

Elite Health Plan	Dept: Corporate
POLICIES AND PROCEDURES	Effective Date: January 1, 2025
Subject: Compliance – VI – Auditing and Monitoring	Policy No: PC402
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POLICY: Elite Health Plan follows the Centers for Medicare & Medicaid Services (CMS) requirements contained in the Medicare Compliance Program Guidelines as well as Parts 422 and 423 of Title 42 of the Code of Federal Regulations (CFR). Note for purposes of this policy and procedure, the term “Medicare programs” includes the Medicare Advantage (“MA”), Part D Prescription Drug (“Part D”) business. Elite Health Plan has established protocols to ensure 1) compliance risks are identified and investigated, and 2) effective monitoring and auditing of its internal business units as well as first-tier, downstream, and related entities (FDR) responsible for administering the Medicare program. This area of compliance is completed through the Plan’s Work Plan; Risk Assessment and Auditing & Monitoring Schedule.

Policy Purpose: To ensure processes are in place to:

- Conduct a formal baseline assessment of the Plan’s compliance risk areas internal/external
- Rank the risks to determine which risk areas have the greatest impact
- Prioritize the monitoring and auditing strategy accordingly; and Conduct monitoring and auditing to test and confirm compliance with MA, Part D, and MMP regulations, sub-regulatory guidance, contractual arrangements, and applicable State and

Procedure:

Compliance department:

- Reviews internal operational reports, dashboards, metrics, and/or scorecards received from functional areas to ensure compliance with CMS requirements;
- Where operational dashboards, metrics, and/or scorecards do not exist or are not adequate, the Compliance department works with the applicable functional area to ensure these are developed;
- Request auditing or monitoring reports at any time from internal departments or FDRs including but not limited to the following reasons; if needed for conducting a risk

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Audit Schedule & Work Plan: On an annual basis, the Compliance department and Compliance Committee in collaboration with the Delegation Oversight Committee (DOC) implement an Audit Schedule and Work Plan that encompasses all the areas applicable to the organization and its FDRs as noted in the OIG Work Plan. The Work Plan also incorporates any annual Medicare Program Changes, information and implementation from the annual Call Letter, a Risk Assessment of the Organization based on the overall work plan and input from functional areas, board members, etc. Areas noted in best practice memos, pharmacy risk assessments, major compliance and fraud, waste, or abuse (FWA) risk areas related to Medicare Advantage and Part D area also included. Identified risks are ranked in order to determine which risk areas will have the greatest impact to the Plan. The baseline risk assessment is reviewed on a periodic basis throughout the year and updated as deemed appropriate. This information is used to create the audit schedule annually.

Risk Assessment: On an annual basis, the Compliance department and Compliance Committee perform a baseline assessment of major compliance and fraud, waste, or abuse (FWA) risk areas related to Medicare Advantage and Part D for functions performed by plan staff and functions performed by FDRs and any FDRs that encompass ancillary services and consulting. Identified risks are ranked in order to determine which risk areas will have the greatest impact to the Plan; including ODAG/CDAG, FDR oversight, Formulary Administration, Network Management, Financial Solvency, and any other risks identified in the Plan's Overall Work Plan /Risk Assessment from the Corporate Compliance Committee comprised of risks identified by OIG, Medicare Program Changes, Call Letters, Best Practice Memos, and FWA trends. The baseline risk assessment is reviewed on a periodic basis throughout the year and updated as deemed appropriate. ALL FDRs identified as "core" FDR on the FDR Tracking and Risk Assessment Listing are audited at least annually. All FDRs Compliance Programs and required functions are audited by compliance at least annually to ensure completion of required training, completed review of compliance program, testing of required 7 elements of program,

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performance of consultant for audit functions to determine consistency with CMS audit methodology by comparing past to present audit results. Any findings of such consultant oversight and review performed by Compliance Officer are reported to the Chief Executive Officer and the Compliance Committee and Board of Directors

Auditing and Monitoring Schedule: The Compliance department along with the Compliance Committee uses the results of the risk assessment to develop the annual schedule and lists the auditing and monitoring activities to be conducted by Functional Area and performed from an internal monitoring and auditing perspective and by the Compliance Department acting as the governmental auditor and not part of ongoing operations within the organization. The audit activities included in the schedule are designed to test and confirm compliance with the MA and Part D regulations, sub-regulatory guidance, contractual arrangements, and applicable State and Federal laws, as well as associated internal policies and procedures. Auditing and monitoring activities designed to test and confirm operational components that are not specifically tied to MA, Part D, or MMP regulatory requirements are not included in the audit schedule. Where applicable, the Audit Schedule includes activities designed to test areas previously found non-compliant to determine if the implemented corrective actions have fully addressed the underlying problem.

The audit schedule includes the following elements for each activity listed:

- The Business Unit or external audit firm responsible for conducting the activity;
- The component, Business Unit, or first tier entity that will be audited or monitored;
- A brief description the responsibilities the component;

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- separate FDR audit schedule is created by the Delegation Oversight Committee who reports into the Compliance Committee. The CC reports into the Board Directors

The Compliance Officer is also allowed to report items directly to the Board of Directors. Those areas audited by the DOC are: PBM and FDR Claims, UM/QM PBM, FDR and all ancillary first tier, Credentialing FDRs and ancillary; and Compliance Oversight ALL FDRs. Multiple methods are used to monitor and audit FDRs including on-site audits, desk reviews, and monitoring of self-audit reports. (CDAG and ODAG audits for selected FDRs based on risk assessment and failure to meet metric thresholds established by CMS.

- The date the activity is scheduled to be initiated, started, or reopened;
- The frequency of the activity (ad-hoc, daily, monthly, etc.); A brief description of what the auditing or monitoring activity will be focused on
- The audit methodology (i.e., process, outcome, data vs sample review, targeted vs random, etc.); Which individuals and/or committees receive reports of the results; and when
- Auditing and monitoring methodology is determined on a case-by-case basis. As warranted, The Plan's Compliance Department trains for targeted auditing when applicable. All Grievance and Appeal audits are performed by an external consultant utilizing CMS Program Audit Targeted monitoring on CMS universes
- Applying targeted or stratified sampling methods driven by data mining and complaint monitoring

The Compliance Officer ensures an annual audit is conducted of the effectiveness of the Medicare compliance program. The audit is conducted by an external auditor. The results of the compliance program effectiveness audit are shared with the Compliance Committee, all of management; Quality Improvement Committee, and the Board of Director's Audit Committee. The Compliance department administers less formal measures of Medicare compliance program effectiveness through completion of a self-assessment tool and other monitoring activities in support of the compliance program effectiveness audit. In addition, the Compliance

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department uses compliance software monitoring Tool to track and document compliance related activities including:

- Auditing and monitoring activities conducted by the Compliance department;
 - Issues self-reported to Compliance by the Functional Areas responsible for administration of the Medicare programs;
 - Auditing and monitoring activities conducted by or on behalf of regulatory agencies;
 - Notices of Non-Compliance and other enforcement actions taken by regulatory agencies; and
 - Distribution and implementation of new or revised MA and Part D regulatory requirements and HPMS memos.
 - assessment, to determine if a potential compliance issues exist, or to validate that a compliance issue has been corrected.
 - Conducts ad-hoc or routine auditing or monitoring activities in situations where internal operational reports, dashboards, metrics, and/or scorecards are not available or to validate self-monitoring results reported by functional areas;
 - Uses applicable laws, regulations, and CMS guidance as well as associated internal policies and procedures when developing auditing and monitoring methodology and utilizes CMS methodology when known and/or applicable.
- Reviews new and revised policies and procedures with the Compliance Committee assistance and approval; Functional Areas enter their own auditing and monitoring for final Compliance review and approval so that there is a tracking of the auditing and monitoring in the compliance software with results.

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- Submits a Corrective Action Request to the functional area when deficiencies are identified;
- Tracks Corrective Action Plan updates provided by the functional business area in the compliance software to completion;
- Oversees validation activities to determine if corrective action has addressed the issue
- Reports monitoring and auditing results to functional areas, CEO, Executive Team, Compliance Committee; Board of Directors; and As deemed applicable, performs follow-up activities to determine if the implemented corrective actions have fully addressed the underlying problem (validation on going).

Reporting Results of Auditing and Monitoring Activities described in Audit Schedule are reported to one or more of the following individuals or committees:

- Applicable Functional Area owner(s)
- Compliance Officer;
- Compliance Committee;
- Executive Management, Board of Directors’ Audit Committee.
- The Plan may refer findings indicative of fraud, waste, or abuse to CMS, the National Benefit Integrity Medicare Drug Integrity Contractor (NBI MEDIC), or law enforcement.

The Board Audit and/or Board Compliance Committee of Elite Health Plan is directly responsible for, among other things, monitoring reports of compliance activities reported by the Compliance Officer. The Board of Directors is informed as needed of audit items, but no less than quarterly with activity reports presented from the Quality Improvement Committee and the Compliance Committee and the Compliance Officer.

References: Chapter 9 and Chapter 21 Element: Auditing and Monitoring and FDR Oversight