**POLICY PURPOSE**

Troy Health, Inc. is committed to establish and implement an effective system for auditing, routine monitoring, and identification of compliance risks. This system includes internal monitoring and auditing, as well as external audits to evaluate first-tier entities’ compliance with CMS requirements and the overall effectiveness of the compliance program.

The purpose of this policy is to describe the process for identification of compliance risk to then launch appropriate audits and monitoring activities.

**SCOPE**

This policy applies to all employees and first tier and downstream entities that perform delegated health plan operations.

**REFERENCES**

- Medicare Managed Care Manual, Chapter 21, Section 50.6

**RESPONSIBLE PARTIES**

- Chief Compliance Officer

**DEFINITIONS**

- **First-tier entity (EDR)** – contracted through business associate agreement, the health plan has delegated required health plan operational functions to the first-tier entity. A first-tier entity is required to have a Compliance Program based on CMS regulations and perform the operational function(s) following CMS requirements.
• **Downstream entity (FDR)** – contracted through a business associate agreement with a first-tier entity of the health plan to perform health plan operational functions. A downstream entity is required to have a Compliance Program based on CMS regulations and perform the operational function(s) following CMS requirements.

• **Routine Monitoring** – a continuous evaluation of controls to confirm ongoing compliance with an operational process.

**POLICY**

Troy Health, Inc. has established a system for routine monitoring and auditing based on compliance risk.

**Compliance Risk**

A compliance risk assessment is conducted each year. Risk is based on the results of the last audit or monitoring results, member impact, changes in requirements, reported issues, the size of the unit, the complexity of the work, approved policies and procedures, training content, budget, and CMS audit findings across the industry. Any operational processes that result in high member impact will be included in the audit workplan, whether the function is delegated or performed in house.

High risk areas include:

- Enrollment/Disenrollment
- Appeals and Grievances
- Agent/Broker Sales
- Marketing Call Center
- Provider Credentialing
- Member Services Call Center
- Utilization Management
- Part D Coverage Determinations/Appeals
- Claims Processing
- Member Reimbursement
- FDR Oversight
- Formulary Administration

Risks are ranked to determine the highest impact on members and Troy Health, and audits are prioritized according to those risks on the Compliance Audit and Monitoring work plan.

**Auditing**

Once risks are identified, Compliance will develop an Audit and Monitoring work plan, which is used to schedule audits internally and externally with first-tier entities. It is a best practice to use a combination of desk and on-site audits, but the Chief Compliance Officer will determine when that is feasible. The Audit and Monitoring work plan is a flexible schedule; dates may change, new audits may be added, priorities may evolve. Compliance will provide the operational area or FDR with a reasonable advanced notice of the audit. The audit strategy will be finalized by identifying the targeted process, the universe requirements, sample size, timeframes, documentation requests, etc.
The auditor will complete the audit result report and the Chief Compliance Officer will share it with the operational area or FDR. The operational area or FDR must respond back to Compliance with any dispute in the results with evidence of compliance. Otherwise, a corrective action will be required.

**Routine Monitoring**

Routine monitoring is required for all business areas and FDRs which perform operational functions to confirm they are performing within compliance. Under the Medicare Advantage and Part D Prescription Drug programs, the responsible business manager must have internal controls in place to track their compliance. Monitoring programs should be designed to test inconsistencies, duplication, errors, missing approvals, incomplete data, volume limits, timeliness, and other breakdowns in the process.

Compliance may request monitoring activities to track metrics following a corrective action plan to determine if the corrective actions were effective.

Operational business areas and FDRs must report to Compliance if non-compliance is identified.

**PROCEDURE**

I. Annual risk assessment

II. Develop audit and monitoring work plan

III. Schedule audits

IV. Notify operational area or FDR of future audit

V. Request documents and materials for audit

VI. Write audit result report

VII. Share results with Chief Compliance Officer

VIII. Release results to operational area or FDR

IX. Request root cause analysis, member impact, and corrective action plan if results include findings of non-compliance.

X. Close corrective action plan when completed and request ongoing monitoring.

XI. Conduct validation audit to ensure non-compliance was corrected.

**ATTACHMENTS/RELATED POLICIES/STANDARD OPERATING PROCEDURES**

- CMP012 – Prompt Response to Compliance Issues
• Audit report

APPROVALS

Sally A. Scott

Chief Compliance Officer

10 / 26 / 2022

Date