

SUBJECT: Monitoring and Auditing

POLICY: CP 6227

Department of Origin: Compliance and Audit Department
Responsible Position: Director of Compliance

Date(s) of Review and Revision: 06/10; 04/11; 05/12; 9/12; 03/13; 01/14; 06/14;
06/15; 4/16; 3/17; 3/18; 4/18; 7/18

Policy Replaces: AD 225; CP 227; CP 1227 A; CP 1227 S

Policy Approved: 7/06/2018 Committee Meeting

[Link](#)

Department Approval:



Approval has
completed on CP 6227

PURPOSE

To ensure the Health Plan has procedures in place for internal auditing and monitoring to permit assessment of the Health Plan's compliance with federal and state regulations, sub-regulatory guidance, applicable laws, contractual agreements and internal policies and procedures. This ongoing evaluation process is critical to having a successful Compliance Program.

APPLICABILITY

This policy applies to all lines of business.

POLICY

It is the policy of the Health Plan to have a formalized program in place for monitoring processes and outcomes as well as a process for conducting Compliance audits. Monitoring is an ongoing activity usually directed by management to ensure that a process is working as intended. Auditing is a formal review conducted by a department or third party independent of management to ensure that a process and any related controls are effective. The Health Plan Compliance Department also reviews the Compliance Audit Work Plan on a quarterly basis to ensure the relevance of current

Auditing and Monitoring activities and to identify any new issues that would require Auditing or Monitoring.

DEFINITIONS

Please refer to the link below for full definitions for the following terms:

<http://sharepoint/sites/hppandp/new/Lists/Definitions/PP%20Definitions.aspx>

PROCEDURE

1.0 Compliance Audit Work Plan

1.1 The Health Plan Compliance Department conducts a comprehensive review of the Compliance Audit Work Plan on an annual basis to ensure the following:

1.1.1 Auditing and monitoring tasks on the Audit Matrix represent potential risk for the Health Plan as determined by the Health Plan's annual Compliance Risk Assessment.

1.1.2 Review of risk factor level assigned to the Auditing or Monitoring is valid based on the potential risk to the Health Plan, associated contracts or meeting regulatory requirements as determined by the Health Plan's annual Compliance Risk Assessment.

The work plan is updated at a minimum on a quarterly basis to reflect the status of the audits conducted/scheduled.

The Health Plan Compliance Department will add to the Compliance Audit Work Plan if any new risk is identified throughout the year and a new audit needs to be conducted.

2.0 When relevant and appropriate, the Health Plan Compliance Department will coordinate efforts with other departments from Banner Health who are performing similar activities.

3.0 Compliance Audit Modifications

3.1 Frequency of the Auditing or Monitoring task is aligned with the results of the Compliance Risk Assessment and the regulatory and contractual requirements.

3.1.1 If Auditing or Monitoring results reflect scores that exceed an acceptable benchmark, Auditing or Monitoring frequency may be reduced.

3.1.2 If Auditing or Monitoring results reflect scores that are less than the acceptable benchmark or are trending down, Auditing or Monitoring tasks may be changed to more frequent review, use of a larger sample size or a more in-depth audit.

3.2 When there are amendments to State or Federal regulations, the affected audits are updated to reflect the amendment.

3.3 Auditing and monitoring activities that are no longer mandated or have been changed to reflect new requirements are retired or rewritten respectively.

3.4 New Auditing and Monitoring activities are added as applicable.

4.0 Internal Self-Monitoring

- 4.1 Each department has staff to assist with the coordination and documentation of self-monitoring.
- 4.2 Self-monitoring activities include but are not limited to process reviews, audits and performance metrics.
- 4.3 Self-monitoring activities are collected and reviewed for demonstration of department adherence to self-monitoring activities.
Department leaders are responsible to update the compliance status of a department's self-monitoring activities and report the outcomes of self-monitoring activities to the Compliance Department.
Compliance Audit Staff update the compliance status of a department's self-monitoring activities and report the outcomes of self-monitoring activity within the Customer Relationship Management System (CRM).
- 5.0 Internal Compliance Auditing
 - 5.1 Health Plan Compliance auditing extends to all areas of the organization.
 - 5.1.1 Compliance Auditors are responsible to ensure the creation of the audit methodology, the scope of the audit, tools used to conduct the audit and the drafting of the audit summary.
 - 5.2 The Audit Summary includes the audit methodology, scope, results and recommendations. The summary is provided to the responsible parties associated with the audit. Audits are completed in accordance with the Compliance Audit Work Plan, in response to a compliance issue or concern, or at the request of the Health Plan Leadership.
 - 5.2.1 The Compliance Audit work Plan is the mechanism by which all Compliance audits are managed. Those audits which have the greatest level of risk for the Health Plan are treated with the highest priority. The medium and low level risks are addressed as necessary either via audits from the Compliance Department or by monitoring/auditing activities conducted by the responsible parties.
 - 5.3 The Compliance Auditors conduct audits on a monthly, quarterly, semi-annual, and/or annual basis dependent upon regulatory requirements and/or level of risk. To determine an adequate and feasible measure of items to be reviewed a sample size calculator is utilized.
 - 5.3.1 An audit with an outcome of 95% accuracy or above is considered fully compliant.
 - 5.3.2 An audit with an outcomes between 90% to 94% accuracy is considered substantially compliant and the responsible department is issued a Notification of Non-Compliance (NONC). This may require the responsible department to make adjustments in order to reach full compliance.
 - 5.3.3 An audit with an outcome between 85% to 89% accuracy is considered partially compliant, and the responsible department is issued a Warning Notice with a Business Plan (WNBP). This will require the responsible department to make adjustments in order to reach full compliance.

- 5.3.4 An audit with an outcome less than 85% accuracy is considered non-compliant and the responsible department is required to create a corrective action plan (CAP) and submit it to the Compliance Department.
- 5.3.5 All audit results are reported to Health Plan Compliance Committee and Governing Body on a quarterly basis.

- 6.0 External Auditing
 - 6.1 Health Plan leadership may deem it necessary to use an external auditing option, and the results thereof shall be reviewed and actions may be implemented in response to the findings.

- 7.0 Compliance Corrective Action Plans (including Warning Notice and Notice of Non-Compliance) and Re-Audits
 - 7.1 Compliance Corrective Action Plans are issued or self-assigned when Auditing or Monitoring outcomes result in identification of non-compliance of adherence to state or federal regulations or other standards in accordance with the Health Plan's Compliance Action Policy and Procedure.
 - 7.2 Departments that receive audit outcomes resulting in an overall findings of less than 85% are required to submit a CAP to the Health Plan Compliance Department. (A Warning Notice is required for findings between 85% and 90%)
 - 7.2.1 The CAP is documented on the appropriate Health Plan Corrective Action Plan form and submitted to the Health Plan Compliance Department for review within 30 days of receiving a non-compliant outcome.
 - 7.3 A re-audit of the area receiving a non-compliant audit outcome is conducted in accordance with the timeline designated in the CAP.

- 8.0 Reporting to Health Plan Governing Body and Compliance Committee
 - 8.1 The Compliance and Audit Department reports the Compliance audit activity, and any coordinated audit activities to the Health Plan Governing Body and Compliance Committee. This includes the number of audits performed each quarter and the results of the audits.
 - 8.2 The Compliance and Audit Department reports the CAP activity to the Health Plan Governing Body and Compliance Committee. CAPs are reported through the Compliance Gauge process.

- 9.0 Focus Audits
 - 9.1 Focus Audits can be initiated by the Compliance and Audit Department or they can be requested by a department manager, supervisor, director etc.
 - 9.2 Focus Audits follow the same steps as a Standard Audit.
 - 9.3 Focus Audits can be promoted to a Standard Audit if it is deemed necessary by the Compliance and Audit Department or if any of the reasons in the above Audit Modifications section, is applicable.

- 10.0 FDR Subcontractor Oversight Audits
- 10.1 The Health Plan's subject-matter experts provide internal auditing/oversight of each active vendor contract to ensure adherence to contract terms and conditions and state and federal regulations.
- 10.2 On an annual basis, the Health Plan's subject matter experts or Compliance Department Staff perform oversight audits and ongoing monitoring.
- 10.3 The Health Plan Network Development Department sends a notification to FDR's to complete and submit an FDR Compliance Attestation annually by accessing the Health Plan website.
- 10.4 The Health Plan Network Development Department tracks the attestations to ensure 100% compliance and this is reported at the Vendor Oversight Committee.

PERFORMANCE AND OUTCOME MEASURES

- 1.0 Annual review of the entire Compliance Audit Matrix.
- 2.0 Scoring of the Compliance Risk Assessment. Results of each year's Compliance Risk Assessment outcomes are compared to the two previous years' Compliance Risk Assessment outcomes.
- 3.0 All active audits will be tracked for timely completion and compliance. These results are reported quarterly to the Health Plan Governing Body and Compliance Committee.
- 4.0 All non-compliant audits will be assigned a CAP. These should be resolved in no more than 90 days from the date of notification of non-compliance.

REFERENCES

- 1.0 AHCCCS Acute Care Contract; Section D; Paragraph 61 – Corporate Compliance.
- 2.0 AHCCCS EPD ALTCS Contract; Section D; Paragraph 64 – Corporate Compliance.
- 2.0 Component Six of the Banner Health Insurance Division Compliance Program and FWA Plan.
- 3.0 CMS Medicare Managed Care Manual, Chapters 21 and 9, Compliance Program Guidelines, 42 CFR 422.503(b) (4) (vi) (E), 423.504(b) (4) (vi) (E)
- 4.0 Health Plan Annual Compliance Audit Work Plan.

ASSOCIATED POLICIES AND PROCEDURES

- 1.0 Health Plan Policy - CP 6001 Compliance Program
- 2.0 Health Plan Policy - CP 6108 Compliance Actions
- 3.0 Health Plan Policy - CP 6228 Annual Risk Assessment
- 4.0 Audit Sample Size Calculator Desktop Procedure