

**MCS HEALTHCARE HOLDINGS, LLC**

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Department: Compliance	Effective Date: 12/20/2017
Unit: Audit and Monitoring	Most Recent Revision Date: 12/17/2019
Procedure Title: Handling of Identified Deficiencies by Operational Areas and First Tier Entities	Applies to: <input checked="" type="checkbox"/> MCS Advantage, Inc.
Approved by: Corporate Compliance Committee	

**PURPOSE**

To establish, manage and evaluate a process by which MCS monitors the submission, accuracy and timely implementation of corrective action plans by operational areas and First Tier Entities that resulted from self-identified deficiencies with regulatory requirements.

**PROCEDURES**

- A. Disclosures of Non-Compliance Issues by Operational Areas
  - 1. An Operational Area can disclose a potential non-compliance issue through any of MCS’s Effective Lines of Communications such as, to the Compliance Department, Compliance Managerial Staff and/or the Chief Compliance Officer (CCO). In the event the CCO is not included in the disclosure to the Compliance Department, the CCO is notified the same day of receipt of the deficiency(ies) that may require the implementation of a corrective action plan or monitoring effort.
  - 2. The Compliance Department requests immediately becomes aware an incident report (IR) with a root cause analysis (RCA) that includes an impact analysis (IA), if applicable. The Operational Area is afforded two (2) business days to provide the incident report with a root cause analysis to the Compliance Department. If deemed necessary, the Operational Area is afforded ten (10) business days to provide the impact analysis.
  - 3. In the event an IA cannot be produced, the auditor documents that the scope of the noncompliance could not be fully measured and impacted an unknown number of enrollees across the processes audited.
  - 4. Upon receipt of the information (e.g. IR, RCA, or IA), the Compliance Department reviews it within two (2) business days and if deemed necessary, the Compliance Department requests the Operational Area to develop and implement a corrective action plan within an established timeframe. Refer to Section C below for the details.
  - 5. The Compliance Department documents the CAP and tracks the progression of the resolution of the deficiency(ies), including any follow up monitoring in TeamMate.
  
- B. Disclosures of Non-Compliance Issues by First Tier Entities
  - 1. The First Tier Entity can disclose the deficiency(ies) directly through any of MCS’s Effective Lines of Communications such as, to the Compliance Department, Compliance Managerial Staff, the CCO or through the Operational Area/Business Owner. The Operational Area/Business Owner is responsible to communicate the disclosed deficiency(ies) received from a First Tier Entities through any of MCS’s Effective Lines of Communications such as, to the Compliance Department, Compliance Managerial Staff, and/or the CCO. In the event the CCO is not included in the disclosure to the Compliance Department, the CCO is notified the same day of receipt of the deficiency(ies) that may require the implementation of a corrective action plan or monitoring effort.

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2. The Compliance Department requests within two (2) business days an incident report (IR) with a root cause analysis (RCA) that includes an impact analysis (IA), if applicable. The First Tier Entity is afforded two (2) business days to provide the incident report with a root cause analysis to the Compliance Department. If deemed necessary, the First Tier Entity is afforded ten (10) business days to provide the impact analysis.
3. Upon receipt of the information (e.g. IR, RCA, or IA), the Compliance Department reviews it and if deemed necessary, the Compliance Department requests the First Tier Entity develop and implement a corrective action plan within an established timeframe. Refer to Section C below for the details.
4. The Compliance Department documents the CAP and tracks the progression of the resolution of the deficiency(ies), including any follow up monitoring in TeamMate.

#### C. Corrective Action Plans

1. The corrective actions are tailored to address the particular problem or identified deficiency(ies) and must include immediate remediation actions for impacted beneficiaries and timeframes for specific achievements. The following actions may be requested as a result of the identified non-compliance:
  - i. Immediate Corrective Action Required (ICAR) – Systemic deficiency so severe that requires immediate correction. Identified issues of this nature would be limited to situations where the issue resulted in a beneficiary's lack of access to medications and/or services, or posed an immediate threat to beneficiary health and safety.
  - ii. Corrective Action Required (CAR) – Systemic deficiency that must be corrected, but the correction is not immediate. While this deficiency may affect beneficiaries, they are not such a severe nature that beneficiaries' immediate health and safety is affected. Generally, involve deficiencies with respect to non-existent or inadequate policies and procedures, systems, internal controls, training, operations, or staffing.
2. The Operational Area or First Tier Entity is afforded the following days to provide the corrective action plan (CAP):
  - i. Immediate Corrective Action Required (ICAR) – Three (3) calendar days
  - ii. Corrective Action Required (CAR) – Seven (7) calendar days
3. Upon receipt of the CAP, the Compliance Department verifies within three (3) business days the submitted information in order to make a decision for acceptance or rejection.
4. If any extension to provide a CAP(s) is requested, it must be submitted in writing explaining the reasons of why the extension is necessary. This request will be evaluated by the CCO. Response to the acceptance or rejection of the CAP must be in writing.
5. Once the CAP(s) have been accepted, the Operational Area or First Tier Entity must also provide within thirty (30) calendar days of the CAP acceptance, documentation that the conditions were corrected and are not likely to recur, including an attestation from the Operational Area or First Tier Entity senior-most leader. For the conditions requiring more than the established timeframe to correct, the Operational Area or First Tier Entity should include a brief summary describing the process and give a timeframe for correction. This will be communicated to the CCO.
6. The Compliance Department verifies if the documentation submitted in support of these corrections complies with the actions required. Additional tests may be performed in

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order to validate the effectiveness of the corrective actions implemented. Corrective action validation procedures are performed after corrective actions have been implemented.

7. If issues have been corrected, the CAP(s) are closed.
8. If issues have not been corrected, the Compliance Department and Operational Area/Business Owner discusses the issue with the CCO and Senior Management to determine if additional time should be allowed to correct the identified deficiencies and/or next steps.
9. The Compliance Department will follow up or monitor the progression of the corrective actions as expeditiously as deemed necessary based on member impact and/or compliance risk.

**DEFINITIONS**

1. Audit: An Audit is a formal review of compliance with a particular set of standards (e.g., policies and procedures, laws and regulations) used as base measures.
2. Corrective Action Plan (CAP): A step by step plan of action that the organization develops to achieve targeted outcomes for resolution of identified non-compliance instances or findings.
3. First Tier Entity: Any party that enters into a written arrangement, acceptable to CMS, with an 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 program or Part D program.
4. Monitoring: Regular reviews performed as part of normal operations. Monitoring activities may occur to ensure corrective actions are undertaken or when no specific problems have been identified to confirm ongoing compliance.
5. TeamMate: Audit Management Software System that integrates paperless strategies for managing the complete audit process.

**ATTACHMENT(S)**

N/A

**RELATED MCS POLICIES**

MCS-Policy-006 Effective System for Routine Monitoring and Auditing  
MCS-Policy-007 Prompt Response to Compliance Issues

**Procedure Revisions:**

<b>DATE</b>	<b>CHANGE(S)</b>	<b>REASONS</b>
12/17/2019	Update timeframes for requesting information.	Annual Revision.
12/21/2018	Clarify language related to the Effective Lines of Communications	Annual Revision
12/20/2017	New procedure.	Processes created to align it to the Compliance Program.

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