



L.A. Care
HEALTH PLAN®

Compliance Program

Table of Contents

| Item No. | Title | Page No(s). |
|----------|--|-------------|
| I. | Compliance Program Overview | 3 |
| II. | Goals and Objectives | 3 |
| III. | Written Policies, Procedures and Standards of Conduct | 5 |
| IV. | Chief Compliance Officer, Compliance Committee, Governing Body and Compliance Department Structure | 5 |
| V. | Effective Training and Education | 10 |
| VI. | Effective Lines of Communication and Pathways for Reporting Compliance Concerns | 11 |
| VII. | Enforcement of Standards through Well-Publicized Disciplinary Guidelines | 13 |
| VIII. | Effective Systems for Routine Monitoring and Auditing | 14 |
| IX. | Procedures and Systems for Promptly Responding to Compliance Issues and Suspected Fraud, Waste and Abuse | 16 |
| X. | Measures to Prevent, Detect and Correct Fraud, Waste and Abuse | 18 |
| XI. | Conclusion | 18 |

I. Compliance Program Overview

Local Initiative Health Authority for Los Angeles County (hereafter, “L.A. Care Health Plan” or “L.A. Care”) is committed to establishing and maintaining its business operations in compliance with ethical standards, contractual obligations, and all-applicable Federal and State standards, statutes, regulations and rules, including those pertaining to the State of California requirements and the Medicare Advantage and Prescription Drug programs. L.A. Care’s compliance commitment extends to its own internal business operations, as well as its oversight and monitoring responsibilities relating to its business partners and first tier, downstream and related entities.

L.A. Care’s Compliance Program incorporates the seven core elements of an effective compliance program to satisfy Medicare requirements and regulations.

1. Written Policies, Procedures and Standards of Conduct
2. Compliance Officer, Compliance Committee, Governing Body
3. Effective Training and Education
4. Effective Lines of Communication
5. Enforcement of Standards through Well-Publicized Disciplinary Guidelines
6. Effective Systems for Routine Monitoring and Auditing
7. Procedures and Systems for Promptly Responding to Compliance Issues

L.A. Care has tailored its Compliance Program to fit the unique environment of the organization. Moreover, the Compliance Program is dynamic; L.A. Care regularly reviews and enhances the Compliance Program to meet evolving compliance needs (i.e., business or legal areas of risk) as well as changes in state and federal laws and regulations. The Compliance Program applies to Board members, L.A. Care employees, first tier, downstream and related entities, including contracted Knox-Keene licensed health plans and participating providers.

As part of our commitment, L.A. Care has formalized its compliance activities by developing this Compliance Plan that guides prevention, detection and correction of compliance issues. Care as necessary to prevent and detect violations of ethical standards, contractual obligations and applicable law and the involvement of L.A. Care’s governing body and executive staff. The Compliance Program incorporates existing compliance elements and functions and expands upon them to improve the quality of L.A. Care’s compliance efforts. The Compliance Program applies to all lines of business of L.A. Care, including Medicare Parts C and D.

II. Goals and Objectives

L.A. Care’s Compliance Program is designed to facilitate the provision of quality health care services to all its members. The goal of L.A. Care’s Compliance Program is to ensure that all L.A. Care members receive appropriate and quality health care services

through a provider network in compliance with all applicable state and federal rules and regulations as well as L.A. Care contractual requirements.

L. A. Care's Compliance Program incorporates the following objectives:

- Provides oversight of delegated responsibilities to the PPGs/IPAs, Plan Partner, and other sub-contracted entities.
- Implements and monitors corrective action plans with PPGs/IPAs and sub-contracted entities to address deficiencies in provision of health care services.
- Conducts auditing and internal monitoring activities of L.A. Care business units and first tier, downstream and related entities to assess compliance with L.A. Care's performance standards
- Identifies and investigates potential fraud, waste, and abuse activities. Takes appropriate action(s) to report or resolve suspicious activities.
- Provides education and other resources to assist internal business units and first tier, downstream and related entities for compliance with Privacy requirements.
- Educates staff and enforces adherence to L.A. Care's Code of Conduct standards and mission.
- Provides new legislative updates to PPGs/IPAs and sub-contracted entities that specifies required actions to ensure contractual compliance. Makes available additional information about compliance activities and requirements to PPGs/IPAs on an ongoing basis.
- Annual Compliance Program Effectiveness review to determine opportunities to improve the compliance program.

The Compliance program ensures compliance with all federal and state rules and regulations, L.A. Care's payer contracts and other standards as required by applicable regulatory agencies. The Compliance Program also extends to (as applicable) first tier, downstream and related entities, PPGs/IPAs, Plan Partners, and Contractors affiliated with L.A. Care. The Compliance Program addresses L.A. Care's performance with respect to the following requirements:

- Rules and Regulations promulgated by and for the Department of Managed Health Care.
- Rules and Regulations promulgated by and for the Centers for Medicare & Medicaid Services.
- All applicable federal rules and regulations that apply to the provision of health services.
- Terms and conditions as set forth in L.A Care's contracts with California and federal agencies, private foundations and other payer organizations for the provision of health care services.
- The State and Federal Governments' right to access premises to assure compliance with the Contract(s) and for any other reasonable purpose, with or without notice to L.A. Care.

III. Written Policies, Procedures and Standards of Conduct

L.A. Care regularly and systematically updates its policies, procedures and standards of conduct (the “Code of Conduct”) to stay current with contractual, legal, federal, state and regulatory requirements. The L.A. Care Compliance Plan, titled L.A. Care Compliance Program, as well as the Code of Conduct provided to staff and providers can be found online at <https://www.lacare.org/providers/provider-resources/policies-compliance> . Board members, employees, and first tier, downstream and related entities are responsible for ensuring that they comply with the policies, procedures and standards of conduct relevant to their appointment, job descriptions, and/or contractual obligations.

L.A. Care’s policies, procedures and standards of conduct include the following:

- L.A. Care’s commitment to comply with all applicable Federal and State standards;
- Describes compliance expectations as embodied in the Code of Conduct including the requirement for all parties to identify and report noncompliant or unethical behavior
- Describes the implementation and operation of the compliance program
- Provides guidance to employees and others on dealing with potential compliance issues
- Identifies how to communicate compliance issues to appropriate compliance personnel
- Describes how potential compliance issues will be investigated and resolved
- A policy of non-intimidation and non-retaliation for good faith participation in the compliance program, including, but not limited to, reporting potential issues, investigating issues, conducting self-evaluations, audits and remedial actions, and reporting to appropriate officials.

IV. Chief Compliance Officer, Compliance Committee, Governing Body and Compliance Department Structure

Chief Compliance Officer

The Chief Compliance Officer serves as the focal point for all compliance activities and is vested with the day-to-day operations of the compliance program. The Chief Compliance Officer is charged with the responsibility of developing, operating and monitoring the Compliance Program. The Chief Compliance Officer reports to the Chief Executive Officer (“CEO”) but has the authority to report directly to the Board of Governors, as necessary.

The Chief Compliance Officer is an employee of L.A. Care and is not an employee of any first tier, downstream or related entity. The Chief Compliance officer reports directly and periodically to the Compliance & Quality Committee, which is a subcommittee of the Board of Governors, and the Board of Governors of L.A. Care on the activities and status of the compliance program, including issues identified, investigated, and resolved by the compliance program.

The role of the Chief Compliance Officer shall include, but not be limited to the following activities:

- Ensure the seven elements of compliance are incorporated into the compliance program;
- Providing regulatory interpretation and guidance regarding Federal and state regulations and CMS manuals;
- Establishing the overall framework and overseeing the implementation of the Medicare Compliance Program to promote compliance with applicable Medicare Advantage and Part D regulatory and legal requirements;
- Ensuring that Medicare compliance reports are provided regularly to the L.A. Care's governing body, CEO, and compliance committee;
- Creating and coordinating training programs to ensure the L.A. Care Health Directors, employees, contractors, delegated entities, and other third parties are knowledgeable about the Code of Conduct, Compliance Program, policies and procedures and statutory requirements;
- Ensuring that the DHHS OIG and GSA exclusion lists have been checked for all members of the workforce, governing body members, and FDRs prior to hire/contract and monthly ongoing and coordinating any resulting personnel issues with L.A. Care's Human Resources, Security, Legal or other departments as appropriate;
- Identification and prevention of payment of Part C and D claims submitted by providers who have been excluded by the DHHS OIG or GSA.
- Ensuring that all L.A. Care employees are aware of how to detect and prevent any compliance violations, including potential or actual fraud, waste or abuse, as well as report non-compliance or FWA without fear of retaliation;
- Establish various mechanisms for L.A. Care employees, Board members, senior management, delegated entities and members to report known or suspected non-compliance or fraud, waste and abuse;
- Enforcing appropriate and consistent disciplinary action, including termination, in conjunction with the corporate human resources department, against employees who have engaged in acts or omissions constituting non-compliance or acts of fraud, waste and/or abuse;
- Responding to reports of potential FWA, including the coordination of internal investigations with the SIU or internal audit department and the development of appropriate corrective or disciplinary actions, if necessary;
- Maintaining documentation for each report of potential noncompliance or potential FWA received from any source, through any reporting method;

- Conducting annual assessment of risk areas based on information gathered from a variety of sources, including CMS guidance, internal assessments, enrollee complaints, CMS inquiries or other avenues; and recommending new or revised metrics, policies and procedures, enhanced training courses, or other activities that may be tracked and measured to demonstrate compliance;
- Conducting internal monitoring and auditing activities of operational areas identified at risk of non-compliance through the annual risk assessment process, as well as ad hoc internal audits for areas in which issues are identified outside the annual risk assessment process;
- Overseeing monitoring and auditing activities related to compliance and fraud, waste and abuse that are performed by L.A. Care staff and contractors/vendors;
- Reporting any potential fraud or misconduct related to the Medicare programs to CMS, its designee;
- Maintaining documentation for each report of non-compliance, potential fraud, waste or abuse received through any of the reporting methods (i.e., hotline, mail, in-person) which describe the initial report of non-compliance, the investigation, the results of the investigation, and all corrective and/or disciplinary action(s) taken as a result of the investigation, as well as the respective dates when each of these events and/or actions occurred and the names and contact information for the person(s) who took and documented these actions;
- Developing, implementing and evaluating corrective action plans resulting from non-compliance and/or fraud, waste and abuse; or
- Coordination of potential fraud investigations/referrals between L.A. Care and the NBI MEDIC, as well as any documentation or procedural requests that the NBI MEDIC makes of L.A. Care.

Board of Governors

L.A. Care's Compliance Program is subject to oversight by the Board of Governors. The Board of Governors has established a Compliance and Quality Committee to provide review and oversight regarding the Compliance Program. The Board of Governors and the Compliance and Quality Committee are knowledgeable of the content and operations of the Compliance program.

Compliance Committees

L.A. Care's Compliance Program operates with the oversight and/or support from the following committees as described below.

1. **Compliance and Quality Committee (C&Q).** The Compliance and Quality Committee (C&Q) is a subcommittee of the Board of Governors. The C&Q committee monitors L.A. Care's compliance efforts and reports its findings to the Board. The C&Q committee is charged with reviewing the overall performance of L.A. Care and providing direction for action based on findings.
2. **Internal Compliance Committee (ICC).** The Internal Compliance Committee (ICC) provides oversight, advice, and general guidance to L.A. Care Health Plan

senior management on all matters relating to L.A. Care and its first tier, downstream and related entities compliance with mandated and non-mandated performance standards. The ICC, through the Chief Compliance Officer, periodically reports to the Compliance and Quality Committee of the Board of Governors on the activities and status of the Compliance program. The ICC ensures that L.A. Care adopts and monitors the implementation of policies and procedures that require L.A. Care and its employees, the Plan Partners, and the providers to act in full compliance with all applicable laws, regulations, contractual requirements and policies. The duties and responsibilities of the ICC include but are not limited to the following:

- Reviewing and approving Compliance Department policies and procedures that describe the scope and authority for Compliance activities;
 - Ensuring that the Compliance and Quality Committee receives at least quarterly reports on the status of the compliance program including issues identified and investigated;
 - Ensuring that training and education are appropriately completed for employees and contractors/vendors, to maintain compliance;
 - Ensuring L.A. Care has mechanisms for employees, Board members, senior management, delegated entities and members to ask compliance questions and report known or suspected non-compliance or fraud, waste and abuse;
 - Reviewing reports and recommendations of the Chief Compliance Officer regarding compliance activities. Based on these reports, the Committee makes recommendations regarding future compliance priorities and resources;
 - Providing input into the monitoring and auditing work plan, which addresses areas of focus for the year;
 - Set goals and monitor the progress of compliance with those goals, review major compliance issues identified by committee members;
 - Overseeing a system of controls to carry out the Compliance Program;
 - Engage in oversight activities related to correction of compliance risks, and identification of areas for training and education of associates; and
 - Oversee corrective action plans and ensuring that they are implemented and monitored and are effective in correcting the deficiency.
3. **Special Investigations Unit Committee (SIU)**. The Special Investigations Unit (SIU) committee is responsible for the communication of L.A. Care's Fraud, Waste, and Abuse detection efforts and activities. Information about L.A. Care's SIU is communicated to its Members and providers via provider bulletins, provider mailings, provider trainings, member newsletters, Evidence of Coverage and L.A. Care's Regional Community Advisory Committee (RCAC) meetings.

4. **Security and Privacy Oversight Committee (SPOC).** The Security and Privacy Oversight Committee (SPOC) provides oversight and general guidance, and advises L.A. Care Health Plan leadership on matters relating to the information security, privacy and integrity of the organization's facility, network and information assets of members and employees.
5. **Sanctions Committee.** The Sanctions Committee reviews issues on delegated entity noncompliance, evaluates noncompliance, and imposes penalties on such delegates for noncompliance. Issues of noncompliance are presented by the delegation oversight function and any other L.A. Care business units that have obtained delegate/vendor noncompliance information.

Risk Management and Operations Support

The Risk Management and Operations Support unit investigates and evaluates product line and enterprise wide risk, including the development of an annual assessment of enterprise risks, as well as disaster recovery and business continuity planning. The Risk Management and Operations Support unit is also responsible for material review and regulatory analysis and implementation.

The Material Review Unit reviews communications intended for members enrolled in any of the lines of business at L.A. Care and communications to other stakeholders such as (health care providers and vendors) to ensure materials comply with federal and state regulations, as well as, contract requirements.

Regulatory Analysis and Communications ensures the dissemination of new and revised regulatory guidance to internal stakeholders and Plan Partners, and assist with the organization-wide interpretation and implementation of the disseminated regulatory guidance.

Regulatory Affairs

The Regulatory Affairs unit's primary responsibility is to manage relationships with regulatory agencies, including audits, regulatory agency relationships, and reporting. The Regulatory Affairs unit works with responsible business units, delegates and vendors to review respective findings, conduct root-cause analysis, and develop corrective action plans and monitors these corrective action plans for implementation and effectiveness. The unit also manages key performance indicators and development of a monitoring program for L.A. Care.

Internal Audit

The mission of Internal Audit unit is to provide independent, objective assurance and support designed to add value and improve L.A. Care's operations and systems of internal controls. A risk-based annual internal audit plan outlines the audits to be conducted during the year. Areas reviewed by the Corporate audit team are those that are not usually in-scope by regulators but nevertheless present potential risks, such as

those relating to financial and operational controls. The Regulatory (or Line of Business Performance) team will review areas of known or potential focus by regulators, examples including coverage determination, claims, and marketing compliance.

Privacy

The Privacy unit directs and supports L.A. Care's business units in its HIPAA compliance efforts, which includes monitoring Federal and State privacy and security rules, developing privacy and security policies, providing guidelines procedures, conducting ongoing HIPAA training of workforce, and conducting ongoing auditing and monitoring initiatives.

Delegation Oversight

The Delegation Oversight function is managed by a department separate from the Compliance Department and performs auditing and monitoring of prospective and participating subcontractors, delegates and vendors. Therefore, the Compliance Department develops monitoring and oversight activities to ensure effective operation of the delegation oversight function in accordance with federal and state regulatory requirements and NCQA accreditation standards.

Special Investigations Unit

The Special Investigations Unit function is managed by a department separate from the Compliance Department and conducts all fraud, waste and abuse investigations. Therefore, the Compliance Department conducts monitoring and oversight activities to ensure effective operation of the fraud, waste and abuse function by the Special Investigations Unit.

V. Effective Training and Education

The continuing training and education of L.A. Care's employees on their legal and ethical obligations under applicable laws, regulations and policies (including, but not limited to, federal health program requirements) is a critical element of the Compliance Program. L.A. Care is committed to taking all necessary steps to communicating effectively its standards, policies and procedures to all affected personnel. Additionally, L.A. Care regularly reviews and updates its training programs, as well as identifies additional areas of training as needed based on new developments.

The Compliance Program reinforces the ongoing commitment of each business unit to the overall purposes of the organization's Code of Conduct standards. Through the Compliance Program, L.A. Care staff, vendors, key stakeholders, and others who do business with and on behalf of L.A. Care are identified as a component of the Code of Conduct standards that are held responsible to the objectives of Code of Conduct.

Education and trainings include, but are not limited to:

- New Employee Orientation;
- Annual Compliance Training;
- Code of Conduct; and
- Fraud, Waste and Abuse.

In addition, L.A. Care has developed a program to provide Fraud, Waste, and Abuse training and as well as general Compliance training to its first tier, downstream and related entities (FDRs) on an annual basis.

First tier, downstream, and related entities who have met the fraud, waste, and abuse certification requirements through enrollment into the Medicare program or accreditation as a Durable Medical Equipment, Prosthetics, Orthotics, and supplies (DMEPOS) are deemed to have met the training and educational requirements for fraud, waste, and abuse.

These training programs are conducted for new employees and Board members after hire or appointment and annually thereafter. These training programs are updated prior to annual training to incorporate any changes to Federal or state laws or regulations regarding compliance and/or fraud, waste and abuse requirements.

VI. Effective Lines of Communication and Pathways for Reporting Compliance Concerns

L.A. Care is committed to fostering dialogue between management and employees and among all stakeholders and L.A. Care management, including first tier, downstream and related entities. It is important for all individuals who perform services for L.A. Care members to know where to turn when they are seeking answers to questions or reporting potential instances of fraud, waste and abuse or other potential violations of law, regulations or company policies. Employees also should feel free to make these inquiries or reports without fear of retaliation or retribution. To facilitate these goals, L.A. care expects its managers to maintain an open door policy which facilitates effective communication with employees. We also establish various communication mechanisms with our first tier, downstream and related entities regarding compliance and performance issues and regulatory information, including routine meetings with compliance and management staff of first tier, downstream and related entities.

L.A. Care encourages and expects its staff, vendors, members, first tier, downstream and related entities to promptly and appropriately report actual or potential wrongdoing, errors, actual or potential violations of law, regulation, policy, procedure, contractual obligation, ethics or the Code of Conduct. As noted below, L.A. Care has established several pathways for reporting any performance or compliance issue and enforces policies for non-retaliation for such reporting. Any of such reports may be communicated anonymously or with the reporters contact information.

Reporting to L.A. Care management

Reports of performance or compliance concerns may be made to any of the following individuals: Chief Compliance Officer, Chief of Human Resources, Human Resources Business Partner or any member of the L.A. Care management team.

Report Compliance Issues – Compliance Hotline/Helpline

L.A. Care Compliance Hotline and Helpline is available to Board members, employees, contractors, providers, members, first tier, downstream, and related entities, and other interested persons for confidential/anonymous reporting of violations or suspected violations of the law and/or compliance program and/or questionable or unethical conduct or practices including, but not limited to the following:

- Incidents of fraud, waste, and abuse;
- Criminal activity (fraud, kickback, embezzlement, theft, etc.);
- Conflict of interest issues; and
- Code of Conduct violations.

Verbal communications to the Compliance Helpline, written reports to the Compliance Department and reports to Management staff shall be treated confidentially to the extent permitted by applicable law and circumstances. The caller and/or reporter need not provide his or her name. Communications via the Compliance Helpline or in writing shall be treated as privileged to the extent permitted by applicable law.

Reporting Compliance Issues:

L.A. Care Compliance Hotline: 1-800-400-4889 or 213-694-1250 x4292
lacare.ethicspoint.com or reportingfraud@lacare.org

Report Privacy and Information Security Incidents

Staff is encouraged to report privacy and information security incidents to the Privacy Officer and/or Information Security Officer.

Report incidents to PrivacyOfficer@lacare.org

Potential Misconduct or Fraud, Waste and Abuse Reporting

Staff, board members and contractors are encouraged to report misconduct or fraud, waste and abuse upon discovery.

Report potential FWA to reportingfraud@lacare.org.

Confidentiality and Non-Retaliation

Verbal communications to the Compliance Hotlines, written reports to Compliance department and reports to management staff shall be treated confidentially to the extent permitted by applicable law and circumstances. The caller and/or reporter need not provide his or her name. Communications to the Compliance Hotline or in writing shall be treated as privileged to the extent permitted by applicable law.

L.A. Care's policy prohibits any retaliatory action against a Board member, employee, or employee of a first tier, downstream or related entity for making any verbal or written communication in good faith. Discipline shall not be increased because a Board member, Employee, or first tier, downstream and related entities reported his or her own violation or misconduct. Prompt and complete disclosure may be considered a mitigating factor in determining a Board member's, employee's, or first tier, downstream and related entities discipline or other sanction.

Although Board members, Employees and first tier, downstream and related entities are encouraged to report their own wrongdoing, Board members, Employees and Contractors may not use any verbal or written report in an effort to insulate themselves from the consequences of their own violations or misconduct. Board members, Employees, and Contractors shall not prevent, or attempt to prevent, a Board member, Employee, or Contractor from communicating via the Compliance Helpline or any other mechanism. If a Board member, Employee, or Contractor attempts such action, he or she is subject to disciplinary action up to and including, dismissal, or termination.

L.A. Care also takes violations of its reporting policy (e.g. retaliation) seriously and the Chief Compliance Officer will review disciplinary and/or other corrective action for violations, as appropriate, with the Compliance and Quality Committee.

VII. Enforcement of Standards through Well-Publicized Disciplinary Guidelines

L.A. Care takes all reports of violations, suspected violations, questionable conduct or practices seriously. L.A. Care's Compliance program and enterprise policies and procedures include clear disciplinary policies that establish the consequences of violating the law, regulations, or company policies. The disciplinary policies are enforced through the following means:

- There are well-publicized disciplinary standards available to all parties;
- There is consistent application of disciplinary standards; and
- There is a well-documented standardized process that is followed when taking disciplinary action.

Although each situation is considered on a case-by-case basis, L.A. Care consistently undertakes appropriate disciplinary action to address inappropriate conduct and to deter future violations. L.A. Care policies and procedures, and the Code of Conduct state that employees in violation of policies and procedures may be disciplined up to and including termination of employment. When appropriate, the progressive discipline procedure consists of:

- Verbal counseling and education;
- First written warning with enhanced education and oversight;
- Final written warning, which may include suspension; and

- Discharge/termination.

Disciplinary action may also be taken for:

- Authorizing or participating in a violation;
- Failing to report a violation or suspected violation;
- Refusing to cooperate with the investigation of a suspected violation;
- Retaliating against an individual who reported, in good faith, a suspected violation; and
- Failing to complete required training.

VIII. Effective Systems for Routine Monitoring and Auditing

L.A. Care has established the following procedures for its various monitoring and auditing activities.

Monitoring and Auditing

To ensure that all L.A. Care Health Plan members receive high quality and medically appropriate healthcare services, L.A. Care shall staff performs an annual audit of contracted risk bearing or delegated organizations which evaluate the contracted/delegated entity's performance and compliance with all contractual and regulatory requirements. L.A. Care shall also regularly conduct internal audits and monitor its operations in order to identify and correct any potential occurrences of noncompliance or barriers to compliance. Compliance audit priorities will be determined annually or as new risks are identified. L.A. Care will assess current enforcement trends, operational and clinical risks identified during the annual risk assessment, guidance from regulatory authorities, potential compliance issues of which it is aware and the annual OIG Work Plan when assigning audit priorities.

Audit reports and/or findings will be prepared and results of an audit will be provided to the appropriate members of senior management and to the Compliance and Quality Committee to ensure that management is aware of the results and can take necessary steps to correct any concerns to prevent reoccurrence of the activity. Audit reports shall specifically identify the reason for the audit, any suspected non-compliance, areas where corrective action is needed or self-disclosure is appropriate and in which cases, if any, subsequent audits or studies would be advisable to ensure that the recommended corrective actions have been implemented and are effective.

Risk Assessment and Remediation

L.A. Care Compliance Department has established and implemented effective system for identification of risk. On an annual basis, the Compliance Department will conduct risk analysis including the CMS and CMC annual risk assessment of the organization.

Oversight of Delegated Activities

L.A. Care delegates certain functions and/or processes to contractors who are required to meet all contractual, legal, and regulatory requirements and comply with L.A. Care Policies and Procedures and other guidelines applicable to the delegated functions.

L.A. Care maintains oversight over all contractors, including but not limited to, the following delegated activities:

- Utilization Management;
- Review of Provider Dispute resolution cases;
- Practitioner and provider credentialing and re-credentialing;
- Provider network contracting;
- Claims payment;
- Cultural & Linguistic services;
- Pharmaceutical services/benefits;
- Care management/coordinator of care; and
- Compliance Program Effectiveness.

Oversight of Non-Delegated Activities

L.A. Care also maintains oversight of the following internal activities that are not delegated to contractors and remain the responsibility of L.A. Care:

- Quality Improvement Program
- Member Grievances
- Development of credentialing standards in specified circumstances
- Development of utilization standards
- Development of quality improvement standards
- Pharmacy and drug utilization review
- Compliance and Program Integrity Plans

Oversight Audits and Reports

L.A. Care conducts various oversight audits, including pre-delegation, annual and ad-hoc or unannounced audit and monitoring activities. The annual audit of delegated PPGs/IPAs, Plan Partners, and sub-contracted entities are conducted to ensure that delegated responsibilities and services are in compliance with program requirements. Any deficiencies identified during the annual audit process will result in corrective action plans. The corrective action plan developed by a PPG/IPA, Plan Partner, or sub-contracted entity will identify the deficiency, outline how the deficiency will be corrected and set a time frame for implementing the corrective actions.

On a regular basis (monthly or quarterly), PPGs/IPAs, Plan Partners, and Specialty Health Plans are required to submit tracking/activity reports to L.A. Care. The reports

are analyzed to identify opportunities for improvement, and to establish trends and/or patterns. Any variances and/or identified deficiencies will be communicated to the PPG/IPA or Specialty Health Plan as applicable. Additional information will be requested to explain the identified variances or deficiencies. The reports submitted by PPGs/IPAs and Specialty Health Plans address activities in utilization management, member services, pharmacy, information systems, provider network services, financial solvency and claims reimbursement.

Compliance Work Plan

The Compliance Work Plan is developed annually and is based, in part, upon the performance of the prior year's Compliance program and the results of audits, monitoring and other oversight and investigation activities.

The Compliance Work Plan includes:

- Planned activities and measurable goals and/or benchmarks to be undertaken in the ensuing year
- Staff member(s) responsible for each activity
- Time frames within which each activity is to be achieved
- Key findings, interventions, analysis of findings/progress and monitoring activities of previously identified issues

IX. Procedures and Systems for Promptly Responding to Compliance Issues and Suspected Fraud, Waste and Abuse

Investigating Compliance Issues and Fraud, Waste and Abuse Allegations

L.A. Care conducts timely and reasonable investigation of all compliance issues and fraud, waste, and abuse allegations. In event that the investigation leads to credible information regarding the validity of the allegation, the Compliance Department will make the appropriate referrals to the NBI MEDIC for its D-SNP or Cal Medi-Connect programs or to the Program Integrity Unit at DHCS for its Medi-Cal program, including voluntary self-reporting of potential fraud or misconduct related to the Medicare program to CMS or its designee. In addition, law enforcement agencies are notified as necessary and as required by law.

The Code of Conduct communicates the requirement that all L.A. Care employees are responsible for reporting suspected fraud, waste or abuse. The Special Investigations Unit is responsible for performing internal and external investigations into all fraud waste and abuse allegations of or suspected activities associated with L.A. Care programs, members, providers and first tier, downstream and related entities. The SIU, in consultant with relevant internal management, refers suspected fraud matters to appropriate state and federal regulators and assists law enforcement by providing information needed to conduct investigations.

Corrective Actions and Root Cause Analyses

Corrective action initiatives as identified through routine monitoring and internal audit activities or the investigation of non-compliance or fraud, waste and abuse are monitored and managed by the Chief Compliance Officer. Corrective actions are designed to correct conduct or issues that and to address the causes of compliance issues as may be identified in a root cause analysis. Corrective action plans are implemented for both internal and first tier, downstream and related entity noncompliance or performance issues. Corrective action plans are documented in a format determined by the Chief Compliance Officer and include specific implementation tasks, individuals accountable for implementation and required time frames for remediation activities.

Corrective action initiatives may include actions such as the repayment of identified overpayments and making reports to government authorities, including CMS or its designees (e.g., NBI MEDIC) and law enforcement, as necessary or required. The Chief Compliance Officer will report any routine corrective actions to the Internal Compliance Committee, the senior leadership team and the Board on a quarterly basis.

Compliance and Fraud, Waste and Abuse corrective actions may include but not be limited to:

- Termination of employment;
- Creation of or revision to policies and procedures;
- Self-reporting of the issue to CMS or other regulatory agencies;
- Referral to NBI MEDIC or other law enforcement or regulatory agencies;
- Repayment of overpayments – L.A. Care is able to demand refund of overpayments from fraud or abuse claims submitted by providers or members;
- Identifying and recommending providers for termination, including physicians and pharmacists who have defrauded or abused the system;
- Identifying and recommending members for disenrollment due to fraud or abuse;
- or
- Provider education - The business and operations units shall have the ability to notify and educate providers and pharmacies regarding activities that may involve claims data or referral information that indicates a potential problem.

Corrective actions may include various auditing and monitoring activities to confirm that the corrective action initiatives have remediated for noncompliance or performance issues.

X. Measures to Prevent, Detect and Correct Fraud, Waste and Abuse

L.A. Care conducts investigations of all suspected fraud, waste, and abuse allegations, including evaluation of all suspected FWA activities in the healthcare industry and how such trends might affect the operations of L.A. Care and its members and stakeholders. The Code of Conduct communicates the requirement that all L.A. Care employees are responsible for reporting suspected fraud, waste or abuse. The Special Investigations Unit is responsible for performing internal and external investigations into all fraud waste and abuse allegations of or suspected activities associated with L.A. Care programs, members, providers and first tier, downstream and related entities. The SIU, in consultation, with relevant internal management, refers suspected fraud matters to appropriate state and federal regulators and assists law enforcement by providing information needed to conduct investigations.

L.A. Care also conducts data mining of its claims, encounter and other data to identify potential fraud schemes and communicates potential fraud schemes with its first tier, downstream and related entities.

XI. Conclusion

L A. Care's Compliance Program is constantly evolving to ensure that the organization adopts and monitors the implementation of policies and procedures and other performance standards that require L.A. Care Health Plan and its employees, participating providers, and other contracted entities to act in full compliance with all applicable laws, regulations and contractual requirements. The Compliance Program description is subject to future amendments in order to reflect the compliance department's scope of activities and L.A. Care Health Plan's legal and financial compliance with applicable laws, regulatory requirements, industry guidelines and policies.