilities and has direct access to anyone in the company, as well as, any third party who may perform compliance related consulting services for the company. The Committee shall retain the services of attorneys, accountants, consultants, and other professionals as needed to ensure compliance with applicable laws.
- 9) Respond appropriately if a violation is uncovered, including proper reporting of violations of law to the duty authorized law enforcement or regulatory agencies.
- 10) Maintain a working knowledge of relevant compliance issues, laws, regulations, and contractual obligations.
- 11) Perform other functions as reasonably necessary to assist the Compliance officer in fulfilling the intent and purpose of the Compliance Program.
- 12) Ensure that legal counsel is consulted as appropriate and that all applicable privileges are preserved, including the attorney-client privilege and/or work product doctrine.

## GOVERNANCE, STRUCTURE, AND ORGANIZATION

The Chair of the Compliance Committee shall be Partnership’s Compliance Officer or their designee. The Chair in consultation with other members of the Committee, will determine the frequency and duration of the meetings of the Committee and the agenda of items to be addressed at each meeting.

Committee Structure: To promote compliance with state and federal regulations, contractual obligations, and industry practices, the Committee shall have a director or above (or his/her designated proxy), represented from all Partnership operational departments.

The following groups shall report meeting minutes and other relevant material or details, as applicable, to the Compliance Committee at all regularly scheduled meetings:\*

- Delegation Oversight Review Sub-Committee (DORS)
- Fraud, Waste, and Abuse Sub-Committee (FWA)
- Physical, Technical, and Administrative Safeguards (PTAS) Subcommittee



*\*Above list is subject to change, and shall not be considered an exhaustive list*

Meetings Schedule: The Committee will meet no less than four times per year. A majority of the members, or at minimum, half of the Committee, present in person or by means of a conference call or other communication

equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

Agenda and Minutes: The Chair shall preside over the meetings of the Committee and shall appoint a secretary (who need not be a member of the Committee) to take written minutes of the meetings. The Committee shall maintain minutes of its meetings and records relating to those meetings.

## **MEMBERSHIP**

- Chief Executive Officer
- Chief Operating Officer
- Chief Strategy & Government Affairs Officer
- Chief Financial Officer
- Chief Medical Officer
- Chief Information Officer
- Chief Health Services Officer
- Chief of Human Resources
- Senior Director of Behavioral Health
- Regional Directors
- Senior Director, Provider Relations
- Director of Network Services
- Senior Director of Care Management
- Senior Director, Member Services
- Director, Member Services
- Director, Pharmacy Services
- Senior Director of Regulatory Affairs and Compliance(also serves as the Compliance Officer)  
\*Chair
- Senior Director, Claims (SR)
- Director, Claims (NR)
- Director of Configuration
- Director of Program Management Office (OpEx/PMO)
- Director of Grievance and Appeals
- Manager of Quality Assurance and Patient Safety
- Director of Internal Audit

ATTACHMENT B

**FRAUD PREVENTION PROGRAM**

As a Medi-Cal managed care plan, contracted with the Department of Health Care Services (DHCS) for the administration of Medi-Cal benefits, Partnership must comply with specific regulatory and/or contractual requirements pertaining to Fraud Waste and Abuse “FWA” prevention. Such requirements dictate the investigate, reporting and monitoring activities related to the FWA prevention. Partnership’s approach to identifying and monitoring potential fraud activity is multi-faceted.

**Partnership’s FWA Program was developed in consideration of State and Federal laws and regulations as well as Centers for Medicare and Medicaid Services (CMS) and Medi-Cal requirements. Partnership uses the following definitions:**

**Abuse** – per DHCS 2024 Operational Readiness Contract 22-20196, “DHCS Contract,” means any provider practices that are inconsistent with sound fiscal, business, or medical practice, and result in an unnecessary cost, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for healthcare. It also includes member practices that result in unnecessary cost to Medicare or Medi-Cal.

**Waste** – per DHCS contract, means no overutilization or misuse of resources that results in unnecessary costs to the healthcare system, either directly or indirectly.

**A. Relevant Federal and State Laws and Regulations**

**Partnership must also address relevant laws pertaining to fraud, waste, and abuse to include:**

**The Affordable Care Act** requires providers, suppliers, Medicare Advantage plans, and Medicare Part D plans to report and return Medicare and Medicaid overpayments within 60 days of awareness.

**Federal False Claims Act** prohibits knowingly presenting or causing to be presented to the Federal government a false claim for payment or approval, knowingly making or using or causing to be made or used a false record or statement to have a false or fraudulent claim paid or approved by the government, and knowingly making or using or causing to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transit money or property to the government. The False Claims Act defines “knowing” and “knowingly” to mean that a person with respect to the information: 1) has actual knowledge of the information, 2) acts in deliberate ignorance of the truth or falsity of the information, or 3) acts in reckless disregard of the truth or falsity of the information, and 4) no proof of specific intent to defraud is required. See Partnership policy CMP07 False Claim Act for more information.

**The Deficit Reduction Act** requires Partnership to disseminate information to employees and subcontractors, which includes first tier, downstream, and related entities (FDRs), about our mutual roles and responsibilities to detect and prevent fraud, waste, and abuse in the healthcare system.

**California False Claims Act** (California Government Code §12650-12656) was enacted by California to enhance the State’s ability to recover and impose penalties upon the “knowing” submission of false claims to state or local government programs, including Medi-Cal and was modeled after the Federal False Claims Act. See Partnership policy CMP07 False Claims Act for more information.

**Federal Anti-Kickback Statute** prohibits anyone from knowingly and deliberately offering, giving, or receiving remuneration in exchange for referrals or healthcare goods or services that will be paid for in whole or in part by Medicare or Medicaid.

**Federal Stark Law** prohibits a physician from referring patients to a facility (such as a clinical laboratory) in which the physician has a financial or ownership interest. The law applies when the facility receives reimbursement from Medicare or Medicaid. The underlying assumption of the law is that allowing such referrals would lead to unnecessary tests and increase costs. A violation of the law is a civil penalty rather than criminal penalty.

**Fraud Enforcement & Recovery Act (FERA)** is a public law that was enacted in 2009. The law enhanced criminal enforcement of federal fraud laws, especially regarding financial institutions, mortgage fraud, and securities fraud or commodities fraud.

**Health Insurance Portability and Accountability Act (HIPAA)** established the national Health Care Fraud and Abuse Control Program (“HCFAC”) to coordinate federal, state, and local law enforcement activities with respect to healthcare fraud and abuse. HIPAA also enacted an additional prohibition of healthcare fraud, forbidding knowing and willful acts to defraud a healthcare benefit program by false or fraudulent pretenses. Note: HIPAA also protects and safeguards the information health plans, and other covered entities, maintain and transmit about members, whether in paper, electronic or any other form. Member information must be kept confidential and its use and disclosure is only permitted, as required, by state and federal laws and regulations.

**Health Information Technology for Economic and Clinical Health (HITECH) Act** enacted as part of the American Recovery and Reinvestment Act of 2009, imposes notification requirements on covered entities, business associates, vendors of personal health records, and related entities in the event of certain security breaches relating to protected health information (PHI).

## **B. Fraud Prevention Officer**

The Partnership Fraud Prevention Officer , is responsible for developing, implementing, and ensuring the maintenance of program integrity activities including FWA in accordance with applicable laws, state and federal statutes and regulations, and contractual obligations. The Fraud Prevention Officer reports directly to the CEO and retains the authority to report matters directly to the Board of Commissioners, “the Commission,” at any time. The Fraud Prevention Officer also attends and participates in DHCS’ quarterly program integrity meetings, as scheduled and attends the California Department of Justice (DOJ)Managed Care Anti-Fraud trainings, as scheduled.

## **C. Partnership Workforce Members**

Partnership's workforce, which includes Partnership employees, volunteers, temporary personnel, interns, and/or member of the Partnership Board of Commissioners, has the responsibility to understand their job functions and associated processes in order to identify irregularities in the practices of workforce members network providers, subcontractors/delegates, or members, in order to report any potential FWA to Regulatory Affairs and Compliance (RAC). Partnership's approach to identifying and monitoring potential fraud activity is multi-faceted. The FWA program was established to receive and conduct investigations regarding reports of suspected fraud, which may include collaboration from various Partnership departments. A RAC maintains a tracking system and records all reported allegations of fraud.

#### **D. Training and Education**

To promote awareness of and adherence with Partnership's Fraud Prevention Program, Partnership must ensure that fraud, waste, and abuse training and education is provided to workforce members in accordance with Partnership Policy CMP28 Training Program Requirements.

#### **E. Fraud Detection**

The foundation of fraud detection is rooted in knowing what can go wrong and who may be responsible for wrongdoing. Structural elements of fraud detection include:

- Knowing what opportunities exist and understanding the systems and controls designed to minimize the opportunities; and
- Knowing the symptoms or patterns of the occurrence both at the individual and system level; ensuring workforce members are versed in problem spotting and building/maintaining programs to identify patterns.

Partnership believes that knowing what can go wrong consists of identifying fraud indicators that warrant closer scrutiny, including the types of fraud, common fraud schemes and trends, "red-flags" and situations leading to potential fraud.

Partnership remains apprised of trends or "global" schemes in Medicaid (Medi-Cal), Medicare or health care fraud and abuse as reported in newspapers, journals, through CMS Fraud Alerts, and other publications.

To monitor and detect potential or actual fraud, waste, and abuse, the Partnership FWA Plan includes the following key elements, in addition to those set forth in Partnership policy CMP09 Investigating and Reporting Fraud, Waste, and Abuse:

- Implement pre- and post- payment claims editing within the claims adjunction system to monitor claims for billing errors such as unbundling, double billing, the inappropriate use of modifiers, and the correct Diagnosis Related Grouping (DRG) assignment.
- Develop and maintain methods to verify that services that have been represented as rendered have been delivered, which may include but is not limited to, random sampling of medical records and chart notes, member surveying, and electronic visit verification, as applicable.
- Investigate State, Federal, and other industry referrals regarding fraud, waste, and abuse.
- Analyze claims history to identify provider outliers in service levels for members based upon current healthcare needs.
- Complete credentialing and regular exclusion/sanctions validations for all contracted network providers.

- Review contracts to include full disclosure of conflicts of interest, prices, and assure contractors understand the Partnership’s requirement related to the Compliance Program including the FWA Plan.
- Review appeals and grievances reports to identify case referrals to the Compliance Department.
- Validate that OIG/GSA checks are performed on Commissioners and all workforce members.
- Identify, through the Pharmacy Department potential over utilization cases and take appropriate action.
- Provide education to Partnership workforce members and network providers regarding best practices to prevent, detect, make investigative referrals, and correct fraud, waste, and abuse.
- Perform internal audits of operational departments for possible noncompliance risks as informed by Partnership’s risk assessment, auditing, and monitoring processes.
- Educate management on how to monitor staff activities and identify fraud, waste, and abuse risk areas.

## **F. Departmental Monitoring Activities and Reporting requirements**

### **I. Monitoring activities:**

Fraud detection requires that fraud be proactively sought through a variety of means. Each Partnership department is responsible for taking proactive steps to detect fraud. Partnership exercises diligence and actively searches for possible fraudulent behavior through the course of regular business, and as a result of fraud alerts provided by regulatory agencies, which is monitoring and communicated by RAC. Once a trend or pattern has been identified, further research is warranted to determine whether or not there is reasonable suspicion of fraudulent behavior.

### **II. Internal Reporting**

Partnership Workforce Members will report suspected FWA in accordance with CMP-09, Investigating & Reporting Fraud, Waste, Abuse.

## **G. Important Trends in HealthCare Fraud, Waste, and Abuse**

Fraud, waste, and abuse in health care may happen in many places and present itself in many forms. The common perpetrators of healthcare fraud and abuse may be grouped into four categories: 1) Providers, 2) Applicants or Members, 3) Employees. Some specific examples of fraud by each category are follows:

### **I. Provider Schemes**

Common provider schemes are identified below.

- Claim for services not rendered: Submitting claims when the services were not performed.
- Invalid services: Falsifying a patient’s diagnosis to justify tests, surgeries, or procedures that are not medically necessary.
- Invalid provider: Submitting claims for non-licensed providers under another licensed individual’s name.
- Coding substitutions: Misrepresenting procedures to obtain payment for non-covered services (e.g., cosmetic surgery).
- Un-bundling: Billing each stage of a procedure as if it were a separate treatment.

- Up-coding: Billing for a costlier service than what was actually performed.

## **II. Member Schemes**

Common member schemes are identified below.

- ID sharing: A member “loans” their insurance ID cards to a friend to obtain medical services using the member’s name and ID.
- False documents: An applicant provides false information, altered ID documents, bills or receipts to get health insurance coverage.
- False claims: A member requests transportation to the doctor’s office. The doctor’s office is next to a mall. The member actually went shopping and used the transportation services inappropriately.
- Cash payments: A member gives his or her Medicare and Medi-Cal Identification Number to a provider who pays the member \$20 a month to use the member’s information to submit false claims.

## **III. Employee Schemes**

Employee schemes are unfortunately something that the FWA Plan must deal with in conjunction with Human Resources. Common employee schemes are identified below.

- False expense reports: An employee falsifies mileage, tolls, and lunch expenses on a company expense report, e.g., bills for a business lunch when it was actually lunch with a friend.
- Misuse of business credit cards: An employee uses the business credit card for personal expenses.
- Forgery: An employee forges a signature on an application or other document.
- Inappropriately recording time and attendance: An employee arrives at work but then takes 4 hours off to go to a “meeting”. The employee was really visiting her friend while the employee was allegedly at a business meeting.

RAC, in collaboration with the Fraud Prevention Officer, is responsible for investigating and resolving any allegation of potential or actual fraud, waste, and abuse.

