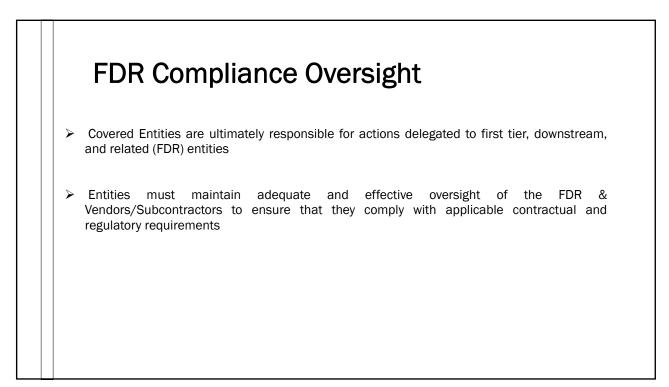
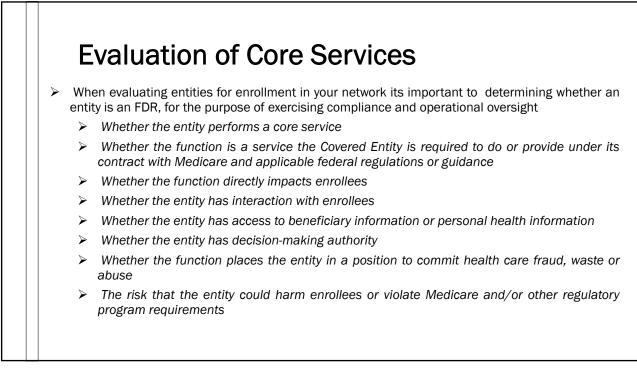
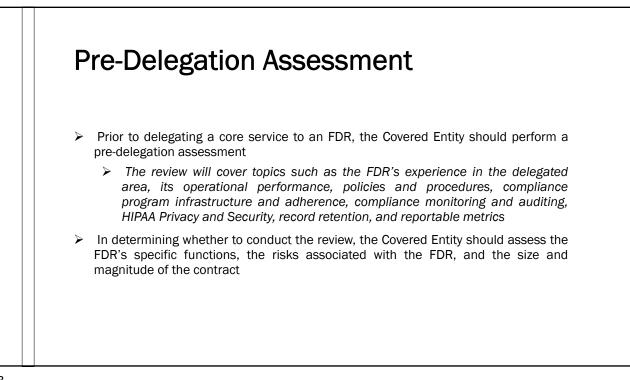


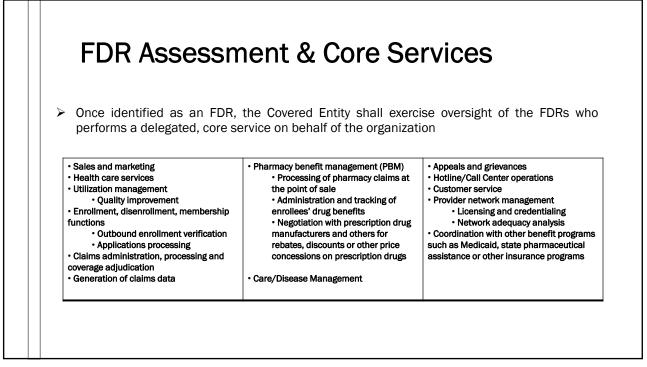
 Downstream Entity: A party that enters into a written arrangement with a First Tier entity for the provision of administrative services or health care services to a Medicare eligible individual under the Medicare Advantage program or Part D program Hospital within a health system that has entered into a system level agreement
Credentialing verification organization Related Entity: Any party that is related to the Covered Entity by common ownership or contro and either: (1) performs some of the sponsor's management of functions under a contract o delegation; (2) furnishes services to Medicare enrollees under an oral or written agreement or (3) leases real property or sells materials to the sponsor at a cost of more than \$2,500 during a contract period
Pharmacy Benefit Managers (PBM): PBMs are primarily responsible for developing and maintaining the formulary, contracting with pharmacies, negotiating discounts and rebates with drug manufacturers, and processing and paying prescription drug claims. PBMs car reduce prescription drug costs and improve convenience and safety for consumers employers, and government programs

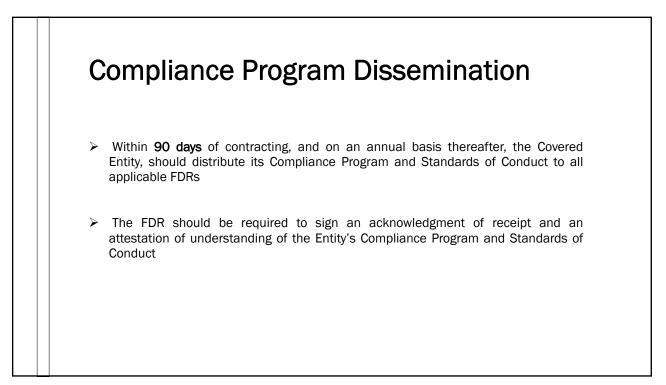


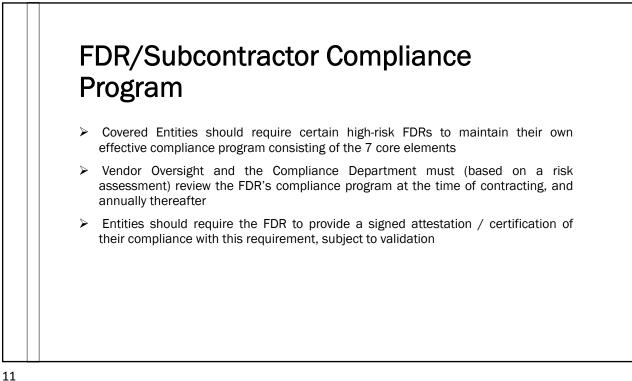




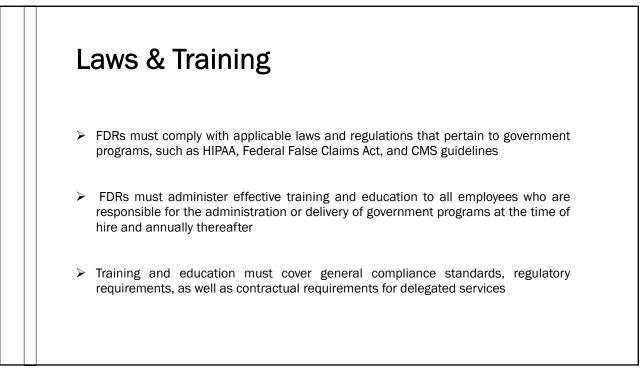


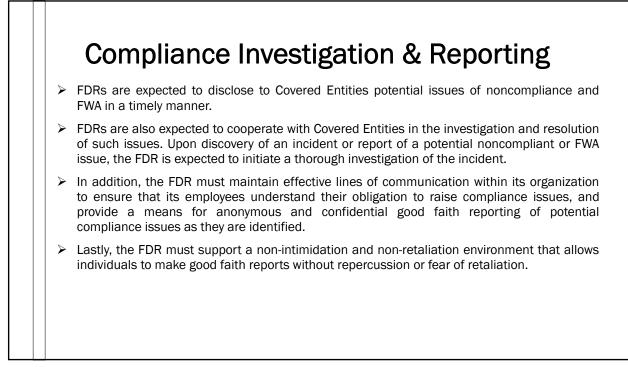


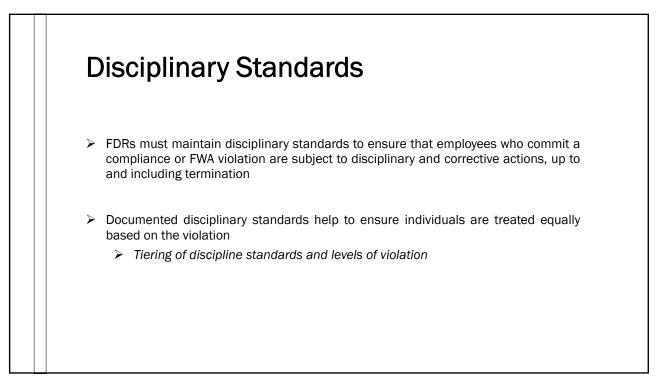


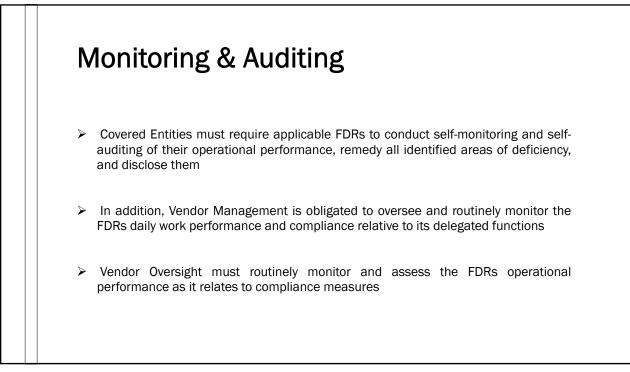


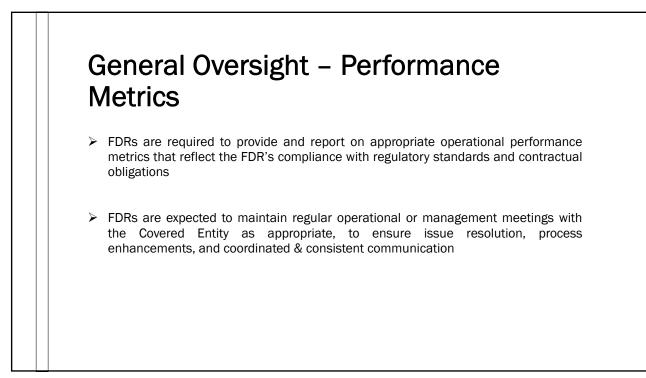




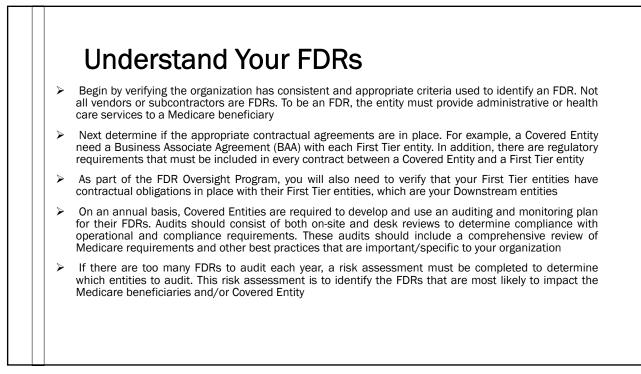


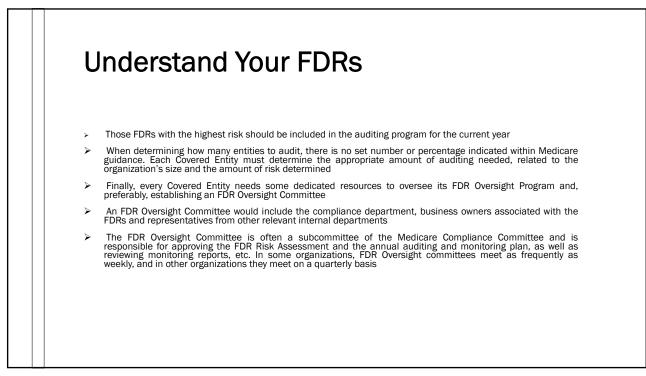


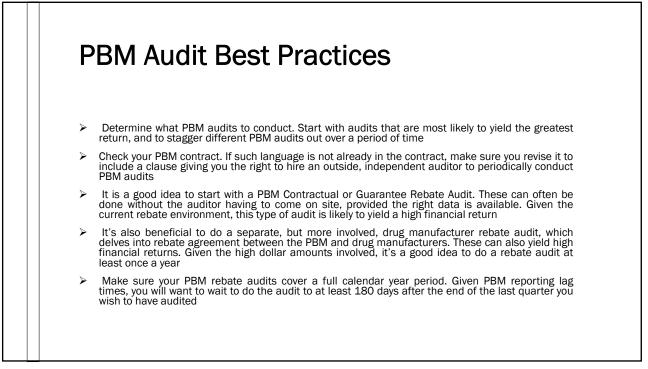


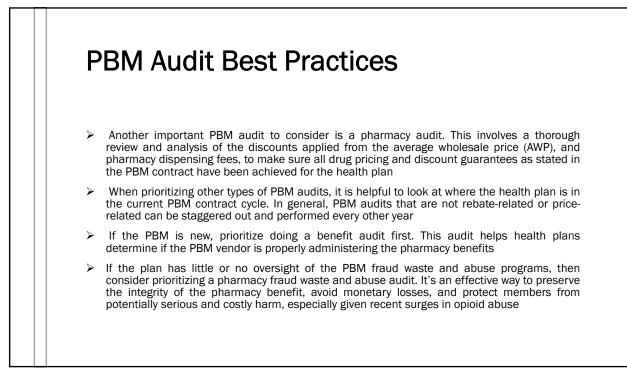












 a risk assessment plan CMS mandates that all First-Tier Downstream and Related Entities (FDRs) be listed and a risk category assigned to each. Individual subject matter experts within the organization should provide key input to the risk plan so it can be determined which vendors pose the highest risks Those with high or medium risk should be audited relative to the functions they perform and relative to the Medicare Managed Care Manual sections they're performing against Making sure your PBM contract allows you to conduct audits – and conducting these regularly—will help avoid leaving money on the table, protect members, reduce compliance risks and put the plan in a stronger position to demand higher levels of 	F	BM Audit Best Practices
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 and relative to the Medicare Managed Care Manual sections they're performing against Making sure your PBM contract allows you to conduct audits – and conducting these regularly—will help avoid leaving money on the table, protect members, reduce compliance risks and put the plan in a stronger position to demand higher levels or the stronger position. 	4	a risk category assigned to each. Individual subject matter experts within the organization should provide key input to the risk plan so it can be determined which
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	4	Making sure your PBM contract allows you to conduct audits – and conducting these regularly—will help avoid leaving money on the table, protect members, reduce compliance risks and put the plan in a stronger position to demand higher levels of service performance from the PBM

