

Peoples Health Network Fraud, Waste and Abuse Program

POLICY AND PURPOSE

The Peoples Health Network (PHN) Fraud, Waste and Abuse (FWA) Program is designed to meet the requirements, as interpreted by the Centers for Medicare & Medicaid Services (CMS), described in Chapter 42 of the Code of Federal Regulations, Parts 422 and 423, and collectively referred to as Part C and Part D of the Medicare Program. Each Medicare Advantage Organization (MAO) is required to implement an effective Compliance Program that meets the requirements set forth in 42 C.F.R. 422.503(b)(4)(vi) and 423.503(b)(4)(vi). The FWA Program is also applicable to any commercial product administered by PHN in accordance with federal and state laws, including Louisiana Revised Statute 22:572.1.

The CMS Compliance Program requirements include measures to prevent, detect and correct FWA. PHN is committed to establishing an organizational culture that promotes prevention, detection and resolution of conduct that does not conform to federal and state law, as well as PHN's own ethical standards and business policies. It is the ongoing commitment of the Compliance department, through the Benefit Integrity Unit (BIU), to act as the key resource for and communicator of FWA issues through implementation of the FWA Program.

The elements of the FWA Program apply to all Medicare health plans offered by Peoples Health, Inc. In addition, the elements apply to all employees, inclusive of the governing body, and subcontractors (first tier, downstream or related entities (FDRs)). While all employees and FDRs must adhere to the FWA Program, PHN looks particularly to the company's officers and management staff to lead by example.

Definitions of Fraud, Waste and Abuse

- **Fraud** – knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any healthcare benefit program or to obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money property owned by, or under the custody or control of, any healthcare benefit program.
- **Waste** – the overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to the Medicare Program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources owned by, or under the custody or control of, any healthcare benefit program.
- **Abuse** – actions that may directly or indirectly result in unnecessary costs to the Medicare Program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. It also involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented the facts to obtain payment.

Roles and Responsibilities of Individual Employees

Prevention, detection and correction of FWA is everybody's responsibility, not just the responsibility of the BIU. Promoting a culture of compliance with FWA requirements is extremely important, and actions such as remaining silent or actions perceived to disregard compliance with FWA requirements in promotion of operational issues are detrimental to that culture.

The BIU provides direction and support to employees in the area of FWA, but the responsibility to understand and follow the Standards of Conduct, Policies and Procedures, and the regulatory requirements that they embody is the individual responsibility of each employee. Each employee must internalize these standards and learn how to apply them to his or her daily activities and interactions with others in the workplace.

Individuals have the duty to inquire if they do not understand how FWA compliance standards apply to them, using various resources available at the departmental levels, including the individual's manager. Additionally, the BIU is a resource that should be used by all employees. However, the availability of these resources does not discharge or limit the employee's obligation to address FWA issues or to devote the resources needed to ensure that FWA laws and regulations are followed.

Roles and Responsibilities of Benefit Integrity Staff

The FWA Program is comprised of seven core elements to prevent, detect and correct FWA. The BIU's structure is designed to meet these objectives and is comprised of three critical areas. The following is a description of those areas:

- **Clinical** – This area is responsible for addressing potential FWA issues related to medical necessity, including coding of medical conditions, appropriate documentation to support the standard of care, plan rules and CMS program rules.
- **Financial** – This area is responsible for addressing potential FWA issues related to billing and reimbursement necessity, including coding of procedures, appropriate documentation to support the billing practices, plan rules and CMS program rules.
- **Pharmacy** – This area is responsible for the clinical and financial aspects of potential FWA issues related to prescription drugs, including medical necessity, billing and reimbursement, plan rules, and CMS program rules.

ELEMENTS OF THE PHN FWA PROGRAM

The FWA Program contains the following seven elements:

- Written Policies and Procedures, and Standards of Conduct
- Compliance Officer, Compliance Committee and High-Level Oversight
- Effective Training and Education

- Effective Lines of Communication
- Well-Publicized Disciplinary Standards
- Effective System for Routine Monitoring, Auditing and Identification of FWA Risks
- Procedures and Systems for Prompt Responses to FWA Issues

The seven elements have been implemented and are tailored to PHN operations of Medicare Advantage Prescription Drug plans. PHN effectively implements the FWA Program through the BIU of the Compliance department. The following information details the seven elements and how PHN addresses each one.

Written Policies and Procedures, and Standards of Conduct

PHN has written policies and procedures, and a Standards of Conduct that clearly state PHN’s commitment to comply with all applicable federal and state statutory, regulatory and other requirements related to the Medicare program. PHN also maintains detailed FWA policies and procedures that describe the operation of the FWA Program. These procedures are written in easy-to-understand language and are easily assessable to any employee or FDR. The policies and procedures and Standards of Conduct describe PHN expectations of compliance with FWA requirements and the implementation of the FWA Program.

- Standards of Conduct – The PHN Standards of Conduct functions as a guiding force for PHN employees and subcontractors on how they should conduct themselves, both professionally and personally, to maintain a corporate culture of compliance. The Standards of Conduct also functions as a foundational document that details the fundamental framework of ethics for PHN’s operational activities while articulating compliance with all applicable federal and state statutes and regulations, with an emphasis on preventing FWA. The Standards of Conduct states that compliance with FWA requirements is everyone’s responsibility and describes PHN’s expectation that potential FWA issues are reported, investigated and corrected. The Standards of Conduct is reviewed and approved by the full Board of Directors. This is necessary to ensure that compliance with FWA requirements starts at the very top of the organization.
- PHN maintains FWA policies and procedures that address requirements and activities for the elements of the Compliance Program. These policies include:
 - Development and Maintenance of Risk Assessments
 - FWA Oversight Committees
 - Training and Education Programs
 - Inquiries, Including Complaints
 - Monitoring
 - Auditing (Internal, External and Delegated Entity Oversight)
 - Investigations
 - FWA Corrective Actions

- Coordination and Collaboration with National Benefit Integrity Medicare Drug Integrity Contractor (MEDIC)
- Coordination and Collaboration with Regulatory Authorities and Law Enforcement Agencies
- Disciplinary Guidelines
- Non-Intimidation and Non-Retaliation

All employees receive the Standards of Conduct at the time of hire, and annually thereafter, and certify that they have received, read and will comply with all policies and standards. In addition, the Standards of Conduct and FWA policies are maintained on a Web-based system and are available to all employees 24 hours a day, 365 days a year. This Web-based system is also configured to ensure that the Standards of Conduct and FWA Policies and Procedures are reviewed and/or updated no less than annually.

In addition to FWA policies and procedures, PHN maintains operational policies and procedures to address requirements and activities in key areas defined by the Department of Health and Human Services Office of Inspector General (OIG) and CMS, including the following:

- Marketing and enrollment, to ensure marketing and enrollment are conducted in accordance with applicable federal and state laws, including state licensing laws and CMS policy.
- Over- and under-utilization and quality of care, to ensure that all covered services are available and accessible to all enrollees and are provided in a manner that is consistent with member's Medicare entitlement.
- Data collection and submission processes, to ensure timely, accurate and complete submissions to CMS, the MEDIC and law enforcement or their designees, including information such as enrollment, encounter, pricing, plan bidding, and appeals and grievances data. This includes sample audits, quality checks and the certification of data as required. Special attention is paid to the accuracy of both the administrative component of the plan bid and the institutional status of members.
- Adherence to federal guidelines regarding the Anti-Kickback Statute, False Claims Act, Health Insurance Portability and Accountability Act, U.S. Food and Drug Administration, other applicable regulatory and subregulatory guidance, and contractual commitments as it applies to MAOs related to the offering of benefits under Part C and Part D of the Medicare program.
- Record retention, to ensure the accurate and consistent creation, distribution, retention, storage and retrieval of documents required by federal and state law – including, but not limited to, corrective actions imposed, statements, attestations or certifications related to conflicts of interest, training documents, complaints, audit results and documents related to self-disclosure of legal violations – for a period of no less than 10 years.

- Ensuring all potential violations of federal and state criminal, civil, and administrative laws, rules and regulations are identified, investigated and responded to in a timely manner, including possible referrals to the appropriate regulatory entities, including OIG, CMS, Department of Insurance (DOI), MEDIC, Department of Justice and law enforcement.
- Employment of and contracting with ineligible persons, to ensure that all current employees and contractors are eligible and that they are required to report any debarment or other event that makes them ineligible to perform work related directly or indirectly to federal healthcare programs. The list of employees and contractors is reviewed against the OIG and General Services Administration (GSA) exclusion lists no less than annually and are subject to immediate removal. Potential employees and contractors are reviewed in the same manner prior to hire or contracting.
- Pharmacy and Therapeutics (P&T) Committee, to ensure a commitment to legal P&T Committee decisions and formulary decisions as well as the determination of clinical efficacy and the appropriateness of formulary drugs is preceded by and paramount to the cost of the drug.
- Compliance to ensure that the organization implements and executes a Compliance Program that has processes and procedures to, in good faith, identify, investigate, communicate, correct and report potential compliance issues. Additionally, PHN maintains a non-retaliation policy. Additional information is provided in the element descriptions throughout this document.

Compliance Officer, Compliance Committees and High-Level Oversight

The Compliance Officer is responsible for the overall development, operation and monitoring of the FWA Program. The Compliance Officer is an employee of PHN, is independent and free to raise FWA issues without fear of retaliation and reports directly to the Senior Vice President of Audit and Compliance. This reporting relationship does not prohibit direct, unfiltered access to report information to the Chief Executive Officer (CEO) and the PHN Board of Directors' Compliance Committee or to seek advice from legal counsel. The Compliance Officer is responsible for the implementation of the FWA Program. The activities and results of the FWA Program are reported to the Board of Directors through the following committee structure.

PHN has established two committees through which the Compliance Officer, along with these committees, directs implementation of FWA Program projects. The committees meet regularly but no less than quarterly. The committees are as follows:

- The PHN Compliance Committee
- The PHN Board of Directors' Compliance Committee

The PHN Compliance Committee reports to the Board of Directors Compliance Committee and consists of the CEO and Senior Vice President of Audit and Compliance, as well as other Senior Management representing operational departments such as Sales and Marketing, Pharmacy, Operations, Enrollment, Health Services, Network Development, Finance and Information Technology.

The Board of Directors as a whole is responsible for oversight of the Compliance Program and has, through the PHN Board of Directors' Compliance Committee charter, delegated that responsibility. The PHN Board of Directors' Compliance Committee consists of appointed members of the PHN Board of Directors and other members who are not members of the PHN Board of Directors. The members and the chairman of the committee are selected by the Chairman of the PHN Board of Directors, at their discretion. The Board of Directors' Compliance Committee provides regular reports to the full board.

Senior Management is engaged in the Compliance Program and recognizes the importance of the Compliance Program in the organization's success. By ensuring the Compliance Officer and staff are integrated within their respective operational departments, Senior Management supports the credibility and authority needed for a robust and effective plan.

The Compliance Officer, working in conjunction with the committees, is responsible for the following:

- Overseeing and monitoring the implementation of the FWA Program and managing the Compliance department
 - Being aware of daily business activity by interacting with operational units of the organization and FDRs
 - Conducting interviews, investigations and audits regarding FWA issues
 - Reviewing company contracts
 - Ensuring data submitted to CMS is accurate and compliant
 - Recommending policy, procedure and/or process changes
- Reporting on a regular basis, but not less than quarterly, to the Compliance Committees on all plans administered by PHN
 - Reports include the status of the FWA Program implementation, the identification and resolution of suspected, detected or reported instances of FWA, and oversight and auditing activities
- Periodically reviewing and revising the FWA Program
- Developing, coordinating and championing a multifaceted education and training program that includes FWA training and education, its written policies and procedures, and Standards of Conduct for the PHN Board of Directors, employees and FDRs
- Auditing and monitoring activities

- Developing and implementing communication systems that encourage management and employees to report suspected FWA violations without fear of retaliation
 - Maintaining systems and documentation for each report of a suspected violation and its source (e.g., hotline, mail or in-person)
- Ensuring that all employees, governing body members and FDRs are screened against the appropriate exclusions lists, including the OIG and GSA lists
- Reporting issues of potential FWA, to the appropriate regulatory body, including the MEDIC, CMS and/or the DOI
- Cooperating with and coordinating investigations with the appropriate MEDIC and/or facilitating any documentation or procedural requests
 - May include collaborations with other sponsors, State Medicaid programs, Medicaid Fraud Control Units (MCFUs), and commercial payers, where appropriate when an issue involves multiple parties
- Investigating and acting on matters related to FWA, including disciplinary and corrective actions, if necessary
- Continuing the momentum of the FWA Program

Specific responsibilities of the Compliance Committee include:

- Providing oversight and direction to the PHN Compliance department
 - Supporting the need for sufficient resources
- Receiving and analyzing reports regarding the FWA environment, legal requirements and specific risk areas related to PHN's operational processes
- Working with the appropriate departments and providers to develop and implement policies and procedures
 - Including FWA Policies and Procedures
- Determining appropriate strategies and approaches to promote compliance with FWA requirements and detect potential violations
 - Assisting in FWA risk assessment and audit and monitoring work plan
- Developing a system to solicit, evaluate and respond to potential FWA issues
 - Ensure the systems apply to FDRs
- Assisting in the development of internal systems and controls
- Assisting in investigations and implementation of corrective actions
 - Developing innovative ways to implement corrective actions and preventive actions
- Training and educating staff on FWA issues
 - Reviewing and approving FWA training
- Serving as the authority, as needed, to make determinations on any FWA issues raised, including warranted disciplinary actions

The Compliance Officer does not necessarily need to wait for approval by the committee(s) to implement needed FWA actions and activities, provided that, as appropriate, those activities are reported at the next scheduled meeting.

Effective Training and Education

PHN provides training to all PHN employees, members of the governing body, the CEO and other members of senior management. Training related to the administration and operation of the Medicare Advantage program and general sessions on FWA issues is provided upon hire (within 90 days) and annually thereafter. Additionally, employees receive annual specialized training specific to their job function.

PHN uses an online training system to assign, monitor and track employee training. The online training system provides course content in both written and audio formats. Each course has an associated test which requires 80 percent proficiency as a passing score.

- *General Training Sessions:* The New Employee Monthly Orientation program contains a segment on compliance that addresses the role of the Compliance Program and Standards of Conduct, as well as the basic regulations governing the activities of the Compliance department, including requirements of FWA. There are also training sessions that highlight FWA Program projects and regulatory changes. The BIU works with department heads to identify and address specific training needs of employees related to compliance issues and requirements specific to their department.
 - General training on Medicare, compliance, FWA and HIPAA is administered through the online training system
 - All employees attest that they have read and understand the Standards of Conduct on an annual basis. Attestations are retained by the Human Resources department.
- *Specialized Training:* PHN, through its online training system, ensures that training courses specific to operations, such as Claims, Enrollment, Finance, Health Services, Member Services, Information Technology, Pharmacy, and Sales and Marketing, are assigned and completed annually.
- *Ad Hoc Training:* The BIU creates and maintains specialized internal training materials developed in response to risk assessments, changes to the Medicare program, corrective actions or by request.
- *Format of Training Programs:* The FWA Program employs a variety of teaching methods, including interactive training and classroom sessions.

PHN uses several methods to train providers and sub-contractors. Provider manuals and quick guides (updated annually), on-site training, in-services and newsletters are used to communicate issues and processes related to FWA activities, and this is an ongoing effort. PHN will invite, when appropriate, employees who have involvement in the administration or delivery of Part C or Part D benefits, or its subcontractors, to participate in PHN training. Additionally, relevant PHN employees may participate in training

offered by sub-contractors. CMS also deems that FDRs have met the FWA training requirements if they are enrolled in the Medicare Fee-for-Service program, as that enrollment requires FWA certification from CMS.

Effective Lines of Communication

Communications, both from and to the BIU, are a key aspect to the effectiveness of the FWA Program. The BIU communicates FWA information, including alerts, schemes, and identified persons or entities that have allegedly participated in a FWA activity, to the appropriate operational departments and FDRs.

- *Monitoring CMS Communications* – The BIU receives information from CMS and its contractors via several methods, including the Health Plan Management System, CMS Program Transmittals and Program Memorandums.
 - The BIU also monitors changes to the Code of Federal Regulations, industry publications and communications from CMS contractors.
- *Clarifications and Interpretations* – PHN staff are encouraged to seek clarification from the BIU regarding FWA issues. PHN is committed to facilitating communication with employees, members, providers and FDRs regarding FWA requirements, and policy and procedure updates. The BIU obtains and/or provides clarifications of regulations and CMS guidance.

PHN also has mechanisms and processes available for members, providers, employees (including members of the Board of Directors) and FDRs for the required reporting of potential FWA violations, including direct access to the BIU, a general BIU email box and a hotline. Any employee who knowingly fails to report an actual or potential violation will be subject to disciplinary action, up to and including employment termination. A log is maintained of all matters reported, including the nature of any investigation and its results. All investigations are initiated within two weeks of receiving the complaint. PHN strives to maintain the confidentiality of individuals' identities, but compliance policy explicitly communicates that there may be a point where the identity may become known or may have to be revealed.

- *Direct Reporting* – Potential violations can be reported either directly to management and/or the BIU.
 - Employees are encouraged to initially report issues to the department compliance staff and/or management. This may be the most effective way to identify and address potential issue quickly.
 - The Compliance Officer and/or BIU staff are directly accessible to all employees. Potential issues can be reported in person, or by email, telephone, interoffice mail or the U.S. Postal Service. Using these

reporting mechanisms may not provide for anonymity; however, confidentiality is maintained.

- *Compliance Hotline* – To provide for anonymous reporting, PHN contracts with an outside vendor to maintain a 24-hour, toll-free hotline that utilizes a voicemail system for callers to leave messages regarding potential compliance issues, including FWA and privacy concerns. Calls will not be traced, although callers can leave their name and contact information for a follow-up call if they wish.
 - The Compliance and Privacy Hotline number is communicated as part of new employee orientation, member and provider newsletters, company bulletin boards, company intranet, company website, select vendor mailings and member publications. The Hotline number is also explained in the provider manual and employee handbook.

PHN maintains confidentiality and non-retaliation policies for reports of suspected violations. Employees who participate in the FWA Program and in good faith report potential issues are protected from intimidation, retaliation or retribution.

Well-Publicized Disciplinary Standards

As part of the FWA Program, PHN's Performance Management and Progressive Discipline Process policy is the foundation for disciplinary action; however, disciplinary action will take into consideration, among other things, the nature of any violation, the impact or potential impact on the company or beneficiaries, whether the violation was knowing or willful, whether the employee voluntarily reported his or her own violation, whether the employee attempted to hide or cover-up the violation, and the extent to which the employee cooperated fully in the investigation and correction of the violation.

An incidental or inadvertent violation is usually addressed at the department level, requires correction of the issue, and may involve individual counseling and/or training. Serious issues that do not involve potential fraud are required to be documented as incidents of non-compliance and include formal documentation of the action taken, such as counseling, written warning and/or potential suspension. Egregious, malicious or potentially fraudulent violations must be reported to the Compliance Officer immediately and may result in termination after consultation with the Vice President of Human Resources and/or any of the Compliance Committees. To ensure consistency, the disciplinary actions for issues that do not indicate fraud are reviewed by Human Resources and disciplinary action data is reported to the Compliance department

Additionally, compliance is an element of the performance evaluation of all employees and is supported through the following steps:

- PHN's Standards of Conduct, Policies and Procedures, and regulatory requirements are included in the job descriptions for all PHN staff

- The BIU is committed to working with departments to identify key issues in order to develop a meaningful framework with which to gauge employee compliance
- Members of all management levels are instructed to document all disciplinary actions regarding FWA violations and forward to Human Resources for placement in personnel files so they can be considered in Performance Appraisals
- Staff members are informed that anyone who violates FWA policies or requirements will be held accountable through disciplinary action up to and including termination. This standard also includes managers who fail to detect violations through reasonable diligence

Effective System for Routine Monitoring, Auditing and Identification of FWA Risks

All employees with supervisory responsibility have a duty to monitor the activities of their reports to help ensure that those activities are conducted in compliance with regulatory standards.

Department heads are responsible for implementing quality and/or internal control measures they deem necessary to help ensure their processes do not violate FWA requirements and are responsible for identifying and addressing FWA issues affecting their department in a timely manner. The BIU should be consulted with respect to such issues and will provide appropriate assistance to the department.

The FWA Program promotes internal auditing and monitoring, through ongoing risk assessment, that incorporates requirements for the Medicare Advantage Program as indicated by CMS through regulatory guidance, including, but not limited, to the following:

- Annual OIG workplan
- Policies and procedures implemented as a result of FWA actions both internal and external
- Requests from regulatory agencies or internal operational changes
- Policies and procedures implemented as a result of the Medicare Managed Care Manual and the Medicare Prescription Drug Benefit Manual
- CMS and other industry fraud alerts
- Implementation of new regulatory requirements
- DOI requirements and applicable sections of the state law, including new legislation

The PHN FWA Risk Assessment is structured by benefit service areas (e.g., physician services) and measures the risk of non-compliance in the following three categories:

- Impact to PHN
- Issue Notification and Identification
- Number of Potential Participants

Each category is scored based on impact and probability. These category scores are combined to determine the risk score for each element contained in the risk assessment. The total scores are quantified into three levels: high, moderate and low. An element's risk score can be mitigated over time by implementing and testing the appropriate controls. On an annual basis, the Risk Assessment is reviewed and risk scores recalculated based on the results of the control tests. The monitoring and audit workplans are a direct result of the Risk Assessment and those elements that are the highest risk to PHN. Included in the workplan are elements in the areas of particular concern to CMS, including:

- Plan Sponsor Fraud
- Medical Provider Fraud
- Pharmacy Fraud
 - Pharmacy Benefit Manager
 - Prescriber
 - Wholesaler
 - Manufacturer
- Beneficiary Fraud

Auditing and monitoring activities are performed routinely by the BIU, including auditing and monitoring of delegated entities.

- The monitoring workplan consists of primarily high-risk items that are reviewed as close to real time as possible to find and address issues quickly. Results are documented and tracked by the BIU. Frequency of the review depends on the element (e.g., prescriptions filled after date of death of a member or prescriber are reviewed monthly).
- The audit workplan consists of high-risk items, follow-up audits on previous areas of violations, or corrective action plans and elements continually reported through monitoring with no deficiencies. The audits can be announced or unannounced, and use acceptable audit standards, such as sample selection and the determination of sample size (targeted or stratified).
 - Generally, a probe audit is conducted, and if no systemic issues are identified or if the error rate is below 5 percent, the recovery is limited to the audit itself.
 - Systemic issues or an error rate of 5 percent or higher requires a statistically valid sample, and the results are extrapolated over the appropriate period.

Elements or areas found to have violations that result in an overpayment must be corrected by returning the money. Other violations, depending on the severity of the issue, may be addressed further through various actions, such as notices of violations, warning letters and corrective action plans. These actions may be sequential; however, any action can be taken at any time. If the issue is related to legitimate, explainable reasons (e.g., minor data-entry issue), there may be no additional action taken or very limited action taken. Issues related to improper procedures, misunderstanding of the rules or systemic problems have more severe actions. Consistent violations are subject to

disciplinary actions. Additionally, the results are applied to the risk assessment to document the level of mitigation, if any, and to aid in the assessment of FWA Program effectiveness.

PHN expects all FDRs to follow their own programs that reflect a commitment to compliance as defined by CMS and PHN's FWA Program. PHN will review applicable documents that demonstrate the FDR's ability to meet the CMS requirements related to their contracted function prior to the effective date of the contract.

Contract provisions will indicate the compliance activities that PHN expects the FDR to conduct and report to PHN on a regular basis as part of PHN's monitoring and auditing workplan. The level of activities delegated will be dependent on the FDR's structure and resources. If the FDR does not have adequate resources to implement the required activities, the FDR will be required to participate in the PHN FWA Program.

Monitoring and audit elements, as defined by the PHN Risk Assessment of FDRs, may include policies and procedures, program documents, payment reports, utilization reports, and prescriber and referral pattern reports. PHN will conduct a formal audit of FDRs as appropriate, but no less than annually.

Entities that have met CMS certification requirements for FWA through enrollment in the Medicare program are deemed to have met the FWA training and education requirements. FDRs are subject to the same compliance actions and processes as indicated above and in addition, their contracts are subject to suspension or termination for failure to meet the requirements in the contract.

The BIU maintains and reports the results of auditing and monitoring activities, including any FWA actions to the Compliance Committees.

On an annual basis, the effectiveness of the FWA Program will be reviewed and audited by an external entity with the appropriate expertise to assess the CMS program requirements and provide recommendations for improvement.

Additionally, PHN cooperates in full with entities for healthcare oversight, including CMS, the OIG, Department of Health and Hospitals, MEDIC or any other entity contracted to act on behalf of the federal government.

Procedures and Systems for Prompt Response to FWA Issues

PHN documents its efforts to comply with applicable federal and state regulatory requirements. This includes any written or oral requests from regulatory entities.

Upon reports or reasonable indications of suspected violations and under the direction of PHN's Compliance Officer or other appropriate management, PHN will conduct a timely inquiry into the suspected misconduct. The integrity of the inquiry will be protected by measures deemed necessary, including considering the removal of subjects from their current work activity and taking steps to secure or prevent the destruction of documents or other evidence. The Compliance Officer will issue FWA actions, as appropriate, for confirmed violations. PHN self-reports compliance violations to CMS or other appropriate entities, such as the MEDIC, the OIG or the DOI.

- *Inquiry and Investigations* – Inquiries on reports of potential violations are initiated within two weeks of the date the potential incident was identified. If the inquiry results appear to involve potential violations, this issue will be investigated. If the issue cannot be investigated due to lack of PHN resources, the issue will be forwarded to the MEDIC within 30 days of the determination that an investigation should be conducted.
- *Corrective Actions* – Corrective actions will include prompt identification of any overpayment, repayment of the overpayment, modification to policies or manuals, and imposition of proper disciplinary action, including the removal of any employees or subcontractors. Corrective actions plans must be completed and implemented within 60 days of the request for a corrective action plan and must demonstrate that the underlying issues have been addressed and the issue has been resolved, and it is not likely to happen again in the future. Follow-up audits may be conducted anytime after the implementation of the corrective action plan.
- *Reporting* – If the Compliance Officer, Compliance Committees, or other management official has reason to believe that the misconduct may violate criminal, civil or administrative law, or meets the definition of a fraudulent insurance act as defined in LA Revised Statute 22:1923, PHN will self-report and/or refer the violation promptly to CMS, MEDIC, the DOI or other appropriate authorities within two weeks. PHN will provide all evidence relevant to the alleged violation to the appropriate regulatory agencies, including the impact of the alleged violation on the operation of the applicable healthcare programs or their beneficiaries.