Health Plan of San Mateo
Policy & Procedure Manual

Procedure: CP.029		Title: Oversight Responsibilities for Medicare Delegates (FDR)	Original Effective Date: 06/01/2022
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Approval By: Compliance Committee	Date: 08/18/2025
Annual Review Date: 07/01/2026	
Authored by: Government and Regulatory Affairs Manager	
Pursuant To: ☐ DHCS Contract Provision ☐ Health and Safety (H&S) Code ☐ CFR ☐ APL / DPL	☐ W & I Code ☐ California Title # ☐ Organization Need ☒ Other: Medicare Managed Care Manual, Chapter 21; Medicare Prescription Drug Benefit Manual Chapter 9
Departments Impacted: All	

Policy:

The purpose of this policy and procedure is to outline certain delegation oversight activities specific to First Tier, Downstream and Related Entities that perform delegated and health care functions on behalf of HPSM.

The delegation oversight activities contained in this documented occur for those delegated entities that serve HPSM's DSNP Line of Business.

Scope

This procedure applies to (check all that apply):

☐ All LOBs/Entire Organization	☐ CCS	☐ Medi-Cal Expansion
		☐ Medi-Cal Adults
☐ ACE	☐ HealthWorx	☐ Medi-Cal Children
☒ CA- DSNP	☐ Medi-Cal	☐ Other (specify)

Responsibility and Authority

- The Chief Government Affairs and Compliance Officer is responsible overseeing HPSM's Compliance program, including the provision of appropriate oversight of delegated entities.
- The Director of Compliance is responsible for ensuring the flow of monitoring data with respect to ongoing delegated entity performance.

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- The Government and Regulatory Affairs Manager is responsible for overseeing the internal auditing process at HPSM, including ensuring audits of delegates as specified in the internal auditing plan and HPSM policy and procedure.

Definitions

Audit means a formal review of compliance with a particular set of internal (e.g., policies and procedures) or external (e.g., laws and regulations) standards used as base measures

Delegate is any entity that HPSM enters a contract with and is authorized to perform functions which HPSM is obligated to perform pursuant to contractual obligations, regulations, and accreditation standards.

Delegated Service is a service that HPSM is obligated to perform pursuant to contractual obligations, regulations, and accreditation standards, which has been lawfully delegated to a third-party "Delegate" to perform on behalf of HPSM.

Downstream Entity is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with an HPSM Medicare line of business below the level of the arrangement between HPSM and a first-tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

FDR means a first tier, downstream or related entity.

First Tier Entity means First Tier, Downstream or Related Entity. ***First Tier Entity*** means any party that enters into a written arrangement with HPSM to provide administrative services or health care services to HPSM members. ***Downstream Entity*** means any party that enters into a written arrangement with persons or entities below the level of the arrangement between HPSM and a first-tier entity.

Related Entity would be any entity related to HPSM by common ownership or control and (1) performs some of HPSM's management functions under contract or delegation; (2) furnishes services to Medicare beneficiaries under an oral or written agreement; or (3) leases property or sells materials to HPSM at a cost of more than $2,500 per contract period.

Risk Assessment is the identification, measurement, and prioritization of likely relevant events or risks that may have material consequences on HPSM's ability to maintain compliance with program requirements.

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Subcontractor *any entity that HPSM contracts with to perform services for or on behalf of HPSM*

Procedure

1.0 FDR Screening Process

1.1 At least annually, the Compliance Department will run a report of all current subcontractors of HPSM that are affiliated with HPSM's Medicare (CareAdvantage) line of business.

1.2 The Compliance Department will screen the contractor list, based on factors in section 2.0, to identify new FDRs for addition or terminated FDRs for removal from HPSM's FDR list.

1.3 The Compliance Department will confer with the Compliance Committee and account managers to ensure the appropriate addition or removal of FDRs, and the overall accuracy of the FDR list consistent with FN.061 and CP.021.

2.0 FDR Screening Criteria

2.1 FDRs may be removed when a contract is terminated, or the statement of work has been modified such that the factors below no longer apply.

2.2 FDRs may be added when:

2.2.1 The subcontractor provides services under the Medicare (CareAdvantage) line of business;

2.2.2 The work performed by the subcontractor involves administrative or health care services; and

2.2.3 The administrative or health care services performed are specific to the Medicare program, and not generalized functions such as IT contracts or facilities contracts.

3.0 Risk Ranking

3.1 Once a subcontractor has been designated as an FDR, and annually thereafter, HPSM will assess the risk level of each FDR.

3.2 FDRs will be assigned a level of low or high risk, using the following factors:

3.2.1 The type(s) of administrative or health care Delegated Services to the FDR

3.2.1.1 Example: Delegation of utilization management of a benefit is considered a high risk activity, where members may be delayed or denied access to care

3.2.1.2 Example: Delegation of an administrative activity with no direct impact to member care is not considered a high risk activity

3.2.2 The scope of administrative or health care Delegated Services to the FDR

3.2.2.1 Example: A broader scope of Delegated Services to a Delegate pose a higher risk requiring more oversight

3.2.3 The types of PHI accessible by the FDR

3.2.3.1 Example: A Delegate with access to payment and medical data on HPSM members may be high risk

3.2.3.2 Example: A Delegate with access to member names and addresses may be low risk

3.2.4 Potential for fraud, waste and/or abuse with the Delegated Services

3.2.4.1 Example: A Delegate responsible for claims payment may pose an additional compliance risk to HPSM

3.2.5 Level of oversight/guidance from regulatory agencies

3.2.5.1 Example: Benefits or practices identified as high risk by a regulatory agency in turn may make a Delegate high risk; CMS has deemed utilization management, grievances and appeals and other activities high risk and subject to audit

4.0 Attestation Process

4.1 All FDRs will complete the FDR attestation at time of contracting and annually thereafter.

4.2 The Compliance Department will distribute the annual compliance attestation and will track the receipt of the attestations.

4.3 FDRs who fail to complete the attestation will receive follow-up from Compliance and a corrective action plan.

4.3.1 Continued or persistent failure to provide a complete attestation may result in contract termination.

5.0 Auditing Scope

5.1 Audits by risk ranking

5.1.1 FDRs identified as low risk, without identified compliance issues in the prior calendar year, are not subject to auditing.

5.1.1.1 Where compliance issues are identified, the Compliance Department may determine an audit is required.

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5.1.2 FDRs identified as high risk are subject to audit at least once every three years, or on an annual basis for where the prior audit resulted in a finding for the FDR

5.1.2.1 If a high-risk FDR was issued a corrective action plan in its prior FDR audit, a follow up audit on the CAP will be required the following calendar year.

5.1.3 High-risk FDRs are audited against FDR attestation responses.

5.1.4 High risk FDRs Delegated the following functions are also subject to Delegated Service case review. Case review involves the auditing of Delegated Services against requirements specific to those Delegated Services.

5.1.4.1 Coverage determinations and organization determinations

5.1.4.2 Formulary and benefit administration

5.1.4.3 Grievances and appeals

5.1.4.4 Model of Care activities (HRA, ICP, ICT).

5.1.5 Audit scope may be extended as necessary depending on FDR performance to contract requirements, input from the Compliance Committee, or HPSM management.

5.2 Results of auditing will be shared with the Compliance Committee.

6.0 Monitoring

Please refer to CP.028 Delegation Monitoring and Oversight for additional information on monitoring.

Related Documentation

- CP.021 Delegation Oversight Activities and Responsibilities
- CP.023 Pre-Delegation Review
- CP.028 Delegation Monitoring and Auditing
- CP.030 Oversight Responsibilities for Medi-Cal Delegates
- FN.061 Purchasing Policy

Attachments

- FDR Medicare Compliance Guide
- Compliance FDR Attestation

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Log of Revisions	
Revision Number	Revision Date
0	05/26/2022
1	05/21/2024
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