COMPLIANCE & PROGRAM INTEGRITY PLAN

Last Revised: 9/23/2022
Compliance Committee Approved: 12/7/2023
Effective: 1/1/2024

OPENING STATEMENT

To our workforce, Board Members Delegates/Delegated Entities and Participating Providers:

At PacificSource, its subsidiaries and affiliates (collectively, “PacificSource”), we are committed to our corporate mission of providing better health, better care, and better cost to the people and communities we serve. We strive towards this mission under the guidance of our vision and corporate values.

To that end, we have implemented an integrated Compliance and Program Integrity Plan (CPIP). The CPIP is the framework and foundation by which we articulate our commitment to comply with State and Federal laws, regulations, and our internal policies and procedures. The CPIP has the full support of our Board of Directors, our CEO, our Senior Leadership Team (SLT) and our entire Executive Management Group (EMG).

No matter the line of business we work with, compliance is everyone’s responsibility. We want you to familiarize yourself with this document and use all the tools at your disposal to maintain our high standard of compliance and ethical behavior. We thank you for your continued support in our ongoing commitment to serve our members in the best and most ethical manner.

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WHO DOES THIS APPLY TO?

This Compliance and Program Integrity Plan (CPIP) applies to all of PacificSource's workforce, officers, Board and Committee members who participate in any aspect of the organization's business. In addition, this CPIP applies to our Delegates/Delegated Entities, and Participating Providers, as required, and in accordance with the applicable Attachments.

WHAT ARE MY EXPECTATIONS?

You are required to read and be familiar with this CPIP at the time of hire, appointment or contracting, and annually thereafter. You have an obligation to learn to recognize potential noncompliant, fraud, waste, or abuse (FWA) issues that may arise during your work, report them to the appropriate channel, and assist in remediating them. You should strive to improve processes to minimize compliance and FWA risks to PacificSource, our members, and our Regulators. Ultimately, you are a champion and an advocate for compliance, and you are a part of our culture of compliance.

ADOPTION & DISSEMINATION

Adoption

The CPIP, Code of Conduct, and supporting compliance policies and procedures will be reviewed and updated at least annually. The Corporate Compliance Committee will review and approve the documents. Additionally, if required by a Regulator, these documents will be reviewed and/or approved by that Regulator prior to formal adoption and publication for the applicable line of business. If substantive changes are required more frequently than annually, these documents will be subject to the same review, approval, and adoption process that is required during the annual review.

Dissemination

The CPIP and Code of Conduct are disseminated in accordance with the following schedule:

PacificSource Workforce:

- At time of hire: Human Resources shall disseminate the CPIP, including the Code of Conduct, to its workforce within 90 days of hire.
- Annually: The Compliance Department shall disseminate the CPIP, and the Code of Conduct, to its workforce annually thereafter, and when there are substantive updates.

Board of Directors:

- At time of appointment: The Corporate Compliance Officer will disseminate the CPIP and Code of Conduct to new members of the Board of Directors upon their appointment and prior to attending their first meeting.
- Annually: The Corporate Compliance Officer will disseminate the CPIP and Code of Conduct to members of the Board of Directors annually thereafter, and when there are substantive updates.

Delegates/Delegated Entities and Participating Providers, as required:

- At time of contracting: PacificSource makes the CPIP and Code of Conduct available via website posting and provider manual content.

- Annually: After its review, PacificSource provides the CPIP and Code of Conduct annually thereafter via our public websites for on-demand access.

OUR CPIP AT A GLANCE

The CPIP, Code of Conduct, and supporting policies, procedures, and guidance describe and implement the compliance standards by which our State and Federal programs are governed or in the transaction of insurance. All of the referenced documents as a whole implement the Corporate CPIP. The CPIP is made up of seven (7) core elements. Each core element is explained and described within this document. Each element will be implemented through one or more supporting policy(s) and procedure(s). All supporting policies, procedures, and guidance are identified in the Attachments at the end of this document.

DEFINITIONS

Business Owner(s): a PacificSource staff member who's typically the individual with the most overall ownership and/or responsibility of a particular business function.

Business Relationship Manager (BRM): a designated business representative who manages the day-to-day relationship with a Delegate/Delegated Entity and monitors performance of the Entity to ensure contractual and regulatory obligations are met.

Compliance Department: refers to PacificSource's internal Corporate Compliance Department and/or staff members.

Delegate/Delegated Entity: is a formal process by which PacificSource gives another entity the authority to perform certain functions on its behalf. Although PacificSource may delegate the authority to perform a function, we may not delegate the responsibility of ensuring the function is performed appropriately. As such, a Delegated Entity is the entity or person to which the authority is given by PacificSource to perform certain functions. Delegated Entities encompass subcontractors and First Tier and Downstream and Related Entities (First Tier, Downstream, and Related Entities also known as FDR).

PacificSource: means PacificSource and its affiliates including, but not limited to; PacificSource Community Health Plans, PacificSource Health Plans, PacificSource Administrators Inc., PacificSource Assurance, Inc., and PacificSource Community Solutions.

Participating Provider: means a physician, facility, or other provider of health-related services that holds a contract with a PacificSource entity.

Regulator: means any entity PacificSource is governed by including Federal and State agencies. Some examples are CMS, OHA, state specific Insurance Divisions, and law enforcement.

Element 1 – Written Policies, Procedures, and Code of Conduct

PacificSource maintains written policies, procedures, and a Code of Conduct that establish our commitment to comply with all federal and state rules, regulations, sub-regulatory guidance, and overall ethical and sound business practices. These policies and procedures exist throughout the organization and cover a myriad of business practices. These policies and procedures govern the way we do business, and all of PacificSource's workforce, Delegates/Delegated Entities, and Participating Providers, as required, have an obligation to follow these policies and procedures. Under no circumstance will a policy or procedure be adopted that contradicts or does not comply with applicable regulatory requirements. All PacificSource policies are maintained and updated as needed to incorporate changes to laws, regulations and requirements.

Code of Conduct

The Code of Conduct is established by PacificSource senior leadership and is approved by the Board of Directors. The Code of Conduct is an expression of PacificSource's commitment to conduct all business practices in a highly ethical manner and in compliance with all federal and state laws, rules, regulations and internal policies and procedures.

All of PacificSource's workforce, Delegates/Delegated Entities, and Participating Providers, as required, are obligated to adhere to the Code of Conduct. The Code of Conduct will help you understand your role and obligations as one of the individuals or entities listed above.

PacificSource Policies and Procedures

PacificSource's enterprise policies and procedures implement overarching expectations that apply to the entire organization. These policies are developed and adopted by PacificSource's Executive Management Group (EMG) and/or Senior Leadership Team (SLT). Examples of such enterprise Policies and Procedures include but are not limited to HIPAA Privacy and Security, Conflict of Interest, Employee Handbook, and Record Retention.

Compliance Department Policies and Procedures

The Compliance Department maintains policies and procedures that specifically implement and govern the PacificSource CPIP. This set of policies implement the 7 core elements of the CPIP, including program integrity, and inform the Compliance Department's day to day compliance operations.

Operational Area Policies and Procedures

Each operational area maintains policies and procedures that implement their respective day to day functions. Each of these policies and procedures ensure that appropriate process controls are in place to meet the regulatory compliance requirements that apply.

Element 2 – Compliance Officer, Compliance Committee, and High-Level Oversight

Overview

PacificSource maintains a Corporate Compliance Officer, Corporate Compliance Committee, and Program Integrity Committee (PIC) that are the focal point for compliance and FWA activities, responsible for developing, operating, and monitoring the CPIP.

The Corporate Compliance Officer is vested with the day-to-day operations of the CPIP, including working

full-time for PacificSource and as a member of the EMG. In no event shall the Corporate Compliance Officer be an employee of a PacificSource Delegate/Delegated Entity or Participating Provider. In addition, the Corporate Compliance Officer will maintain objectivity and independence and will not serve a dual role in any operational areas.

The Corporate Compliance Committee advises the Corporate Compliance Officer and assists in the implementation of the CPIP. The Board's Audit and Compliance Committee (ACC) is accountable for and exercises reasonable oversight over the effectiveness and implementation of the CPIP and maintains current knowledge about the content and operation of the CPIP.

Corporate Compliance Officer

Reporting & Accountability: The Corporate Compliance Officer reports to and is directly accountable to the Senior Vice President, Chief Legal and Risk Officer of PacificSource.

The Corporate Compliance Officer reports at least quarterly to the Corporate Compliance Committee and ACC on the activities and status of the CPIP, including issues identified, investigated, and resolved by the CPIP. This is done to ensure governing board members, committee members and senior leadership are knowledgeable about the content and operation of the CPIP, and to allow them to exercise reasonable oversight with respect to the implementation and effectiveness of the CPIP. The Corporate Compliance Officer has the authority to provide unfiltered, in-person reports to the CEO, Corporate Compliance Committee, and Board of Directors. The Corporate Compliance Officer also provides monthly compliance reports to the PacificSource CEO.

Authority

The Corporate Compliance Officer has the following authority:

1. Interview PacificSource's workforce regarding compliance and FWA issues.
2. Review and retain PacificSource contracts and other documents.
3. Review the submission of data to Regulators to ensure accuracy and compliance with reporting requirements.
4. Seek independent advice from legal counsel.
5. Report noncompliance and FWA to the applicable Regulators.
6. Conduct and direct internal compliance audits and investigations of any Delegates/Delegated Entities or Participating Providers, as required.
7. Conduct and direct internal compliance audits and investigations of any area or function within PacificSource.
8. Recommend policy, procedure, and process changes.

Roles & Responsibilities: For a detailed description of roles, responsibilities, and experience requirements, see the approved job description for this role titled: Corporate Compliance Officer.

Corporate Compliance Committee

The Corporate Compliance Committee is responsible for advising the Corporate Compliance Officer and assisting in the implementation and administration of the CPIP. The Committee oversees compliance for all lines of business including, Commercial, Medicare and Medicaid programs.

The Corporate Compliance Committee is accountable to the CEO. Through the Corporate Compliance Officer, the Corporate Compliance Committee reports at least quarterly to the ACC of the Board of

Directors on the status and effectiveness of the CPIP.

The Corporate Compliance Committee maintains membership from a variety of backgrounds and who lead core functions, including members who specialize in each area of business, Operations, Health Services, Legal, Human Resources, and high-level leadership (e.g., representatives from SLT and EMG). Committee members have decision-making authority in their respective business areas.

Membership considerations, including the addition and removal of committee members, can be made by any committee member at any time with the approval of the committee. An assessment of the adequacy of the current membership representation shall be conducted on an annual basis.

See the Corporate Compliance Committee Charter for details regarding membership, roles, and responsibilities of the Committee.

Audit and Compliance Committee (ACC)

The Board of Directors has delegated compliance oversight to the ACC, which is a committee of the Board of Directors. Please see the ACC's charter for a detailed description of the scope of delegation of activities. To that end, the ACC exercises reasonable oversight in the development and implementation of the CPIP and is ultimately accountable for compliance. On an annual basis, the ACC shall review and update the CPIP regarding the organization's commitment to lawful and ethical conduct.

The ACC maintains the following, but not limited, roles and responsibilities:

1. Understand the CPIP structure.
2. Be informed about compliance enforcement activities such as notices of noncompliance, warning letters, and other formal sanctions.
3. Be informed of CPIP outcomes, including results from internal and external audits.
4. Receive regularly scheduled updates, measurable evidence, and data from the Corporate Compliance Officer and Corporate Compliance Committee showing that the CPIP is preventing, detecting and correcting issues of noncompliance and FWA in a timely manner.
5. Review results from the assessment of the CPIP's performance and effectiveness.
6. Be knowledgeable about the content and operation of the CPIP through updates, training and education.
7. Hold management accountable for compliance and FWA prevention, detection and correction activities and take appropriate action, as necessary, to promote and support compliance and program integrity efforts and/or address significant issues of noncompliance and FWA.

Board of Directors

The Board of Directors has delegated compliance oversight to its committee, the ACC. The Board exercises reasonable oversight over the CPIP by reviewing minutes from the ACC; in addition, each committee chair summarizes the committee meeting to the Board and highlights topics of note. The Board may request additional information and/or discuss any matter brought to the ACC. The minutes document the compliance reporting that the Corporate Compliance Officer provides to the ACC on at least a *quarterly* basis. The Board approves the Code of Conduct. This function may not be delegated.

The Board acts as a policy-making body that exercises oversight and control over policies and personnel to ensure that management actions are in the best interest of the organization and its enrollees. The policy-making body also controls the appointment and removal of the executive manager, who is the President and CEO, a member of the organization's SLT.

Chief Executive Officer (CEO) and Senior Leadership Team (SLT)

The President and CEO of PacificSource, who is also the President and CEO of most of the downstream PacificSource entities[1], and the Chief Compliance Officer, who reports to the President and CEO, as well as other applicable SLT members shall ensure that the Corporate Compliance Officer is integrated into the organization and is given the credibility, authority and resources necessary to operate a robust and effective CPIP.

Both directly and via the Chief Compliance Officer, the President and CEO receives periodic reports from the Corporate Compliance Officer of compliance related risk areas facing the organization, the strategies implemented to address those risks, and the results of those strategies. The President and CEO is advised of all compliance enforcement activity, including Notices of Noncompliance and formal enforcement actions.

Program Integrity Committee (PIC)

The PIC serves dually as the company's Special Investigation Unit (SIU) and FWA workgroup. The PIC oversees the implementation of FWA prevention, detection and correction efforts. See the Program Integrity Committee Charter for details regarding membership, roles, and responsibilities of the Committee.

Element 3 – Effective Training and Education

PacificSource administers and/or oversees effective training and education of its workforce (including temporary workers and volunteers), members of the Board, and where required Delegates/Delegated Entities and Participating Providers, as required, at the time of hire or contracting, and annually thereafter. Training and education covers, at a minimum, general compliance training, specialized compliance training, FWA training as well as other training that may be required by regulation and/or contract.

Compliance

The Compliance Department is responsible for developing, distributing, and overseeing successful completion of general compliance and FWA training for applicable individuals and entities. This includes, but is not limited to:

- overseeing the content and administration of training to its workforce (upon hire and annually thereafter) to ensure a 100% completion rate.
- administering training to the Board of Directors and various committee members (including the ACC)
- posting educational compliance information in high-visibility common areas and/or on PacificSource intranet.
- overseeing and/or providing general compliance and FWA training to Delegates/Delegated Entities and Participating Providers, as required, in accordance with regulatory and/or contract requirements.
- periodically disseminating compliance tips and information to raise compliance awareness.

[1] Two PacificSource organizations are limited liability companies, which do not have a CEO/President per se. The PacificSource CEO/President acts on behalf of PacificSource, who is the sole member for both of those limited liability companies.

Human Resources

The Human Resources Department is responsible for administering general compliance and FWA training to PacificSource's workforce at time of hire and annually thereafter as well as maintaining records of time, attendance and results of training.

Operational Departments

Each operational area is responsible for the development and administration of specialized compliance training for their team. Operational departments maintain all training materials and content, records of time, attendance and results of training.

Delegates/Delegated Entities and Participating Providers:

Delegates/Delegated Entities and Participating Providers, as required, may create and administer training for their own employees. They must maintain records of time, attendance, and results of the training. They may be asked to submit attestation/certification of their compliance with this requirement. All training records are subject to audit and validation by PacificSource.

Element 4 – Effective Lines of Communication

PacificSource maintains systems to ensure effective lines of communication and confidentiality between the Corporate Compliance Officer, Corporate Compliance Committee, PacificSource workforce, board members, Delegates/Delegated Entities and Participating Providers, as required. Additionally, the systems in place allow for receipt, response, recording and tracking of questions, or reports pertaining to noncompliance and fraud, waste and abuse from all sources. The lines of communication are accessible to all, allow compliance and FWA issues to be reported when they arise and provide a means for anonymous and confidential good faith reporting of potential compliance or FWA issues as they are identified.

Responsibility to Report

To ensure ethical conduct, all of PacificSource's workforce, board members, Delegates/Delegated Entities and Participating Providers have an obligation to raise concerns they might have about conduct that falls short of compliance standards, and report issues to the appropriate channel. See the Code of Conduct for a complete description of reporting methods. They are also expected to assist in the investigation and resolution of compliance and FWA issues. Failure to do so may result in disciplinary actions, up to and including termination of employment or contract.

Non-Retaliation

To create a work environment where individuals feel comfortable addressing and reporting any instances of noncompliance, FWA, unfair or unethical acts, PacificSource maintains a non-intimidation and non-retaliation environment that allows individuals to make good faith reports against any person or action by PacificSource, its Delegates/Delegated Entities or Participating Providers without repercussion or fear of retaliation. Anyone who retaliates against an individual who makes a good faith report of a compliance or FWA issue will be subject to corrective action in accordance with PacificSource disciplinary standards.

Furthermore, if you are filing a *qui tam (whistle blower)* action under the Federal False Claims Act, you are protected by law from being discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in your employment as a result of filing a *qui tam* action.

If you suspect that you are being retaliated against for making a good faith report of a compliance or FWA issue, you may contact the Corporate Compliance Officer or a member of Human Resources. See the Code of Conduct for a complete description of reporting methods.

The appropriate personnel will investigate your allegation of retaliation, and those who are found to have violated PacificSource's prohibition on retaliation will be subject to the disciplinary policy.

Compliance Department Communication

The Corporate Compliance Officer routinely communicates compliance and FWA requirements to appropriate parties throughout PacificSource using various channels such as email, intranet website routine meetings, written communications, and other methods. Information is disseminated within a reasonable amount of time.

The Compliance Department disseminates changes in regulatory guidance and instructions to applicable Business Owners. This process is documented and tracked to ensure that new regulations and instructions are implemented timely and appropriately. Business Owners are responsible for taking follow-up actions to ensure processes comply with the changes disseminated. Areas of deficiency must be communicated to the Compliance Department immediately.

Member, Delegate/Delegated Entity, and Participating Provider Communication

PacificSource communicates compliance and FWA requirements to potential and existing members through various methods, including our external website, member newsletters, and other member materials.

In addition, PacificSource maintains a public website which includes compliance and FWA information that is accessible to Delegates/Delegated Entities, Participating Providers and members.

Method of Reporting

1) PacificSource maintains various lines of communication to ensure confidentiality in reporting. The communication channels are accessible to all. A complete description of the available reporting methods are outlined in the Code of Conduct.

Element 5 – Well Publicized Disciplinary Standards

PacificSource, as part of the CPIP, has established a Code of Conduct which sets forth a set of standards that all of its workforce directors, officers and board members must follow. Everyone is responsible for abiding by the Code of Conduct and for reporting any situation where he/she believes illegal or unethical activities or behaviors may have occurred. Delegates/Delegated Entities and Participating Providers, as required, must also comply with this Code of Conduct or demonstrate that they have implemented similar standards of conduct.

PacificSource takes its commitment to the Code of Conduct very seriously and takes appropriate and immediate investigative and disciplinary action for any violations of the Code of Conduct, internal policies or applicable law.

In order to be effective, we must maintain disciplinary standards to ensure that people or entities who violate the Code of Conduct and/or commit a compliance or FWA violation are subject to appropriate disciplinary and corrective actions, up to and including termination of employment or contract.

Employment with PacificSource is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by an individual of PacificSource's workforce or PacificSource, except as prohibited by law. Refer to Employee Handbook for additional detail. PacificSource's policy with respect to administering disciplinary or corrective actions is designed to ensure individuals whose performance or conduct does not meet the standards are treated fairly and in a

consistent manner. Individuals whose performance or conduct does not meet the standards will be subject to corrective actions up to and including dismissal and risk potential reporting to law enforcement/regulatory agencies.

A Delegate/Delegated Entity or Participating Provider, as required, that violates the applicable Code of Conduct or does not comply with provisions of their contract with PacificSource, will be subject to corrective action, other penalties, and/or termination of their contract. All corrective action and termination procedures are subject to the specific contract provisions between PacificSource and the Delegate/Delegated Entity or Participating Provider, as required.

PacificSource publicizes corrective action guidelines through various mediums, including during an individual's initial orientation, and during annual compliance training. In addition, PacificSource's workforce including supervisors are encouraged to discuss corrective action guidelines during regular staff meetings.

Element 6 – Effective System for Routine Monitoring, Auditing, and Identification of Compliance and FWA Risks

As part of the CPIP, we conduct ongoing routine compliance monitoring and formal, independent, and objective compliance audits of our internal operations and external Delegates/Delegated Entities and Participating Providers, as required. These monitoring and auditing efforts help to identify compliance and FWA risks and ensure that performance is in accordance with Regulator guidelines, internal policies and procedures, and any contract or written agreement that is in place.

Risk Assessments

As a precursor to creating Compliance Department work plans, we conduct a formal risk assessment that assesses the level of risk associated with internal compliance, operational functions, and business practices. In addition, we also conduct compliance risk assessments relative to the performance of our external business partners including our Delegates/Delegated Entities or Participating Providers, as required. Each risk assessment takes into consideration the likelihood that FWA or noncompliant operational practices may be occurring.

Input is requested from various stakeholders in order to assess their areas of concern and incorporate those areas into the risk assessment when appropriate. Results from the various risk assessments are compiled, evaluated, and used to inform compliance and audit work plans for the upcoming year. Internal operational areas, processes, and external business partners will be included in the work plans based on the level of risk assigned, or as otherwise required by regulation or contract.

Annual compliance and audit work plans are reviewed and, when required, approved by the Corporate Compliance Committee and reported to the Board's ACC. While the work plans reflect our best effort to assess risks to the organization and mitigate those risks, we recognize that operational, compliance and FWA risks and the regulatory landscape are constantly changing. To that end, the work plans are routinely reviewed and may be revised from time to time to meet those changing needs.

Annual Compliance and Audit Work Plans

Compliance and audit work plans are developed based on required contractual obligations and the results of the applicable risk assessment. Each work plan is designed to be a roadmap that will guide the organization in the auditing, and other Compliance Department work that is planned for the upcoming contract year. The CPIP encompasses the work detailed in Compliance Department work plans including,

but not limited to:

- Compliance Audits
- Program Integrity Audits
- Regulator Audits
- Delegate/Delegated Entity Audits
- Regulator reports and/or deliverables
- Monitoring
- Training and education

Routine Compliance Monitoring

Routine compliance monitoring and oversight is an important component of an effective compliance program. PacificSource engages in various ongoing, routine monitoring of its internal processes as well as monitoring and oversight of its Delegates/Delegated Entities or Participating Providers, as required. During routine monitoring, operational performance is measured in key, high risk areas. Routine monitoring consists of regular independent measurements to confirm ongoing compliance and to detect where noncompliance or FWA risks may be occurring. Routine monitoring may also be used to ensure that corrective actions have been implemented, are effective, and prior issues of noncompliance or FWA are not likely to reoccur. In general, the goal of routine compliance monitoring is to measure performance in "real time" so that areas of concern can be detected and corrected quickly.

Reporting

Results of all monitoring and auditing activities are reported to the Corporate Compliance Committee, and applicable members of EMG and SLT.

Element 7 – System for Prompt Response to Compliance and FWA Issues

PacificSource maintains policies and procedures as well as systems to respond promptly to compliance and FWA issues. Upon discovery of an incident or report of a potential noncompliant or FWA issue, PacificSource will promptly initiate a thorough investigation of the incident. All investigations are logged and the results fully documented. Corrective action will be required for all incidents that are found to result in actual noncompliance or FWA.

Sources of Incident Reporting

PacificSource may identify an incident of noncompliance or FWA through a variety of sources, such as reports made by its workforce through Compliance Department software, other self-reporting channels, internal compliance audits, confidential and anonymous reports made through EthicsPoint, Regulator audits, other external audits, member complaints, and referrals from Regulators. Whenever an incident is identified it flows through the investigations process.

Investigations

Upon report or discovery of potential issues of noncompliance and/or FWA, PacificSource will initiate a thorough investigation of the issue. PacificSource maintains system documentation describing its process including incident identification, investigation steps (discovery/research), tracking, referrals, and necessary corrective action plans.

Corrective Action Plans (CAP)

Verified incidents of noncompliance or FWA will require corrective action. In situations where an issue is significant and/or will require a level of tracking and oversight to ensure correction of the issue, a CAP will be logged and supporting evidence regarding the corrective action steps taken will be retained. A CAP's risk level will be assessed and monitored to flag CAPs that are not implemented within a reasonable timeframe. CAPs may also go through a validation process to ensure the corrective actions taken effectively resolved the incident and the incident is not likely to reoccur. All CAPs will be reported to the Corporate Compliance Committee as a matter of routine communication procedures. CAPs may also be reported to Regulators where required. CAPs that present significant risk will be presented to the Corporate Compliance Committee for review, discussion of risk, and evaluation of next steps.

Referral, Disclosure & Coordination with External Regulators

In the spirit of transparency, the Compliance Department will disclose incidents of noncompliance or FWA that impact member safety and/or access to care to the appropriate Regulator. Any disclosures will be made in accordance with applicable regulatory requirements. Incidents may also be referred to law enforcement if appropriate.

Measuring the Effectiveness of the CPIP

The effectiveness of the CPIP is evaluated at least annually. The results are reported to Compliance Department leaders, the Corporate Compliance Committee, ACC, and applicable members of EMG and SLT. The Board of Directors may also receive a summary of the results, when necessary.

On an annual basis, PacificSource shall audit the effectiveness of the CPIP through the use of third-party independent auditors. or Internal Audit personnel or other appropriate internal personnel. The results shall be reported to the Corporate Compliance Committee and the ACC.

Attachment 1 – Medicaid

PacificSource Community Solutions (PCS) holds multiple Oregon contracts with the Oregon Health Authority (OHA) as a coordinated care organization (CCO) in various regions throughout the state. In addition, PCS is a Delegate/Delegated Entity for another CCO. These contracts require PCS to perform certain work, including the implementation and maintenance of arrangements and procedures that are designed to detect and prevent fraud, waste, and abuse. This Attachment 1 captures the federal program integrity requirements specific to the Medicaid program.

MEDICAID COMPLIANCE & FWA PROGRAM		
#	**General requirements:**	**Supporting Documentation**
1	Written policies, procedures, and standards of conduct that articulate the organization's commitment to comply with all applicable requirements and standards under the contract, and all applicable Federal and State requirements. (42 CFR 438.608(a)(1)(i))	• Compliance and Program Integrity Plan (CPIP) • Compliance and FWA Governance • Code of Conduct • Personnel Corrective Actions • Delegation Contracts and Subcontractor Monitoring • Effective Compliance and FWA Training and Education • Whistleblower Policy: Reporting of Ethical or Legal Concerns • Compliance Investigations • Program Integrity Investigations and Audits • Compliance Initiated CAPs • Subcontractor Corrective Actions • Reporting of Medicaid FWA • Exclusion and Background Checks • Notification of Changes in Circumstance • PCS Member Handbooks • Compliance with State and Federal Laws and Regulations • PCS Provider Manual • FWA Prevention Plan
2	The designation of a Compliance Officer who is responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements of the contract and who reports directly to the CEO and the Board of Directors. (42 CFR 438.608(a)(1)(ii))	
3	The establishment of a Regulatory Compliance Committee on the Board of Directors and at the senior management level charged with overseeing the organization's compliance program and its' compliance with the requirements under the Contract(s). (42 CFR 438.608(a)(1)(iii))	
4	A system for training and education for the Compliance Officer, the organization's senior management, and the organization's employees for the Federal and State standards and requirements under the contract. (42 CFR 438.608(a)(1)(iv))	
5	Effective lines of communication between the Corporate Compliance Officer and the organization's workforce. (42 CFR 438.608(a)(1)(v))	
6	Enforcement of standards through well-publicized disciplinary guidelines. (42 CFR 438.608(a)(1)(vi))	
7	Establishment and implementation of procedures and a system with dedicated staff for routine internal monitoring and auditing of compliance risks, prompt response to compliance issues as they are raised, investigation of potential compliance problems as identified in the course of self-evaluation and audits, correction of such problems promptly and thoroughly (or coordination of suspected criminal acts with law enforcement agencies) to reduce the potential for recurrence, and ongoing compliance with the requirements under contract. (42 CFR 438.608(a)(1)(vii))	
8	Provision for prompt reporting of all overpayments identified or recovered, specifying the overpayments due to potential fraud,	

	to the State. (42 CFR 438.608(a)(2))	• Capitation Overpayment Reporting • Overpayments • Medicaid Overpayment Reporting • FWA Prevention Handbook, Plan and Assessment • Medicaid Claims Processing • Effective System for Routine Monitoring, Auditing, and Identification of Compliance and FWA Risks
9	Provision for prompt notification to the State when it receives information about changes in an enrollee's circumstances that may affect the enrollee's eligibility including all of the following: (i) Changes in the enrollee's residence, and (ii) death of an enrollee. (42 CFR 438.608(a)(3))	
10	Provision for notification to the State when it receives information about a change in a network provider's circumstances that may affect the network provider's eligibility to participate in the managed care program, including the termination of the provider agreement with the MCO, PIHP or PAHP. (42 CFR 438.608(a)(4))	
11	Provision for a method to verify, by sampling or other methods, whether services that have been represented to have been delivered by network providers were received by enrollees and the application of such verification processes on a regular basis. (42 CFR 438.608(a)(5))	
12	In the case of MCOs, PIHPs, or PAHPs that make or receive annual payments under the contract of at least $5,000,000, provision for written policies for all employees of the entity, and of any contractor or agent, that provide detailed information about the False Claims Act and other Federal and State laws described in section 1902(a)(68) of the Act, including information about rights of employees to be protected as whistleblowers. (42 CFR 438.608(a)(6))	
13	Provision for the prompt referral of any potential fraud, waste, or abuse that the MCO, PIHP, or PAHP identifies to the State Medicaid program integrity unit or any potential fraud directly to the State Medicaid Fraud Control Unit. (42 CFR 438.608(a)(7))	
14	Provision for the MCO's, PIHP's, or PAHP's suspension of payments to a network provider for which the State determines there is a credible allegation of fraud in accordance with § 455.23 of this chapter. (42 CFR 438.608(a)(8))	
15	The State, through its contracts with a MCO, PIHP, PAHP, PCCM, or PCCM entity must ensure that all network providers are enrolled with the State as Medicaid providers consistent with the provider disclosure, screening and enrollment requirements of part 455, subparts B and E of this chapter. This provision does not require the network provider to render services to FFS beneficiaries. (42 CFR 438.608(b))	
16	The State must ensure, through its contracts, that each MCO, PIHP, PAHP, PCCM, PCCM entity, and any subcontractors: (i) provides written disclosure of any prohibited affiliation under § 438.610; (ii) provides written disclosures of information on ownership and control required under § 455.104 of this chapter; (iii) reports to the State within 60 calendar days when it has identified the capitation payments or other payments in excess of amounts specified in the contract. (42 CFR 438.608(c))	

17	Contracts with a MCO, PIHP, or PAHP must specify: (i) The retention policies for the treatment of recoveries of all overpayments from the MCO, PIHP, or PAHP to a provider, including specifically the retention policies for the treatment of recoveries of overpayments due to fraud, waste, or abuse. (ii) The process, timeframes, and documentation required for reporting the recovery of all overpayments. (iii) The process, timeframes, and documentation required for payment of recoveries of overpayments to the State in situations where the MCO, PIHP, or PAHP is not permitted to retain some or all of the recoveries of overpayments. (iv) This provision does not apply to any amount of a recovery to be retained under False Claims Act cases or through other investigations. (42 CFR 438.608(d)(1))	
18	Each MCO, PIHP, or PAHP requires and has a mechanism for a participating provider to report to the MCO, PIHP or PAHP when it has received an overpayment, to return the overpayment to the MCO, PIHP or PAHP within 60 calendar days after the date on which the overpayment was identified, and to notify the MCO, PIHP or PAHP in writing of the reason for the overpayment. (42 CFR 438.608(d)(2))	
19	Each MCO, PIHP, or P AHP must report annually to the State on their recoveries of overpayments. (42 CFR 438.608(d)(3))	
20	The State must use the results of the information and documentation collected in paragraph (d)(1) of this section and the report in paragraph (d)(3) of this section for setting actuarially sound capitation rates for each MCO, PIHP, or PAHP consistent with the requirements in § 438.4. (42 CFR 438.608(d)(4))	

Attachment 2 – Medicare Advantage Plans

PacificSource Community Health Plans (PCHP) has Medicare Advantage (MA), Medicare Advantage Prescription Drug (MAPD) lines of business in Oregon, Idaho, Washington, and Montana as well as D-SNP products in Oregon. PCHP must implement an effective compliance program that meets the regulatory requirements set forth at 42 CFR §422.503(b)(4)(vi) and §423.504(b)(4)(vi). This includes adopting and implementing an effective compliance program that includes measures that prevent, detect, and correct noncompliance with CMS' program requirements as well as measures that prevent, detect, and correct Fraud, Waste, and Abuse (FWA). PCHP's Medicare Compliance Program is detailed in this base document and further supported by the following policies and charters:

MEDICARE ADVANTAGE ORGANIZATION COMPLIANCE PROGRAM		
#	**General Requirement**	**Additional Supporting Documentation**
1	The MA organization must maintain written policies, procedures and standards of conduct with content that addresses CMS requirements of the compliance program. (42 CFR 422.503(b)(4)(vi)(A)(1)); 423.504(b)(4)(vi)(A))	See Element 1 of this document and all documents listed below. • Compliance Committee Charter • Policy: Effective Compliance and FWA Training and Education • Policy: Reporting Medicare FWA and Noncompliance • Code of Conduct • Policy: Personnel Corrective Actions • Employee Handbook • Policy: Monitoring, Auditing and Identification of Risk • PIC Charter • Policy: Program Integrity Investigations • Policy: Exclusion and Background Checks • Policy: Compliance Investigations • Policy: Compliance Initiated CAPs •
2	The designation of an internal compliance officer and a compliance committee who report directly and are accountable to the organization's chief executive or other senior management. The compliance officer and committee must report issues to the governing body. The governing body provides oversight of the compliance program and must be knowledgeable about the content and operation of the program. (42 CFR 422.503(b)(4)(vi)(B); 42 CFR 423.504(b)(4)(vi)(B))	
3	Each MA organization must establish and implement effective training and education for its compliance officer and organization workforce, the MA organization's chief executive and other senior administrators, managers and governing body members. Training includes general compliance, FWA and specialized training. (42 CFR 422.503(b)(4)(vi)(C); 42 CFR 422.503(b)(4)(vi)(C)	
4	Establishment and implementation of accessible and effective methods to communicate between the compliance officer and all other parties. Methods must include ways to report issues anonymously and confidentially. (42 CFR 422.503(b)(4)(vi)(D), 423.504(b)(4)(vi)(D))	
5	The MA organization must have well-publicized disciplinary standards that ensure participation in the compliance program by all appropriate parties and individuals. Standards must include expectations on reporting noncompliance, identification of noncompliance and enforcement actions for noncompliance behavior. (42 C.F.R. §§ 422.503(b)(4)(vi)(E), 423.504(b)(4)(vi)(E))	
6	Establishment and implementation of an effective system for routine monitoring and identification of compliance risks.	

	The system should include internal monitoring and audits and, as appropriate, external audits, to evaluate the MA organization, including first tier entities', compliance with CMS requirements and the overall effectiveness of the compliance program. (42 CFR 422.503(b)(4)(vi)(F); 423.504(b)(4)(vi)(F)	
6a	The MA organization must ensure that prior to hiring or contracting with any individual or entity that they are not excluded from participating in federal programs by checking the DHHS OIG List of Excluded Individuals, Entities and the GSA Excluded Parties List System and the Preclusion List. (The Act §1862(e)(1)(B), 42 CFR 422.503(b)(4)(vi)(F), 422.752(a)(8); 423.504(b)(4)(vi)(F), 423.752(a)(6), 1001.1901CMS-4185 Final Rule)	
7	Establish and implement procedures and systems to promptly investigate, respond and correct issues of FWA and noncompliance. 42 C.F.R. §§ 422.503(b)(4)(vi)(G), 423.504(b)(4)(vi)(G	

Attachment 3 – Commercial Health Plans

PacificSource Health Plans (PSHP) has commercial group and individual health insurance lines of business in Oregon, Idaho, Washington, and Montana. PSHP must implement an effective compliance program that meets the regulatory requirements of the U.S. Department of Health and Human Services (HHS) and state regulatory agencies where we are authorized to transact insurance. Specifically, in the offering of Qualified Health Plans and Stand-Alone Dental Plans described in 45 CFR Part 156. This includes adopting and implementing an effective compliance program that includes measures that prevent, detect, and correct noncompliance with the requirements of HHS and applicable state regulatory agencies.

COMMERCIAL COMPLIANCE PROGRAM		
#	**General Plan Contents**	**Corresponding Policy/Procedure**
1	**Written Policies and Procedures** 1. A statement articulating the commitment to comply with all applicable federal/state rules, regulations, and standards. 2. Written standards of conduct for employees. 3. Provides guidance for employees, contractors, subcontractors, or other applicable entities on the process for dealing with potential compliance issues. 4. Establishment of the methods, processes, and procedures used to implement the Compliance & Program Integrity Plan (CPIP). 5. A general statement indicating compliance with Marketplace requirements. 6. A description of the plans or processes to comply with specific requirements of 45 CFR Part 156.	• CPIP Opening Statement • CPIP Element 1 • CPIP Element 4 • Policy: Compliance with State and Federal Laws and Regulations • Policy: Qualified Health Plan (QHP) • Code of Conduct
2	**Designated Corporate Compliance Officer and Other Appropriate Bodies** Establishment of the Corporate Compliance Officer reporting directly to the company's Board of Directors or other senior governing body (e.g., C-Level executive or Director.	• CPIP Element 2 • Executive Management Organizational Chart
3	**Effective Education and Training** Establish the annual compliance training and education that specifies program content, employees/entities to be trained, and clarifies frequency.	• CPIP Element 3 • Policy: Effective Compliance and FWA Training and Education
4	**Developing Effective Lines of Communication** 1. Provides the methods and channels for reporting potential compliance problems anonymously, including a hotline and online reporting system. 2. Provides guidance to directly contact the Corporate Compliance Officer or members of the Corporate Compliance Committee to seek clarification of an issue. 3. Includes a policy of non-retaliation against employees reporting potential problems. 4. Assures confidentiality in all reporting processes, to the extent possible.	• CPIP Element 4 • Code of Conduct

5	**Disciplinary Guidelines** 1. Establishes written policies and procedures related to disciplinary standards that are distributed to employees. 2. Establishes disciplinary actions that may be imposed on those who fail to comply with the standards of conduct, policies and procedures, or Federal and State law.	• CPIP Element 5 • Policy: Personnel Corrective Actions • Employee Handbook
6	**Audits and Evaluation Techniques to Monitor Compliance** 1. Includes a system for routine monitoring and identifying compliance risks. 2. Includes a process for evaluating and improving PSHP compliance program.	• CPIP Element 6 • CPIP section Measuring the Effectiveness of the CPIP
7	**Investigation of and the Response to Potential Compliance Issues** 1. Establishes a process for reporting potential compliance issues to the appropriate personnel and/or governmental authority within a reasonable period. 2. Establishes timely and reasonable investigations of potential compliance issues to determine whether a violation of an applicable law or compliance program has occurred. 3. Establishes a process of taking steps to correct confirmed violations of applicable law or the compliance program.	• CPIP Element 4 • CPIP Element 7 • Policy: Section 1557 (PPACA) Nondiscrimination Grievance Procedure • Policy: Prescription Drug Fraud, Waste and Abuse • Policy: Corporate Compliance Investigation Reports - Commercial • Policy: Corporate Compliance Initiated Corrective Action Plans and Response to Non-Compliance – Commercial • Policy: Program Integrity Investigations and Audits

Compliance with State and Federal Laws and Regulations

State(s):	LOB(s):
☒ Idaho ☒ Montana ☒ Oregon ☒ Washington ☐ Other:	☒ Commercial ☒ Medicare ☒ Medicaid ☒ PSA

Enterprise Policy

PacificSource, its workforce, Delegate/Delegated Entities and Participating Providers, as required, will comply with applicable Federal and State requirements, laws and statutes that govern any aspect of our business.

Procedure

PacificSource administers its business in accordance with the following, but not limited to, statutes, laws, regulations, and agency requirements that are promulgated by the Federal and State governments. PacificSource, its workforce, Delegate/Delegated Entities and Participating Providers, as required, must maintain current knowledge of these requirements as well as implement and integrate the requirements within the operational, administrative and compliance areas. The following list is not meant to be all inclusive. This list will be updated from time to time as statutes, laws, regulations and other requirements change or are newly introduced.

- Administrative Rules of Montana
- Anti-Kickback Statute
- Anti-Money Laundering
- Antitrust Laws
- Beneficiaries Inducement Statute
- Civil Monetary Penalties (CMPs)
- Code of Federal Regulations (CFRs): PacificSource must comply with certain Federal regulations that implement the Medicare and Medicaid programs. These regulations include but may not be limited to:
    - 42 CFR §2: Confidentiality of Substance Use Disorder Patient Records
    - 42 CFR §403: Special programs and projects
    - 42 CFR §411: Exclusions from Medicare and Limitations on Medicare payment
    - 42 CFR §417: Health maintenance organizations, competitive medical plans, and health care prepayment plans
    - 42 CFR §422: Medicare Advantage program
    - 42 CFR §423: Voluntary Medicare Prescription drug benefit
    - 42 CFR §8, §124, §136, §348, §400-401, §406-407, §430-431, §433, §435, §438, §447, §455-457, §482, §484-485, §489, §493, §1002: Medicaid program. (only citations that are specific to the Medicaid program as they are incorporated by our CCO contract. Some rules within these Sections do not apply.)

    - 42 CFR §1001: OIG – Program Integrity – Medicare and State Health Care Programs
    - 42 CFR §1003: OIG - Civil money penalties, assessments and exclusions
    - 45 CFR §74, §80, §84, §87, §91-92, §95, §158, §160, §162, §164, §170 & 171: Specific to the Medicaid Program
- Contractual Commitments: Including but not limited to:
    - Centers for Medicare and Medicaid Services (CMS) to administer Medicare Advantage Prescription Drug programs.
    - Oregon Health Authority (OHA) to administer Medicaid programs
    - State based exchanges and CMS in order to offer qualified health plans through the Marketplace.
- Employee Retirement Income Security Act (ERISA)
- Federal Criminal False Claims Statutes
- FERPA
- False Claims Act (FCA)
- Federal Food, Drug and Cosmetic Act (FDA)
- Fraud Enforcement and Recovery Act of 2009 (FERA)
- Health Insurance Portability and Accountability Act (HIPAA) & HITECH Act
- Idaho Administrative Code
- Idaho Code and Statutes
- Montana Code Annotated
- OIG List of Excluded Individuals and Entities (LEIE) & GSA System for Award Management (SAM)
- Oregon Revised Statutes (ORS)
- Oregon Administrative Rules (OARs)
- Patient Protection and Affordable Care Act (ACA)
- Physician Self-Referral ("Stark") Statute
- Revised Code of Washington
- Social Security Act: Including but not limited to:
    - Title XVIII §1851-1859, §1860D-1860D-31, §1811-1848 (Medicare Program)
    - Title XIX §1900-1946 (Medicaid Program)
- Washington Administrative Code
- Applicable State Laws
- Sub-Regulatory Guidance released by CMS/OHA

Appendix

Policy Number: C-01

Effective: 4/1/2012 **Next review:** 10/1/2024

Policy type: Enterprise

Author(s): [redacted]

Depts: Corporate Compliance and all other departments

Applicable regulation(s): All those identified above. 42 CFR 422.503(b)(4)(vi)(A)(1), (2); 438.608(a)(1)(i);

External entities affected: [External Entities Affected]

Approved by:

Modification History

Date	Modified By	Reviewed By	Modifications
7/2/2019	[redacted]	[redacted]r	Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract.
12/30/2019	[redacted]	Corporate Compliance Committee	Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/14/2021		OHA	OHA approved 2020 version.
1/26/2021	[redacted]		Annual review. Moved and revised the reference to “Part 2” to 42 CFR §2:Confidentiality of Substance Use Disorder Patient Records.
9/30/2021		[redacted]	Annual review. No additional changes
10/11/2021	[redacted]	[redacted]	Added additional CFR citations, as stated in the 2022 CCO Contract.
11/22/2021	[redacted]		Specified 42 CFR citations are specific to the Medicaid program.
11/30/2021		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021	[redacted]		Replaced references to “employees” with “workforce” per direction from PS Legal.
10/28/2022	[redacted]	[redacted]t	Annual review, Updated to remove references to terms that are now defined in the CPIP. Multiple edits and updates were made to align policies and lines of business. Representatives from each area in addition to compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.
11/17/2023	[redacted]	[redacted]	Annual Review. Removed [redacted]t as an author and updated the next review date to 2024. No substantive changes. Compliance Committee review not necessary for 2024.

Effective Compliance and FWA Training and Education

State(s):	LOB(s):
☒ *Idaho* ☒ *Montana* ☒ *Oregon* ☒ *Washington* ☐ *Other:*	☒ *Commercial* ☒ *Medicare* ☒ *Medicaid* ☒ *PSA*

Enterprise Policy

PacificSource administers effective training and education for all its workforce (including the Corporate Compliance Officer, senior leadership, temporary workers and volunteers) and members of the Board of Directors at the time of hire or appointment, and annually thereafter. Training and education cover general compliance training, specialized compliance training, and Fraud Waste and Abuse (FWA) training.

Training Materials

Corporate Compliance

The Compliance Department is responsible for creating general compliance and FWA training content for its workforce and members of the Board of Directors and administering the training to the Board of Directors. In addition, the Compliance Department posts educational compliance information in high-visibility common areas and/or on the organization's intranet, and periodically disseminates compliance and FWA prevention tips to raise awareness to the compliance and FWA programs.

Human Resources

The Human Resources Department is responsible for administering the general compliance and FWA training developed by the Compliance Department to the PacificSource workforce at time of hire and annually thereafter. Human Resources is also responsible for maintaining all records of time, attendance and results of training.

Other Operational Departments

Other business units within PacificSource are responsible for creating and administering specialized training for their respective areas and individuals. Each business unit is also responsible for maintaining all records of time and attendance for each specialized training that is delivered.

Training Administration

PacificSource administers effective general compliance and FWA training and education to its workforce and members of the Board of Directors in accordance with the following schedule:

<u>PacificSource Workforce:</u>

- PacificSource's workforce, including temporary workers and volunteers, completes both general compliance and FWA training within ninety (90) days of hire, and annually thereafter as a condition of employment.

Board Members:

- Members of the Board of Directors complete both general compliance and FWA training within ninety (90) days of appointment, and annually thereafter as a condition of appointment.

All records of time, attendance and results of training are documented and maintained in accordance with PacificSource record retention policies. PacificSource utilizes an electronic system to facilitate, follow-up and document annual training. Compliance and FWA training materials are reviewed and updated annually, or when there are material changes in regulation, policy or guidance, and contain topics such as:

- All information necessary for our workforce, Delegate/Delegated Entities and Participating Providers, as required, to fully comply with the FWA requirements as outlined in the contracts held with PacificSource's Regulators.
- Review of the CPIP, including a review of the supporting Compliance Department policies and procedures, the Code of Conduct, and PacificSource's commitment to business ethics and compliance with all applicable rules and regulations.
- The process for contacting the Compliance Department to ask compliance questions, request compliance clarification, report potential noncompliance or to report suspicions of FWA.
- An emphasis on confidentiality, anonymity, non-retaliation and whistleblower protections for compliance related questions or reports of potential noncompliance or FWA.
- An obligation to report potential compliance and/or FWA issues.
- Examples of reportable compliance and FWA issues.
- Disciplinary guidelines for non-compliant or fraudulent behavior, to communicate how such behavior can result in mandatory retraining and may result in disciplinary action, including possible termination when such behavior is serious or repeated or when knowledge of a possible violation is not reported.
- Attendance and participation in formal training programs as a condition of continued employment and a criterion to be included in individual evaluations.
- Policies related to contracting with the government, such as the laws addressing FWA, gifts and gratuities for government individuals.
- Potential conflicts of interest and the disclosure requirement.
- HIPAA, the CMS Data Use Agreement, and the importance of maintaining the confidentiality of personal health information.
- Monitoring and auditing process and work plan.
- Laws and regulations that govern our business, our workforce and our CPIP.
- Credentialing and enrollment of Participating Providers, as required, and Delegate/Delegated Entities, in accordance with 42 CFR 438.608(b).

- Prohibition of employing, subcontracting, or otherwise being affiliated with (or any combination or all of the foregoing) with sanctioned individuals, in accordance with 42 CFR 438.214(d).
- Laws and regulations related to fraud, waste, and abuse (i.e., False Claims Act, Anti-Kickback statute, HIPAA).

Measure of Training Effectiveness

Training effectiveness is measured by a number of methods, including:

- Number and types of corrective actions issued
- Results from Compliance Department audits and monitoring
- Requests for Compliance Department interpretations
- Self-disclosures made to Regulators
- Training follow-up assessments
- Decrease in compliance issues or findings in a business area
- Increase in compliance awareness
- Increase in Compliance Department inquiry and reporting

Appendix

Policy Number: C-03

Effective: 5/1/2012 **Next review:** 10/1/2024

Policy type: Enterprise

Author(s): [redacted]

Depts: Corporate Compliance; Human Resources; All other departments

Applicable regulation(s): Chapter 9: Prescription Drug Benefit Manual-Compliance Program Guidelines (§50.3); Chapter 21: Medicare Managed Care Manual-Compliance Program Guidelines (§50.3); 42 CFR §438.608(b) and 438.214(d); CCO Contracts: Exhibit B, Part 9, Section 11(b)(7)&(8); HIPAA

External entities affected: [External Entities Affected]

Approved by: **Corporate Compliance Committee**

Modification History

Date	Modified By	Reviewed By	Modifications
6/29/2019	[redacted]		Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract.
12/30/2019	[redacted]	Corporate Compliance Committee	Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
11/17/2020	[redacted]		Updated to incorporate CFR citations into the content of the policy.
1/14/2021	[redacted]	OHA	OHA approved 2020 version.

1/15/2021	[redacted]		Annual review. No changes other than updating the 'Next review' date.
9/30/21		[redacted]	Annual review. No changes.
10/8/2021	[redacted]	[redacted]	On page 2, added new first bullet to explain that FWA training does include Medicaid specific FWA information as required in our CCO contracts.
11/30/2021		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021	[redacted]		Replaced references to "employees" with "workforce" and/or "individuals throughout, in accordance with the recommendation from PacificSource's Legal Dept.
10/28/2022	[redacted]	[redacted]	Multiple revisions made, including: the inclusion of terms defined in the CPIP, removal of LOB specific language, added 'Training' to the section title to clarify this is measuring training effectiveness (and not compliance program effectiveness), and included monitoring as another method of measurement.
11/28/22	[redacted]		Annual Review. Multiple edits and updates were made to align policies and lines of business. Representatives from each area in addition to compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.
11/17/2023	[redacted]		Annual Review. Removed [redacted] as an author and updated the next review date to 2024. No substantive changes. Compliance Committee review not necessary for 2024.

Program Integrity Investigations and Audits

State(s):	LOB(s):
☒ *Idaho* ☒ *Montana* ☒ *Oregon* ☒ *Washington* ☐ *Other:*	☒ *Commercial* ☒ *Medicare* ☒ *Medicaid* ☒ *PSA*

Enterprise Policy

Introduction

This policy applies to PacificSource, including the integrated delivery system (IDS) contract held with Health Share of Oregon (HSO). It supplements our Compliance and Program Integrity Plan (CPIP) and reflects the principles, values, and priorities of PacificSource program integrity work. The primary principle of program integrity is to prevent, detect, and correct fraud, waste, and abuse (FWA). PacificSource will comply with all State and Federal regulations, refer suspected FWA to appropriate entities in accordance with rules and regulations, address overpayments as required by rule and/or contract and place providers and other third parties under corrective action when issues of noncompliance or FWA are confirmed. Corrective action may include termination of contract if warranted. The strategies followed to ensure program integrity are as follows:

a. Prevent fraud through appropriate enrollment and education of providers, delegates, other third parties, and members;

b. Promote detection through record reviews and data analysis;

c. Coordinate with partners including, but not limited to, Oregon Health Authority, the NBI MEDIC, I-MEDIC, law enforcement agencies, and State program integrity units;

d. Enact fair and firm enforcement policies.

Procedure: Definitions

Overpayment: means any payment made to a Participating Provider by PacificSource to which the Participating Provider is not entitled to under such healthcare program.

Program Integrity Audit (PI Audit) means, but is not limited to, the review of claims for suspicious aberrancies to establish evidence that FWA has occurred, is likely to occur, or whether actions of individuals or entities have the potential for resulting in an expenditure of Regulator funds which is not intended under the provisions of PacificSource's contract, state or federal regulations, and whether improper payment has occurred.

Procedure: Corporate Compliance and Operations

Program Integrity Committee

PacificSource maintains a Program Integrity Committee (PIC) as a sub-committee of the Corporate Compliance Committee. Cases are presented to the PIC for approval of recoupment, termination, or other actions when necessary. Further information on reporting incidents of potential FWA can be found in the CPIP document and Code of Conduct. The chair of the PIC is a member of the Compliance Department designated by the Corporate

Compliance Officer which ensures close communication and coordination. The authority, composition, roles, and responsibilities of the PIC are described in the PIC Charter.

Healthcare Fraud (HCF) Information Sharing Session Meetings

Representatives from the FWA team[1] attend quarterly information sharing meetings for both Oregon and Idaho. These are informational roundtable meetings, hosted by the respective Department of Justice (DOJ) representatives, to discuss current trends and cases related to suspected healthcare fraud. The meetings also include representatives from other health plans in the region, State Medicaid Fraud Control Units (MCFUs), Labor & Industry departments, and other governmental agencies. Leads shared during the meetings are reviewed further to validate if there is any potential exposure to PacificSource.

Investigations and Program Integrity Audits

During the course of an investigation or PI Audit, it may become necessary to review practitioner and member records to substantiate or disprove allegations of FWA, the FWA team has the right to request medical records, signature logs, test results, or any other documentation to aid in the furtherance of the investigation. In the case of allegations involving PacificSource workforce, the Corporate Compliance Officer or their designee has the right to work with the necessary teams, such as Human Resources, IT, and/or Legal to access individual information necessary to the investigation. This right to audit or inspect does not extend to information subject to legal privilege. For Medicaid (CCO) cases, PacificSource must report all suspected cases of FWA, including suspected fraud committed by its workforce, Participating Providers, Delegate/Delegated Entities, members, or any other third parties to the appropriate external entity (OHA's Office of Program Integrity (OPI) and DOJ's MFCU). Reporting must be made promptly but in no more than seven (7) days after PacificSource is initially made aware of the suspicious case. For PCS IDS cases, report will be made to Health Share no more than three (3) days after PCS is initially aware of the suspicious case. Refer to the *Supporting Policies, Procedures, and Documents* section for additional details regarding FWA reporting requirements.

a. **Member and Provider Investigations and PI Audits** –When investigating an allegation, the FWA team may take the following actions:

   I. Review member or provider information in our databases.

   II. Analyze claims data for billing aberrancies to identify potential FWA.

   III. Contact other PacificSource departments for information relevant to the allegation.

   IV. Research or interview outside sources, including the billing or treating provider, to get additional information.

   V. Review claims for correct coding and review against medical records and chart notes when necessary.

   VI. Determine if a desk audit or onsite audit is necessary based on the egregiousness of the material facts.

   VII. Determine and execute appropriate corrective actions. Refer to *Program Integrity Investigation and PI Audit Corrective Actions* section of this policy.

   VIII. Provide feedback to originator and management, as appropriate.

b. **Workforce Investigations and PI Audits** – Given the sensitive nature of suspected workforce FWA, the results of investigations and PI Audits may be limited to our Human Resources team, Legal team, and the Corporate Compliance Officer, as warranted.

c. **Other Entity Investigations and PI Audits** – Referrals of suspected FWA involving a Delegate/Delegated Entity follow a similar course as member and provider investigations and PI Audits. The steps needed to

[1] Refer to the '*Medicaid Compliance Structure*' policy for a description of the FWA team, which is a part of the Compliance Department.

conduct a thorough investigation and PI Audit are determined on a case-by-case basis depending on the entity and FWA concerns.

d. **Pharmacy Investigations and PI Audits** – for all LOB, PacificSource works with our Pharmacy Benefits Manager (PBM) to investigate and remedy concerns of pharmacy or pharmacy related FWA.

e. **Investigations and PI Audits Initiated in Response to Agency Alerts** – When tips are received from regulatory agencies, the FWA team investigates the matter to identify if there is any exposure to PacificSource. Once it is determined if further investigation is necessary, a response is sent to the Regulator who sent the tip.

Program Integrity Tracking and Documentation

All investigations and PI Audits are logged and tracked in Alivia's Case Manager. The FWA team retains documentation of investigations and PI Audits, including the original documentation of reports of noncompliance, fraud, waste, or abuse violations in accordance with record retention requirements. This includes maintenance of files on applicable providers who have been the subject of complaints, investigations, PI Audits, violations, and prosecutions stemming from enrollee complaints, fraud alerts, NBI MEDIC investigations and audits, OIG and/or DOJ investigations and audits, US Attorney prosecution, and any other civil, criminal, or administrative action for violations of Federal health care program requirements.

PacificSource cooperates with law enforcement agencies, Regulators and/or their designees with regard to providers and entities that have been identified as potentially involved in FWA activities, including full provision of access to investigation and PI Audit records and documentation.

Program Integrity Investigation and PI Audit Corrective Actions

When FWA is discovered, PacificSource will ensure that corrective action is taken to correct or eliminate the cause of the FWA. Under certain circumstances, PacificSource may need to work with, and obtain approval from, appropriate external agencies in developing the scope of any such corrective action plan. Corrective actions may include, but are not limited to:

a. **Participating Provider Education –** Based on the outcome of an investigation, provider education may be necessary. The FWA team, in collaboration with our Provider Service teams, will deliver education to providers related to investigative or PI Audit findings.

b. **Participation Considerations** –Depending on the severity of the investigation or PI Audit findings, PacificSource may be prompted to reconsider a Participating Provider's continued participation in our network(s) as allowed by State and Federal regulation, our Participating Provider contracts, and PacificSource's *Appeal Process for Terminated Providers* policy.

c. **Overpayments** – If the investigation or PI Audit reveals errors in claims payment resulting in overpayments, the appropriate claims adjustments and recoupments will be handled as described in our *Overpayments* policy.

d. **Case Referral to External Agencies** – Referral to external agencies is LOB specific. Refer to the *Supporting Policies, Procedures, and Documents* section for the appropriate LOB reporting policy.

e. **Future Follow-up** – Based on the outcome of an investigation, the FWA team may conduct a follow-up investigation or PI Audit at a later date, to validate whether or not the concerns have been resolved.

f. **Process Improvement** – Any internal configuration errors and/or process deficiencies found during investigations and PI Audits will be referred to the appropriate department to be corrected.

g. **Notice of Adverse Benefit Determination (NOABD)** – In accordance with CCO Contracts, in the case of probable member fraud, claims can be denied and a NOABD will be issued. Refer to the *Supporting Policies, Procedures, and Documents* section for the applicable policy.

h. **Commercial Policy Rescission** – PacificSource may rescind commercial policies in certain cases, where the evidence indicates member fraud, in alignment with regulatory rules and the applicable member benefit booklet.

Supporting Policies, Procedures and Documents

- PIC Charter
- Policy: Appeal Process for Terminated Providers
- Policy: Reporting Medicare FWA and Noncompliance
- Policy: Reporting Medicaid FWA
- Policy: Medicaid Grievance and Appeal System – Notice of Adverse Benefit Determination
- Policy: Medicaid Compliance Structure
- FWA Prevention Handbook

Appendix

Policy Number: C-07A

Effective: 2/22/2019 **Next review:** 10/1/2024

Policy type: Enterprise

Author(s): [redacted]

Depts: Corporate Compliance, Operations

Applicable regulation(s): Medicare Program PIM, Chapter 4, Rev. 12-11-18 and Exhibits Rev. 2-12-19; OAR 410-141 OHP; CCO contracts, Exhibit B, Part 9 & Exhibit I, §3(b)(1)(c); Health Share IDS Contract, 1/1/2023; 42 CFR §455 PI: Medicaid; 42 CFR §420 PI: Medicare; NCCI Policy Manual for Medicare Services – Effective 1/1/2019;

External entities affected: [External Entities Affected]

Approved by: Corporate Compliance Committee

Modification History

Date	Modified By	Reviewed By	Modifications
2/22/2019	[redacted]	[redacted]	Newly created to support adoption of PIC. Review and modification continued as part of restructure of Corporate Compliance policies and CCO 2.0.
7/31/2019	[redacted]	Program Integrity Committee (PIC)	Reviewed with PIC. Incorporated applicable feedback from PIC members.
12/30/2019	[redacted]	Corporate Compliance Committee	Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
11/3/2020	[redacted]		Updated language about referrals to external entities (OHA PIAU and DOJ OR MFCU) on page 2 (Program Integrity Investigations a.) to align with contract requirement that promptly but in no event more than seven (7) days after Contractor is initially made aware of the suspicious case.
1/14/2021	[redacted]	OHA	OHA approved 2020 version.

1/15/2021	[redacted]		Annual review. Minor updates as a result of changes in the 2021 CCO Contract, including (1) changing OHA's PIAU to OPI and (2) Participating to provider. Added IDS requirement to referral to Health Share timeliness requirement under Program Integrity Investigations section. Added Health Share IDS Contract, 1/1/2021 to list of applicable regulations.
10/8/2021			Updated title of policy to include "Audits" and clarified throughout the policy that we conduct Program Integrity investigations *and* audits in accordance with the 2022 CCO contract updates. Also clarified that PI Audits can include review of claims/encounter against medical records and chart notes. In Corrective Action section added reference to 'Medicaid Grievance and Appeal System – Notice of Adverse Benefit Determination' policy.
11/30/2021			Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021			Replaced references to "employees" to "workforce" in accordance with recommendations from PS Legal.
10/31/2022			Annual review. Multiple revisions made, including: the inclusion of terms defined in the CPIP, removal of LOB specific language, added 'PI Audits' definition, additional regulatory citations, references to other applicable policies and/or materials outside of this document, and changed the author to [redacted], FWA Program Manager.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/17/2023			Annual Review. Removed [redacted] as an author and updated the next review date to 2024.
12/7/2023			Policy reviewed and approved by the Corporate Compliance Committee.

Medicaid Compliance Structure

State(s):	LOB(s):
☐ *Idaho* ☐ *Montana* ☒ *Oregon* ☐ *Washington* ☐ *Other:*	☐ *Commercial* ☐ *Medicare* ☒ *Medicaid* ☐ *PSA*

Government Policy

PacificSource Community Solutions (PCS) holds multiple Oregon contracts with the Oregon Health Authority (OHA) as a coordinated care organization (CCO) in multiple regions throughout the State. In addition, PCS holds an integrated delivery system (IDS) contract with Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the CCO contract with OHA, hereinafter CCO and IDS contracts will be referred to as 'Contract(s)'. All Contract(s) include program integrity requirements that PCS must adhere to. This policy, in combination with our Fraud, Waste, and Abuse (FWA) Prevention Handbook, the Code of Conduct and supporting policies and procedures articulate our commitment to comply with these provisions.

Procedure: Compliance Officer

PCS has identified and designated a Chief Compliance Officer who reports directly to the Chief Executive Officer (CEO) and PCS' Health Councils[1].

The Chief Compliance Officer is responsible for: (i) developing and implementing the written policies and procedures set forth in Exhibit B, Part 9, Section 11 of the Contract(s) and (ii) creating the annual FWA Prevention Plan (a.k.a. Plan) as such Plan is described in Exhibit B, Part 9, Section 12 of the Contract(s).

Procedure: Compliance Committee

Each of PCS' Health Councils have a Regulatory Compliance Committee, which includes the Chief Compliance Officer, senior-level management individuals and at least two (2) members of the applicable Health Council. Each Regulatory Compliance Committee is responsible for overseeing the FWA prevention program and compliance with the terms and conditions of the applicable Contract(s).

Procedure: Compliance Department

PCS has established a Compliance Department (a.k.a. Compliance Office), led by the Compliance Leadership Team, dedicated to, and responsible for, implementing the Plan. The Compliance Department is made up of multiple roles that cross multiple lines of business. For purposes of this policy, the roles and responsibilities

[1] PCS' Health Councils operate as the Board of Directors for their respective CCO Contract.

described below are specific to Medicaid compliance work. In addition, the Compliance Department partners with various business units within PCS to implement the Plan.

- **Corporate Compliance Officer.** Responsibilities include oversight of the compliance program for all lines of medical and dental business including commercial, Medicare and Medicaid plans. Responsibilities also include providing leadership for the Fraud, Waste and Abuse program and Internal Audit function.

- **Director, Corporate Compliance.** Responsibilities include establish and maintain compliance business objectives by carrying out the tasks of the annual work plan; offering information and opinion as a senior member of the compliance department; integrating objectives with other business units. Oversee the day-to-day operations of the corporate compliance department.

- **FWA Program Manager.** Responsibilities include FWA Program Development, Implementation, Maintenance, Oversight, Policy/Procedures, Chair Committees/Workgroups, quarterly and annual reporting, FWA Handbook, Assessment, Prevention Plan

- **Senior Investigator.** Responsibilities include conducting investigations and PI audits related to fraud, waste, or abuse, collaborating with internal business partners, ensuring compliance with state and federal laws and regulations and contract requirements, proactive data analysis to identify potential FWA.

- **Senior Compliance Specialist.** Responsibilities include supporting the Director, Corporate Compliance and Corporate Compliance Officer in administering the organization's Corporate Compliance Program. This position is responsible for implementing Compliance Program strategies and initiatives at the direction of the Director, Corporate Compliance and Corporate Compliance Officer.

- **Compliance Project Coordinator.** Responsibilities include coordinate all HSAG EQR audits, coordinate all HSO audits, coordinate any other regulatory audits, compliance inquiry triage.

- **Compliance Monitoring Coordinator.** Responsibilities include Medicaid Routine Monitoring and Monitoring Validation.

- **Delegation Oversight (DO) Program Manager.** Responsibilities include DO program development, implementation, maintenance, oversight, policy/procedures, chair workgroups, DO risk assessment/annual workplan, and subcontractor classification.

- **Delegation Oversight Specialist.** Responsibilities include subcontractor pre-delegation and annual audits, DO investigations/CAPs, and CCO contract deliverables.

At least one professional individual reports directly to the Chief Compliance Officer. Examples of a professional employee are an investigator, attorney, paralegal, professional coder, or auditor.

PCS demonstrates continuous work towards increasing the qualifications for the dedicated FWA team members by requiring continued education for maintaining certifications, including Certified Fraud Examiner (CFE) and Certified Professional Coder (CPC).

Investigators meet mandatory core and specialized training program requirements and the team employs, or has available to it, individuals who are knowledgeable about the provision of medical assistance under Title XIX

of the Act and about the operations of health care providers. The team may also employ or have available through consultant agreements or other contractual arrangements, individuals who have forensic or other specialized skills that support the investigation of cases.

Procedure: Compliance with the Contract

PCS is committed to complying with the terms and conditions set forth in Exhibit B, Part 9, Sections 1-18 of the Contract and all other applicable State and federal laws.

Supporting Documentation

- Compliance & Program Integrity Plan (CPIP)
- Policy: Program Integrity Investigations & Audits
- FWA Prevention Handbook

Appendix

Policy Number: C-02

Effective: 5/1/2012 **Next review:** 10/1/2024

Policy type: Government

Author(s): J[redacted]

Depts: Corporate Compliance

Applicable regulation(s): Contracts, Exhibit B, Part 9, Sections 1 – 18; Fraud Waste and Abuse (FWA) Annual Guidance Document 2024

External entities affected: Subcontractors and Participating Providers

Approved by: Corporate Compliance Committee: 12/30/19; 11/30/21; 11/30/22; 12/07/2024

Modification History

Date	Modified By	Reviewed By	Modifications
6/28/2019	[redacted]		Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract requirements.
12/30/2019			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
11/18/20			Updated: (1) Language within the 'Regulatory Compliance Committee' section to increase clarify based on feedback from OHA; (2) flow chart to provide additional visual clarity based on feedback from OHA.
1/14/2021			Not approved. Per OHA, "CCO Regulatory Compliance Committee members must include the Contractor's

			Chief Compliance Officer, senior level management and members of the Board of Directors." CCO must update policy prior to re-submission to ensure compliance.
1/19/2021			Updated to clarify the Regulatory Compliance Committee responsibility and membership. Also, updated PSCS to PCS.
1/20/2021			Annual Review. Made the following changes: Compliance Officer: Updated to align with the provision as stated in the 2021 CCO Contract and PCS actual process/policy (i.e. we don't use the term chief compliance officer); Regulatory Compliance Committee: Updated to incorporate the initial changes made in our November 2020 submission. Then deleted them to provide OHA with a redlined version and show updated language that complies with the CCO contract; Compliance with the Contract: Updated heading to match OHA's terminology. Also incorporated a statement [redacted] used in the FWA Reporting to the OHA policy that makes it clear that this language is included in the Handbook because it is in this policy. Lastly, updated the Section reference from 11 to 1 in accordance with the 2021 CCO Contract change.
1/26/2021			Compliance Office: Included language to clarify that the Compliance Office is also known as (aka) the Compliance Department;
10/5/2021			Compliance Office: Incorporated language to address the need for a professional individual to report directly to the Compliance Officer. This was prompted by a change in the 2022 CCO Contract. Also, added language regarding the applicability of these rules to the IDS contract.
11/22/2021			Replaced "employees" with "individuals."
11/30/2021			Policy reviewed and conditionally approved by the Corporate Compliance Committee. Policy is in draft until OHA approval.
4/25/2022			Compliance Office: Added details to explain that the Compliance department does includes FWA staff who report directly to the Chief Compliance Officer and are professional employee types, with appropriate skills and experience, as listed in the CCO Contract.
10/28/2022			Annual review. The following changes were made: Policy: Renamed policy from "CCO Compliance & FWA" to "Medicaid Compliance Structure." To make it applicable to Health Share as well as OHA. Added references to "Contract(s)" so applicability spans OHA and Health Share. Added 'Note' to make the reader aware of the defined terms within the CPIP. Added 'Purpose' to align with the 'Operational Policy on Policies.' Corporate Compliance Officer: Renamed from Compliance Officer in alignment with the CPIP. Corporate Compliance Committee: Replaced "Regulatory Compliance Committee" with "Corporate Compliance Committee" in alignment with the CPIP. Compliance Department: Replaced references to "Compliance" with "Compliance Department" in alignment with the CPIP. Replaced "employees" with

			"members," per Legal PCS doesn't technically have employees. Supporting Documentation: Added new section to reference the CPIP and CC Charter.
11/28/22	[redacted]		Annual review process. Multiple edits and updates were made to align policies and lines of business. Representatives from each area in addition to compliance leadership reviewed for finalization prior to Compliance Committee review
11/30/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/17/2023			Appendix: Replaced [redacted] with [redacted] since she is the FWA Program Manager; Added the last Compliance Committee Approval date to "Approved by" field. Compliance Officer: Removed "Corporate" from the section title because the Corporate Compliance Officer no longer reports directly to the CEO. Also, added a footer to explain the correlation between the CCO's Board of Directors and Health Council members. Compliance Committee: Removed "Corporate" from the section title because of process changes being implemented to address the need for at least two Board Members to be on PCS' Compliance Committee. Compliance Office: Updated to call out the Corporate Compliance Officer role since we no longer consider the Chief Compliance Officer and Corporate Compliance Officer as one and the same. Added a description regarding each role and its responsibilities, specific to Medicaid Compliance, in accordance with HSAG's FWA Guidance Document (*Fraud Waste and Abuse (FWA) Annual Guidance Document 2024*). Supporting Documentation: Added the FWA Prevention Handbook.
12/7/2023		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.

Delegation Contracts and Subcontractor Monitoring

State(s):	LOB(s):
☐ *Idaho* ☐ *Montana* ☒ *Oregon* ☐ *Washington* ☐ *Other:*	☐ *Commercial* ☐ *Medicare* ☒ *Medicaid* ☐ *PSA*

Government Policy

Overview

PacificSource Community Solutions (PCS) has contracts with the Oregon Health Authority (OHA) to serve as a Coordinated Care Organization (CCO) and Health Share of Oregon (HSO) to serve as an integrated delivery system (IDS). For purposes of delegation, monitoring, and Subcontractor relationships, the contracts with the OHA contain the same requirements for Medicaid members and Non-Medicaid members (formerly Cover All Kids). All Subcontractor contracts are in writing, specify the Subcontracted work and reporting responsibilities, are in compliance with the CCO Contract requirements, and incorporate applicable provisions of the CCO Contract based on the scope of the work Subcontracted. Hereinafter, all references to 'Contract' refer to the 'CCO Contract' and 'IDS Contract.'

Purpose

The purpose of this policy is to describe 1) how PCS enters into contracts that involve delegation of Contract duties and requirements; 2) how PCS monitors its Subcontractors that are party to delegation contracts; 3) the information that will be reported to OHA and/or HSO, including the method and timing, and 4) how PCS will hold its Subcontractors accountable for delegated activities.

Procedure

GENERAL

PCS' Subcontracts, including those entered into with Providers, will comply with the requirements set forth in Sec. 11 of Ex. B, Part 4 of the Contract. However, nothing in Sec. 11 precludes PCS from including additional terms and conditions in its Subcontracts provided that such additional terms and conditions do not conflict with or otherwise amend the requirements set forth herein and as otherwise required under the Contract.

Consistent with OAR 410-141-3735, PCS enters into contracts, memorandum of understanding (MOU), or other form of agreements including a grant agreement, with each Social Determinants of Health and Equity (SDOH-E) Partner that defines the services to be provided and PCS' data collection methods as provided in the Contract. OHA's Guidance Document with the minimum requirements for PCS' written agreements with SDOH-E Partners is located on OHA's Supporting Health for All through Reinvestment Initiative (SHARE) Initiative webpage at: https://www.oregon.gov/oha/HPA/dsi-tc/Pages/SHARE.aspx. See the Contract for additional details.

In no event will PCS delegate or otherwise assign to third parties the responsibility for performing any Work required under the Contract without first entering into a Subcontract that complies with the terms and conditions of the Contract. In all such instances, PCS will, at a minimum, comply with all of the following:

- To the extent PCS Subcontracts any services or obligations to a Subcontractor, Subcontractor must perform the services and meet the obligations and terms and conditions as if the Subcontractor is PCS.
- PCS ensures that all Subcontracts: (i) are in writing, (ii) specify the Subcontracted Work and reporting responsibilities, and (iii) are in compliance with the requirements described in the '**REQUIRED SUBCONTRACT PROVISIONS AND SUBCONTRACT REVIEW**' section below. In addition, any other requirements identified in the Contract, will be incorporated, based on the scope of Work Subcontracted such that the provisions of the Subcontract are the same as or substantively similar to the applicable provisions of the Contract.
- PCS acknowledges and agrees that it is a "Covered Entity" and that it may, from time to time, enter into Subcontracts with a "Business Associate" as both such terms are defined under 45 CFR §160.103. Accordingly, PCS ensures it enters into Business Associate agreements with its Subcontractors when required under, and in accordance with, the Health Insurance Portability and Accountability Act (HIPAA).
- PCS acknowledges and agrees not to Subcontract or otherwise delegate to a third party the following work:
    - Oversight and monitoring of quality improvement activities; and
    - Adjudication of appeals in a member grievance and appeal process.

PRE- DELEGATION ASSESSMENT (PDA) (A.K.A. READINESS REVIEW)

PCS evaluates and documents all prospective Subcontractors' readiness and ability to perform the scope of work wanting to be delegated prior to the effective date of the Subcontract. PCS refers to this evaluation as a pre-delegation assessment (PDA). The results of each PDA are documented and provided in accordance with the Contract, which includes providing it within five (5) days of an OHA request.

Each Subcontractor's PDA is unique. Therefore, prior to initiating the assessment the Compliance Department performs a thorough review of the drafted Subcontract and the Contract Review Form and interviews those Business Relationship Managers (BRM)seeking to delegate to the potential Subcontractor'. PDAs include an evaluation of delegated functions as well as those functions that are required of the potential Subcontractor, subsequent to the delegated function.

> For example, if claims processing functions are delegated then PCS would not only evaluate the potential Subcontractor's readiness to process claims on behalf of PCS but also their readiness to protect, retain and maintain this information in accordance with health information system requirements.

Additional examples of these functions are described within the **'SUBCONTRACTOR PERFORMANCE REVIEW**' section below. The functions required of a Subcontractor subsequent to a delegated function largely depend on the function(s) being delegated. For instance, Subcontracts that involve providing services to members or processing and paying for claims must also include requirements for maintaining a compliance and fraud, waste and abuse (FWA) program in accordance with 42 CFR §438.608 and the Contract.

Prior to contracting, PCS screens the potential Subcontractor and verifies its' employees have been screened for exclusion from participation in federal programs. In the event a potential Subcontractor is found to be excluded,

PCS will not move forward with a Subcontracting arrangement. Upon contracting with the Subcontractor, the Subcontractor is required to perform exclusion screenings for its' employees monthly. Please refer to the '*Exclusion and Background Checks*' policy for additional details.

In addition, PCS verifies the Subcontractor (when applicable) and its' employees have undergone a criminal background check. Please refer to the '*Exclusion and Background Checks*' policy for additional details.

In the event a Subcontractor is also a Participating Provider, PCS will credential the Subcontractor per Oregon Administrative Rules 410-141-3510, 42 CFR 438.214, and '*PacificSource Credentialing and Recredentialing'* policies.

If PCS has a contract with a potential Subcontractor that involves performance of services on behalf of PCS for a Medicare Advantage plan operated by PCS or its parent company or subsidiary, PCS may satisfy the requirements of the PDA by submission of the results of its Subcontractor PDA required by Medicare, but only for Work identical to that to being Subcontracted under Contract and only if the Medicare PDA has been completed no more than three (3) years prior to the effective date of the prospective Subcontract.

SUBCONTRACTOR AND DELEGATED WORK REPORT

PCS reports, via an Administrative Notice, the Subcontractor and Delegated Work Report (Work Report), in accordance with our Contract. Such Work Report summarizes, in list form, all Work and other activities required to be performed under Contract that have been Subcontracted to a Subcontractor. The Work Report is provided annually and within thirty (30) days after there is a change to a Subcontractor or the Work delegated to such Subcontractor, in accordance with our Contract Please refer to the '*Medicaid Contract Deliverable*' policy for details regarding the submission process and associated due dates.

The Work Report includes all of the following:

- The legal name of the Subcontractor;
- The scope of work being subcontracted;
- The current risk level of Subcontractor (high, medium, low) as determined by PCS is based on the level of member impact of Subcontractor's work, the results of any previous Subcontractor Performance Report(s), and any other factors deemed applicable by PCS, OHA, or HSO or any combination thereof, except that PCS must apply the following criteria to identify a high risk Subcontractor:
    - A Subcontractor is considered high risk if the Subcontractor:
        - Provides direct service to members or whose work directly impacts member care or treatment; or
        - Has had one or more formal review findings within the last three (3) years for which OHA, HSO or PCS or both has required the Subcontractor to undertake any corrective action; or
        - Both A and B above.
- Copies of ownership disclosure form, if applicable;
- Any ownership stake between PCS and the Subcontractor; and
- An attestation that PCS has:
    - Conducted a PDA of the Subcontractor, unless PCS relied on the Subcontractor's PDA required by Medicare as permitted by the Contract or if PCS previously conducted a PDA for Subcontractor's Work performed under this Contract within the last three (3) years;

- Confirmed that the Subcontractor was and is not an excluded from participation in federal program,
- Confirmed all Subcontractor employees are subject to and have undergone criminal background checks, and that
- A written Subcontract entered into with the Subcontractor that meets all of the requirements set forth in Ex. B, Part 4 of the Contract and any other applicable provisions in the Contract.

SUBCONTRACTOR FORMAL REVIEWS

PCS Monitors the performance of all Subcontractors on an ongoing basis[1] and also performs timely formal reviews of their compliance with all Subcontracted obligations and other responsibilities, for the purpose of evaluating their performance, which must identify any deficiencies, and areas for improvement based on the level of risk assigned to that Subcontractor. Subcontractors with a "High" risk rating are reviewed at least annually and those with "Medium" or "Low" risk ratings are reviewed at least every three (3) years. This formal review is also referred to as a Subcontractor Performance Review. Please note that the Subcontractor Performance Review and separate and distinct from a Program Integrity Audit (PI Audit). However, a PI Audit may be performed in conjunction with the Subcontractor Performance Review. Refer to the '*Program Integrity Investigations and Audits*' policy for details regarding PI Audits.

Subcontractor Performance Reviews are documented in a Subcontractor Performance Report, which must be completed. This report is discussed in more detail below. See 'SUBCONTRACTOR PERFORMANCE REPORT'.

Each Subcontractor Performance Review is unique to the Subcontractor being evaluated and therefore requires a thorough review of the Subcontractor's contract prior to kicking off the review. Similar to the evaluation preformed during a PDA, Subcontractor Performance Reviews include an evaluation of the delegated functions as well as those functions that are required of the Subcontractor, subsequent to a delegated function (i.e., health information system (HIS) compliance because claims processing functions are delegated).

Of note, if PCS has Subcontracted for services under a Medicare Advantage plan operated by PCS or its parent company or subsidiary, PCS may satisfy the requirements of Sub. Paras. (13) and (14), Sec. 11, Part 4, Ex. B of the Contract by submitting the results of a Medicare required Subcontractor compliance review ("Medicare Compliance Review"), provided that:

1. The Work performed by such Subcontractor was identical to the Work Subcontracted under the Contract, and
2. The time period for the Medicare Compliance Review is identical to or includes the same time period for the Subcontractor Performance Report required to be submitted under the Contract.

Regardless of whether PCS conducts a Subcontractor Performance Review or a Medicare Compliance Review, the following are areas (or functions) that may be assessed:

- Benefit Administration,

    - Utilization Management,
    - Case Management,
    - Care Coordination,
    - Pharmacy Only - Drug Rebate,
- Call Center,
    - Benefit Information,
    - Triage Process (i.e., routing grievances, appeals, prior authorization requests to the necessary area),
    - NEMT Only – Call Center hours of operation
- Claims and Encounter Processing,
    - Claims Process (paper/electronic (Point of Sale), decisions (approvals & denials), adjustments, corrections, pends, duals, third party liability (TPL), personal injury liens (PIL), disputes, valid/invalid claims, member eligibility, out of network (OON) providers)
    - Provider Payments (capitation & non-capitation),
    - Encounter Process (submission, data, accuracy, verification, timeliness),
    - Verification of services Process,
- Compliance & Program Integrity, including:
    - Standards, Policies & Procedures (regarding the prevention, detection and correction of non-compliance and/or fraud, waste, or abuse (FWA)),
    - Compliance Program
    - Exclusion Screening of Employees
    - Communication, Education, Training,
    - Monitoring, Auditing, Internal Reporting, including the reporting of non-compliance and/or FWA to PCS and the Subcontractor's oversight of the functions being delegated by PCS,
    - Disciplinary Guidelines for Non-Compliance,
    - Investigations and Remediation,
- Conflict of Interest;
- Disaster Recovery,
    - Business Continuity & Disaster Recovery,
    - Contingency/Back-up Plans,
- Documentation & Record Retention,
- Grievances,
    - Grievance Process (oral, written, member, non-member),
    - Complete Resolution,
- Health Information Systems (secure data repository),
- HIPAA Privacy & Security,
- Member Communications,
    - Member Communications (notice of adverse benefit determination (NOABD), plan changes, ad-hoc notices)
    - Marketing Prohibitions,
    - Limited English Proficiency (LEP) & Disability Accommodations,
    - Dental Only - Provider Directory (data, updates, written, web)
- Non-Emergent Medical Transportation (NEMT) processes,
- Performance Monitoring,
    - Reporting Performance Metrics/Results,
- Plan Notifications,
    - Subcontractor Termination,

    - Provider Terminations,
    - Reporting Required Information (Provider Data, etc.)
- Provider Network Management, and
    - Credentialing and Re-Credentialing (individuals, facilities, groups, criminal background checks, exclusion checks, re-credentialing, OHA provider enrollment, non-licensed providers, NEMT specific requirements (if applicable), traditional health worker requirements),
    - Contracting/Provider Agreements,
    - Prohibited Billing Practices,
    - Access Monitoring,
    - Provider Payments,
- Provider Oversight (monitoring and auditing),
- Staffing,
    - Employee Verifications (criminal background & exclusion checks),
    - Capacity
    - Training, including the requirements described within 42 CFR §438.608(b) and §438.214(d).

SUBCONTRACTOR PERFORMANCE REPORT

As indicated above, PCS documents the results of its' Subcontractor Performance Review (or the substituted Medicare Compliance Review) in a Subcontractor Performance Report. The Subcontractor Performance Report includes, at a minimum, the following:

1. An assessment of the quality of Subcontractor's performance of Subcontracted Work;
2. Any complaints or Grievances filed in relation to Subcontractor's Work;
3. Any late submission of reporting deliverables or incomplete data;
4. Whether employees of the Subcontractor are screened and Monitored for federal exclusion from participation in Medicaid;
5. The adequacy of the Subcontractor's compliance functions;
6. Any deficiencies that have been identified by OHA related to work performed by Subcontractor; and
7. A conclusion as to whether the Subcontractor has complied with all the terms and conditions of the Contract, that are applicable to the Work performed by Subcontractor.

For each High-risk Subcontractor, PCS provides a copy of each Subcontractor Performance Report (or the substituted Medicare Compliance Review) to OHA, via Administrative Notice, within thirty (30) days of completion and no later than December 31 of the Contract Year in which the Report was completed. For each Low or Medium risk Subcontractor, PCS provides a copy of the Subcontractor Performance Report (or the substituted Medicare Compliance Review) to OHA upon request, via Administrative Notice, within five (5) Business Days after request by OHA. PCS shall oversee and be responsible for the satisfactory performance of any functions or responsibilities it has Delegated to a Subcontractor.

In addition, on an annual basis, PCS provides a copy of each Subcontractor Performance Report (or the substituted Medicare Compliance Review) completed during the prior Contract Year and any corrective action plans resulting from the Subcontractor Performance Review. Please reference the '*FWA Prevention Handbook, Plan, & Assessment*' and '*Subcontractor Corrective Actions*' policy for additional details.

REQUIRED SUBCONTRACT PROVISIONS

PCS includes the following contract language in its Subcontracts with its Subcontractors:

- A provision that provides for termination of the Subcontract, the right to take remedial action, and impose other Sanctions by PCS, such that PCS' rights substantively align with OHA's (and when applicable HSO) rights under Contract, if the Subcontractor's performance is inadequate to meet the requirements of the Contract;

- A provision that provides for revocation of the delegation of activities or obligations, and any other remedies that must be taken in instances where HSO, OHA or PCS determine the Subcontractor has breached the terms of the Subcontract;

- A provision that requires the Subcontractor to comply with the payment, withholding, incentive and other requirements set forth in 42 CFR §438.6 that are applicable to the Work required under the Subcontract;

- A provision that requires Subcontractors to submit to PCS valid claims for services including all the fields and information needed to allow the claim to be processed without further information from the Provider within timeframes for valid, accurate, encounter data submission as required under Ex. B, Part 8 and other provisions of the Contract;

- An express statement whereby Subcontractor agrees to comply with all applicable laws, including, without limitation, all Medicaid laws, rules, regulations, as well as all applicable sub-regulatory guidance and contract provisions;

- An express statement whereby Subcontractor agrees that PCS, OHA, the Oregon Secretary of State, Centers for Medicare and Medicaid Services (CMS), Health and Human Services (HHS), the Office of the Inspector General (OIG), the Comptroller General of the United States, or their duly authorized representatives and designees, or all of them or any combination of them, have the right to audit, evaluate, and inspect any books, records, contracts, computers or other electronic systems of the Subcontractor, or of the Subcontractor's contractor, that pertain to any aspect of services and activities performed, or determination of amounts payable under the Contract;

- Provisions that specify that the Subcontractor will make available, for purposes of audit, evaluation, or inspection its premises, physical facilities, equipment, books, Records, contracts, computer, or other electronic systems relating to PCS' Medicaid Members;

- Provisions that specify that the Subcontractor must respond and comply in a timely manner to any and all requests from OHA or its designee for information or documentation pertaining to Work outlined in the Contract;

- Provisions that specify that the Subcontractor agrees that the right to audit by PCS, OHA, CMS, the DHHS Inspector General, the Comptroller General or their designees, exists for a period of ten (10) years from the Contract's Expiration Date or from the date of completion of any audit, whichever is later;

- Provisions that specify that PCS, OHA, CMS, DHHS Inspector General, or another regulator may inspect, evaluate, and audit the Subcontractor at any time if there is a reasonable possibility of fraud, waste or abuse;

- If PCS Subcontracts to any third parties any responsibility for providing services to Members or processing and paying for claims, provisions that require Subcontractors to adopt and comply with all of

PCS' Fraud, Waste, and Abuse (FWA) policies, procedures, reporting obligations, annual FWA Prevention Plan[2] and otherwise require Subcontractor to comply with and perform all of the same obligations, terms and conditions as set forth in Ex. B, Part 9 of the Contract;

  - Unless expressly provided otherwise in the applicable provision, Subcontractors must report any suspicion of Provider and Member FWA to PCS which PCS will in turn report to OHA, HSO, and/or the applicable agency, division, or entity. Accordingly, the timing for reporting obligations of Subcontractor must be shorter than those of PCS' time for reporting to OHA (seven (7) days) and HSO (three (3) days) so that PCS may timely report such incidents in accordance with the Contract;

- Provisions that require Subcontractors to allow PCS to perform Monitoring, audit, and other review processes for the purpose of determining and reporting on compliance with the terms and conditions of the Subcontract, including, without limitation, compliance with medical and other records security and retention policies and procedures.

  - Note: PCS documents and maintains all Monitoring activities;

- Provisions that require Subcontractors and Participating Providers to meet, the standards for timely access to care and services as set forth in the Contract(s) and OAR 410-141-3515, which includes, without limitation, providing services within a time frame that takes into account the urgency of the need for services. These provisions include the requirement that Participating Providers offer hours of operation that are no less than the hours of operation offered to PacificSource's Commercial members (when applicable);

- In accordance with Ex. B, Part 4 §11 (b)(1)(n) of the Contract, provisions that require Subcontractors to report any other primary, third-party insurance to which a Member may be entitled. Providers and Subcontractors must report such information to PCS within a timeframe that enables PCS to report such information to OHA (and when required, to HSO) within thirty (30) days of becoming aware that the applicable Member has such coverage, as required under Sec. 17, Ex. B, Part 8 of the Contract;

- In accordance with Ex. B, Part 4 §11 (b)(1)(o) of the Contract, provisions that require Subcontractors to provide, in a timely manner upon request, all third-party liability eligibility information and any other information requested by OHA or PCS, as applicable, in order to assist in the pursuit of financial recovery.

- In accordance with Ex. B, Part 4 §11 (a)(11) of the Contract, provisions that ensure Subcontractor agreements with Providers prohibit Providers from billing members for services that are not covered under Contract unless there is a full written disclosure or waiver (also referred to as agreement to pay)

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[2] Note: PCS' FWA Prevention Handbook, which includes its FWA policies, procedures, reporting obligations and Plan, is posted to its public website (https://communitysolutions.pacificsource.com/About/Compliance) for parties external to PCS to reference.

on file, signed by the member, in advance of the services being provided, in accordance with OAR 410-141-3565.

This list provisions is not meant to be all inclusive. These provisions along with other Contract requirements are included through the use of a standard Exhibit, which is attached to each Subcontract. This Exhibit is developed and maintained by PCS' Legal Department. Please reference the '*Contract Review – Drafting and Approval*' policy for details regarding this process and the use of this Exhibit.

PCS' Business Owners who negotiate and amend Subcontracts with Subcontractors are responsible for reviewing their applicable delegated agreement to ensure compliance with these requirements.

SUBCONTRACTOR TERMINATION

In the event PCS issues or receives notice that a Subcontractor's Subcontract has been terminated, PCS provides, within fifteen (15) days after receipt or issuance of the termination notice, a written notice of such termination to the Members who received regular care or primary care from the terminated Subcontractor.

PCS also provides notice to the OHA and (when applicable HSO) that (i) PCS has terminated a Subcontractor, or (ii) a Subcontractor has terminated its Subcontract with PCS. PCS has thirty (30) days to provide notice to OHA and fifteen (15) days to notify HSO. Notice includes an updated Work Report. See above for details regarding the Work Report and the '*Notification of Changes in Circumstance*' policy for additional reasons PCS provides notice.

SUBCONTRACTOR MONITORING

As mentioned above, PCS documents and maintains all the Monitoring activities performed on all Subcontractors. PCS may undertake some or all of the following activities, at varying frequencies, in order to Monitor and oversee Subcontractors on an ongoing basis (e.g., monthly, quarterly and/or bi-annual basis):

- Stakeholder meetings or workgroup meetings to address Subcontractor performance, member experience, or other identified issues;
- Secret shopper calls;
- Surveys;
- Provider chart reviews;
- Community governance taskforces or work groups to address community standards, integration goals, or transformation activities;
- Webinars or provider training activities to provide retraining or continuing education;
- Communication about contract changes, review results, or quality improvement activities;
- Review of member-facing materials and member outreach activities performed by the Subcontractor;
- Analysis of complaint data related to the Subcontractor's services or activities;
- Analysis of Subcontractor performance reporting;
- Planning sessions to identify unmet service needs in the region;
- Oversight and monitoring of grievances and NOABDs;
- Financial reporting and financial record reviews;
- On-site and/or desk review of documentation or any other source of relevant information;
- Interviews and/or questionnaires with business owners;
- Subcontractor Performance Reviews
- Ad-hoc review of policies and procedures; and
- FWA data reporting

PCS documents the Monitoring and oversight activities performed utilizing some or all of the following methods, as appropriate:

- Calendar invites;
- Site visit monitoring reports;
- Corrective action plans;
- Follow-up documentation;
- Email exchanges;
- Minutes and meeting sign-in pages;
- Retaining webinar slides and notes;
- Meeting agendas;
- Memoranda;
- Subcontractor Performance Report(s);
- Subcontractor Monitoring Status Report(s); and
- FWA reporting.

SUBCONTRACTOR CORRECTIVE ACTION PLANS (CAPs)

PCS requires its Subcontractors to implement a Corrective Action Plan (CAP) to remedy any deficiencies (or when applicable, areas for improvement) identified, whether through ongoing Monitoring or a formal review, deficiencies or areas for improvement. PCS maintains a separate policy describing this process. Please refer to the '*Subcontractor Corrective Actions'* policy for details.

DELEGATION OVERSIGHT WORK PLAN

Annually, PCS develops a Delegation Oversight Work Plan ("DO Work Plan"), to outline the activities planned for a particular Contract Year. The DO Work Plan encompasses activities performed across PacificSource. The activities captured in the DO Work Plan support Contract deliverables, such as the FWA Prevention Plan. See the '*FWA Prevention Handbook, Plan, and Assessment*' policy for additional details regarding deliverable content and submission requirements. Because of these Contract deliverables, the DO Work Plan must include specific activities and/or criteria to ensure compliance with Contract requirements. The following is a list of the applicable Contract deliverable and associated activity(s):

1. FWA Prevention Plan: (1) a copy of PCS' criteria and/or checklist developed and implemented to perform routine internal Monitoring and routine evaluations compliance reviews)of Subcontractors and Participating Providers to detect and remedy compliance risks; (2) a listing of all compliance reviews planned for the Contract Year, (3) identification of the individual(s) or department resources used to conduct the reviews, (4) the data or information sources being used, and (5) whether each review is conducted in person/on-site, and (6) when each review is scheduled to begin.

2. FWA Assessment Report: (1) Identify the (i) number of Subcontractor PI Audits and the (ii) number of Subcontractor compliance reviews conducted by PCS, and whether each PI Audit and review were performed on-site or based on a review of documentation; (2) Identify the training and education provided to and attended by its Subcontractors; and (3) a list of compliance reviews of Subcontractors, Participating Providers, and any other third parties, including a description of the data analytics relied upon;

OTHER MISCELLANEOUS REQUIREMENTS

- PCS requires Subcontractors to document, maintain, and provide to PCS all Encounter Data records that document Subcontractors' reimbursement to Federally Qualified Health Centers (FQHCs) Rural Health Centers (RHC) and Indian Health Care (IHC) Providers. PCS requires all such documents and records to be provided to PCS upon request, in accordance with the Contract.

- PCS understands and agrees that if PCS is not paid or not eligible for payment, in accordance with the Contract, for services provided, neither will PCS' Subcontractors be paid or be eligible for payment.

- In accordance with Ex. B, Part 4, §11(a)(12) and Ex. I, §1(b)(2) of the Contract, PCS provides to all Participating Providers and Subcontractors, at the time they enter into a Subcontract, its OHA-approved written procedures for its Grievance and Appeals System. This includes ensuring that Subcontractors provide copies of the same written procedures to every Participating Provider contracted with the Subcontractor. In addition, PCS provides all of its Participating Providers and other Subcontractors written notification of updates to these procedures and timeframes within five (5) business days after approval of such updates by OHA.

- In accordance with Ex. B, Part 9, §11(b)(7), PCS maintains a system to provide and require annual attendance at training and education regarding PCS's Fraud, Waste, and Abuse policies and procedures. Such training and education includes, without limitation, the right, pursuant to Section 1902(a)(68) of the Social Security Act, to be protected as a whistleblower for reporting any Fraud, Waste, or Abuse. PCS's system for training and education provides all information necessary for its employees, Subcontractors and Participating Providers to fully comply with the Fraud, Waste, and Abuse requirements of the Contract(s). All such training and education is specific and applicable to Fraud, Waste, and Abuse in Medicaid program. All training includes Medicaid-specific referral and reporting information and training regarding PCS's Medicaid Fraud, Waste, and Abuse policies and procedures, including any time parameters required for compliance with Ex B, Part 9. All such training and education is provided to, and attended by, PCS's Compliance Officer, senior management, and all of PCS's other employees. Please refer to the '*Effective Compliance and FWA Training and Education'* policy for additional information.

- In accordance with Ex. B, Part 9, §11(b)(8), PCS also maintains a system to provide annual education and training to PCS' workforce who are responsible for credentialing Providers and Subcontracting with third parties. Such annual education and training includes material relating to, as set forth in 42 CFR §§438.608(b) and 438.214(d):

    a) The credentialing and enrollment of Providers and Subcontractors; and

    b) The prohibition of employing, Subcontracting or otherwise being Affiliated with (or any combination or all of the foregoing) sanctioned individuals;

- In accordance with Ex. B, Part 9, §11(b)(20), PCS maintains a process which requires Subcontractors to notify PCS of any information it receives about a change in a Provider's or Subcontractor's circumstances that may affect the Provider's or Subcontractor's eligibility to provide services on behalf of PCS or any other CCO, including the termination of a Provider Agreement. PCS must notify OHA within thirty (30) days of receipt and HSO within fifteen (15) days of such information. Please refer to the '*Notification of Changes in Circumstance'* policy for additional information.

- In accordance with Ex. B, Part 4, §11(e): Within two (2) Business Days after receipt of written request, which may be made via Administrative Notice to PCS' Contract Administrator, PCS must provide OHA with any and all copies of Subcontracts entered into by PCS that relate to the services required to be provided under Contract. Additionally, within five (5) Business Days after receipt of a written request from OHA, PCS provides OHA with any and all copies of Subcontracts entered into by PCS's Subcontractor(s) that relate to the services required to be provided under this Contract. Such Subcontracts are provided in the manner directed by the request. Note: Upon request, PCS will provide HSO with any and all copies of Subcontracts entered into by PCS (as the IDS) that relates to the services required to be provided under the '*Amended and Restated IDS Agreement between Health Share of Oregon and PacificSource Community Solutions effective January 1, 2024,*' as amended. PCS (as the IDS) may redact portions of such Subcontracts that it deems proprietary and/or trade secret and will inform HSO of such redactions.

DUTIES PROHIBITED FROM DELEGATION AND MAINTAINING ULTIMATE LEGAL RESPONSIBILITY

As mentioned above, PCS does not Subcontract certain obligations and Work required to be performed under the Contract. The Contract identifies these obligations and Work. Examples of the obligations and Work that may not be delegated include, but are not be limited to: final adjudication of appeals, and the oversight and monitoring of quality improvement activities. Obligations and Work not expressly identified in the Contract as an exclusion may be delegated to a Subcontractor.

In accordance with 42 CFR 438.230(b)(1), no Subcontract may terminate or limit PCS' legal responsibility in accordance with the Contract for timely and effective performance of duties and responsibilities under the Contract. A breach of the requirements of a Subcontract by a Subcontractor is deemed by the Contract to be a breach of the Contract by PCS and PCS is liable for such Subcontractor breach. The imposition of any and all Corrective Action, Sanctions, Recoupment, Withholding, and other recovered amounts and enforcement actions against any Subcontract is solely the responsibility of PCS. PCS retains all legal responsibility and does not have a right to Subcontract the responsibility for Monitoring and oversight of Subcontracted activities.

Other Applicable Policies

- Effective System for Routine Monitoring, Auditing, and Identification of Compliance and FWA Risks
- Exclusion and Background Checks
- Reporting of Medicaid FWA
- Subcontractor Corrective Actions
- Notification of Changes in Circumstance
- FWA Prevention Handbook, Plan and Assessment

Appendix

Policy Number: [Policy Number]

Effective: 3/1/2016 **Next review:** 10/1/2024

Policy type: Government

Author(s): J[redacted]

Depts: Corporate Compliance, Claims, Grievance and Appeals, Provider Network

Applicable regulation(s): 42 CFR §438.6, 438.214(d), 438.230(b)(1), 438.608(b); 45 CFR §160.103; OAR 410-141-3510, 410-141-3515, 410-141-3565; Amended and Restated IDS Agreement between Health Share of Oregon and PacificSource Community Solutions effective January 1, 2022, Ex. B, Part 4, §11; CCO Contract – Amended and Restated effective January 1, 2022, Ex. B, Part 4, §11;

External entities affected: N/A

Approved by: Corporate Compliance Committee: 11/30/22; 12/07/2024

Modification History

Date	Modified By	Reviewed By	Modifications
3/4/16	[redacted]		New P&P
3/20/17			No edits to the content; updated PNP owner to Jessica Sayers
02/20/18			Add language to include Cover All Kids contract language with OHA.
07/02/19			Updated policy to add regulatory changes.
09/28/19			Updated language to align with OHA contract requirements.
11/17/20			Updated language to include additional applicable CCO Contract provisions as well as detail regarding what is included in the Assessments Corporate Compliance performs on Subcontractors.
1/14/2021			OHA approved 2020 version.
1/20/2021			Annual review. Incorporated changes from the 2021 CCO Contract, Ex. B, Part 4 §11; Ex. B, Part 9; Ex. I, §1(b)(2), other applicable regulations, and a new section to capture 'Other Applicable Policies' that apply. Also, incorporated applicable language from the 2021 IDS contract.
1/26/2021			Reviewed. Added a word for clarity/phrasing on page 10.
4/26/2021			Incorporated details regarding the posting of the FWA Handbook to PCS' external website for external parties to reference.
10/28/2021			Added language from 2022 CCO contract changes, Exh B, Pt 9, Sec 12 a. (1)(b), Exh B, Pt 9, Sec 18 b. (5) and Exh K, Sec 8 a.
11/23/2021			**Added the following language: "**In addition to the contract provisions listed above, there are additional provisions within the CCO Contract that need to be included in Subcontracts. PCS ensures all required provisions are included through the use of a standard Exhibit that is attached to each Subcontract. Reference the *Oregon Health Plan (Oregon Health Authority)*

			Contract Language Exhibit for a complete list of required subcontract provisions."
11/30/2021		Corporate Compliance Committee	Policy reviewed and conditionally approved by the Corporate Compliance Committee. Policy is in draft until OHA approval.
10/31/2022	[redacted]		Annual Review. See comments above for changes.
11/28/22			Annual Review. Multiple edits and updates were made to align policies. Compliance staff and compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/27/2023			Annual review. Updated policy to align with the 2024 CCO Contract. Revised the next review date and removed [redacted] as an author.
12/07/2023		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.

Compliance Investigations

State(s):	LOB(s):
☒ *Idaho* ☒ *Montana* ☒ *Oregon* ☒ *Washington* ☐ *Other:*	☐ *Commercial* ☒ *Medicare* ☒ *Medicaid* ☐ *PSA*

Government Policy

PacificSource Community Health Plans (PCHP) and PacificSource Community Solutions[1] (PCS) (collectively, "PacificSource") must maintain a system to receive, promptly respond to and record compliance questions, and reports of potential or actual noncompliance from its workforce, Delegates/Delegated Entities, Participating Providers or Members. Upon report or discovery of potential issues of noncompliance the Compliance Department will initiate a thorough investigation of the issue. All investigations of potential noncompliance are properly logged and tracked. Prior to closing an investigation, identified deficiencies are evaluated for any additional actions needed for remediation such as a formal corrective action plan (CAP) or referral to a Regulatory agency.

Purpose:

This policy and procedure details the investigation process for issues of noncompliance including incident identification, investigation steps (discovery), tracking, referrals, and necessary corrective actions.

See the *Program Integrity Investigations and Audits* policy for further details regarding the fraud, waste, and abuse (FWA) investigation process.

Incident Identification

The Compliance Department investigates all reports of potential noncompliance that come through a formal and/or informal communication channel. The following are some of the channels the Compliance Department receives/identifies incidents in need of investigation:

- Regulators
- PacificSource workforce and Board Members
- Members (i.e. complaints)
- Delegates/Delegated Entities
- Self-identified through compliance monitoring/auditing
- Anonymously through EthicsPoint
- Human Resources (HR) exit interviews or questionnaires

[1] In addition, PCS holds an integrated delivery system (IDS) contract with Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the PCS contract with the Oregon Health Authority (OHA). Specific to this policy, references to PacificSource include the IDS contract with HSO.

To that end, PacificSource maintains these open lines of communication channels and routinely monitors them for reports of potential incidents.

Investigation Steps

Investigation of all incidents and reports are initiated promptly, but no later than two (2) weeks. If a department or individual (other than the Compliance Department) identifies and reports an incident, then the Compliance Department works with that department or individual to gather the relevant facts and commence an investigation.

Upon initiating an investigation, the issue or incident is assigned a lead investigator. The lead investigator investigates the identified issue, documents the discoveries, and determines the next course of action. During the investigation process, the lead investigator may utilize any of the following methodologies:

- Interviews
- Review of process and system
- Review of policies and procedures
- Risk analysis
- Root cause analysis
- Beneficiary, financial, or operational impact analysis
- Validation of sample cases

Investigations are resolved as expeditiously as possible depending on the complexity and issue at hand. Complexity is based on factors such as the risks involved, amount of data and facts to be researched and confirmed in order to form a conclusion, clarity of issue, root cause, actions needed to resolve the issue, and the available resources. Every case varies by fact, circumstance, complexity, and resource availability. Thus, it is sometimes not possible to close out a case within a strict and defined timeframe because doing so will compromise the integrity, quality and thoroughness of an investigation. To that end, we adopt a “reasonable” approach to timely resolution of cases. Should a situation arise where PacificSource does not have the resources or expertise for proper investigation, or discovers a serious violation of noncompliance, the case will be reported or referred to the appropriate Regulators within thirty (30) days of identification.

Investigation Tracking

The Compliance Department tracks, logs and retains documentation of investigations. At the conclusion of an investigation into an incident, the lead investigator documents the findings. All investigations, regardless of outcome, are documented in the Compliance Department’s software so it can be reported should it be requested. A description of any necessary corrective action as a result of an investigation is documented as well. If it is determined that a formal CAP is warranted, one will be entered into the software and tracked through resolution. See the *Compliance Initiated CAPs* policy for further details.

Supporting Documentation

- Compliance & Program Integrity Plan (CPIP)

- Program Integrity Investigations and Audits
- Compliance Initiated CAPs
- Subcontractor Corrective Actions
- Personnel Corrective Actions

Appendix

Policy Number: C-07

Effective: 6/1/2012 **Next review:** 10/1/2024

Policy type: Government

Author(s): [redacted]

Depts: Corporate Compliance

Applicable regulation(s): 42 CFR 422.503(b)(4)(vi)(G); 438.608(a)(1)(vii); MMCM Chapter 21 & PDBM Chapter 9, §50.1.6 & §50.7; Contracts, Exhibit B, Part 9 §11 & §12

External entities affected: [External Entities Affected]

Approved by: Corporate Compliance Committee: 12/30/19; 11/30/21, 11/29/22

Modification History

Date	Modified By	Reviewed By	Modifications
7/3/2019	[redacted]	[redacted]	Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract.
12/30/2019			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/14/2021			OHA approved 2020 version.
1/19/2021			Annual Review. Updated 'Applicable regulations' section, removed "CCO 2.0" reference.
9/30/2021			Updated language from SharePoint site to "tracking system".
10/11/2021			Made minor grammatical changes, updated policy titles, revised Investigation Steps section to clarify that Compliance will work with Business Owners to gather pertinent information and revised Compliance 360 to "tracking system" in alignment with other Compliance policy updates.
11/30/2021			Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021			Replaced "employee" terminology with "workforce" in response to PS Legal review.
11/01/2022			Annual Review. Multiple edits and updates were made to align policies and lines of business. Representatives from each area in addition to compliance leadership

			reviewed for finalization prior to Compliance Committee review.
11/29/2022		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.
11/28/2023	[redacted]		Annual Review. Updated next review date and removed [redacted] as an author. No substantive changes. Compliance Committee review not necessary for 2024.

Compliance Initiated CAPs

State(s):	LOB(s):
☒ Idaho ☒ Montana ☒ Oregon ☒ Washington ☐ Other:	☐ Commercial ☒ Medicare ☒ Medicaid ☐ PSA

Government Policy

PacificSource Community Health Plans (PCHP) and PacificSource Community Solutions[1] (PCS) (collectively, "PacificSource") maintains a system and procedures to correct problems promptly and thoroughly to reduce the potential for reoccurrence. The Compliance Department initiates formal corrective action plans (CAP) when warranted following identification of matters of noncompliance, fraud, waste or abuse (FWA) issues. All matters of noncompliance will be promptly and appropriately responded to in accordance with applicable policies, regulations and contracts.

Purpose:

The procedures below outline the various phases of the corrective action process including, CAP identification, initiation, documentation, timelines, tracking, escalation, reporting, closure, preventing reoccurrence, other actions taken in response to noncompliance, and a corrective action flowchart.

CAP Identification

Sources:

Issues of noncompliance and FWA are identified both internally and externally via a variety of methods. These methods include, but are not limited to:

- Routine monitoring
- Internal compliance reviews/audits
- External compliance reviews/audits
- Investigations
- Self-disclosures
- Reporting
- Regulator initiatives

Several factors are considered when determining whether an issue warrants a formal CAP. These include but are not limited to:

- Complexity of the action needed to correct the issue

[1] In addition, PCS holds an integrated delivery system (IDS) contract with Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the PCS contract with the Oregon Health Authority (OHA). Specific to this policy, references to PacificSource include the IDS contract with HSO.

- Progress of correction at the time of discovery
- Amount of time and resources needed to correct the issue
- Whether or not the issue warrants a self-disclosure to either State or Federal Regulators.
- Nature of violation
- History of violation and/or likelihood of recurrence
- Risk to member or beneficiary access to care and protection
- Risk of government sanctions, fines, and corrective actions
- Root cause (i.e., manual/human error, process/systemic problem)

CAP Initiation and Documentation

Formal CAPs are used by PacificSource to track and resolve issues of noncompliance and FWA. Formal CAPs are logged and tracked within the Compliance Department's software system. The Compliance Department initiates a CAP by completing an electronic CAP form that includes a detailed description of the issue and a plan to resolve it. A liaison of the Compliance Department works with applicable Business Owners to track the progress and status of the CAP and obtains supporting evidence to ensure the issue of noncompliance and/or FWA is fully resolved.

Compliance liaison, in partnership with Business Owners, enter all relevant information into the system. CAPs go through the following process:

1. Each CAP is assigned a Business Owner. The Business Owner assigned to the CAP is typically the person with the most overall ownership of the affected process, even if the root cause may have occurred downstream in a supporting area. Compliance liaison assigns a single Business Owner to a CAP. The assigned Business Owner is responsible for collaborating with other stakeholders (in other areas), and/or Delegates/Delegated Entities that have a role in the overall process.

2. The compliance liaison will notify the Business Owner, their associated supervisor(s) and the executive management group (EMG) over the area that a CAP has been opened by initiating a system generated email announcement, which includes all the known details of the corrective action (thus far). The Business Owner is responsible for determining what steps will need to be taken to fully correct the issue of noncompliance and/or FWA. This may include implementing an interim process if a long-term correction is required.

3. Within a reasonable timeframe (typically 1 week) from the CAP notification date, the Business Owner will provide their plan for correction, including an estimated completion date (ECD), root cause and impact by updating the CAP form with all required information to facilitate tracking the status and outcome of the corrective action.

4. The Compliance Department may log multiple corrective actions if numerous deficiencies are found within the same business area. When possible, issues are combined into one CAP form. However, for clarity, tracking and documentation purposes multiple CAP forms may be needed.

5. Once the plan for correction is determined, it is reviewed by the compliance liaison to assess the reasonableness, appropriateness and completeness of the proposed corrective action and associated timelines. If any adjustments to the CAP are required, this is communicated to the Business Owner to make appropriate modifications. These modifications are adjusted in the CAP

form by the Business Owner.

CAP Timeliness

The standard timeline for issue resolution of a CAP is sixty (60) days. However, there may be regulatory, operational or other circumstances that require shorter or longer timelines. All CAPs are assessed and assigned a risk level. Multiple factors are taken into consideration, including the timeline to correct the issue of noncompliance and/or FWA. CAPs that have an excessive timeline, or other elements which result in an increased risk level, are presented at Corporate Compliance Committee. Upon the opening of the CAP form the Business Owner determines an ECD which may differ from the sixty (60) day standard timeline. In determining the appropriate timeline, the Business Owner(s) must identify all barriers that might prevent the CAP from being completed within sixty (60) days and provide an appropriate estimated CAP completion date. Within the overall resolution timeline, the Business Owner establishes milestones for specific achievements toward correction.

CAP Tracking

The Compliance Department and applicable Business Owner track the CAP progression on a continuous basis. The Business Owner should provide frequent status updates by updating content and adding comments to the CAP form in the system. CAPs are tracked based on status and risk level:

Status: This tracks where the CAP is in its lifecycle:

- **CAP Development:** The Business Owner is planning and discovering the root cause, impact, necessary steps to correct the issue and the estimated completion date.
- **CAP in Progress:** The Business Owner is actively working to implement the developed plan to resolve the issue(s).
- **CAP Validation:** The Business Owner has completed the work needed to resolve the issue. During this phase, the compliance liaison validates the issue of noncompliance and/or FWA has been corrected. This is generally done by reviewing evidence provided by the Business Owner and/or by conducting additional testing to confirm the issue is corrected.
- **Closed:** The issue of noncompliance and/or FWA has been fully resolved, validated (if applicable) and closed.

Levels: This is an indication of the current risk level of the CAP:

- **Minor:** In general, these are issues with small or no impact to the member, provider, vendor, producers, and/or organization; They can be corrected internally, and quickly managed to mitigate affect to members. These are often manual human errors.
- **Moderate:** In general, these are short-term or one-time issues that are non-compliant with regulation; There is a minimal impact to providers/members, producers; The issue could be resolved at the business unit level within sixty (60) calendar days and are often manual human

errors or process errors that are quickly identified and corrected.

- **Major:** In general, these are issues that are noncompliant with regulation for an extended period of time. There are impacts to providers/members, producers that may not be resolvable by the organization within 60-90 days. These may include repeated process errors or system errors.
- **Critical:** In general, these are issues that are noncompliant with regulation and involve physical and/or financial harm to providers/members, producers. These issues may have a significant impact on member access to care or their rights. May require a major realignment of process or how services are delivered. These are significant events with failure to deliver major stakeholder commitment, no recovery of outstanding debt, irreparable damage to credibility or integrity. Has a long recovery period of three (3) months or more. These will likely include repeated process errors and system issues.

The Business Owner is responsible for keeping the CAP form updated until the corrective steps have been completed. The Compliance Department liaison will work with the Business Owner throughout the process to ensure the CAP issues are worked and resolved. The CAP software system will generate CAP reminders to the Business Owner every two (2) weeks while the CAP status is 'CAP In Progress' to request that any updates and comments be added to the CAP form to capture the progress being made. Additionally, the system sends a reminder five (5) days prior to the Business Owner determined ECD. This reminder is sent to the Business Owner, accountable parties, the escalation individual (e.g., direct report EMG) and the compliance liaison. Once the CAP has been effectuated, all errors and deficiencies addressed, and validation (if applicable) is successful, the CAP is marked as closed.

CAP Escalation

CAPs that are opened for a repeat issue of noncompliance and/or FWA are also escalated to PacificSource's Corporate Compliance Committee for review and determination of additional actions as needed. CAPs can be considered a repeat issue of noncompliance and/or FWA when the same issue has occurred within the prior two (2) year period or when a CAP does not pass validation and is moved back into a corrective action phase so that additional corrective actions can be put into place.

Failure to resolve a CAP timely and in its entirety may result in disciplinary action up to and including termination or dismissal of the responsible party, or termination of contract.

CAP Reporting

PacificSource's Corporate Compliance Officer reports to PacificSource's Corporate Compliance Committee all CAPs currently in the corrective action stage. Special emphasis will be given to those CAPs that present an increased risk. Additionally, CAP data and specifics may be reported through dashboards and other mechanisms to various committees and leadership as appropriate.

CAP Closure

When it is determined that the issue has been remediated, the compliance liaison closes out a CAP. Prior to closing a CAP, the liaison analyzes the CAP against the seven (7) elements of an effective compliance program as the issues and resolution warrants:

- **Element I:** Assess whether operational and compliance policies and procedures existed before the issue occurred, and whether they have been created or revised to address the issue.
    - The revised operational and compliance policy are uploaded to the CAP form. An acceptable rationale must be provided if no revision was made.
- **Element II:** Report CAPs to the appropriate PacificSource Governing Body such as the Corporate Compliance Committee and/or the Board's Audit & Compliance Committee (ACC). Retain all evidence of reporting (i.e., committee minutes).
- **Element III:** Require Business Owners to conduct operational training and education with staff on any new or updated processes. An acceptable rationale must be provided if no training was conducted.
- **Element IV:** The CAP form itself is evidence of communication, but additional evidence may be in the form of emails from the Compliance Department to Business Owners, and issues log and final audit report dissemination.
- **Element V:** Assess whether disciplinary action was taken, as deemed appropriate by Human Resources (HR), against personnel due to the CAP. Rationale may be provided.
- **Element VI:** Review of CAP is performed as part of the Compliance Department's annual risk assessment to determine potential areas of risk that may need to be addressed in the annual work plan if gaps are identified.
- **Element VII:** The actual CAP articulates the prompt response to noncompliance and/or FWA. The CAP documents the following:
    - Root cause analysis.
    - Corrective actions taken.
    - Timeline of corrective actions.

Preventing CAP Reoccurrence

Depending on the nature, extent and risk of the issue, the Compliance Department may conduct, or require Business Owners to conduct, ongoing monitoring reviews to measure the effectiveness of the resolution and to ensure that the issue is not likely to reoccur. The Business Owner is required to provide a business prevention description prior to sending the CAP to the compliance liaison for validation of correction.

Delegate/Delegated Entity CAPs

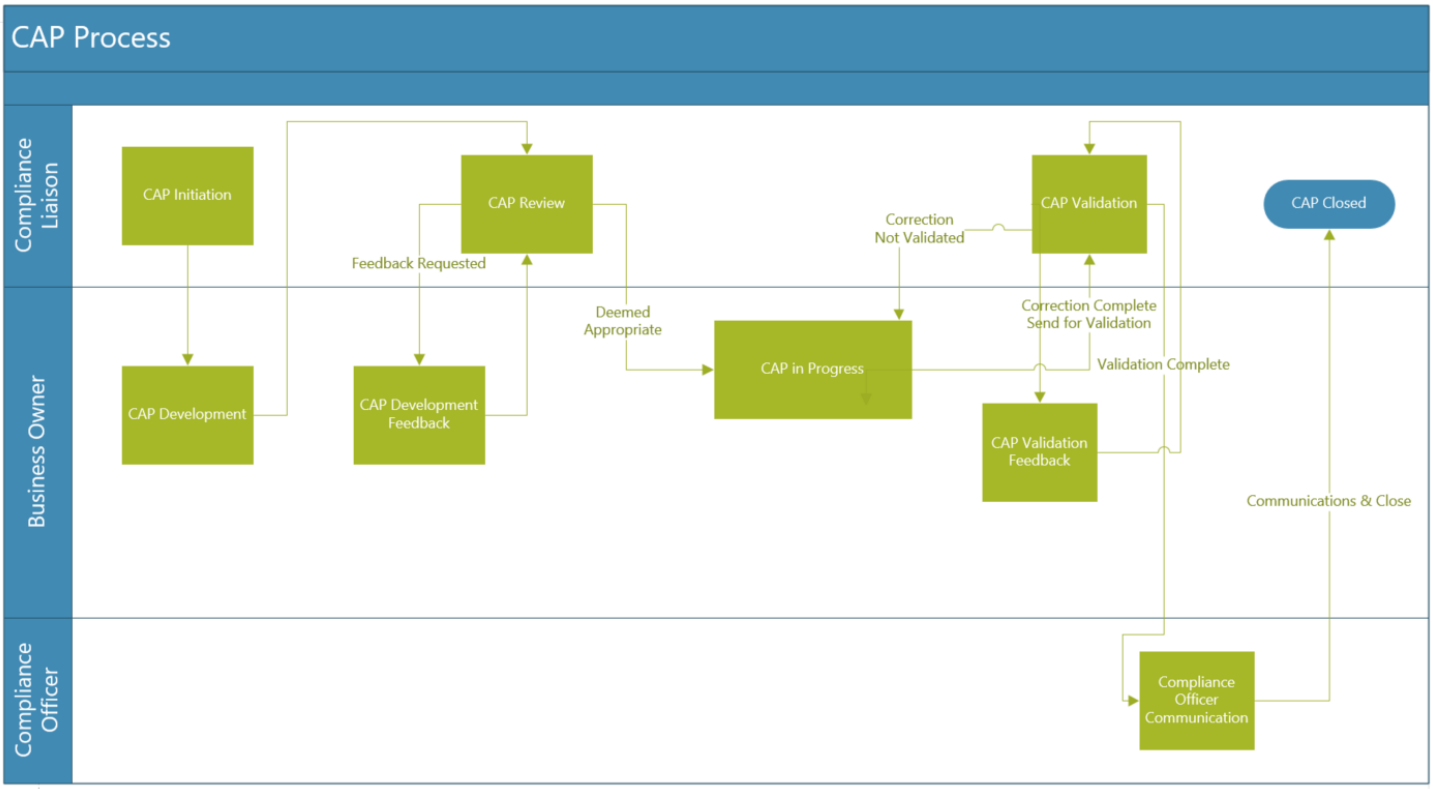
CAPs that impact a Delegate/Delegated Entity follow a similar process. The CAP is documented in writing and in the system and have the same steps outlined above and also consider any corrective action clauses within the contract with PacificSource including ramifications for failure to correct the deficiencies.

Upon completion of corrective steps, PacificSource performs validation to ensure correction and continues to monitor the issue either independently or through review of the Delegates/Delegated Entities' data. Please refer to the *Subcontractor Corrective Actions* and *Delegation Contracts and Subcontractor Monitoring* policy for additional details regarding Delegate/Delegated Entity corrective actions and oversight.

Other Actions Taken in Response to Noncompliance and/or FWA

Other actions that may be taken in response to an identified issue of noncompliance and/or FWA may include reporting or referring the issue to external agencies, making affected parties (such as members, providers, State or Federal agencies) whole, taking appropriate disciplinary actions, and/or termination of employment or contracts. Violations that stem from PacificSource's workforce or Delegates/Delegated Entities are handled in accordance with the disciplinary guidelines and enforcement standards as set forth in the associated polices. Please refer to the *Program Integrity Investigations and Audits* policy for additional details regarding responses to FWA activities.

CAP Flowchart



Supporting Documentation

- Compliance & Program Integrity Plan (CPIP)
- Policy: Effective System for Routine Monitoring, Auditing and Identification of Compliance and FWA Risks
- Policy: Personnel Corrective Actions
- Policy: Compliance Investigations
- Policy: Program Integrity Investigations and Audits
- Policy: Subcontractor Corrective Actions

Appendix

Policy Number: C-07B

Effective: 6/1/2012 **Next review:** 10/1/2024

Policy type: Government

Author(s): J[redacted]

Depts: Corporate Compliance

Applicable regulation(s): 42 CFR 422.503(b)(4)(vi)(G); 438.608(a)(1)(vii); PDBM, Chapter 9 and MMCM Chapter 21 - Compliance Program Guidelines (§50.1.6, 50.7); Contract, Exhibit B, Part 9 §6, §11(b)(10),(14)

External entities affected: [External Entities Affected]

Approved by: Corporate Compliance Committee: 12/30/2019, 11/30/2021, 11/29/2022

Modification History

Date	Modified By	Reviewed By	Modifications
7/2/2019	[redacted]		Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract.
12/30/2019			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/14/2021			OHA approved 2020 version.
1/19/2021			Annual Review. Minor updates. Revised Corporate Compliance Committee to Regulatory Compliance Committee and revised language to account for a change in systems (C360).
1/27/2021			Added the reference to a Corporate Compliance Committee (Medicare) back since this policy applies to both the Medicare and Medicaid LOB.
10/5/21			Made modification to align with new system and process.
10/11/2021			Reviewed. No 2022 CCO Contract changes impact this policy. Added to the modifications [redacted] made.
11/30/2021			Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021			Replaced “employee” terminology with “workforce” in response to PS Legal review.
11/2/2022			Annual Review. Multiple edits and updates were made to align policies and lines of business. Representatives from each area in addition to compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.

11/15/2023	[redacted]		[redacted]. Compliance Committee review not necessary for 2024.

Subcontractor Corrective Actions

State(s):	LOB(s):
☐ *Idaho* ☐ *Montana* ☒ *Oregon* ☐ *Washington* ☐ *Other:*	☐ *Commercial* ☐ *Medicare* ☒ *Medicaid* ☐ *PSA*

Government Policy

PacificSource Community Solutions (PCS) holds multiple Oregon contracts with the Oregon Health Authority (OHA) to serve as a coordinated care organization (CCO) in various regions throughout the State. In addition, PCS holds an integrated delivery system (IDS) contract with another CCO, Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the CCO contract with OHA, hereinafter CCO and IDS contracts will be referred to as 'Contract(s)'.

Purpose

PCS is permitted to contract with Subcontractors to perform certain functions on its' behalf. PCS contracts with multiple Subcontractors and agrees that upon identification of deficiencies, whether those deficiencies are identified by PCS, a Regulator, or their designee, PCS requires its' Subcontractors to respond and remedy those deficiencies within the timeframe determined by PCS' Regulator(s). This provision is included in all Subcontractor contracts. Please reference the '*Delegation Contracts and Subcontractor Monitoring*' policy for additional information regarding the contracting and monitoring of PCS Subcontractors. PCS complies with and reports Subcontractor corrective action plans (CAPs) in accordance with its' Contract(s).

Procedure: Definitions

Subcontractor: means an individual or entity that has a contract with PCS that relates directly or indirectly to the performance of PCS' obligations under its Contract(s). A Participating Provider is not a Subcontractor solely by virtue of having entered into a Participating Provider agreement with PCS.

Procedure: Business Relationship Managers (BRMs)

Reporting:

Business Relationship Managers (BRMs) notify the Compliance Department prior to initiating a Subcontractor CAP to ensure all the necessary information needed for reporting is considered and/or obtained at the time of CAP initiation. The Compliance Department performs a cursory review of the identified deficiency for reasonability. All Subcontractor deficiencies, related to a PCS delegated function, are reported to the Compliance Department to ensure they are properly logged, tracked, and communicated to the appropriate Regulators. BRMs provide notification to the Compliance Department through the Compliance Department's software.

The following information is included when reporting a Subcontractor deficiency to the Compliance Department:

- Subcontractor Name,
- Applicable CCO(s) (i.e. Central Oregon CCO)
- Date deficiencies identified,
- Description of the identified deficiencies,
- Rule, regulation, policy or contract provision that is the subject of noncompliance,
- Description of the actions required of the Subcontractor to remedy the deficiencies, and
- Timeframe for completing the required actions.

The Compliance Department developed a form for BRMs to utilize when reporting this information to the Compliance Department. Reach out to the Compliance Department for a copy of this template.

Corrective Action Steps:

BRMs, primarily responsible for the function found to be deficient, partner with the Compliance Department to track the Subcontractor's progress in the Compliance Department's software. All progress, including any delays and/or successfully completed CAPs are reported to the Compliance Department to ensure prompt reporting to PCS' Regulators, in accordance with our Contract(s).

Procedure: Compliance Department

Deficiency Identification:

The Compliance Department performs routine monitoring and Subcontractor performance audits. These reviews can identify Subcontractor deficiencies, which require corrective action. When this occurs, the Compliance Department partners with the applicable BRMs to initiate the corrective action, including reporting it to the necessary Regulators. Please reference the '*Delegation Contracts and Subcontractor Monitoring*' policy for additional details regarding Subcontractor oversight.

Corrective Action Initiation & Tracking:

Once the Compliance Department is aware of a Subcontractor deficiency and the necessary information (see BRM section above) is gathered, a formal CAP via an electronic CAP form is initiated in the Compliance Department's software system. A liaison of the Compliance Department researches and conducts a reasonableness review. The liaison tracks and reports the CAP on behalf of the Compliance Department. They identify and work with the applicable Business Owner (may also be a BRM) which is typically the Business Owner who is primarily responsible for the function which most closely relates to the deficiency identified. Together they track CAP progress and its' status through to resolution. Once determined resolved, the Business Owner provides the liaison supporting evidence of deficiency resolution. PCS staff reporting the issue of noncompliance is responsible for communicating the formal CAP to the Subcontractor.

Corrective Action Timeliness:

The standard timeline for CAP resolution is sixty (60) days. However, there may be regulatory, operational or other circumstances that require shorter or longer timelines. Within the overall resolution timeline, the CAP will establish milestones for specific achievements toward correction. Please reference the '*Compliance Initiated CAPs*' policy for additional details regarding CAP timeliness.

Corrective Action Plan Escalation:

CAPs that are opened for a repeat issue of noncompliance will be escalated to PCS' Corporate Compliance Committee for review and determination of additional actions as needed. CAPs can be considered a repeat issue of noncompliance when the same deficiency has occurred within the prior two (2) year period or when a CAP does not pass validation and is moved back into a corrective action requiring additional corrective actions be taken to fully resolve the deficiency.

Failure to resolve a CAP timely and in its entirety may result in disciplinary action up to and including termination or dismissal of the responsible party, or termination of contract.

Corrective Action Plan Reporting:

The Compliance Department is responsible for tracking and reporting all Subcontractor corrective actions to the Medicaid Administration Department (aka Medicaid Admin). The Compliance Department must notify OHA when a Subcontractor CAP is opened, remedied, and (if applicable) when the Subcontractor is unable to fully remedy the underlying deficiency by the deadline. Notice must occur within:

- Fourteen (14) days of the corrective action plan being provided to the applicable Subcontractor; and
- Fourteen (14) days after the intended original completion date set forth in the CAP, regardless of whether the CAP is remedied.

The Compliance Department developed a template letter (OHA Notification of Subcontractor CAP Template) with Medicaid Admin to communicate this information because we are required to provide it via Administrative Notice. The liaison associated with the Subcontractor CAP typically populates the 'OHA Notification of Subcontractor CAP Template' on behalf of the Compliance Department using the information collected from the BRM and/or CAP Business Owner.

The liaison reviews the populated 'OHA Notification of Subcontractor CAP Template' with the Corporate Compliance Officer, or their designee, prior to submitting to Medicaid Admin. Once the Corporate Compliance Officer, or their designee, reviews the 'OHA Notification of Subcontractor CAP Template,' the liaison will send the completed document to Medicaid Admin for submission to OHA. Please reference the *Medicaid Admin Trigger Report and CAP Submission* desktop procedure for additional details regarding reporting to Medicaid Admin.

Procedure: Medicaid Admin Department

The Medicaid Administration Department (Medicaid Admin) submits the document supplied by the Compliance Liaison to OHA and HSO, when required. Please refer to the *Medicaid Contract Deliverable* policy for details regarding this process.

Supporting Policies, Procedures, and Other Documents

Templates:

- **For BRM use:**

- MISC4314_1019_Plan Approved 10162019_Subcontractor Corrective Action
- Medicaid Subcontractor CAP Warning Notification

- **For Compliance Liaison use:** OHA Notification of Subcontractor CAP Template

Policies/Procedures:

- Delegation Contracts and Subcontractor Monitoring
- Compliance Initiated CAPs
- Medicaid Contract Deliverables Policy

Desktop Procedures:

- Medicaid Admin Trigger Report and CAP Submission

Appendix

Policy Number: C-06C

Effective: 1/1/2019 **Next review:** 10/1/2024

Policy type: Government

Author(s): J[redacted]

Depts: Corporate Compliance; Medicaid Admin; All Other PCS Business Units

Applicable regulation(s): OAR 410-141-3500(22); (69); Contract, Exhibit B, Part 4, §11 (a) (16), (17); Part 9, Section 11(b)(10)

External entities affected: [External Entities Affected]

Approved by: Corporate Compliance Committee

Modification History

Date	Modified By	Reviewed By	Modifications
4/2/2019	[redacted]		Created in response to a 2019 CCO Contract Provision.
7/1/2019			Updated to comply with CCO 2020 Contract.
12/30/2019			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/14/2021			OHA approved 2020 version.
1/19/2021			Annual Review. Incorporated additional citations in the 2021 CCO contract. Also, updated PSCS to PCS.
1/20/2019			Incorporated applicable processes from the “Compliance Initiated CAPs” policy into this policy.

10/28/2021	[redacted]		Replaced ComplianceQ&A@pacificsource.com with “tracking system” on account of SAI360; Revised the applicable regulatory citations; Removed content that can be found in another Compliance policy (Compliance Initiated CAPs’; Updated who reviews Subcontractor CAP notices prior to submission to Medicaid Admin;
11/30/2021			Policy reviewed and conditionally approved by the Corporate Compliance Committee. Policy is in draft until OHA approval.
10/29/2022			Annual review. Revised the content to align with current process and to align terminology used within the CPIP.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/17/2023			Annual Review. Replaced [redacted]ist with [redacted] as an author. Updated the next review date to 2024. No substantive changes. Compliance Committee review not necessary for 2024.

Reporting of Medicaid FWA

State(s):	LOB(s):
☐ Idaho ☐ Montana ☒ Oregon ☐ Washington ☐ Other:	☐ Commercial ☐ Medicare ☒ Medicaid ☐ PSA

Government Policy

PacificSource Community Solutions (PCS) holds multiple contracts with the Oregon Health Authority (OHA) as a Coordinated Care Organization (CCO) in multiple regions throughout the State of Oregon. In addition, PCS holds an Integrated Delivery System (IDS) contract with Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the CCO contract with OHA, hereinafter CCO and IDS contracts will be referred to as 'Contract(s)'. Each Contract includes program integrity requirements that PCS must adhere to. This policy, in combination with our FWA Prevention Handbook, the Code of Conduct and supporting policies and procedures articulate our commitment to comply with these provisions.

Purpose

The purpose of this policy is to describe the process for referring and reporting Fraud, Waste and Abuse (FWA) to the appropriate agencies in accordance with our Contract(s).

Procedure: Definitions

- **Overpayment:** Any payment made to a Participating Provider by PCS to which the Participating Provider is not entitled to under Title XIX of the Social Security Act or any payment to PCS by a Regulator to which PCS is not entitled to under Title XIX of the Social Security Act.
- **Program Integrity (PI) Audit[1]:** Is a review of Medicaid claims for suspicious aberrancies to establish evidence that fraud, waste, or abuse has occurred, is likely to occur, or whether actions of individuals or entities have the potential for resulting in an expenditure of Medicaid funds which is not intended under the provisions of PCS' Contract(s), Regulator provisions, and whether improper payment has occurred.
- **Provider:** An individual, facility, institution, corporate entity, or other organization that supplies health services or items, also termed a rendering provider, or bills, obligates, and receives reimbursement on behalf of a rendering provider of services, also termed a Billing Provider (BP). The term provider refers to both rendering providers and BP unless otherwise specified.

[1] Note: This is not an exhaustive list of activities that may be classified as a PI Audit.

Procedure: FWA Audit Reports

Requirement:

In accordance with Ex. B – Part 9, §17(b) of the Contract(s), PCS submits all PI Audits and FWA Audit Reports in accordance with the *Timing* and *Method* sub-sections described below.

FWA Audit Reports are a summary of the PI Audits conducted based on a lookback period determined by OHA. They are submitted on a standardized template requiring specific information, including but is not limited to:

- All the data points listed in the template,
- Information regarding recovered provider overpayments, including the source,
- All sanctions or corrective actions imposed on Subcontractors or Providers,
- All PI Audits opened, in-process, and closed during the reporting period, and
- A copy of the final PI Audit report for each PI Audit identified as closed during the reporting period.

Timing:

- Quarterly: A FWA Audit Report is submitted for each Contract(s) at the end of each calendar quarter. Due dates are subject to change, refer to the applicable Contract(s) for specific dates.
- Annually: A FWA Audit Report is submitted for each Contract(s) at the end of each calendar year. Due dates are subject to change, refer to the applicable Contract(s) for specific due dates.

Method:

PCS uses the template (FWA Audit Report) located on the 'CCO Contract Forms' website[2] unless otherwise specified.

Procedure: FWA Referrals and Investigations Report

Requirement:

In accordance with Ex. B – Part 9, §17(c) of the Contract(s), PCS submits all FWA Referrals and Investigations Report(s) in accordance with the *Timing* and *Method* sub-sections described below.

A FWA Referrals and Investigations Report is a summary report of all FWA referrals and cases investigated within a lookback period determined by OHA. The FWA Referrals and Investigations Report includes but is not limited to the following:

- All of PCS' open and closed preliminary investigations of suspected and credible cases.

[2] Link to the CCO Contract Forms website: https://www.oregon.gov/oha/HSD/OHP/Pages/CCO-Contract-Forms.aspx.

- Any incident with characteristics in line with the examples below, regardless of PCS' own suspicions or lack thereof-
    - Providers, other CCOs, or Subcontractors that intentionally or recklessly report encounters or services that did not occur, or where products were not provided.
    - Providers, other CCOs, or Subcontractors that intentionally or recklessly report overstated or up coded levels of service.
    - Providers, other CCOs, or Subcontractors intentionally or recklessly bill PCS or OHA more than the usual charge to non-Medicaid recipients or other insurance programs.
    - Providers, other CCOs, or Subcontractors who alter, falsify, or destroy clinical records for any purpose, including, without limitation, for the purpose of artificially inflating or obscuring such Provider's own compliance rating or collecting Medicaid payments otherwise not due. This includes any intentional misrepresentation or omission of fact(s) that are material to the determination of benefits payable or services which are covered or should be rendered, including dates of service, charges or reimbursements from other sources, or the identity of the patient or Provider.
    - Providers, other CCOs, or Subcontractors that intentionally or recklessly make false statements about the credentials of persons rendering care to members.
    - Providers, other CCOs, or Subcontractors that intentionally or recklessly misrepresent medical information to justify referrals to other networks or out-of-network Providers when such parties are obligated to provide the care themselves.
    - Providers, other CCOs, Subcontractors that intentionally fail to render medically appropriate covered services that they are obligated to provide to members under Contract(s) or applicable law.
    - Providers, other CCOs, or Subcontractors that knowingly charge members for services that are covered services or intentionally or recklessly balance-bill a member the difference between the total Fee-for-Service (FFS) charge and PCS' payment to the Provider, in violation of applicable law.
    - Providers, other CCOs, or Subcontractors intentionally or recklessly submit a claim for payment when such party knew the claim: (i) had already been paid by OHA or PCS, (ii) had already been paid by another source.
    - Any case of theft, embezzlement or misappropriation of Title XIX or Title XXI program money.
    - Any practice that is inconsistent with sound fiscal, business, or medical practices, and which: (i) results in unnecessary costs; (ii) results in reimbursement for services that are not medically necessary; or (iii) fails to meet professionally recognized standards for health care.
    - Evidence of corruption in the enrollment and disenrollment process, including efforts of PCS workforce, State employees, other CCOs, or Subcontractors who skew the risk of unhealthy member or potential members toward or away from PCS or any other CCO.

- Attempts by any individual, including PCS' workforce, Providers, Subcontractors, other CCOs, PCS, or State employees or elected officials, to solicit kickbacks or bribes. For illustrative purposes, the offer of a bribe or kickback in connection with placing a member into carve-out services, or for performing any service that such persons are required to provide under the terms of such persons' employment, contract, or applicable law.

Timing:

- Quarterly: FWA Referrals and Investigations Reports are submitted for each Contract(s) at the end of each calendar quarter. Due dates are subject to change, refer to the applicable Contract(s) for specific due dates.
- Annually: FWA Referrals and Investigations Reports are submitted for each Contract(s) at the end of each calendar year. Due dates are subject to change, refer to the applicable Contract(s) for specific due dates.

Method:

PCS uses the template (FWA Referrals and Investigations Report) located on the 'CCO Contract Forms' website[3] unless otherwise specified.

Procedure: Prompt Referral to Regulators

Requirement:

In accordance with Ex. B – Part 9, §17(d) of the Contract(s), PCS promptly reports all suspected cases of FWA, including suspected fraud committed by our workforce, Participating Providers, Subcontractors, members, or any other third-parties to OHA's Office of Program Integrity (OPI), DOJ's Medicaid Fraud Control Unit (MFCU), DHS' Fraud Investigation Unit (FIU), and HSO.

Timing:

All reports are made promptly but in no event more than seven (7) days (or three (3) days if there is a HSO impact) after PCS is initially made aware of a suspicious case.

Method:

Referrals are made to the applicable Regulator via their preferred submission method, including but not limited to mail, email, phone, or facsimile transaction to the contact information provided below:

Cases of Fraud or Abuse by a Provider:

- **Medicaid Fraud Control Unit (MFCU):** Oregon Department of Justice, 100 SW Market Street, Portland, OR 97201, Phone: 971-673-1880, Fax: 971-673-1890; and

[3] Link to the CCO Contract Forms website: https://www.oregon.gov/oha/HSD/OHP/Pages/CCO-Contract-Forms.aspx.

- **OHA Office of Program Integrity (OPI):** 3406 Cherry Ave. NE, Salem, OR 97303-4924, Fax: 503-378-2577, Secure email: OPI.Referrals@oha.oregon.gov, Hotline: 1-888-FRAUD01 (888-372-8301), https://www.oregon.gov/oha/FOD/PIAU/Pages/Report-Fraud.aspx

- **HSO (when applicable):** hearingsandappeals@healthshareoregon.org

Cases of Fraud or Abuse by a Member:

- **DHS Fraud Investigation Unit (FIU):** PO Box 14150, Salem, OR 97309, Hotline: 1-888-FRAUD01 (888-372-8301), Fax: 503-373-1525 Attn: Hotline; https://www.oregon.gov/odhs/financial-recovery/Pages/fraud.aspx

- **HSO (when applicable):** hearingsandappeals@healthshareoregon.org

PCS includes the above contact information for Oregon's MFCU, OPI and DHS Fraud Investigation Unit in our FWA Prevention Handbook and our Member Handbook.

PCS reports, regardless of its own suspicions or lack thereof, to the MFCU an incident with any of the characteristics listed as an example within the *FWA Referrals and Investigations Report* section above. All reporting is made as set forth in Paras. h. and i. of Sec.17, Ex. B, Part 9 of the Contract(s).

Procedure: Assisting in Agency Investigations and/or PI Audits

In accordance with Ex. B – Part 9, §17(f) of the Contract(s), PCS cooperates in good faith with HSO, MFCU, OPI, or their designees, hereinafter 'Agencies,' in any investigation or PI Audit relating to FWA, specifically:

1. PCS provides copies of reports or other documentation requested by the Agencies. All reports and documents required to be provided under the Contract(s) provision are provided without cost to the Agencies.

2. PCS permits the Agencies to inspect, evaluate, or audit books, records, documents, files, accounts, and facilities maintained by or on behalf of PCS as such parties may determine is necessary to investigate any incident of FWA.

3. PCS cooperates in good faith with the Agencies during any investigation of FWA.

4. In the event that PCS reports suspected FWA by PCS' Subcontractors, Providers, members, or other third parties, or learns of an Agency investigation, or any FWA investigation undertaken by any other governmental entity, PCS is prohibited from notifying, or otherwise communicating with, such parties about such report(s) or investigation(s).

Procedure: Overpayments

Requirement:

In accordance with Ex. B – Part 9, §11(b)(15), PCS self-reports any Overpayments received from OHA and/or HSO under our Contract(s) or any other contract, agreement, or memorandum of understanding (MOU) entered into

by PCS and OHA/HSO. Such Overpayments are reported within sixty (60) days (or forty-five (45) days if made by HSO) of identification, in accordance with our Contract(s).

In accordance with Ex. B – Part 9, §11(b)(16), PCS conducts PI Audits and reports any Overpayments made to Providers, Subcontractors, or other third-parties, regardless of whether such Overpayment resulted from the self-reporting of a Provider, Subcontractor, or other third-party, or identified by PCS and regardless of whether such Overpayment was the result of a FWA or accounting or system error.

a) If the identification of an Overpayment was the result of self-reporting to PCS by a Provider, Subcontractor, other third-party, this reporting provision includes the obligation to report, as required under 42 CFR §401.305, the Overpayment within sixty (60) days of the Provider's, Subcontractor's, or other third-party's identification of the Overpayment.

b) If the Overpayment was identified by PCS as a result of a PI Audit or investigation, such Overpayment is reported, in accordance with the timelines specified within the *Prompt Referral to Regulators* section above, of identifying the Overpayment.

c) If PCS suspects an Overpayment identified during a PI Audit or investigation is due to FWA, such Overpayment is reported in accordance with this policy. All such reports made by the Provider, Subcontractor, or other third-party includes a written statement identifying the reason(s) for the return of the excess payment.

All Overpayments, regardless of whether they were the result of self-reporting or the result of a routine or planned audit or other review, are accurately reported on the quarterly and annual financial reports required under the Contract(s). The Finance Department compiles and reports this information for PCS. For additional details, refer to the desktop reference within the *Supporting Policies, Procedures, and/or Other Documentation* section below.

Procedure:

PCS maintains a process to promptly report all Overpayments identified or recovered. Provider Overpayments are identified by Providers as well as PCS. Identified Provider Overpayments are processed and/or recovered by PCS' Government Claims Department. For additional details, refer to the policy within the *Supporting Policies, Procedures, and/or Other Documentation* section below.

Once Provider Overpayments have been processed, the information is queried in PCS' data warehouse. On a quarterly and annual basis, the Compliance Department queries the data warehouse for the necessary information to populate the required financial reports including Provider Overpayments identified by the applicable Subcontractors. The Compliance Department compiles the necessary data and completes a quality review it before sending it to PCS' Finance Department. Provider Overpayments are also reported on the quarterly and annual FWA Audit Reports.

Supporting Policies, Procedures, and/or Other Documentation

Claims Department:

- Overpayments

Compliance Department:

- FWA Prevention Handbook
- Program Integrity Investigations and Audits
- Notification of Changes in Circumstance
- Delegation Contracts and Subcontractor Monitoring
- FWA Prevention Handbook, Plan and Assessment
- FWA Case Data for Referral and Reporting[4]

Finance Department:

- Capitation Overpayment Reporting
- Medicaid Overpayment Reporting[5]

Appendix

Policy Number: C-07C

Effective: 6/1/2012 **Next review:** 10/1/2024

Policy type: Government

Author(s): [redacted]

Depts: Corporate Compliance, Finance, and Claims

Applicable regulation(s): Title XIX of the Social Security Act; 42 CFR §401.305, 438.2, 438.608(a)(2)&(7); CCO & IDS Contract, Exhibit B, Part 4 §5 & 6; Part 9 §11(b)(15-17) §17(b-f);

External entities affected: N/A

Approved by: **Corporate Compliance Committee**

Modification History

Date	Modified By	Reviewed By	Modifications
7/2/2019	[redacted]		Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract requirements.
12/30/2019			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/14/2021			OHA approved 2020 version.

[4] This is a desktop reference (DTR) not an official policy.
[5] This is a desktop reference (DTR) not an official policy.

1/19/2021	[redacted]		Annual review. Updated based on 2021 CCO Contract changes and moved contract provisions regarding the reporting of provider exclusions into a new policy titled '*Notification of Changes in Circumstance*'. Added statement confirming it is PCS' policy to comply with contract requirements in Ex B, Part 9, 17.e and 17.f.
10/8/2021			To align with 2022 CCO contract changes, added statement that explains we'll provide an Audit report for each Audit closed during a quarter, as reported on FWA Audit report. Clarified that we use the most current OHA-posted or OHA-provided version of the FWA Audits and Referrals & Investigations template for reporting. For Overpayments section clarified that "audits" are "PI Audits". Updated language throughout to change "must" statements to "will" statements.
11/30/2021			Policy reviewed and conditionally approved by the Corporate Compliance Committee. Policy is in draft until OHA approval.
12/28/2021			Replaced "employee" terminology with "workforce" in response to PS Legal review.
10/28/2022		i	Annual review. Revised policy title so this policy can capture more than just OHA reporting. ('FWA Reporting to the OHA' to 'Reporting of Medicaid FWA') incorporate Health Share and made subsequent updates to further incorporate Health Share in the policy. Also, enhanced for clarity, to add Medicaid specific definitions, and to align with changes made to the CPIP.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/27/2023			Annual review. Updated language throughout to align with the 2024 CCO Contract. Replaced a reference to the CPIP with the FWA Prevention Handbook. Also, revised the next review date and removed [redacted] as an author.
12/7/2023			Policy reviewed and approved by the Corporate Compliance Committee.

Exclusion and Background Checks

State(s):	LOB(s):
☒ Idaho ☒ Montana ☒ Oregon ☒ Washington ☐ Other:	☐ Commercial ☒ Medicare ☒ Medicaid ☐ PSA

Government Policy

PacificSource, and its affiliates including, but not limited to; PacificSource Community Health Plans, and PacificSource Community Solutions (collectively, "PacificSource") shall not hire, contract with, or allow any individual who has been sanctioned or excluded from participating in Medicare or Medicaid programs to work in such programs. This includes PacificSource's workforce, temporary workers, volunteers, consultants, board members, and Delegates/Delegated Entities.

PacificSource shall perform required checks of the above mentioned parties against the Office of Inspector General (OIG), Excluded Individuals/Entities (LEIE) and General Services Administration's (GSA) System for Award Management (SAM). In addition, PacificSource may conduct other background checks prior to an offer of employment, such as criminal records, driving records, and education and professional credentials.

PacificSource will not contract with or pay claims to Delegates/Delegated Entities who have been sanctioned or excluded from participating in Medicare or Medicaid programs, or who are on the Medicare Preclusion List.

Exclusion Checks

The LEIE and SAM search utilizes the government's database for individuals and businesses excluded or sanctioned from participating in Medicare, Medicaid or other federally funded programs. Any applicant, board member, contractor or officer appearing on this list will not be considered for employment or appointment.

The lists can be found at:

OIG LEIE: https://exclusions.oig.hhs.gov/

SAM: https://sam.gov/content/home

The Human Resources (HR) Department is responsible for conducting the LEIE and SAM checks for the PacificSource workforce, candidates and officers. The checks are done prior to any offer of employment or appointment and then monthly thereafter. The Compliance Department performs monthly checks of contracted Delegates/Delegated Entities, PacificSource Board Members and Independent Contractors. In addition, the Compliance Department maintains ongoing monitoring of exclusion check results performed by other PacificSource Departments and/or contracted Delegates/Delegated Entities. See below for details.

Background Checks

HR also conducts other background checks, including criminal records, education, and professional credentials as appropriate. For applicants who have adverse background records, HR in collaboration with the hiring supervisor will determine whether the applicant is eligible for employment with PacificSource, based on the specific role and job function, and the nature of the adverse event or record.

Fair Credit Reporting Act (FCRA)

The FCRA requires PacificSource to provide specific notice, authorization and adverse action procedures for all background checks. The FCRA is designed primarily to protect the privacy of consumer report information and to guarantee that the information supplied by consumer reporting agencies is as accurate as possible. It ensures that individuals are aware that consumer reports may be used for employment purposes, the individuals agree to such use, and individuals are notified promptly if information obtained may result in a negative employment decision.

Notification

All applicants, board members and officers must complete the Background Authorization form that authorizes HR to conduct background checks. If a decision is made not to hire an applicant due to the applicant being listed on the LEIE or SAM, or due to an adverse background record, HR will provide the applicant with a pre-adverse action disclosure that includes a copy of the adverse background record and a copy of "A Summary of Your rights Under the Fair Credit Reporting Act." Once the decision is made not to hire the applicant, HR will provide the applicant notice that the action has been taken in an adverse action notice.

Self-Disclosure

All individuals and entities covered by this policy are required to immediately disclose to PacificSource any exclusion or other events that make them ineligible to perform work related directly or indirectly to a government health care program. Delegates/Delegated Entities are to disclose such information to their PacificSource contract administrator. Failure to disclose may result in appropriate corrective actions, up to and including termination of employment or contract.

Providers and Delegates/Delegated Entities

Medical Providers: Provider Network checks medical providers, including providers designated by the Centers for Medicare & Medicaid Services (CMS) (specific to Medicare) or Oregon Health Authority (OHA) (specific to Medicaid) as “moderate” or “high” risk, against the data sources outlined below. Checks are performed at the time of credentialing, re-credentialing, and ongoing at the required frequency (at least monthly). In addition, PacificSource performs these checks prior to authorizing or making payment to ensure PacificSource does not utilize providers who are ineligible to work with or receive payment for work related directly or indirectly to Federal and/or State health care programs.

Data Sources:

1. LEIE
2. SAM
3. Medicare Preclusion List
4. Medicare Opt-Out
5. OHA's Provider File (of) Active and Inactive (providers enrolled with OHA)

OHA has established categorical risk levels for Providers and Provider types. OHA posts these on their webpage (*Tools for OHP Health Plans*). When credentialing Providers or Provider types designated by OHA as "moderate" or "high" risk, PacificSource would only execute a contract with Providers enrolled with OHA. OHA is responsible for performing site visits for such "moderate" or "high" risk Providers and for ensuring that such "high" risk Providers have undergone fingerprint-based background checks. For a Provider who is actively enrolled in Medicare and has undergone a fingerprint-based background check as part of Medicare enrollment, OHA deems this Provider to have satisfied the same background check requirement for OHA Provider Enrollment. OHA's Provider Enrollment files are updated weekly and posted to their webpage (*Tools for OHP Health Plans)*.

Pharmacy Providers: Pharmacy Services, through its pharmacy benefit manager (PBM), also screens pharmacies and pharmacists against exclusion lists. Please refer to the contracted PBM's policy and procedure titled *Monthly Federal Exclusion Check for Network Providers* for additional details.

Producers: As part of the appointment process, the PacificSource Agent Coordinator team screens producers against the LEIE and GSA list before the producers are allowed to market and sell on behalf of PacificSource. The PacificSource Agent Coordinator team also conducts monthly screenings for all contracted producers via Streamline reporting.

Delegate/Delegated Entity (Staff): On a quarterly basis, Delegate/Delegated Entity Business Relationship Managers (e.g. Provider Network, Health Services, Marketing, etc.) report to the Compliance Department the results of exclusion checks performed monthly by the contracted Delegate/Delegated Entity, on their applicable staff members.

- Medicare (only): On an annual basis, the Compliance Department requires applicable Delegate/Delegated Entities to attest and certify their compliance with this requirement. Delegate/Delegated Entity attestation and certification are subject to validation by the Compliance Department.

- Medicaid (only): The Compliance Department conducts pre-delegation and annual performance assessments. These assessments include a review for compliance with this requirement. Please refer to the '*Delegation Contracts and Subcontractor Monitoring*' policy for additional details.

Delegate/Delegated Entity (Entity): Prior to contracting with a new Delegate/Delegated Entity, the Compliance Department checks the potential Delegate/Delegated Entity against the applicable exclusion lists. The Compliance Department also performs monthly checks of each contracted Delegate/Delegated Entity.

Appendix

Author(s): [redacted]

Depts: Corporate Compliance, Human Resources, Provider Network, Sales, Pharmacy Services

Applicable regulation(s): 42 CFR §455 Subpart E; §1001.101; OAR 410-141-3510; Contract, Exhibit B, Part 4 §5

External entities affected: [External Entities Affected]

Approved by: Corporate Compliance Committee

Modification History

Date	Modified By	Reviewed By	Modifications
10/16/2019	[redacted]	[redacted]	Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract.
12/30/2019			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
11/17/2020			Added language to the *Providers and Subcontractors* section: (1) provision regarding provider types identified as "high" and "moderate" risk; (2) Modified language to clarify that attestations are no longer sent to Subcontractors to verify compliance as this is now done during the annual Subcontractor Performance Assessments including a reference to the 'Delegation Contracts and Subcontractor Monitoring' policy for details.
1/14/21			OHA approved the 2020 version.
1/19/2021			Annual review. Updated applicable regulation contract reference from §6 to §5.
9/30/21			Updated with 2022 CCO contract changes and other minor grammatical and verbiage updates.
10/19/21			Process owners performed their annual review to confirm the accuracy of the processes described above; changes made to the 'Medical Providers' exclusion checks to capture ongoing monitoring that isn't necessarily monthly (weekly). Also, defined acronyms that were not defined and removed full definitions when an acronym has already been defined.
11/30/2021			Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021			Replaced "employee" terminology with "workforce" in response to PS Legal review.
11/1/22			Annual review. Revised policy to align with CPIP defined terms. Also, updated repetitive terms (i.e. Corporate Compliance Department, brokers, etc.) for consistency and cohesiveness amongst Compliance Department policies.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/15/2023			Annual review. Removed reference to a HR specific policy that has the same name as this policy because

			there isn't a policy by this name in the PS P&P repository. Also, I believe this reference is being made to this policy rather than a separate policy. Revised the next review date and removed [redacted] as an author. No substantive changes. Compliance Committee review not necessary for 2024.

Notification of Changes in Circumstance

State(s):	LOB(s):
☐ *Idaho* ☐ *Montana* ☒ *Oregon* ☐ *Washington* ☐ *Other:*	☐ *Commercial* ☐ *Medicare* ☒ *Medicaid* ☐ *PSA*

Government Policy

PacificSource Community Solutions (PCS) holds multiple Oregon contracts with the Oregon Health Authority (OHA) as a coordinated care organization (CCO) in various regions throughout the State. In addition, PCS holds an integrated delivery system (IDS) contract with another CCO, Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the CCO contract with OHA, hereinafter CCO and IDS contracts will be referred to as 'Contract(s)'. Each Contract(s) includes program integrity requirements that PCS must adhere to. This policy, in combination with our FWA Prevention Handbook, the Code of Conduct and supporting policies and procedures articulate our commitment to comply with these provisions.

Purpose

The purpose of this policy is to describe the notifications that occur when there are changes in a member's, Provider's, and/or Subcontractor's circumstance and to whom the notification is provided to, in accordance with Program Integrity and Provider Delivery System provisions contained within PCS' Contract(s).

Procedure: Definitions

The following definitions are defined by OHA:

Provider: An individual, facility, institution, corporate entity, or other organization that supplies health services or items, also termed a rendering provider, or bills, obligates, and receives reimbursement on behalf of a rendering provider of services, also termed a Billing Provider (BP). The term provider refers to both rendering providers and BP unless otherwise specified.

Subcontractor: means an individual or entity that has a contract with PCS that relates directly or indirectly to the performance of PCS' obligations under its Contract(s). A Participating Provider is not a Subcontractor solely by virtue of having entered into a Participating Provider agreement with PCS.

Procedure: Changes in Member Circumstances

In accordance with Ex. B – Part 9, §11 (b)(19) of the Contract(s), PCS maintains procedures to promptly notify OHA and HSO, when required, if PCS receives information about changes in a Member's circumstances that might impact eligibility, including changes in a Member's residence, and death of a Member. PCS' Enrollment and Disenrollment Department is responsible for the process described below.

- Member Demographic Information, including a member's residence:
    - When PCS is made aware of a change in a member's demographic information, PCS first checks the information against the State database, Medicaid Management Information System (MMIS). If the information does not align, then PCS sends a secure email to OHA requesting verification. Communications are sent to Oregonhealthplan.Changes@dhsoha.state.or.us and include a brief description of what is needing verification and/or change. If a change is warranted, OHA will make the change in its system which will come through on a future OHA 834 Enrollment transaction file and update the information on file for PCS.
        - Please refer to the 'Supporting Documentation' section below for a step by step process.
- Member Death Notifications:
    - When PCS is made aware of a member's death, PCS first checks the information against the MMIS. If the member is showing as active or termed after the deceased date then PCS emails DMAP Client enrollment services (CES) at ces.dmap@dhsoha.state.or.us. If a change is warranted, OHA will make the change in its system which will come through on a future OHA 834 Enrollment transaction file and update the information on file for PCS.
        - Please refer to the 'Supporting Documentation' section below for a step by step process.

PCS is required to include the above information in its FWA Prevention Handbook. See the member specific sub-section within the 'Supporting Documentation' section below for additional details.

Procedure: Changes in Provider & Subcontractor Circumstances

PCS' Provider Network, Compliance and Medicaid Admin Departments are responsible for ensuring compliance with the rules below. Please refer to the *Medicaid Contract Deliverables* policy for details regarding the tracking and submission to OHA and/or HSO.

In accordance with Ex. B – Part 9, §11 (b)(20) of the Contract(s), PCS must maintain a procedure pursuant to which PCS provides OHA and HSO, when required, with Administrative Notice of any information it receives about a change in a Participating Provider's or Subcontractor's circumstances that may affect the Participating Provider's or Subcontractor's eligibility to provide services on behalf of PCS or any other CCO, including the termination of the Participating Provider agreement, and such Administrative Notice must be made within thirty (30) days of receipt of such information.

PCS notifies OHA and HSO, when required, of any information it receives about a change in a Participating Provider's or Subcontractor's circumstances that may affect the Participating Provider's or Subcontractor's eligibility to provide services on behalf of PCS or another CCO. The following are circumstances that trigger a reporting:

- Termination of a Participating Provider agreement;
    - In accordance with Ex. B – Part 4, §5 (k) of the Contract(s), PCS provides Administrative Notice to OHA's Provider Enrollment Unit within fifteen (15) days and HSO, when required, within ten (10) days of terminating any Participating Provider contract when such Participating Provider

termination is a for-cause termination, with a statement of the cause including but not limited to the following:

1. Failure to meet requirements under the Contract(s) or PCS' Subcontract with its Subcontractor;
2. For reasons related to Fraud, integrity, or quality;
3. Deficiencies identified through compliance Monitoring of the entity; or
4. Any other for-cause termination.

- Excluded Providers;
    - In accordance with Ex. B – Part 9, §17(a) of the Contract(s), any Providers, identified on the List of Excluded Individuals (LEIE) or on the Excluded Parties List System (EPLS) also known as System for Award Management (SAM), during the credentialing process, are immediately reported to OHA's Provider Enrollment Unit via Administrative Notice. Notification of OHA's Provider Enrollment Unit alleviates the need for PCS to notify the Federal Department of Health and Human Services (DHHS), Office of the Inspector General (OIG). When required, PCS also notifies HSO.
- Providers with Expired Licenses or Certifications;
    - In accordance with Ex. B – Part 4, §5 (d) of the Contract(s), if PCS knows or has reason to know that a Provider's license or certification is expired, has not been renewed, or is subject to sanction or administrative action, PCS immediately provides OHA with Administrative Notice of such circumstances.
- Providers with Convictions or Violations;
    - In accordance with Ex. B – Part 4, §5 (e) of the Contract(s), if PCS knows or has reason to know that a Provider has been convicted of a felony or misdemeanor related to a crime, or violation of federal or State laws under Medicare, Medicaid, or Title XIX (including a plea of "nolo contendere"), PCS immediately provides such information to OHA via Administrative Notice.
- Termination of Subcontractor's Subcontract
    - In accordance with Ex. B – Part 4, §11 (b)(2) of the Contract(s), when PCS issues or receives notice that a Subcontractor's Subcontract has been terminated, PCS provides, within fifteen (15) days after receipt or issuance of the termination notice, written notice of such termination to the Members who received regular care or primary care from the terminated Subcontractor.
- Termination of a Subcontractor agreement;
    - In accordance with Ex. B – Part 4, §11 (b)(3) of the Contract(s), PCS notifies OHA via Administrative Notice within thirty (30) days and HSO, when required, that: (i) it has terminated a Subcontractor, or (ii) a Subcontractor has terminated its Subcontract with PCS. PCS' Administrative Notice includes an updated Subcontractor and Delegated Work Report. Please

refer to the *Delegation Contracts and Subcontractor Monitoring* policy for additional details regarding this report.

PCS is required to include the above information in its FWA Prevention Handbook. See the Provider & Subcontractor specific sub-sections within the '*Supporting Documentation*' section below for additional details.

Supporting Documentation

Note: The desk top procedures listed in this section will provide internal PCS staff member's a step-by-step process.

All:

- Policy: Medicaid Contract Deliverables

Provider Specific:

- Policy & Procedure: Credentialing Manual Ongoing Monitoring
- Policy & Procedure: Exclusion and Background Checks
- Policy & Procedure: Delegation Contracts and Subcontractor Monitoring
- Desk Top Procedure: Term Reason Monitoring

Subcontractor Specific:

- Policy & Procedure: Delegation Contracts and Subcontractor Monitoring

Member Specific:

- Desk Top Procedure: Medicaid Eligibility and Demographic Discrepancy Procedure
- Desk Top Procedure: Medicaid Member Demographics
- Desk Top Procedure: Medicaid Out of Area (OOA) Address Update Template
- Desk Top Procedure: Medicaid Reporting Changes to OHP

Appendix

Policy Number: [Policy Number]

Effective: 1/1/2021 **Next review:** 10/1/2024

Policy type: Government

Author(s): [redacted]

Depts: Corporate Compliance, Provider Network, Customer Service, Medicaid Admin, and Enrollment & Billing

Applicable regulation(s): 42 CFR 438.608 (a)(2) & (7); Contract(s), Exhibit B, Part 4; Part 9 §11, 17(a)

External entities affected: [External Entities Affected]

Approved by: Corporate Compliance Committee: 11/30/2021; 11/29/2022; 12/7/2024

Modification History

Date	Modified By	Reviewed By	Modifications
1/21/2021	[redacted]		Created policy to supplement the procedural documents maintained by Customer Service, Enrollment and Billing, and Provider Network.
5/27/2021	[redacted]		Multiple revisions made to the following sections: (1) "Policy". Re-worded language to clarify we are complying vs will/must comply. (2) "Procedure: Changes in Member Circumstances". Enhanced description to include the mechanisms we use to communicate this information. This information was pulled from the 'Desk Top Procedure: Medicaid Eligibility and Demographic Discrepancy Procedure' which is noted within the "Supporting Documentation" section. (3) "Supporting Documentation". Added language to clarify the intent of the documents listed and replaced a policy referenced with a desktop procedure.
10/8/2021 & 11/12/21	[redacted]		Incorporated 2022 CCO Contract changes. Circulated the policy amongst process owners to confirm the accuracy of the policy. Required changes in process were incorporated.
11/30/2021	[redacted]		Policy reviewed and conditionally approved by the Corporate Compliance Committee. Policy is in draft until OHA approval.
11/2/2022	[redacted]		Annual Review. Multiple edits and updates were made to align policies. Compliance staff and compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.
11/28/2023	[redacted]idge		Annual Review. Replaced CPIP reference with FWA Prevention Handbook, revised Provider definition to align with OAR 410-120-0000, updated 15 day timeline with 30 day timeline to mirror the CCO contract and because HSAG's guidance document states they will be looking for both timelines, revised the next review date and removed [redacted] as an author.
12/7/2023		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.

FWA Prevention Handbook, Plan and Assessment

State(s):	LOB(s):
☐ *Idaho* ☐ *Montana* ☒ *Oregon* ☐ *Washington* ☐ *Other:*	☐ *Commercial* ☐ *Medicare* ☒ *Medicaid* ☐ *PSA*

Government Policy

PacificSource Community Solutions (PCS) maintains a FWA Prevention Handbook (Handbook) made up of written policies and procedures in accordance with requirements specified in the 'Applicable Regulations' section below, to enable PCS to detect and prevent potential fraud, waste, and abuse (FWA) activities that have been engaged in by our workforce, Delegates/Delegated Entities, Participating Providers, members, and/or other third parties. In addition to the Handbook, PCS drafts a FWA Prevention Plan (Plan) and FWA Assessment Report (Assessment) in accordance with its contracts with the Oregon Health Authority (OHA) and Health Share of Oregon (HSO). Hereinafter these contracts are referred to as "Contract(s)."

The Handbook, Plan and Assessment are submitted for review and approval in accordance with the requirements outlined in the Contract(s). In addition, in the event PCS is a Subcontractor to another CCO and the Handbook, Plan, and/or Assessment have been delegated to PCS, PCS also submits these to the CCO that holds the contract with OHA in accordance with the executed contract between PCS and the CCO.

FWA Prevention Handbook

PCS' Handbook includes the following content, as specified in the Contract(s):

1. Designation and identification of a Chief Compliance Officer who reports directly to the CEO and the Board of Directors and who is responsible for: (i) developing and implementing the written policies and procedures set forth in Exhibit B, Part 9, Section 11(b) of the Contract(s) and (ii) creating the Annual FWA Prevention Plan (as such Plan is described in Exhibit B, Part 9, Section 12 of the Contract(s)).

2. The establishment and identification of the members of a Regulatory Compliance Committee, which shall include the PCS Chief Compliance Officer, senior level management, and members of the Board of Directors (aka Governing Board[1]). The Regulatory Compliance Committee is responsible for overseeing the PCS FWA prevention program and compliance with the terms and conditions of the Contract(s).

3. Establishment of a division, department, or team of individuals that is dedicated to, and is responsible for, implementing the Annual FWA Prevention Plan and which includes at least one professional individual who reports directly to the Chief Compliance Officer. Examples of a professional individual

[1] For additional details regarding the Governing Board, refer to the *CCO Community Governance* policy.

would be an investigator, attorney, paralegal, professional coder, or auditor. PCS demonstrates continuous work towards increasing qualifications of its workforce.

4. Investigators meet mandatory core and specialized training program requirements for such individuals. The team includes, or have available to it, individuals who are knowledgeable about the provision of medical assistance under Title XIX of the Act and about the operations of health care Providers. The team may include, or have available through consultant agreements or other contractual arrangements, individuals who have forensic or other specialized skills that support the investigation of cases.

5. A statement or narrative that articulates PCS' commitment to complying with the terms and conditions set forth in Exhibit B, Part 9, Sections 1-18 of the Contract(s) and all other applicable State and federal laws.

6. Written standards of conduct (aka Code of Conduct) for all workforce individuals that evidences compliance with PCS' commitment to FWA prevention and enforcement in accordance with the terms and conditions of the Contract(s) and all other applicable State and federal laws.

7. A description of PCS' disciplinary guidelines used to enforce compliance standards and how those guidelines are publicized.

8. A system to provide and require annual attendance at training and education regarding PCS's FWA policies and procedures. Such training and education must include, without limitation, the right, pursuant to Section 1902(a)(68) of the Social Security Act, to be protected as a whistleblower for reporting any FWA. PCS' system for training and education provides all information necessary for its workforce, Delegates/Delegated Entities and Participating Providers to fully comply with the Fraud, Waste, and Abuse (FWA) requirements of the Contract(s). All such training and education is specific and applicable to FWA in the Medicaid program. All training includes Medicaid-specific referral and reporting information and training regarding PCS' Medicaid FWA policies and procedures, including any time parameters required for compliance with Ex B, Part 9. All such training and education is provided to, and attended by, PCS' Compliance Officer, senior management, and all of PCS' workforce.

9. In addition to the training and education required under #7 above, a system to provide annual education and training to PCS workforce who are responsible for credentialing Providers and Subcontracting with third-parties. Such annual education and training must include material relating to, as set forth in 42 CFR §438.608(b) and 438.214(d): (i) the credentialing and enrollment of Providers and Delegates/Delegated Entities and (ii) the prohibition of employing, Subcontracting, or otherwise being affiliated with (or any combination or all of the foregoing) with sanctioned individuals.

10. Systems designed to maintain effective lines of communication between PCS' Compliance Office and PCS' workforce and Delegates/Delegated Entities.

11. Systems to respond promptly to allegations of improper or illegal activities and enforcement of appropriate disciplinary actions against workforce individuals, Participating Providers, or Delegates/Delegated Entities who have violated FWA policies and procedures and any other applicable State and federal laws.

12. Procedures for reporting FWA to the appropriate agencies in accordance with Exhibit B, Part 9, Section 17 of the Contract(s).Provisions that provide detailed information about the State and federal False

Claims Acts and other applicable State and federal laws, including, as provided for in section 1902(a)(68) of the Social Security Act and the protections afforded to those persons who report FWA under applicable whistleblower laws.

13. Procedures to routinely verify whether services that have been represented to have been delivered by Participating Providers and Delegates/Delegated Entities were received by Members, to investigate incidents where services were not delivered or where the Member paid out of pocket for services, and to collect any associated overpayments. Such verification of services must be made by: (i) mailing service verification letters to Members ("Service Verification Letters"), (ii) sampling, or (iii) other methods.

14. A system to receive, record, and respond to compliance questions, or reports of potential or actual noncompliance from workforce individuals, Participating Providers, Delegates/Delegated Entities, and Members, while maintaining the confidentiality of the person(s) posing questions or making reports.

15. Provisions for PCS to self-report to OHA an Overpayment it received from OHA under the Contract(s) or any other contract, agreement, or memorandum of understanding (MOU) entered into by PCS and OHA. The foregoing reporting provision must include the obligation to report, as required under 42 CFR §401.305 such Overpayment to OHA within sixty (60) days of its identification. Note: PCS reports any applicable overpayments to HSO within forty-five (45) days of identification;

16. Provisions for PCS to conduct Program Integrity (PI) Audits and to report to OHA any Overpayments made to Providers, Delegates/Delegated Entities, or other third-parties, regardless of whether such Overpayment was made as a result of the self-reporting by a Provider, Delegate/Delegated Entity, or other third-party, or identified by PCS and regardless of whether such Overpayment was the result of a FWA or accounting error.

    a. If identification of Overpayment was the result of self-reporting to PCS by a Provider, Delegate/Delegated Entity, other third-party, such foregoing reporting provision must include the obligation to report, as required under 42 CFR §401.305, such Overpayment within sixty (60) days of the Provider's, Delegate/Delegated Entity's, or other third-party's identification of the Overpayment.

    b. If Overpayment was identified by PCS as a result of a PI Audit or investigation, such Overpayment is reported to OHA promptly, but in no event more than seven (7) days after identifying such Overpayment. Note: PCS reports any applicable overpayments to HSO within three (3) calendar days of identifying the overpayment.

    c. If PCS suspects an Overpayment identified during a PI Audit or investigation is due to FWA, such Overpayment is reported in accordance with Exhibit B, Part 9, Section 17 of the Contract(s). All such reports made by the Provider, Delegate/Delegated Entity, or other third-party include a written statement identifying the reason(s) for the return of the Excess Payment.

17. In addition to the procedures for reporting required under Exhibit B, Part 9, PCS must develop and maintain a procedure for accurately reporting all overpayments on its the quarterly and annual Financial Reports required under Exhibit L, Section 3 of the Contract(s). PCS' Ex. L Report must include all Overpayments, identified or recovered regardless of whether the Overpayments were the result of (i) self-reporting under #15 and #16 above, or (ii) the result of a routine or planned PI Audit or other

review.

18. A process for Members to report Fraud, Waste or Abuse anonymously and to be protected from retaliation under applicable whistleblower laws.
19. Procedures for prompt notifications to OHA when PCS receives information about changes in a Member's circumstances that might impact eligibility, including: (i) changes in a Member's residence, and (ii) death of a Member. Note: PCS promptly reports any applicable changes to HSO.
20. A procedure pursuant to which PCS provides OHA's Provider Enrollment Unit with Administrative Notice of any information it receives about a change in a Participating Provider's or Delegate/Delegated Entity's circumstances that may affect the Provider's or Delegate/Delegated Entity's eligibility to provide services on behalf of PCS or any other CCO, including the termination of the Provider agreement, and such Administrative Notice must be made within fifteen (15) days of receipt of such information. Note: PCS reports any applicable changes to HSO within fifteen (15) days of receipt of such information.

FWA Prevention Plan (Plan)

In addition to creating the written FWA Prevention Handbook (described above), PCS through its Compliance Officer, with the assistance of PCS' Compliance Office (a.k.a. Compliance Department), annually drafts a written plan for implementing, analyzing and reporting on the effectiveness of the policies and procedures set forth in PCS' FWA Prevention Handbook.

The Annual FWA Prevention Plan (herein referred to as Plan) includes written plans and procedures for the activities listed below. Written plans address what measures, criteria, or methods are utilized to evaluate effectiveness.

1. PI Audits and other related compliance issues:

    a. Routine internal monitoring, reporting, and PI Auditing of FWA risks. PCS provides a work plan which lists all PI Audits planned for the Contract Year, identifies individual(s) or department resources used to conduct the reviews, data or information sources, whether each review is conducted in person/on-site, and when each review is scheduled to begin;

    b. Routine internal monitoring, reporting, and auditing of other related compliance risks. PCS provides a copy of our criteria or checklist developed and implemented to perform routine internal monitoring and routine evaluation of Subcontractors and Participating Providers for other related compliance risks. PCS provide a work plan which lists all compliance reviews planned for the Contract Year, identifies individual(s) or department resources used to conduct the reviews, data or information sources, whether each review is conducted in person/on-site, and when each review is scheduled to begin;

    c. Prompt response to FWA issues as they are reported or otherwise discovered. PCS identifies our methods used to receive allegations, track, triage, refer (i) to MFCU/OPI for fraud or abuse or (ii) to internal quality or compliance department(s); and investigate, resolve and refer final case internally for further compliance, Corrective Action, or open a PI Audit to recover Overpayments. PCS does not refer allegations to a Delegate/Delegated Entity who is also a party to the allegation;

d. Prompt response to other related compliance issues as they are reported or otherwise discovered. PCS identifies the methods used to: receive allegations; track, triage, and refer (i) to MFCU/OPI for fraud or abuse or (ii) to internal quality or compliance department(s); and investigate, resolve, and refer final case internally for further compliance, Corrective Action, or open a PI Audit to recover Overpayments;

e. Investigations of potential FWA as identified in the course of self-evaluation and PI Audits.

f. Investigation of other related compliance problems as identified in the course of self-evaluation and PI Audits;

g. Prompt and thorough correction (or coordination of suspected criminal acts with law enforcement agencies) of any and all incidents of FWA in a manner that is designed to reduce the potential for recurrence.

h. Prompt and thorough correction (or coordination of suspected criminal acts with law enforcement agencies) of any and all incidents of other related compliance problems in a manner that is designed to reduce the potential for recurrence;

i. Activities that support on-going compliance with the FWA prevention under the Contract(s).

j. Activities that support ongoing compliance with other related compliance requirements under the Contract(s).

2. Risk evaluation procedures to enable compliance in identified problem areas such as claims, Prior Authorization, service verification, utilization management and quality review. PCS' annual risk evaluation/assessment identifies a methodology for assessing risk of Fraud and the likelihood and impact of potential Fraud. The Fraud risk assessment may be integrated into our overall compliance risk assessment or be performed separately from PCS' overall compliance risk assessment; and

3. The development and implementation of an annual plan to perform PI Audits of Providers and Delegates/Delegated Entities that enable PCS to validate the accuracy of Encounter Data against Provider charts.

Submission, Review and Approval of Handbook and Plan by OHA and/or HSO

PCS provides to OHA[2] and HSO, as required, via Administrative Notice our Handbook and Plan for review and approval no later than January 31 of each Contract Year. PCS does not implement or distribute the Handbook or Plan prior to receiving approval from OHA. PCS utilizes the FWA Review Template provided by OHA (located on OHA's *CCO Contract Forms* webpage) and includes the completed template with its Handbook and Plan submission. OHA notifies PCS, via Administrative Notice to PCS' Contract Administrator, within sixty (60) days from the due date, or within sixty (60) days from the received date after the due date, of the compliance status of PCS' Handbook and Plan. In the event OHA disapproves of either or both the Plan and/or the Handbook for failing to meet the terms and conditions of the Contract or any other applicable State and federal laws, PCS shall, in order to remedy the deficiencies, follow the process outlined in the 'Correction of Deficiencies when Handbook and/or Plan is Disapproved by OHA and/or HSO' section below. In addition, if OHA does not approve

[2] Or Health Services Advisory Group (HSAG) if directed to by OHA.

PCS' Plan or the Handbook, or both, by May 31 of each Contract Year due to PCS's non-compliance with the terms and conditions in the Contract(s), PCS is in breach of the Contract(s) and OHA has the right to pursue all of its rights and remedies under the Contract(s), including, without limitation, the imposition of Sanctions, including a Corrective Action Plan or the imposition of civil money penalties, or both.

PCS reviews, updates, and submits its Handbook and Plan to OHA and HSO annually, via Administrative Notice, for HSO, when required, and OHA's review and approval in accordance with the Contract(s). If PCS determines no changes need to be made to the last approved Handbook, PCS may instead submit an Attestation, as defined in the Contract(s), that no changes have been made since it was last approved, provided that such approval was made by OHA and HSO, when required, in the Contract Year immediately preceding the Contract Year in which PCS desires to submit its Attestation. In no event, however, will PCS submit an Attestation in two consecutive Contract Years, even if PCS did not make any changes in its Handbook since the submission of the previous year's Attestation. Review, approval, and remediation of any deficiencies will follow the process outlined in the 'Correction of Deficiencies when Handbook and/or Plan is Disapproved by OHA and/or HSO' section below.

After the initial review and approval of the Handbook and Plan by OHA, PCS submits to OHA and HSO, when required, via Administrative Notice, any significant revisions, regardless of whether such changes are made prior to or subsequent to annual approval by OHA and HSO, when required, or prior to PCS's final adoption of such Plan or Handbook after initial approval by OHA and HSO, when required. OHA and/or HSO, when required, notifies PCS within sixty (60) days from receipt of the compliance status of the policy. In the event the revised Plan or Handbook fails to meet the terms and conditions of the Contract(s), or applicable law, PCS shall follow the process outlined in the 'Correction of Deficiencies when Handbook and/or Plan is Disapproved by OHA and/or HSO' section below.

In addition, PCS provides OHA with the requested Plan or Handbook, or both, within thirty (30) days of OHA request in the manner requested by OHA. OHA notifies PCS within sixty (60) days from the due date, or within sixty (60) days from the received date if after the due date, of the compliance status of the policy. In the event the revised Plan or Handbook fails to meet the terms and conditions of the Contract(s), or applicable law, PCS shall follow the process outlined in the 'Correction of Deficiencies when Handbook and/or Plan is disapproved by OHA and/or HSO' section below.

Correction of Deficiencies when Handbook and/or Plan is Disapproved by OHA and/or HSO

As described in Exhibit D, §5 of the Contract(s), if OHA and/or HSO, when required, determines a Document, as defined in the Contract(s), submitted by PCS has failed to comply with the standards for approval of such Document, OHA and/or HSO, when required, provides PCS' Contract Administrator with Administrative Notice of such and identifies: (i) the steps PCS must take to remedy the deficiencies in the applicable Document, (ii) if not expressly stated otherwise in the Contract(s), the deadline for submitting the revised Document, and (iii) the means by which such revised Document shall be resubmitted for review and approval.

Upon receipt of HSO's notice, when required, and OHA's Administrative Notice in that a Document has not been approved, PCS shall remedy the Document as directed by HSO, when required, and/or OHA. In the event PCS fails to comply with HSO, when required, and OHA's directive to remedy the Document as directed by HSO, when required, and OHA, or upon resubmission for re-review and approval, OHA and HSO, when required, again

determines the Document fails to meet the requirements set forth in the Contract(s), OHA and HSO, when required, has the right to exercise all of its rights and remedies under Exhibit B, Part 9 of the Contract(s).

Annual FWA Assessment Report

PCS submits to OHA and HSO the annual FWA Assessment Report, herein referred to as Assessment. The Assessment includes a self-evaluation of the quality and effectiveness of PCS' Plan and the related policies and procedures included in our Handbook, an introductory narrative of our efforts over the prior Contract Year, their effectiveness, and the following information as required in the Contract(s):

1. The number of preliminary investigations by PCS and the final number of referrals to OPI or MFCU or both;
2. The (i) number of Delegate/Delegated Entity and Participating Provider PI Audits and the (ii) number of Delegate/Delegated Entity and Provider reviews conducted by PCS and whether each PI Audit and review were performed on-site or based on a review of documentation;
3. The training and education provided to and attended by PCS' Chief Compliance Officer, its workforce, Providers, and Delegates/Delegated Entities;
4. Compliance and FWA prevention activities that were performed during the reporting year. The work and activities reported in the Assessment align with the Plan and include the information listed below. The work and activities are clearly described and specific to the reporting year. For sub-sections (a.) through (d.) below, PCS provides information for each program integrity activity or work conducted in the prior Contract Year:
    a. A review of the Provider PI Audit activities PCS performed and whether such PI Audit activity was in accordance with PCS' Plan;
    b. A description of the methodology used to identify high-risk Providers and services;
    c. Compliance reviews of Delegates/Delegated Entities, Participating Providers, and any other third-parties, including a description of the data analytics relied upon;
    d. Any applicable request for technical assistance from OHA, DOJ's MFCU, or CMS on improving the compliance activities performed by PCS;
    e. A sample of the service verification letters mailed to Members; and
    f. A summary report on:
        i. The number of service verification letters sent,
        ii. How Members were selected to receive such letters,
        iii. Member response rates,
        iv. The frequency of mailings, including all dates on which such letters were mailed,
        v. The results of the efforts, and
        vi. Other methodologies used to ensure the accuracy of the data.

5. A narrative and other information that advises HSO and/or OHA of:

    a. The outcomes of all of the FWA prevention activities undertaken by PCS, and

    b. Proposed or future process, policies, and procedure improvements to address deficiencies identified.

    c. Where work or activities identified in the Plan were not implemented or were implemented differently than initially described by PCS in its Plan and explain how and why the FWA prevention activity(s) changed.

6. A copy of the final report resulting from PCS' compliance reviews (i.e. Delegate/Delegated Entity Performance Review) of its Delegates/Delegated Entities and Participating Providers during the prior Contract Year, as well as any Corrective Action Plans that resulted from the compliance review.

PCS provides the Assessment to OHA and HSO, when required, via Administrative Notice, by no later than January 31st of Contract Year five. OHA advises PCS of its reporting requirements for Contract Year seven at least one-hundred and twenty (120) days prior to the Contract Termination Date. Note: PCS provides HSO with its annual FWA Assessment Report no later than January 15th, following each Contract Year.

Appendix

Policy Number: [Policy Number]

Effective: 1/1/2020 **Next review:** 10/1/2024

Policy type: Government

Author(s): [redacted]

Depts: Corporate Compliance;

Applicable regulation(s): Contracts, Exhibit B, Part 9, Sections 11-13 & 18; Exhibit D, §5; 42 CFR §438.600-438.610, §433.116, §438.214, §438.808, §455.20, §455.104 – 455.106, §1002, OAR 410-141-3520, OAR 410-141-3625 and OAR 141-120-1510

External entities affected: N/A

Approved by: Corporate Compliance Committee: 12/30/19; 11/30/21; 11/29/22; 12/7/2024

Modification History

Date	Modified By	Reviewed By	Modifications
7/8/2019	[redacted]		Newly created to comply with 2020 CCO Contract requirements.
12/30/2019	[redacted]	Corporate Compliance Committee	Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/14/2021		OHA	OHA approved 2020 version.
1/15/2021	T[redacted]		Updated to comply with the Fully Executed 2021 CCO Contract. Policy is in draft until OHA approval. Added

			IDS deliverable timelines throughout, where appropriate.
1/26/2021	[redacted]		Updated to incorporate "…(a.k.a. Compliance Department)…"
10/8/2021			Updated "FWA Prevention Plan", "FWA Prevention Handbook", and "Annual FWA Assessment Report" sections to align with 2022 CCO contract language and requirements.
11/22/2021			Replaced references to employees with "individuals" or "workforce" throughout.
11/30/2021			Policy reviewed and conditionally approved by the Corporate Compliance Committee. Policy is in draft until OHA approval.
11/15/2022			Annual Review. Multiple edits and updates were made to align policies and lines of business. Representatives from each area in addition to compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/27/2023			Annual Review. Updated language to align with the 2024 CCO Contract. Also, updated future tense wording to be present tense as this is an established policy.
12/7/2023		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.

Effective System for Routine Monitoring, Auditing, and Identification of Compliance and FWA Risks

State(s):	LOB(s):
☒ Idaho ☒ Montana ☒ Oregon ☒ Washington ☐ Other:	☐ Commercial ☒ Medicare ☒ Medicaid ☐ PSA

Government Policy

PacificSource Community Health Plans and PacificSource Community Solutions[1] (collectively, "PacificSource") maintains an established and effective system with dedicated staff and procedures to prevent and detect potential compliance risks and Fraud, Waste, and Abuse (FWA) activities that have been engaged in by its workforce, Delegates/Delegated Entities, and Participating Providers. PacificSource routinely monitors and audits its operational areas to evaluate PacificSource's compliance with Regulator requirements, its' contractual agreements, laws, internal policies and the overall effectiveness of its' Compliance Program). Although Delegates/Delegated Entities, and Participating Providers may perform their own monitoring and auditing, PacificSource is ultimately responsible for conducting sufficient oversight, which includes auditing and monitoring.

See the '*Program Integrity Investigations and Audits'* policy for further details regarding program integrity (PI) audits and for Medicaid, see the '*Delegation Contracts and Subcontractor Monitoring'* policy for details regarding Delegate/Delegated Entity activities.

Compliance Department Work Plans and Risk Assessment

Work Plans

Annually, the Compliance Department staff conduct a risk assessment of operational areas to develop work plans for our respective lines of business (LOB). Work plans contain, among other things, monitoring and auditing activities to be conducted for that year. PacificSource oversees and executes ongoing monitoring and auditing activities in high-risk areas, and oversees corrective actions and implementation plans pursuant to a compliance finding.

The Compliance Officer oversees compliance monitoring and auditing work plans. As part of developing the annual work plans, the Compliance Department and Internal Audit Department coordinate their activities and work plans to ensure that high-risk areas are adequately covered, there isn't unnecessary overlap, and the work plans are administered in a timely and efficient manner throughout the year.

The annual work plans also consider the process for addressing all results of auditing and monitoring events. This includes time for implementation of formal corrective action plans and follow up validation to ensure

[1] In addition, PCS holds an integrated delivery system (IDS) contract with Health Share of Oregon (HSO). The requirements described in the IDS contract closely mirror the requirements outlined in the PCS contract with the Oregon Health Authority (OHA). Specific to this policy, references to PacificSource include the IDS contract with HSO.

corrective steps have addressed any non-compliance. The Compliance Department performs this work. It is overseen by the Compliance Officer. As needed, findings are reported to the appropriate Regulators.

Risk Assessment

As a precursor to creating the annual compliance work plans, PacificSource conducts a formal assessment of compliance risks and operational issues. The assessment considers all operational areas. More than one risk assessment may be completed depending on the LOB being evaluated and the area being evaluated (i.e. internal departments, Delegate/Delegated Entity and/or Participating Provider). For the Medicare LOB, the applicable risk assessment will identify the highest risk Delegates/Delegated Entities and then select a reasonable number for review. We also assess the need to conduct an onsite review versus desktop review.

Substantial information may be considered when completing risk assessments. This information includes but is not limited to:

- Centers for Medicare and Medicaid Services (CMS) Program Audit scopes including protocols, identified common conditions, improvement strategies, and best practices
- Scope of State financial and market conduct examinations
- CMS areas of concern (i.e., marketing, enrollment, agent/broker oversight, credentialing, quality assessment, appeals and grievance, benefit/formulary administration, transition, protected classes, utilization management, claims processing accuracy, network adequacy, provider directory accuracy, and Delegate/Delegated Entity oversight)
- Oregon Health Authority (OHA), areas of concern (i.e. claims, encounters, provider charts, prior authorization, service verification, utilization management, quality review, and FWA)
- Industry conferences (CMS & State)
- Compliance Actions and Enforcement Letters (Federal & State)
- CMS Regional Office feedback
- Health Plan Management System (HPMS) memos
- Impact to beneficiary access to care, safety and protection
- New/updated guidance and regulation
- Office of Inspector General (OIG) Work plan
- Results from prior monitoring & auditing activities
- Operational Area Risk Assessments
- Business owner feedback
- Past compliance issues (including corrective action plans (CAPs))
- Complaint Tracking Module (CTM)
- Delegate/Delegated Entity activities
- Company/department size, resources, structure, business model
- Complexity of work

PacificSource gathers and evaluates all relevant information for assessing risk and developing the work plan. To conduct the risk assessment we use various methods to gather data and information. In addition to review and consideration of the above points, our methods may include a survey and request for feedback from key stakeholders throughout our various business units and executive management group (EMG) members to assess their areas of concern. We then make use of a risk assessment tool to evaluate risks and establish risk ranking. In line with the above factors, those identified as a high risk and/or required are prioritized and incorporated into the work plans. PacificSource's work plans are then submitted to Compliance Committee for

approval and reported to the Board's Audit and Compliance Committee (ACC). While the work plan reflects our best effort to assess risks to the organization and mitigate those risks, we recognize that operational and compliance risks and the regulatory landscape are constantly changing. To that end, the work plan is routinely reviewed and revised from time to time to meet those changing needs.

Routine Compliance Monitoring and Oversight

Compliance Monitoring

As defined by the work plan, operational or regulatory needs, PacificSource conducts monitoring and oversight on a routine basis. Routine monitoring consists of regular independent reviews performed by PacificSource during normal operations to confirm ongoing compliance. Routine monitoring may also be used to ensure that corrective actions have been implemented and are effective. In general, routine compliance monitoring measures current, "real-time" performance. The following protocols apply:

1. PacificSource staff have a monitoring schedule that outlines the specific areas/processes that are measured. The schedule is based on the annual work plan and details the timing and scope of each measure. The monitoring schedule is evaluated and updated routinely, as needed, to account for changes in process and risk occurring throughout the year.

2. In accordance with the monitoring schedule, PacificSource staff extract metrics and data from a variety of sources and/or work with process owners to obtain the necessary information.

3. The information is analyzed and measured based on applicable regulatory and/or contract requirements. Results are shared with the applicable stakeholders (i.e., committees, leadership, process owners, etc.) as needed and appropriate.

4. Deficiencies and any downward trends (from the previous reporting period) are shared with process owners to determine whether corrective action steps are warranted. If there is a continued pattern of deficiencies, PacificSource may require a CAP in accordance with the '*Compliance Initiated CAPs*' policy.

Business Unit Monitoring

There are many operational (business) units that conduct their own quality and compliance checks on processes that occur within their respective areas. Business units report any issues identified to the Compliance Department to enable the Compliance Department to determine whether additional actions are necessary including investigation and/or a formal CAP.

Compliance Audits[2]

The Compliance Department also conducts compliance audits that require an analysis of policies and procedures, interviews with key stakeholders, universe/data requests, sample extractions, detailed data analysis, and testing based on internal and established Regulator auditing methodologies. Compliance audits

[2] Compliance audits (aka compliance reviews) are separate and distinct from Program Integrity (PI) Audits. Refer to the applicable Compliance Department policy (listed in the "Policy and/or Procedure References" section) for additional details regarding PI Audits.

are formal reviews of compliance with a particular set of standards (e.g. Regulator policies and procedures, laws and/or contract requirements) used as base measures.

Compliance audits are conducted in accordance with regulations and requirements. When deficiencies are detected pursuant to an audit, follow-up audits may be conducted to measure the effectiveness of any corrective action. The Compliance Department has knowledgeable staff dedicated to the Compliance Department audit function. The Corporate Compliance Officer and Compliance Committee are responsible for ensuring that audit resources are appropriate for the size, scope and structure of PacificSource. PacificSource's prior history and risk are also considered. Additionally, they ensure that auditors are independent from the area or entity under review. Services of independent external auditors may be retained to assist in the auditing of high-risk areas or areas needing certain expertise not found internally. Compliance audits follow the general pattern outlined below:

Phase I: Audit Assignment and Announcement

- Identify and assign audit team
- Determine the scope of the audit
- Identify stakeholders impacted
- Notify stakeholder participants (in advance) of the forthcoming audit

Phase II: Audit Preparation

- Research and review the regulatory requirements specific to the audit
- Develop audit methodologies
- Develop audit timeline
- Create audit tools and working documents

Phase III: Audit Kick-Off

- Conduct an entrance meeting with the stakeholders identified in 'Phase I'
- Inform stakeholders of audit details including, scope, process, document/data request and timeline
- Determine points of contact, preferred methods of communication, and access to, or provision of, the necessary data and/or information

Phase IV: Audit Testing

- Receive requested data and information
- Evaluate the data and information against the regulatory requirements identified in 'Phase II.'
- Document audit results in the audit tools and working documents created in 'Phase II' including any follow-up questions or potential audit issues identified

Phase V: Audit Issues and Finding

- Inform stakeholders of audit status including, potential issues and/or follow-up questions
- Perform secondary review based on stakeholder feedback
- Finalize audit findings and communicate to stakeholders

Phase VI: Report

- Draft audit report to include objective, scope, methodology, findings (cause and effect) and recommendations.
- Send draft audit report to applicable PacificSource leadership followed by audit stakeholders
- Finalize audit report based on reviewer response (i.e. incorporate feedback as appropriate)
- Disseminate audit report to PacificSource leadership, audit stakeholders, and/or applicable committees

Phase VII: Corrective Action[3]

- Audit findings not resolved and validated prior to the end of the audit are tracked through a formal CAP
- Document, track and determine CAP steps, root cause and organizational/member impact
- Determine if any identified issues need to be reported to a Regulator
- Document corrective action progress
- Validate correction of the issue

Reporting Monitoring and Audit Outcomes

The Compliance Department reports audit and monitoring outcomes to the Compliance Officer, including whether any identified issues required a formal CAP and if so whether the corrective actions implemented were effective. The Compliance Officer provides regular updates on monitoring, auditing and corrective actions to Compliance Committee, the CEO, senior leadership and the ACC of the Board. Refer to Element 2 of the '*Compliance and Program Integrity Plan*' (CPIP) for additional details regarding the reporting structure.

External Audits

PacificSource cooperates and requires its Delegates/Delegated Entities to cooperate, with any Regulator or its designee, such as CMS and OHA, when they exercise their authority to preform audits. Records, documentation, financial information, contracts and other materials as required are made available and retained for a period of ten (10) years. In addition, PacificSource fully supports and (when applicable) provides access to these entities to allow for on-site evaluations.

Policy and/or Procedure References

Medicare & Medicaid

- Compliance and Program Integrity Plan (CPIP)
- Compliance Initiated CAPs
- Program Integrity Investigations and Audits
- Records Retention and Destruction Policy

Medicaid Only:

- FWA Prevention Handbook, Plan and Assessment
- Verification of Services
- Delegation Contracts and Subcontractor Monitoring
- Subcontractor Corrective Actions

Appendix

Policy Number: C-06

Effective: 4/1/2012 **Next review:** 10/1/2024

Policy type: Government

[3] Reference the applicable Compliance policy (listed in the "Policy and/or Procedure References" section) for additional details regarding the corrective action process.

Author(s): [redacted]

Depts: Corporate Compliance

Applicable regulation(s): 42 CFR §438.608, Chapter 9: Prescription Drug Benefit Manual-Compliance Program Guidelines (§50.6), Chapter 21: Medicare Managed Care Manual – Compliance Program Guidelines (§50.6, 50.7.2, 50.7.3), OAR 410-141-3625; CCO Contract, Ex. B, Part 9, §12

External entities affected: [External Entities Affected]

Approved by: **Corporate Compliance Committee**

Modification History

Date	Modified By	Reviewed By	Modifications
7/24/19	[redacted]	[redacted]	Reorganization of Compliance Program policies. Content moved into an individual policy document. Also, revised to comply with 2020 CCO Contract.
12/30/19			Updated to comply with the Fully Executed CCO 2.0 Contract Template (effective 10/01/2019 and signed 9/30/19). Policy is in draft until OHA approval.
1/4/2021			OHA approved 2020 version.
1/19/2021			Annual Review. Minor updates, including the replacement of an old OAR citation (OAR 410-141-3025) with a new one (OAR 410-141-3625), an additional a CCO Contract reference and policy.
1/20/2021			Added "… (a.k.a. Regulatory Compliance Committee).."
1/26/2021			Added 'for Medicaid' to "(a.k.a. Regulatory Compliance Committee for Medicaid)"
9/30/2021			Annual review. Minor grammatical and verbiage updates made
10/8/2021			Added FWA to list of OHA concerns considered during Annual Risk Assessment to align with 2022 CCO contracts.
10/19/2021			Reviewed [redacted] comments/edits. Responded and removed duplicative terminology. Also, updated the next review date to 2022.
11/22/2021			Minor edits (grammatical and spelling) made.
11/30/2021			Policy reviewed and approved by the Corporate Compliance Committee. For Medicaid, policy is not final until OHA approval.
12/28/2021			Policy re-reviewed and edited prior to finalizing to address grammar and spelling concerns. In addition, replaced all references to "employees" with "workforce" and incorporated other policy references.
10/31/2022			Annual Review. Multiple edits and updates were made to align policies. Compliance staff and compliance leadership reviewed for finalization prior to Compliance Committee review.
11/29/2022		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee.

11/15/2023	[redacted]		[redacted]d the next review date and removed [redacted]t as an author. No substantive changes. Compliance Committee review not necessary for 2024.

Reporting of Medicare FWA and Noncompliance

State(s):	LOB(s):
☒ Idaho ☒ Montana ☒ Oregon ☒ Washington ☐ Other:	☐ Commercial ☒ Medicare ☐ Medicaid ☐ PSA

Government Policy

PacificSource Community Health Plans (PCHP) will report issues of noncompliance and fraud, waste and abuse (FWA) to the appropriate agencies and law enforcement when circumstances dictate and as required by regulations.

Procedure: Referral, Disclosure & Coordination with External Agencies

PCHP refers matters over to Federal and State Regulators and law enforcement, including the Investigations Medicare Integrity Contractor (I-MEDIC), via the Health Plan Management System (HPMS) portal, under certain circumstances, including:

- Incidents it does not investigate due to resource constraints
- Potential criminal, civil, or administrative law violations
- Allegations involving multiple health plans, multiple states, or widespread schemes
- Allegations involving known patterns of fraud
- Pattern of fraud or abuse threatening the life or well-being of beneficiaries
- Scheme with large financial risk to the Medicare and Medicaid program or beneficiaries

The referral will include certain information, if it is available, such as:

- Organization name and contact information
- Summary of the Issue
    - Information on who, what, when, where, how, and why
    - Any potential legal violations
- Specific Statutes and Allegations
    - List of civil, criminal, and administrative code or rule violations, state and federal
    - Detailed description of the allegations or pattern of FWA
- Incidents and Issues
    - List of incidents and issues related to the allegations
- Background information
    - Contact information for the complainant, the perpetrator or subject of the investigation, and beneficiaries, pharmacies, providers, or other entities involved.
    - Names and contact information of informants, relators, witnesses, websites, geographic locations, corporate relationships, networks.

- Perspectives of Interested Parties
    - Perspective of Plan, CMS, beneficiary
- Data
    - Existing and potential data sources
    - Graphs and trending
    - Maps
    - Financial impact estimates
- Recommendations in Pursuing the Case
    - Next steps, special considerations, cautions

Cases to the I-MEDIC are referred within the timeframe given or if not specified, when possible, within thirty (30) days of the date the incident was identified or reported.

To Report to the I-MEDIC:

Suspected FWA is reported to the I-MEDIC through HPMS (Health Plan Management System Login Page (cms.gov).

- Navigate to *Quality and Performance* → *FWA Reporting* → *Submit Data*
    - Select *Referral of Substantiated or Suspicious FWA* from the drop down
    - Select the applicable Contract ID.
        - Note if the referral is for both contracts, two referrals will have to be submitted.
    - Complete all the required fields and *Submit*.

The FWA team may also disclose incidents of significant or serious compliance, FWA violations to CMS, the OIG, and the Department of Justice (DOJ) when appropriate and warranted.

Coordination and Cooperation

Cooperation and coordination occurs if further information is requested after a report of FWA or noncompliance to an agency. PCHP provides such information within the timeframe pursuant to the request or within thirty (30) days if not specified. Additionally, PCHP provides updates and additional information to the I-MEDIC when it is identified. Any further information is provided at no cost to the agency. If needed, the FWA team works with other departments, including but not limited to, Pharmacy Services, Claims, Health Services and Human Resources to provide needed information and to fully investigate and remediate issues.

Supporting Policies and Procedures

- Program Integrity Investigations and Audits
- Compliance Investigations
- Access to HPMS and CMS User Calls

Appendix

Effective: 1/1/2020 **Next review:** 10/1/2024

Policy type: Government

Author(s): J[redacted]

Depts: Corporate Compliance

Applicable regulation(s): 42 CFR §422.503; §423.504

External entities affected: N/A

Approved by: Corporate Compliance Committee: 11/30/2021; 11/29/2022

Modification History

Date	Modified By	Reviewed By	Modifications
10/09/19	[redacted]		Newly created policy as part of reorganization of Compliance Program policies.
12/18/19			
2/4/2021			Annual review, no changes.
9/30/21			Minor language adjustments
10/12/2021			Annual review, agree with [redacted]'s suggested changes.
10/25/2021			Revised Next Review date and removed reference to the CCO Contract in the 'Applicable regulations' section, as this is a Medicare specific policy.
11/30/2021			Policy reviewed and approved by the Corporate Compliance Committee.
11/2/2022			Annual Review. Updated process for reporting to the I-MEDIC. This is now done via HPMS.
11/29/2022			Policy reviewed and approved by the Corporate Compliance Committee.
11/29/2023			Annual Review. Replaced references to the Compliance Department with the FWA Team. Also, updated the next review date and removed [redacted] as an author. No substantive changes. Compliance Committee review not necessary for 2024.

Corporate Compliance Investigation - Commercial

State(s):	LOB(s):
☒ *Idaho* ☒ *Montana* ☒ *Oregon* ☒ *Washington* ☒ *Other:*	☒ *Commercial* ☐ *Medicare* ☐ *Medicaid* ☒ *PSA*

Commercial Policy

The Corporate Compliance Department conducts investigations into companywide issues which potentially require self-reporting to Regulatory agencies. Upon report or discovery of potential issues of noncompliance the Corporate Compliance Department ("Compliance") will initiate a thorough investigation of the issue. All investigations of potential noncompliance are properly logged and tracked within a tracking system, hereinafter referred to as System. Prior to closing an investigation, identified deficiencies are evaluated for any additional actions needed for remediation such as a formal corrective action plan (CAP) or self-reporting to a Regulatory agency. This policy details the investigation process for issues of noncompliance including incident identification, investigation steps (discovery), tracking, self-reporting, reporting, and necessary corrective actions.

Final investigation reports are generated to offer details into the subject issue, root cause analysis, and recommended actions based on the conclusion and findings. A report is required for all investigations, however the Corporate Compliance Officer (CCO) can require a report in less detail as described in this policy.

Procedure: Investigations

Initiation

Investigations are initiated upon the discovery of an issue with potential significant compliance risk to assess if the issue is reportable and other actions to be taken. Investigations can be initiated through some of the following channels:

- Regulatory agencies
- PacificSource workforce and Board Members
- Members (i.e. complaints)
- FDRs and/or Subcontractors
- Self-identified through compliance monitoring/auditing
- Employer client reporting
- Anonymously through EthicsPoint
- HR exit interviews or questionnaires

To that end, PacificSource maintains these open lines of communication channels and routinely monitors them for reports of potential incidents. Investigation requests from outside departments will be assessed by the Commercial Compliance Manager.

Timeline
Investigation of all incidents and reports are initiated promptly, but no later than two (2) weeks. If a department or individual (other than Compliance) identifies and reports an incident to Compliance, then Compliance will work with that department or individual to gather the relevant facts and commence an investigation.

Upon initiating an investigation, the issue or incident will be assigned a Compliance investigator. The applicable Compliance investigator will investigate the identified issue, document the discoveries, and determine the next course of action. During the investigation process, the Compliance investigator may utilize any of the following methodologies:

- Interviews
- Review of process and system
- Review of policies and procedures
- Risk analysis
- Root cause analysis
- Beneficiary, financial, or operational impact analysis
- Validation of sample cases

Investigations are concluded as expeditiously as possible depending on the complexity and issue at hand. Complexity is based on factors such as the risks involved, amount of data and facts to be researched and confirmed in order to form a conclusion, clarity of issue, root cause, actions needed to resolve the issue, and the available resources. Every case varies by fact, circumstance, complexity, and resource availability. Thus, it is sometimes not possible to close out a case within a strict and defined timeframe because doing so will compromise the integrity, quality, and thoroughness of an investigation. To that end, we adopt a “reasonable” approach to timely resolution of cases, preferably no later than 30 days from the date of initiation. Should a situation arise where PacificSource does not have the resources or expertise for proper investigation, or discovers a serious violation of noncompliance, the case will be reported or referred to the appropriate Regulatory agency within 30 days of identification.

Compliance will track, log, and retain documentation of investigations. At the conclusion of an investigation into an incident, the Compliance investigator will document the findings. All investigations, regardless of outcome, will be documented in Compliance’s tracking system to be reported if requested. A description of any necessary corrective action as a result of an investigation is documented. If it is determined that a formal CAP is warranted, one will be entered into the System and tracked through resolution. See the *Compliance Initiated CAPs* policy for further details.

Report - General
Investigation Reports are completed for every initiated investigation. Each report will be assigned a unique identifier by the System based on the date the investigation was initiated.

Investigation Reports are to be completed using the “PacificSource Commercial Compliance Investigation Report template”.

Report – Contents

The Commercial Compliance Investigation Report template contains two sections: Executive Summary and Recommendation.

Executive Summary

The executive summary provides an explanation into the origin of the issue/complaint, a summarization of the overall investigation to include the affected department(s), root cause, mitigation steps, risk level, and statutory citations. The risk level of an investigation is determined by using the Enterprise Compliance Risk Rating Model housed on the Enterprise Compliance SharePoint documents and materials site: Risk Rating Model

Recommendation

The recommendation section provides a final investigation conclusion and recommendations based on the findings of the investigation. The recommendation section must include whether or not the incident is reportable and whether there are CAP recommendations.

Reporting

Compliance recommendation to self-report an incident is ascertained through the use of the Compliance Risk Guidance Tool, the review of regulations, rules and other regulatory communications, and determinations made by the Compliance Lead and Compliance Leadership. The recommendation must include what will be self-reported, why the incident will be self-reported, and who will receive the notification.

Non-Reportable

If Compliance recommendation is not to self-report the incident, the non-reportable recommendation will provide justification as to why based on supporting evidence from the investigation, rules, and regulations.

Other Actions

Separate from recommendations on whether the issue is reportable, Corporate Compliance may recommend action to correct the issue. Recommendations may be internal or external corrections. Note: External corrections do not automatically result in self-reportable compliance risks.

Final Reports

Final reports must be signed by the Corporate Compliance author(s) and Commercial Compliance Team Manager. The final report is reviewed but not signed by the CCO. Once the CCO gives approval of the final report, the report is distributed at the direction of the CCO.

Supporting Document(s)

- PacificSource Compliance Investigation Report template: Exhibit A.

Supporting Policies

- Corporate Compliance Initiated Corrective Action Plans and Response to Non-compliance - Commercial.

Appendix

Policy Number: CCC-07

Effective: 5/1/2020 **Next review:** 5/1/2024

Policy type: Commercial

Author(s): [redacted]

Dept: Corporate Compliance

Applicable regulation(s): N/A

External entities affected: Any internal

Approved by:

Modification History

Date	Modified By	Reviewed By	Modifications
3/30/2020	[redacted]		Creation.
04/08/2022			• Add reference to SAI 360 as "System" for tracking investigations; remove SharePoint. • Revised policy language to include SAI 360 processes and align with Govt. policy when applicable. • Delete definitions; moved to separate definition job aid. • Revised Report Contents by blending investigation and conclusion requirements into executive summary and recommendations. Revised Exhibit A – Investigation Report to match policy Report Contents section.
11/29/22			Document reviewed and approved by Compliance Committee.
09/20/2023			Added Investigation Report template as separate document link.

Exhibit A

PacificSource Commercial Compliance Investigation Report

[SAI investigation #]

[Date of report]

Executive Summary

Complaint

Investigative steps

Root cause

Mitigation

Business Unit Leadership

Statutory Citations

Recommendation

Conclusion

Final Recommendation

CAP recommendation(s); yes/no

Respectfully submitted,

[Insert Author Name]

[Insert Title]

[Signature date]

[Insert Compliance Manager Name]

[Insert Title]

[Signature date]

Corporate Compliance Initiated Corrective Action Plans and Response to Non-compliance – Commercial

State(s):	LOB(s):
☒ Idaho ☒ Montana ☒ Oregon ☒ Washington ☐ Other:	☒ Commercial ☐ Medicare ☐ Medicaid ☒ PSA

Commercial Policy

PacificSource maintains a system and procedures to correct problems promptly and thoroughly in an effort to reduce the potential for reoccurrence. The Corporate Compliance Department ("Compliance") initiates formal corrective action plans (CAP) when warranted following identification of matters of noncompliance, fraud, waste or abuse issues. All matters of noncompliance will be promptly and appropriately responded to in accordance with applicable policies, regulations and contracts. The procedures below outline the various phases of the corrective action process including: CAP identification, initiation, documentation, timelines, tracking, escalation, reporting, closure, preventing reoccurrence, other actions taken in response to noncompliance, and a CAP Workflow.

CAP Identification

Sources:

Issues of noncompliance are identified both internally and externally via a variety of methods; including, but not limited to:

- Routine Monitoring
- Compliance reviews/Audits
- External Quality Reviews
- Investigations
- Self-disclosures
- Reporting
- Regulatory agency initiatives

Several factors are considered when determining whether an issue warrants a formal CAP; including but are not limited to:

- Complexity of the action needed to correct the issue
- Progress of correction at the time of discovery
- Amount of time and resources needed to correct the issue
- Whether or not the issue warrants a self-disclosure to either State or Federal regulatory agencies.
- Nature of violation
- History of violation and/or likelihood of recurrence

- Risk to member or beneficiary access to care and protection
- Risk of government sanctions, fines, and corrective actions
- Root cause (i.e., manual/human error, process/systemic problem)

CAP Initiation and Documentation

Formal CAPs are used by the organization to track and resolve issues of noncompliance. Formal CAPs are logged and tracked within a tracking system, hereinafter referred to as System. Compliance will initiate a CAP by completing an electronic CAP form that includes a detailed description of the issue, risk level, and a plan for resolution. Compliance will work with applicable business owners to track the progress and status of the CAP and will obtain supporting evidence to ensure the issue of noncompliance is fully resolved.

Compliance enters all relevant information into the System. CAPs go through the following process:

1. Each CAP is assigned a Business Owner. The Business Owner assigned to the CAP is typically the person with the most overall ownership of the affected process, even if the root cause may have occurred downstream in a supporting area. Compliance will assign a single Business Owner to a CAP. The assigned Business Owner will be responsible for collaborating with other stakeholders (in other areas), subcontractors and/or first-tier, downstream, and related entity(s) (FDR) that have a role in the overall process.

2. Compliance will notify the Business Owner, their associated supervisor(s) and the executive management group (EMG) over the area that a CAP has been opened, by initiating a System generated email announcement, which includes all the known details of the corrective action plan. The Business Owner is responsible for determining what steps need to be taken to fully correct the issue of noncompliance. This may include implementing an interim process if a long-term correction is required.

3. Within a reasonable timeframe (typically one week) from the CAP notification date, the Business Owner will provide their plan for correction, including an estimated completion date (ECD), root cause, and impact by updating the CAP form with all required information to facilitate tracking the status and outcome of the corrective action.

4. Compliance may log multiple corrective actions if numerous deficiencies are found within the same business area. When possible, Compliance will combine issues into one CAP form. However, for clarity, tracking and documentation purposes, multiple CAP forms may be needed.

5. Once the plan for corrective action is determined, it is reviewed by Compliance staff to assess the reasonableness, appropriateness, and completeness of the proposed corrective action and associated timelines. If any adjustments to the CAP are required, the Compliance communicate this to the Business Owner and reach agreement on appropriate corrective modifications. These modifications are adjusted in the CAP form by the Business Owner.

CAP Timeliness

The standard timeline for issue resolution of a CAP is 60 days. However, there may be regulatory, operational

or other circumstances which may require shorter or longer timelines. Timelines that exceed 60 days, even with appropriate justification will be reported to PacificSource's Corporate Compliance Committee as a potential risk. Upon the opening of the CAP form the Business Owner determines an estimated completion date, which may differ from the 60 day standard timeline. In determining the appropriate timeline, the Business Owner(s) must identify all barriers that might prevent the CAP from being completed within 60 days and provide an appropriate estimated CAP completion date. Within the overall resolution timeline, the CAP will establish milestones for specific achievements toward correction.

CAP Tracking

Compliance will track the CAP progression on a continuous basis. The Business Owner should provide frequent status updates to the Compliance owner. CAPs are tracked based on Stage and Status:

Status: Tracks where the CAP is in its lifecycle:

- **CAP Development:** The Business Owner is planning and discovering the root cause, impact, necessary steps to correct the issue, and the estimated completion date.
- **CAP in Progress:** The Business Owner is actively working to implement the developed plan to resolve the issue(s).
- **CAP Validation:** The Business Owner has completed the work needed to resolve the issue. During this phase, Compliance will validate the issue of noncompliance has been corrected. This is generally done by reviewing evidence provided by the Business Owner and/or by conducting additional testing to confirm the issue is corrected.
- **Closed:** The issue of noncompliance has been fully resolved, validated by Compliance (if applicable) and closed.

Risk Levels: The following are indications of Risk Levels Compliance will identify within the System:

- **Minor:** In general these are issues with small or no impact to the member, provider, vendor, broker/agent, and/or company; they can be corrected internally, and quickly managed to mitigate affect to members. These are often manual human errors.
- **Moderate:** In general these are short-term or one time issues that are non-compliant with regulation; there is a minimal impact to providers/members, broker/agent; the issue could be resolved at the business unit level within 60 calendar days, and are often manual human or process errors that are quickly identified and corrected.
- **Major:** In general these are issues that are noncompliant with regulation for an extended period of time. There are impacts to providers/members, broker/agents, which may not be resolvable by the organization within 60-90 days. These may include repeated process errors or system errors.
- **Critical:** In general these are issues that are noncompliant with regulation and involve physical and/or financial harm to providers/members, broker/agents. These issues may have a significant impact on member access to care or their rights. May require a major realignment of process or how services are delivered. These are significant events with failure to deliver major stakeholder commitment, no recovery of outstanding debt, irreparable damage to credibility or integrity. Has a long recovery period of three months or more. These will likely include repeated process errors and system issues.

The Business Owner is responsible for keeping the CAP form updated until the corrective steps have been

completed. Compliance staff will work with the Business Owner throughout the process to ensure the CAP issue(s) are worked and resolved. The System interface will generate CAP reminders to the Business Owner every two weeks while the CAP status is "CAP In Progress" to request that any updates and comments be added to the CAP form to capture the progress being made. Additionally, the System sends a reminder five days prior to the Business Owner determined estimated completion date. These reminders will be sent to the Business Owner, their applicable supervisor, EMG and the Compliance owner. Once the CAP has been effectuated, all errors and deficiencies addressed, and validation (if applicable) is successful, the CAP will be marked as completed and closed.

CAP Escalation

CAPs that are opened for a repeat issue of noncompliance will be escalated to PacificSource's Corporate Compliance Committee for review and determination of additional actions as needed. CAPs can be considered as a repeat issue of noncompliance when the same issue has occurred within the prior two year period, or does not pass validation and is moved back into a corrective action phase so that additional corrective actions be put in place.

Failure to resolve a CAP timely and in its entirety may result in disciplinary action up to and including termination or dismissal of the responsible party, or termination of contract.

CAP Reporting

PacificSource's Corporate Compliance Officer will report to PacificSource's Corporate Compliance Committee all CAPs currently in the corrective action stage. Special emphasis will be given to those CAPs that present an increased risk… Additionally, CAP data and specifics may be reported through dashboards and other mechanisms to various committees and leadership as appropriate.

CAP Closure

When it is determined that the issue has been remediated, the Compliance owner will close out a CAP. Prior to closing a CAP, the Compliance owner will analyze the CAP against the seven elements of an effective compliance program as the issues and resolution warrants:

- **Element I:** Assess whether operational and compliance policies and procedures existed before the issue occurred, and whether they have been created or revised to address theissue.
    - The revised operational and compliance policy will be uploaded to the CAP database. An acceptable rationale must be provided if no revision was made.
- **Element II:** Report CAPs to the appropriate PacificSource Governing Body such as the Corporate Compliance Committee and/or the Board's Audit & Compliance Committee. Retain all evidence of reporting (i.e. committee minutes).
- **Element III:** Require Business Owners to conduct operational training and education with staff on any new or updated processes. An acceptable rationale must be provided if no training was conducted.
- **Element IV:** The CAP form itself is evidence of communication but additional evidence may be in the form of emails from Compliance to Business Owners, and issues log and final audit report

dissemination.

- **Element V:** Assess whether disciplinary action was taken, as deemed appropriate by HR, against personnel due to the CAP. An acceptable rationale must be provided if such actions did not occur.
- **Element VI:** Review of CAPs is performed as part of Compliance's annual risk assessment to determine potential areas of risk that may need to be addressed in the annual work plan if gaps are identified.
- **Element VII:** The actual CAP articulates the prompt response to compliance issues. The CAP documents the following:
    - Root cause analysis.
    - Corrective actions taken.
    - Timeline of corrective actions.

Preventing Reoccurrence

Depending on the nature, extent and risk of the issue, Compliance may conduct, or require Business Owners to conduct, ongoing monitoring reviews to measure the effectiveness of the resolution and to ensure that the issue is not likely to reoccur. The Business Owner is required to provide a business prevention description in the System prior to sending the CAP to Compliance for validation of correction.

Subcontractor and FDR CAPs

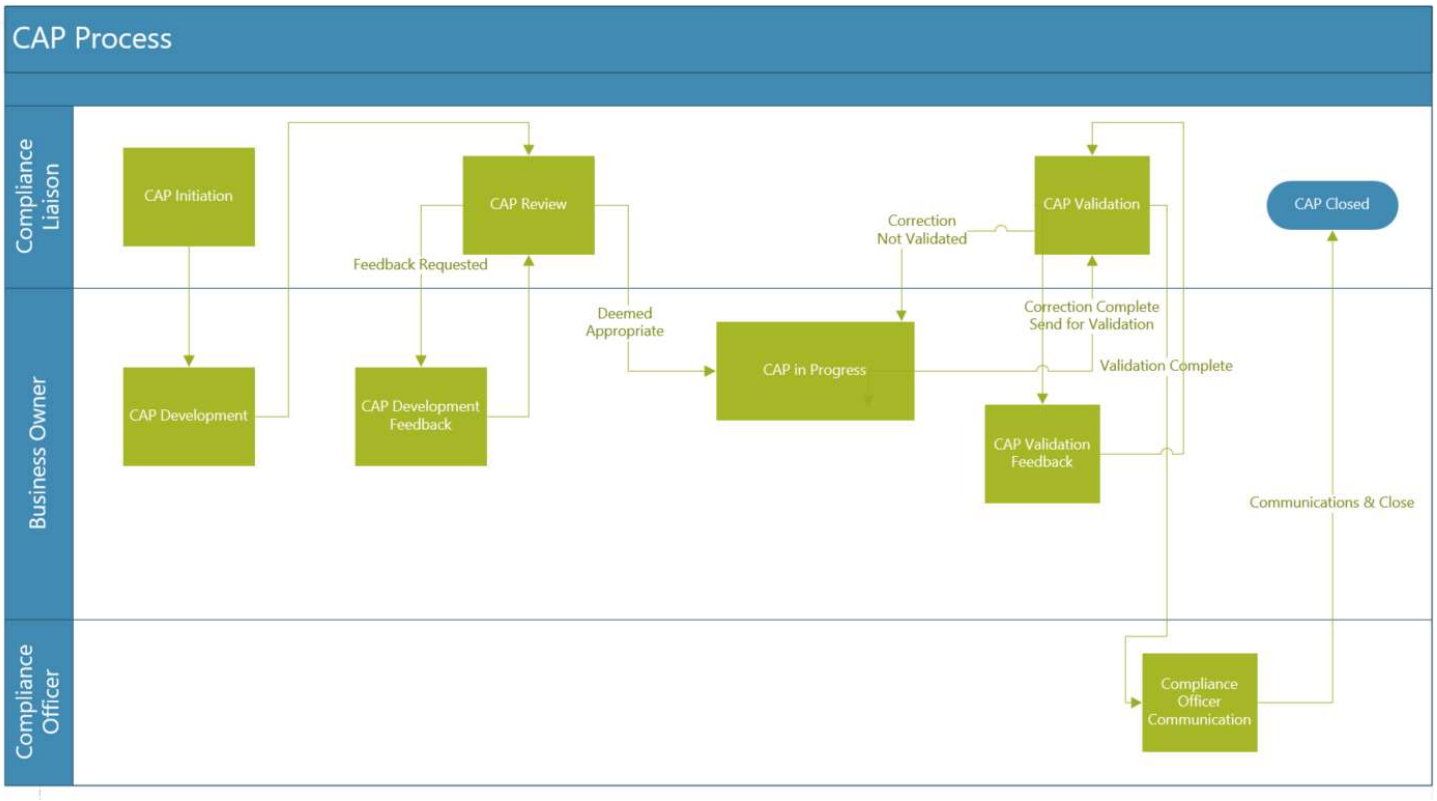
CAPs that impact an FDR, Subcontractor, or Delegate follow a similar process. The CAP will be documented in writing in the System with the same steps outlined above, and take into account any corrective action clauses within the contract with PacificSource, including ramifications for failure to correct the deficiencies.

Upon completion of corrective steps, PacificSource will perform validation to ensure correction and will continue to monitor the issue either independently or through review of the third party's data.

Other Actions Taken in Response to Noncompliance

Other actions that may be taken in response to an identified issue of noncompliance may include reporting or referring the issue to external agencies, making affected parties (such as members, providers, State or Federal agencies) whole, taking appropriate disciplinary actions, and/or termination of employment or contracts. Violations that stem from an employee or FDR/Subcontractor shall be handled in accordance with the disciplinary guidelines and enforcement standards as set forth in the associated polices.

Corrective Action Flow Chart



Supporting Policies

- Policy: Personnel Corrective Actions
- Policy: Corporate Compliance Investigation Reports - Commercial
- Policy: Program Integrity Investigations

Appendix

Policy Number: CCC-08

Effective: 5/1/2020 **Next review:** 5/1/2024

Policy type: Commercial

Author(s): [redacted]

Depts: Corporate Compliance

Applicable regulation(s): 45 CFR 156.715

External entities affected: [External Entities Affected]

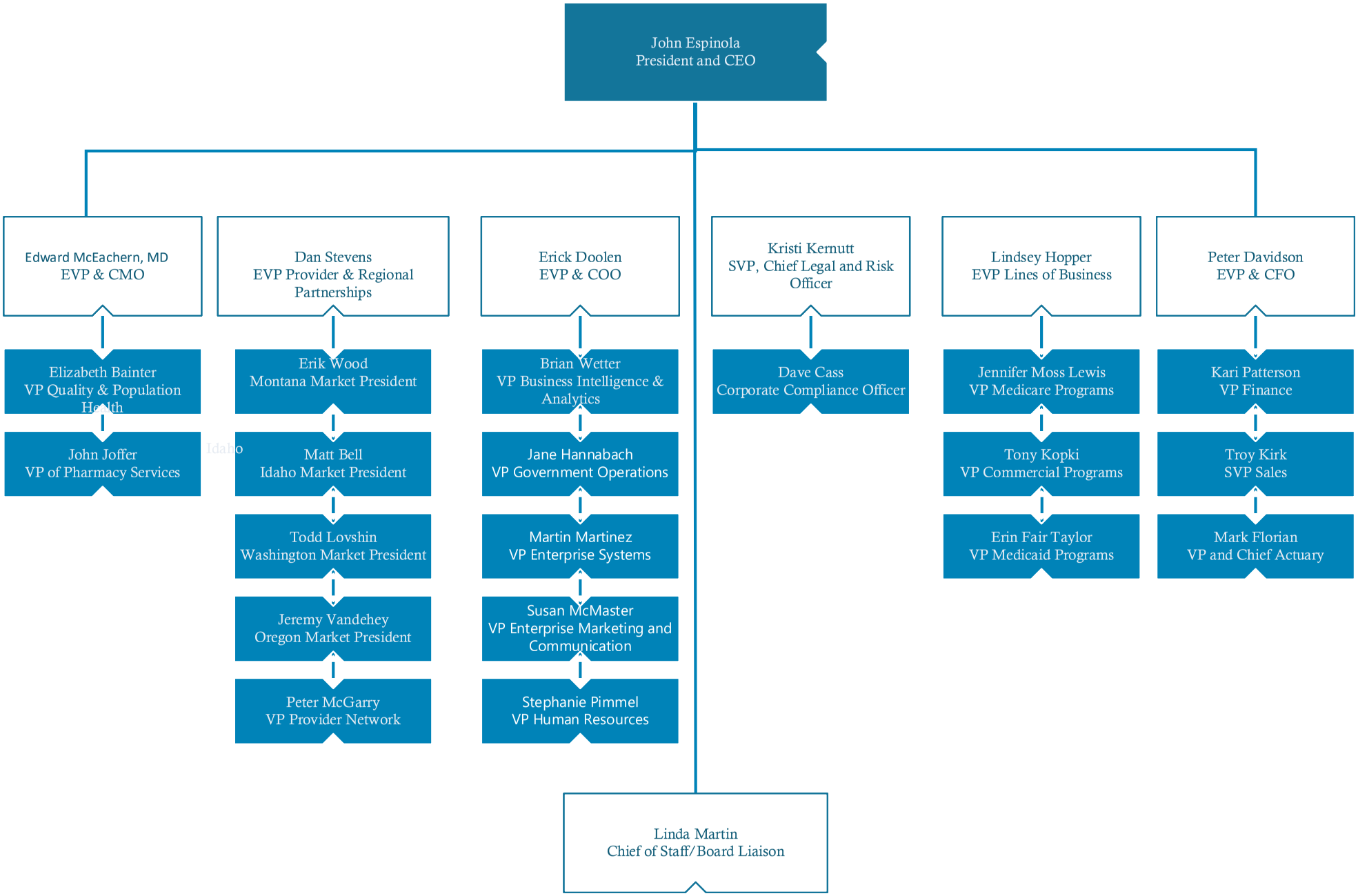
Approved by:

Modification History

Date	Modified By	Reviewed By	Modifications
03/30/2020	[redacted]		Newly created as part of the reorganization of the Corporate Compliance Program policies.
04/08/2022			• Add reference to SAI 360 as “System“ for tracking CAPs; removed SharePoint. • Revised policy language to include SAI 360 processes~~,~~ and align with Govt. policy when applicable. • Added Risk Levels to align with SAI 360 process. Added Corrective Action Flow Chart to Policy to include SAI 360 process.
11/29/22		Corporate Compliance Committee	Policy reviewed and approved by the Corporate Compliance Committee

PacificSource Health Plans

EMG Organizational Chart



09/20/2023