

First Tier, Downstream and Related Entities (FDR) Compliance Program

February 9, 2014



This presentation is not an exhaustive description of Humana's FDR program. Internal monitoring of Humana subsidiaries is beyond the scope of this presentation.

Requirements

An overview



February 9, 2014 2

Definitions

First Tier Entity is any party that enters into a written arrangement, acceptable to the Centers for Medicare & Medicaid Services (CMS), with a Medicare Advantage Organization (MAO) or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the Medicare Advantage (MA) program or Part D program.

Downstream Entity is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit or Part D benefit, below the level of the arrangement between an MAO or applicant or a Part D plan sponsor or applicant and a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

Related Entity means any entity that is related to an MAO or Part D sponsor by common ownership or control and

- (1) Performs some of the MAO or Part D plan sponsor's management functions under contract or delegation;
- (2) Furnishes services to Medicare enrollees under an oral or written agreement; or
- (3) Leases real property or sells materials to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period.

Source: Chapter 9, CMS Prescription Drug Benefit Manual; Chapter 21, CMS Medicare Managed Care Manual



February 9, 2014 3

FDR Requirements

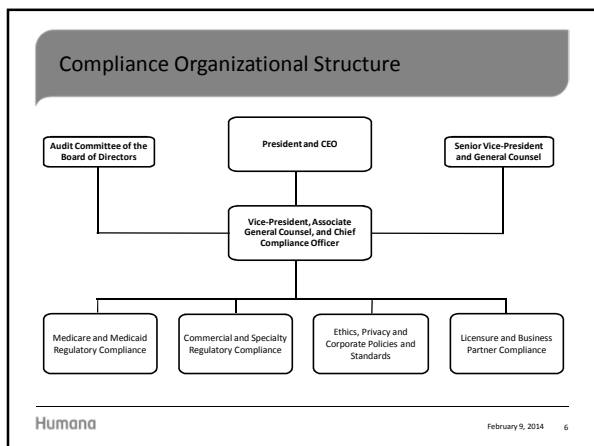
Type	Source(s)
Contract	42 C.F.R. §§ 422.504 and 423.505 CMS Medicare Managed Care Manual – <i>Chapter 11</i>
Compliance Program	42 C.F.R. §§ 422.503 and 423.504 CMS Prescription Drug Benefit Manual – <i>Chapter 9</i> CMS Medicare Managed Care Manual – <i>Chapter 21</i>
Offshore	CMS Health Plan Management System (HPMS) Memos - <i>dated 7/23/2007, 9/20/2007 and 8/26/2008</i>
Disclosure	CMS 2014 Readiness Checklist – <i>C.III – Changes to First Tier/Downstream/Related Party (FDR) Contracts for Key Part C and Part D Functions</i>
State	<ul style="list-style-type: none"> Vary by state May also be included in other state contracts, such as for Medicaid or dual Medicare-Medicaid plans

Humana February 9, 2014 4

FDR Compliance Program

Organization and Approach

Humana February 9, 2014 5



History

- 2010**
 - FDR governance and oversight occurring, but in silos
 - Work was not woven into an overarching program
- 2011**
 - Formed cross-functional teams to connect work
 - Designed online Governance, Risk and Compliance (GRC) portal, including an external environment for FDR GRC
- 2012**
 - Created dedicated FDR Compliance team
 - Enhanced compliance program governance and oversight, while leveraging operational performance oversight occurring in the business
 - Developed formal centralized policies and procedures
- 2013**
 - Expanded FDR Compliance team
 - Created formal cross-functional FDR Identification Committee
 - Connected intake processes throughout the company
 - Assessed program using criteria from the 2013 CMS Audit Protocol
 - Developed and distributed reports and metrics

Humana February 9, 2014 7

Structure

Humana uses a three-prong governance, risk and compliance approach to evaluate first tier entity relationships

- Operational business involvement**
 - Owne first tier relationship
 - Deploys training content
 - Conducts operational performance and compliance oversight (Delegate oversight conducted by centralized Delegation Compliance team)
- Operational Compliance Requirements**
 - Business Unit
- Centralized corporate team**
 - Produces training content
 - Serves as subject matter expert and consultant
 - Conducts compliance program oversight
- Operational and Financial Risk Review**
 - Internal Audit Consulting Group
- Compliance Program Requirements**
 - FDR Compliance

Humana February 9, 2014 8

Approach


- Intake models** are in place to connect to the FDR Identification Committee
- Defined criteria** drive a categorization for each first tier entity
- Resources are prioritized** based on the categorization

- Delegates
- Suppliers
- Contracted Sales Partners
- Contracted Sales Agents
- Chain Pharmacies
- Independent Pharmacies
- Providers

Humana February 9, 2014 9

System Demonstration

Enterprise Solution Point Partner Compliance Portal




February 9, 2014 13

Overview

Enterprise Solution Point Partner Compliance Portal


- RSA Archer platform
 - Award-winning solution
 - RSA Archer Summit Innovation Award – 2013
 - RSA Archer Summit Excellence Award – 2012
 - Information is available in real-time
- Evolution
 - Built foundational capabilities first
 - Planning migration of external-facing audit activity to the platform
 - Integrated with source systems
 - Use existing online front doors, such as Humana.com, Avality.com, iSupplier
 - Planning integration with internal-facing GRC environment in 2014
 - Learned lessons
 - Integrate with FDR data source universe, as opposed to loading/maintaining separately
 - Connect with the first tier compliance officer
 - Serve as a collaborator with first tier entities




February 9, 2014 14

Login Experience


ESP Partner Compliance Portal




Humana.com Provider Portal




Avality.com



Humana.com Pharmacy Portal





February 9, 2014 15

Vendor Oversight Leveraging Technology

2014 HCCA Managed Care Compliance
Conference
Joyce Hall, RN, CPHQ, CHC

Introduction

- **BlueCross BlueShield of Tennessee**
 - Insures approximately 3.1 million lives with 5200 employees*
 - 4 Delegate Oversight Project Managers report to Director of Quality
 - 25 Delegates and 50 Monitored Vendors
 - Delegates vs.. Monitored Vendors vs.. Vendors
 - Balance Benefits vs.. Risk

* Info from BCBST 2013 Annual Report of 2012

Benefits vs. Risks

3rd Party relationships offer:

- Expertise
- Reduced Costs
- Efficiencies
- Technological Advantage

3rd Party relationships have potential risks related to:

- Data Issues
- Quality
- Capacity
- Mergers



Mitigation costs less than Remediation

Roadblock vs.. Speed Bump



Mitigation costs less than Remediation

Goals

- **Participants will consider these technologically enhanced methodologies to reduce the financial burden of Vendor Oversight:**
 - Centralized Oversight Department
 - Standardized Oversight Tools
 - Reducing 'Onsite' Presence
 - Partnering Across the Enterprise

Centralized Oversight Department

Business Unit Oversight	Centralized Oversight
Costs and operational efficiencies may bias evaluation	Independent, unbiased review of 3 rd party vendors
Regulatory and Accreditation Oversight is often seen as burdensome and no value added function to already heavy workload	Consistent evaluation and follow up
Knowledge base tends to be operational rather than standards/quality based	Subject Matter Expert performing the evaluation
Often seen as one of many other urgent tasks not given priority consideration	Primary function and prioritized to meet business need
Function often performed within the silo of that business unit	Scope of function provides enterprise perspective

Standardized Oversight Tools

- **Online**
- **Use of Self Assessment Tools**
- **Templates**
- **Self Scoring Formulas**

Template Example

Requirement	Citation	Supporting Documentation	Available Points	Scored Points
Excluded Parties monthly monitoring	CMS Compliance Guidelines; Medicare Managed Care manual - Chapter 11	Policy FINDING – good policy but no report submitted	4	2
Passwords are at least 8 characters and are changed every 90 days with lockout after 3 failed attempts	NIST* Controls 800-53	Policy FINDING – full compliance	4	4
			8	6
		Compliance Scoring	75%	

*National Institute of Standards and Technology

Reduce Onsite Presence


- **On site visits dictated by business need only**
- **Desktop assessments whenever possible facilitated by technology such as**
 - Web conferencing
 - Web portal access to audit files
 - Secure e-mail and FTP uploads
- **Desktop evaluation prior to visits when site visits are necessary**

Partnering Across the Enterprise

- **Better contract pricing and consolidated on boarding costs**
- **Bundled scheduling and onsite visits**
- **Breaking down silos**
- **Allows operational staff to concentrate on those functions**


Sharing

- **What are your best practices?**

 WELLPOINT

First-Tier, Downstream and Related Entities (FDR) Oversight Program

Scalable solutions for any plan

 WELLPOINT

COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 33

Key Takeaways for Effective Oversight

Exceed Requirements. The FDR Oversight Program is set-up to ensure FDRs are meeting CMS requirements and providing services and support consistent with WellPoint's expectations. The Program strives to not just meet compliance requirements but exceed them in a way that protects the WellPoint reputation.

Draw on Experience. Process and components developed by drawing on WellPoint's experiences with various CMS audits; best practices and lessons learned considered. Other experiences in monitoring and auditing are tapped to increase effectiveness.

Adaptability/Scalability. Tools and process are designed to be dynamic and easily adaptable to future changes in requirements and expectations of FDRs, as well as easily translate to other plans.

Preparation and Readiness. Our program is designed to proactively inform and educate FDRs on our expectations and CMS requirements to maintain audit readiness, a key factor and in ensuring our members get the level of service expected of WellPoint.

Partner for Success. FDR Oversight relies heavily on the expertise of partners in the contracted business units and their understanding of WellPoint/CMS requirements. Their support strengthens the effective oversight and education of our FDRs. Their input and feedback are critical to continuous improvement and success.



COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 34

WellPoint By the Numbers

- 67 million served by WellPoint and affiliated companies
- 36 million enrolled in our family of health plans
- 1.35 million covered by WellPoint Medicare plans*
- .970 million enrolled in Medicare Part D plans



* Includes Medicare supplemental coverage



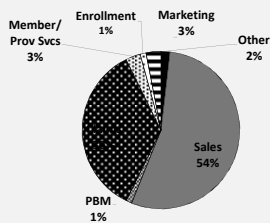
COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 35

FDR Oversight Program Totals

233 Total FDRs
(160 Core/73 Non-Core)

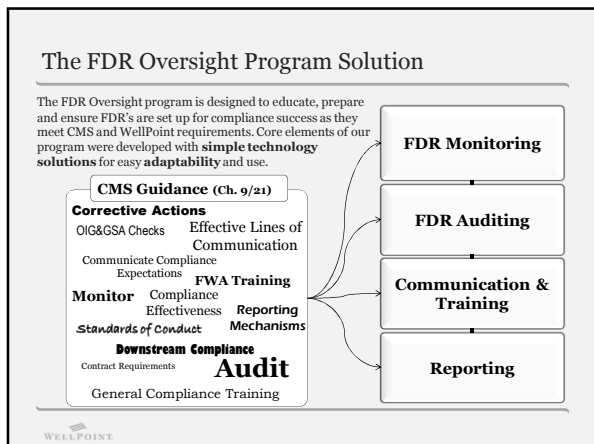
- 45 Operations
- 100 Provider Groups
- 83 Sales
- 5 Marketing

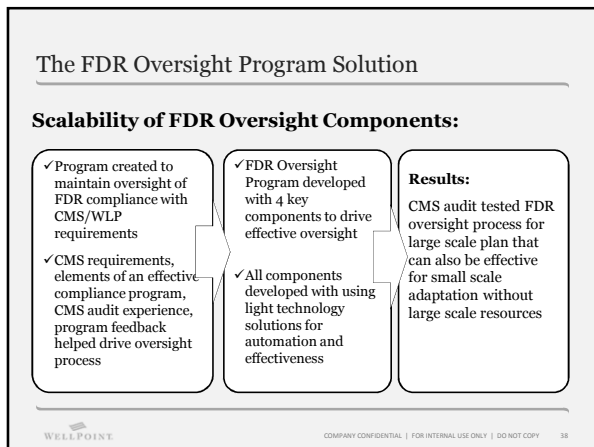
*Individual providers and agent/brokers not included in above count

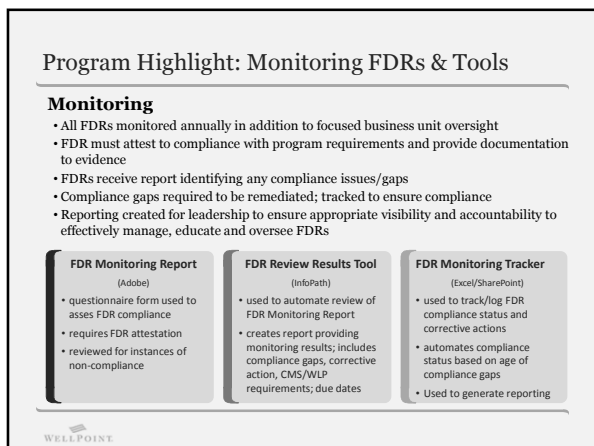


Core FDR Breakdown

COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 36







Program Highlight: FDR Monitoring Report

Adobe Format

- Document can easily be emailed to FDRs directly
- User friendly, only requires Adobe Reader (free)
- Allows for automated reporting; faster issue identification/turnaround

Tips, Links & Toolbox


- Tips and toolbox provide report instruction and compliance resources
- Embedded links provide CMS regulatory references and direct access to helpful sites (OIG/GSA)

Regulatory References

- Hovering over section headers and question boxes provide additional detail and regulatory references
- Designed from analysis of compliance requirements and WellPoint expectations

Electronic Attestation

- FDRs electronically attest at the end of report



FDR Monitoring Report

FDR Annual Monitoring

WellPoint Compliance Section
Section completed by FDR (Designated User)

FDR Name:

WellPoint Business Lead(s): WellPoint Business Manager(s):

ILT Owner(s):

Compliance Lead:

Date Sent to Business/FDR: Date Due Back to Compliance:


Report Toolbox

Tools accessible to all users:

- CMS Prescription Drug Benefit Manual Ch. 9 &
- CMS Medicare Managed Care Manual Ch. 21
- CMS Medicare Managed Care Manual Ch. 11
- WellPoint's Standards of Ethical Business Conduct (SOEBC)
- CMS FICA & General Compliance Training Module

Tools and Report Tips

- This form must be completed using Adobe Acrobat. A free download is available by clicking here: [Adobe Reader](#).
- All questions should be completed, unless sub-questions do not apply based on answer selected above.
- Additional details & references to requirements are provided by hovering your mouse over the following:
 - **Sub-Section Headers**
 - **Answer Boxes**
- Links to CMS guidance can be viewed by clicking **Regulatory References** under sub-section headers.
- Business Lead confirmation (pg. 3) and FDR Attestation (pg. 8) must be completed prior to submission.
- Please e-mail any questions or issues with this report to FDRSharedMailbox@wellpoint.com.



FDR Monitoring Report Features

Pop-up Boxes

Section Explanation & Regulatory Reference

OIG & GSA Federal Exclusion Checks

Regulatory Reference (Pg. 39):

- *OIG (LEIE) Exclusions
- *GSA (EPIS) Exclusions

27) Is FDR staff, supporting WellPoint's Medicare exclusion lists prior to initial hire and monthly thereafter as required...

28) Do FDR's policies and procedures address immediate removal of staff from working on WellPoint's Medicare Programs business?

29) Do FDR's policies and procedures address immediate removal of staff from working on WellPoint's Medicare Programs business?

Links

Clickable links to regulatory references & additional resources


Answer Boxes

Drop Down Answer Options

YES
NO

Pop-up Boxes

Additional Question Information



FDR Communication & Training

- Various opportunities developed to connect with FDRs to educate, clarify and keep FDRs up to date on requirements.

Medicare Exhibit

- contract exhibit dedicated exclusively to Medicare regulatory and program requirements
- all vendors/providers contracting to provide admin/provider services for MA and Part D Medicare services required to sign

Compliance Trainings

- quarterly trainings held for FDRs
- trainings cover rotating compliance topics, updates to guidance or processes, FDR requirements and examples, Q&A sessions

FDR Newsletters

- monthly communications sent via email
- content includes information on various compliance topics, clarification, examples, updates to existing requirements

Business Owner Meetings

- quarterly meetings held for internal business units contracting FDR services
- topics include FDR compliance trends, systemic issues, corrective actions, and best practices

WELLPOINT COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 43

FDR Newsletter

Newsletters Distributed Monthly:

- FDRs and internal business owners receive via email monthly
- Educates stakeholders on key compliance updates to requirements and processes
- Features multiple articles, external links, and includes methods of reporting compliance issues

Articles in Action:

- *Monitoring Requirements Flow Downstream*
- *Audit...Like Getting a Checkup*
- *Checking In on OIG & GSA Federal Exclusion Checks*
- *The Need to Know on Standards of Conduct, Policies & Procedures*



WELLPOINT FDR Newsletter The Latest in Medicare & Compliance Updates May 2013

Converting WellPoint FDRs
 The Latest in Medicare & Compliance Updates
 May 2013
Audit - Like Getting a Yearly Checkup
 As you get ready for your annual physical, you may be surprised to learn that you should also get a "checkup" on your Medicare coverage. This is especially true if you are a Medicare beneficiary who is also a FDR. This article provides a checklist of items to review to ensure your Medicare coverage is up to date and meets your needs.
What? This article provides a checklist of items to review to ensure your Medicare coverage is up to date and meets your needs.
Why? As you get ready for your annual physical, you may be surprised to learn that you should also get a "checkup" on your Medicare coverage. This is especially true if you are a Medicare beneficiary who is also a FDR. This article provides a checklist of items to review to ensure your Medicare coverage is up to date and meets your needs.
How? This article provides a checklist of items to review to ensure your Medicare coverage is up to date and meets your needs.
Did You Know? This article provides a checklist of items to review to ensure your Medicare coverage is up to date and meets your needs.

WELLPOINT COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 44

Quarterly Meetings/Trainings

Open and Effective Lines of Communication

Quarterly Compliance Training

- Educate key FDR contacts on updates to requirements and program process changes
- Opportunity to publicize required communications; methods of reporting
- Q&A and surveys distributed to solicit feedback on program

Quarterly Business Owner Meetings

- Educate business partners on more detailed internal processes; trends
- "Business Owner Spotlight" provides participants with insight of best practices and common issues
- Q&A and surveys distributed to solicit feedback on program

WELLPOINT COMPANY CONFIDENTIAL | FOR INTERNAL USE ONLY | DO NOT COPY 45

Questions?

Jennifer Verheyden
Director, Medicare Program Compliance /FDR, Part D, FWA
Jennifer.Verheyden@wellpoint.com