



**Code of Ethical Business  
Conduct and Medicare  
Compliance Guide for First  
Tier, Downstream, and  
Related Entities (FDRs)**

*Updated 10/17/2022*





Dear Valued Partner:

Provider Partners Health Plans (Provider Partners) takes to heart our mission of providing the best possible care for beneficiaries who are residents in long-term care facilities. We pledge to take care of each of our members in the way that we would want our own loved ones to be cared for. To that end we cannot fulfill our mission without partnering with various providers to deliver excellent, compassionate, and personalized health care.

Our reputation of high standards for business integrity and ethical business conduct is one of our valuable assets in our partnership with you. We are strongly committed to legal and ethical conduct as an integral part of the operation of our business.

Provider Partners is focused on conducting its business operations in compliance with all applicable federal, state, and local laws, and applicable government health care program requirements. This includes always taking the proper steps to safeguard our members' information and conducting our business with integrity.

Our reputation and success are not only dependent upon our conduct, but also on the conduct and judgment of the individuals and organizations on whom we rely for products and services that support our organization's purposes. Provider Partners has chosen to partner with you because we believe there is a shared commitment to professional and ethical business conduct and practices.

We have zero tolerance for unethical, non-compliant, and criminal conduct by our staff, contractors, Board of Directors, First Tier, Downstream, and Related Entities, and individuals with whom we conduct business. We expect the same level of conduct from all individuals, companies, or others, working for, or on behalf of, Provider Partners, directly or indirectly. Always remember that what you do matters, regardless of your role with Provider Partners.

Our FDR Code of Ethical Business Conduct and Medicare Compliance Guide (FDR Code) contains the general principles with which our contracted FDRs must follow when doing business with us and includes descriptions of some of the laws that we and our FDRs must comply with. Our FDRs are responsible for ensuring that their workforce members comply with the standards contained herein and with any more restrictive requirements set forth in the business agreement with our Company.

We thank you for your partnership with us and for your ongoing commitment to compliance, ethics, and excellence in service to our members.

Sincerely,

A handwritten signature in blue ink that reads "Bruce 'Rick' Grindrod". The signature is written in a cursive, flowing style.

Bruce "Rick" Grindrod  
President and Chief Executive Officer  
Provider Partners Health Plans

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# CODE OF ETHICAL BUSINESS CONDUCT

## *Our Mission*

*Provider Partners Health Plans takes to heart our mission to partner with providers to deliver excellent, compassionate, and personalized health care for seniors. We deliver this care to our members through a fair, ethical, and compliant program with coordinated healthcare delivered by professionals in the most appropriate setting possible. We pledge to take care of each of our members in the way that we would want our own loved ones to be cared for. Our leaders have decades of experience in delivering the highest quality long-term care as well as a history of developing innovative programs that improve care and keep patients healthier.*

## **Introduction**

Provider Partners Health Plans (Provider Partners) has a reputation for conducting business with a commitment to honesty, ethics, and excellence, and in compliance with all applicable laws, regulations and sub-regulatory requirements and guidance. Operating under consistently high standards of conduct is critical to our success and our contracted business partners are expected to conduct themselves accordingly.

The Center for Medicare and Medicaid Services (CMS) requires that Provider Partners and its contracted first tier, downstream and related entities (FDRs) to fulfill specific Medicare program compliance requirements. Chapter 21 of the Medicare Managed Care Manual and Chapter 9 of the Medicare Prescription Drug Benefit Manual describe in detail CMS' expectations with respect to a Sponsor's first tier and related entities.

This Code of Ethical and Business Standards and Medicare Compliance Guide for First Tier, Downstream and Related Entities (FDR Code) provides information on the compliance obligations that are applicable to contractors that provide administrative or health care services to Provider Partners enrollees. Our contracted FDRs are responsible for ensuring that their employees, agents, contractors, consultants, temporary workers, volunteers, and employees of their downstream and related entities comply with the standards of ethical and business conduct as described herein. Provider Partners will request information, as necessary, from our contracted FDRs to ensure such compliance.

This FDR Code sets forth the general principles with which our FDRs must comply. More restrictive requirements may be set forth in the business agreement with Provider Partners. Additionally, this Vendor Code will be automatically amended to incorporate any change or modification of applicable state or federal law, regulation or standard as of the effective date of the change or modification. Based upon the services that you/your organization performs for Provider Partners, you may be subject to other federal and state laws, rules, and regulations that are not described in the FDR Code. If you have questions about the Medicare compliance requirements for the services that you/your organization perform, please consult the Provider Partners Chief Compliance Officer.

## **Compliance with Laws and Regulations**

Provider Partners is committed to complying with all applicable laws, regulations, and standards applicable to individuals and entities receiving federal funds. FDRs are expected to conduct their business in the same manner while providing services for Provider Partners and to follow the spirit and letter of the laws and regulations to which Provider Partners is subject. Appropriate steps must be taken to effectively communicate regulatory requirements to Workforce Members. While the listing below is not inclusive of all applicable laws and regulations, it does provide an overview of some important requirements that govern Provider Partners' business.



Fraud,  
Waste &  
Abuse  
(FWA)

**False Claims Act:** Aimed at preventing fraud against the government, including fraudulent billing and fraudulent submission of claims or statements to any Federal healthcare program. FCA applies when a false claim for reimbursement is submitted for payment to a government program and the provider knew or should have known that the information or certification of the claim was false.

**Anti-Kickback Statute:** Provides criminal penalties for individuals or entities that knowingly and willfully offer, pay, solicit, or receive bribes, kickbacks, or other remuneration (anything of value) to induce business reimbursed by Medicare, Medicaid, and other federal health care programs.

**Stark Law (Physician Self-Referral Law):** Prohibits a physician from referring Medicare patients for designated health services to an entity with which the physician (or immediate family member) has a financial relationship, unless an exception applies and, Prohibits the designated health services entity from submitting claims to Medicare for those services resulting from a prohibited referral.

**Exclusion Law:** Individuals or entities convicted for a program related crime, a criminal offense relating to patient abuse or neglect, a felony offense related to health care fraud, or a felony offense related to controlled substances must be excluded from Medicare and Medicaid for a minimum of 5 years. If there is one prior conviction, the exclusion will be for 10 years, and the exclusion will be permanent where there are two prior convictions.

**Civil Monetary Penalties (CMP) Law:** CMPs may be imposed by the Office of Inspector General (OIG) for a variety of conduct, and different amounts of penalties and assessments may be imposed on the type of violation at issues. Penalties range from up to \$15,000 to \$70,000 per violation. Violators are also subject to 3x the amount of remuneration offered, paid solicited or received.

**Health Insurance Portability and Accountability Act (HIPAA):** Protects the privacy and security of health care information and “mandates electronic and physical” safeguards “to prevent unauthorized access to protected health care information.

**Health Information Technology for Economic and Clinical Health Act (HITECH):** Expanded the reach of HIPAA by extending certain obligations to business associates and imposed a nationwide security breach notification law.

**Code of Federal Regulations 42 CFR Parts 422 and 423:** Federal regulations that govern the Medicare Advantage Program (Medicare Part C) and the Prescription Drug Benefit (Medicare Part D). The Center for Medicare and Medicaid Services (CMS) is the federal agency that administers/oversees the Part C and Part D Programs. CMS maintains online manuals that provide guidance based on Medicare statutes and regulations and, maintains a web-enabled Health Plan Management System (HPMS) where health and drug plans, plan consultants, third-party vendors and pharmaceutical manufacturers can work with CMS to fulfill the plan enrollment and compliance requirements of the Medicare Advantage (MA) and Prescription Drug Programs.

**Title VII of the Civil Rights Act of 1964:** Prohibits discrimination against race, ethnicity, national origin, religion, and gender.

**Age Discrimination in Employment Act:** Prohibits discrimination based on age.

**Americans with Disabilities Act:** Prohibits discrimination based on disability.



Privacy and  
Security



Medicare  
Regulations  
&  
Guidelines



Employment  
Laws

## ***Distribution of Code of Conduct and Compliance Policies & Procedures (P&Ps)***

The Provider Partners Code of Conduct and Business Ethics (The Code) is a critical component of our overall Compliance Program and is designed to help us meet our ethical standards and comply with applicable laws, regulations, and contractual obligations. Our Code of Conduct states the overarching principles and values by which we operate and, defines the underlying framework for our compliance policies and procedures. The Provider Partners Code of Conduct and our Compliance policies and procedures are provided to new employees and Board Members within 60 days of hire or appointment, and annually thereafter. Our contracted FDRs are obligated to develop a Code of Conduct or adopt our Code of Conduct and, distribute a Code of Conduct and any additional compliance policies and procedures to its employees and those of its Downstream and Related Entities who provide services for Provider Partners within 90 days of hire or contracting and, annually thereafter. Your organization's employees must attest to their review and understanding of the Code of Conduct annually.

## ***Fraud, Waste and Abuse (FWA) Training and General Compliance Training***

As a Provider Partners-contracted FDR, you/your organization must provide FWA and general compliance training to all your employees and contracted FDRs assigned to provide administrative and/or healthcare services for our Medicare Plans within 90 days of hire or contracting and annually thereafter. FDRs can use their own internally developed training or training materials provided by the Centers for Medicare and Medicaid Services (CMS). Also, you must maintain evidence of training completion. Evidence of completion may be in the form of attestations, training logs, or other means determined by you to best represent fulfillment of your obligations.

FDRs are not exempt from general compliance training requirements. However, you may be deemed to have met the FWA education and training requirements through one or both of the following:

- Enrollment into Medicare Parts A or B of the Medicare program
- Accreditation as a Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) supplier

You can find the requirements for, and more information about deemed status in Chapter 21 of the CMS Medicare Managed Care Manual and Chapter 9 of the Prescription Drug Benefit Manual.

## ***What is a Special Needs Plan (SNP)?***

As part of the legislation that established Medicare Advantage Plans, Congress created Special Needs Plans (SNPs) to cover the needs of three specialized groups of patients:

- C-SNPs – for those with certain chronic conditions, including cardiovascular disease, diabetes, osteoarthritis, ESRD, HIV/AIDS and mental disorders
- D-SNPs – for dual eligible (Medicare and Medicaid) patients
- I-SNPs – for those who are in long-term care institutions for at least 90 days, or who are eligible for institutional care

Provider Partners is an I-SNP that meets the special needs of residents in long-term care facilities. We offer highly coordinated care from skilled, experienced providers, under local leadership.

## ***Special Needs Model of Care (SNP-MOC) Training***

Every Special Needs Plan (SNP) must have a Model of Care (MOC). This requirement is found under section 1859(f)(7) of the Social Security Act. In essence, a MOC provides the groundwork under which a SNP will meet the needs of each of its enrollees. The MOC can be viewed as an integral part of the overall quality improvement toolbox to ensure that each member's unique needs are identified and addressed. This is done by the plan's care management practices. It is through this MOC that the bricks are laid for encouraging SNP quality, care management, and care coordination processes. As a Medicare Advantage Organization offering Special Needs Plans, we must ensure that all network providers and FDRs who provide and/or arrange for healthcare services to our members complete our Model of Care Training at the time of contracting and annually thereafter. The Provider Partners Model of Care Training is provided at <https://www.pphealthplan.com/model-of-care-provider-training/>

## ***Exclusion/Debarment Screenings***

FDRs are responsible for screening its Workforce Members to ensure that no entity or individual has been debarred or excluded or is otherwise ineligible for participation in federal health care programs (including Medicare). Such screening must occur at the time of hire, or contracting, and at least monthly thereafter. Provider Partners will not do business with any individuals or entities who have been debarred or excluded. FDRs must notify Provider Partners' Chief Compliance Office if they, or any of their employees, agents, or subcontractors, have been debarred or excluded from any federal health care program. Anyone identified as being debarred or excluded must be removed from servicing Provider Partners' business.

## ***Reporting Potential Misconduct to Provider Partners***

Provider Partners believes it is the duty of every person who has knowledge of a potential compliance issue or Fraud, Waste and Abuse (FWA) issue to promptly report such issue to the appropriate party. This reporting obligation applies even if the individual reporting the information is not in the position to mitigate or resolve the issue. If any of our contracted business partners knows of, or reasonably suspects a violation of this FDR Code, a Provider Partners Policy, fraud, waste, abusive practices, or dishonest actions that involve Medicare Advantage (Part C) and Medicare Prescription Drug Benefits (Part D) or, any other law, regulation, or standard, in connection with work performed for Provider Partners, it must be reported to the appropriate Provider Partners business contact, or our Chief Compliance Officer. [The Provider Partners Compliance Hotline 1-833-213-0636](tel:1-833-213-0636) is available 24 hours a day/7 days per week to our employees, Board Members, members, providers, and contracted vendors. The hotline allows for anonymous reporting of potential non-compliance and FWA matters. Provider Partners also maintains a Compliance email address for reporting violations or suspected violations [compliance@pphealthplan.com](mailto:compliance@pphealthplan.com). Failure to promptly report a known violation may result in action up to, and including, termination of the business relationship and/or notification to the appropriate enforcement agency.

Provider Partners does not permit retaliation against any FDR who, in good faith, reports a violation, or potential compliance violation. This is also true if the FDR provides information to, or, cooperates with law enforcement or a regulatory agency in the context of an investigation. All FDRS must adopt a zero-tolerance policy for intimidation or retaliation against anyone who reports suspected or actual misconduct. Provider Partners may act against an FDR because of that FDR's involvement in a non-compliant activity.

Provider Partners will investigate all allegations of Fraud, Waste and Abuse (FWA). All FDRs must cooperate fully and honestly in any Provider Partners investigation or inquiry by Provider Partners' management, outside auditors, or government officials. You must provide all applicable documents when responding to an investigation or audit and must not destroy or alter any records. We promise to keep reports of violations confidential, to the extent possible. Information about investigations is only shared on a need-to-know basis. Results of investigations may be shared with law enforcement or regulatory authorities in certain instances.

## ***Avoiding Conflicts of Interest***

Our contracted business partners must avoid any conflict of interest with Provider Partners and its employees. To avoid a conflict of interest by a Provider Partners employee, a contractor may not deal directly with any Provider Partners employee who has an investment in that contractor's business. If a contractor's employee has any type of personal or professional relationship with a Provider Partners employee or Board Member, or if a contractor has any business relationship with Provider Partners, a Provider Partners employee, or Provider Partners Board Member, that might represent a conflict of interest, the contractor must disclose that relationship to Provider Partners. Such disclosure should be made to the contractor's Provider Partners business contact.

## ***Gifts and Courtesies***

The following gifts may not be given or accepted:

- Any gift inconsistent with customary business practices
- Any gift that is excessive in value
- Any gift that can harm the reputation of Provider Partners if publicly disclosed

- Anything offered to or accepted from a government employee
- Gifts of cash or cash equivalents, such as non-merchant specific gift cards or gift certificates
- A non-monetary gift that exceeds \$100, or a gift that when combined with any other gifts provided to employees and their immediate family, exceeds a value of \$100 in a twelve-month period

Other restrictions may apply to any gifts, entertainment, or anything of value from a contractor or subcontractor who is a seller of pharmaceutical products, medical supplies, or related products. No bribes, kickbacks, or other similar payments, in any form, shall be made to anyone for the purpose of obtaining or retaining business or any other favorable action. No gifts or entertainment may be given as an inducement to generate any business, including that involving a federal health care program.

Provider Partners' purchasing and contracting decisions are made based on a contractor's ability to meet our business needs, and not based on personal relationships or friendships. Gifts, meals, favors or entertainment that would likely result in an expectation of a personal obligation, should not be extended nor accepted. We will never pressure any potential or contracted business partners to purchase its products or services as a condition of doing business with us. Likewise, our contracted business partners may not dictate purchases of goods or services from them simply because they are customers of Provider Partners.

### ***Safeguarding Provider Partners Information & Assets***

Provider Partners is committed to protecting the Private Information of our members, customers, and employees, as well as our confidential and proprietary information. Private Information includes both financial and health information about our members, the Personal Health Information (PHI) of our members and any other information we collect about members. All Provider Partners information, files and documents are considered confidential information. Confidential information about our organization's strategies and operations are valuable assets. All information used to access our information systems, including user IDs, access codes, computer passwords and password protected information (collectively, Access Codes) is completely confidential. Access Codes are to be used for the business purpose for which they were issued. Sharing Access Codes or using another person's Access Code is prohibited. Violations may result in termination of the FDR's business relationship with Provider Partners.

Various state and federal laws and regulations, including the including the Health Insurance Portability and Accountability Act ("HIPAA"), governs Provider Partners' use and disclosure of its members' Private Information. Private Information may not be used or disclosed except as permitted by Company policies and applicable privacy and security rules. Generally, that means for the purpose of treatment, payment, or health care operations, and with the member's authorization. In addition, when using, disclosing, or requesting Private Information, HIPAA requires that only the minimum information necessary to accomplish a task be used, disclosed, or requested. Using more than the minimum information necessary is a violation of Provider Partners policy and may be a violation of the law.

Generally, FDRs who provide services to, or on behalf of, Provider Partners and require the use and disclosure of Private Information to perform those functions are considered Business Associates. Contracted FDRs must enter into a Business Associate Agreement with Provider Partners as required by HIPAA.

Provider Partners Business Associates must report any activities that may compromise the security of the data or systems or the privacy of Provider Partners information in accordance with the terms of its Business Associate Agreement with Provider Partners. Contracted business partners who are not Business Associates of Provider Partners must promptly report any activities that may compromise the security, privacy, or confidentiality of Provider Partners information. Failure to immediately report a security, privacy or confidentiality breach or violation may result in termination of the business relationship with Provider Partners.

Our business partners may not access, use, or disclose private and confidential information unless they have a legitimate business need to do so and are performing an appropriate business function for us. All FDRs must protect private, proprietary, and confidential information even after they are no longer associated with Provider Partners. When the relationship with Provider Partners ends, FDRs must return all private, proprietary, and



confidential information. This information may not be disclosed to any unauthorized entity, such as a different company or employer, and cannot be used for any purpose other than to further Provider Partners' legitimate business interests.

### ***Communications and Public Affairs***

While we respect our FDRs' right to discuss their products or services with the media, FDRs are not authorized to speak about or on behalf of Provider Partners without our prior approval. If you receive an inquiry regarding any facet of our business, please refer the inquiring individual to our President & CEO, Rick Grindrod at [rgrindrod@pphealthplan.com](mailto:rgrindrod@pphealthplan.com)

### ***Books and Records***

In conducting business with Provider Partners, FDRs are expected to follow all laws, rules, standards when accessing creating and managing records. FDRs must maintain records that are accurate in all material respects. Additionally, FDRs must not hide, fail to record, or make false entries. FDRs must retain accurate and complete records of all matters related to their business with us for the period of time required by applicable laws, regulations, and contract requirements, whichever is longest.

When litigation or a governmental investigation, examination or audit is pending or threatened, relevant records must not be destroyed until that audit, examination, lawsuit, or investigation is concluded. Our Legal Counsel or the Provider Partners business contact for the FDR, will advise the FDR of any document preservation or other requirements related to any audit, examination, lawsuit, or investigation. Destruction or other alteration of documents or records in contemplation of an actual or possible legal proceeding or a governmental audit, investigation or examination could result in a criminal offense and may adversely affect Provider Partners in a pending litigation or governmental investigation.

### ***Respect and Integrity in the Workplace***

Worker safety, health and the protection of the environment are essential priorities for Provider Partners. No type of violent or threatening behavior by a FDR's employees is permitted, including threats, threatening language or any other acts of aggression or violence against anyone while conducting Provider Partners business. There is no tolerance for any form of discrimination or harassment, including sexual harassment, in the workplace. Discrimination and harassment are prohibited against any of the FDR's or Provider Partners' employees by reason of age, race, creed, religion, color, gender, pregnancy, national origin, marital status, sexual orientation, or any other protected class that is protected under any federal, state, or local law, regulation or standard. The possession, use, sale or purchase of illegal drugs, or the abuse of legal drugs or alcohol, on Provider Partners premises, anywhere while conducting Provider Partners business or in any situation where an individual may be identified as being associated with Provider Partners is strictly prohibited.

### ***Fair Competition and Business Practices***

Provider Partners competes fairly in the marketplace and conducts its business with honesty and a commitment to compliance and ethics. Interactions must always be fair and in keeping with ethical business practices. We strictly adhere to all federal and state antitrust laws and, expects its contracted business partners to as well. Violation of these laws, regardless of intent, exposes Provider Partners, and individuals involved, to significant civil and criminal penalties, including fines and imprisonment. All forms of bribery are prohibited. We expect our contracted business partners to comply with all applicable anti-corruption and anti-bribery laws.

### ***Interacting with Government Agencies***

Any FDRs who are authorized to act on behalf of Provider Partners with any governmental body or federal or state regulatory agency must do so in a direct, open, respectful, and ethical manner. No action may be taken that could mislead any governmental representative. Additionally, FDRs must know and comply with the terms of any applicable government contract. FDRs shall comply with all reasonable requests of authorized officials and governmental agencies. This includes cooperating to provide access to records or facilities, as required by law or regulation. If an FDR is contacted regarding a governmental inquiry, or at the start of any unscheduled audit, inquiry or document production request, the FDR must contact the Provider Partners Chief Compliance Officer

(CCO) or Legal Counsel. All FDRs must comply with all requirements that apply to the governmental contracting process. No payment of money, gifts, services, entertainment, or anything of value may be offered to any government official or employee. No kickbacks or anything of value, in connection with activities involving a contract, including a government contract, may be accepted.

### ***Offshore Operations and CMS Reporting***

To promote compliance with applicable federal and state laws, rules, and regulations, you must notify Provide Partners prior to using any offshore individual or entity, including, but not limited to, any employee, contractor, downstream subcontractor, agent, representative or other individual or entity, to perform any service for if the individual or entity is physically located outside of the United States. For offshore subcontractors that provide services for Provider Partners, FDRs must complete and attest to the following:

- The offshore subcontracting arrangement has policies and procedures in place to ensure that Medicare beneficiary protected health information (PHI) and other personal information remains secure.
- The offshore subcontracting arrangement prohibits the subcontractor's access to Medicare data not associated with the sponsor's contract with the offshore subcontractor.
- The offshore subcontracting arrangement has policies and procedures in place that allow for immediate termination of the subcontract upon discovery of a significant security breach.
- The offshore subcontracting arrangement includes all required Medicare Parts C and D language (e.g., record retention requirements, compliance with all Medicare Parts C and D requirements).
- The FDR will conduct an annual audit of the offshore subcontractor.
- The audit results will be used by the FDR to evaluate the continuation of your relationship with the offshore subcontractor.
- The FDR agrees to share the offshore subcontractor's audit results with Provider Partners and/or CMS, upon request.

### ***Monitoring and Auditing of FDRs***

CMS requires Provider Partners to develop strategies to monitor and audit our FDRs to promote compliance with all applicable laws and regulations, and to ensure our FDRs are monitoring their contracted downstream and related entities for adherence with all applicable laws and regulations pertaining to Medicare Parts C and D. You/your organization are required to conduct sufficient oversight to test that your employees and contracted downstream and related entities (if applicable) are compliant with applicable law. Our contracted FDRs are required to retain evidence of this monitoring and implement corrective actions or take disciplinary actions as necessary to prevent recurrence of non-compliant activities. Documentation of such activities must be maintained for at least 10 years. Provider Partners will audit its FDRs as necessary. FDRs must cooperate fully and participate in the monitoring and auditing activities conducted by Provider Partners personnel or those conducted by federal, state, and local government agencies. If an FDR performs its own audits, we may request a copy of the audit results. FDRs are encouraged and expected to routinely monitor and periodically audit their Downstream Entities. If it is determined an FDR, subcontractor or contracted provider is not compliant with the requirements contained within FDR Code, the FDR, subcontractor, or contracted provider will be required to develop and submit a corrective action plan. We will provide assistance to the FDR, subcontractor, or contracted provider in addressing identified issues of non-compliance.

## **Medicare Compliance Resources**

CMS Medicare Managed Care Manual - Chapter 21 CMS Prescription Drug Manual – Chapter 9 Compliance Program Guidelines	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c21.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c21.pdf</a>
CMS Compliance Program Policy and Guidance webpage	<a href="https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/ComplianceProgramPolicyandGuidance">https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/ComplianceProgramPolicyandGuidance</a>
Electronic Code of Federal Regulations (CFR)	<a href="https://www.ecfr.gov/">https://www.ecfr.gov/</a>

### What is an FDR?

**First Tier Entity**

Means any party that enters a written arrangement, acceptable to CMS, with a Medicare Advantage Organization 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.

**Downstream Entity**

Means any party that enters a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit or Part D benefit, below the level of the arrangement between a Medicare Advantage Organization or applicant or a Part D plan sponsor or applicant and a first-tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

**Related Entity**

Means any entity that is related to a Medicare Advantage Organization (MAO) or Part D sponsor by common ownership or control and

1. Performs some of the MAO or Part D plan sponsor's management functions under contract or delegation.
2. Furnishes services to Medicare enrollees under an oral or written agreement; or Leases real property or sells materials to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period.

### CMS Delegation Requirements

CMS Delegation Requirements apply to Provider Partners and FDRs who utilize Downstream and Related Entities to perform administrative or health care service functions for our Members. Additionally, Medicare Compliance Program requirements apply to FDRs to whom we delegate administrative or health care service functions. Some examples of administrative service functions include, but are not limited to:

- Formulary Administration
- Claims Processing
- Utilization Management
- Coverage Determinations
- Enrollment/Disenrollment Functions
- Appeals and Grievances
- Credentialing

[You received this Code of Ethical and Business Conduct and Medicare Compliance Guide because you/your organization has been identified as an FDR by our Compliance Department.](#) Delegation Oversight and Compliance are important, and we want to be sure that you understand what is required of you.

CMS Delegation requirements include, but are not limited to the following:

- Written arrangements must specify delegated activities and reporting responsibilities.
- The organization evaluates the delegated entity's ability to perform the delegated activities prior to delegation.
- The organization must document that it has approved the delegated entity's policies and procedures with respect to delegated functions.
- The organization must verify that the delegated entity has devoted sufficient resources and appropriately qualified staff to performing delegated functions
- The performance of the delegated entity is monitored on an on-going basis and formally reviewed by the organization at least annually.
- The organization must have written procedures for monitoring and review of delegated activities.

### ***FDR Compliance Program Requirements***

First tier and related entities are responsible for making sure that contracted FDRs comply with applicable laws and regulations, including the requirements in this guide. As a contracted FDR, you/your organization and all your FDRs (if applicable) must comply with Medicare Compliance Program requirements. Medicare Compliance Program requirements include, but are not limited to the following:

- General Compliance and Fraud, Waste and Abuse (FWA) Training
- Distribution of Code of Conduct and Compliance Policies and Procedures (P&Ps)
- Model of Care (MOC) Training
- Office of Inspector General (OIG) & General Services Administration (GSA) Excluded Parties Lists System (EPLS)
- CMS Preclusion
- Offshore Subcontractors
- Monitoring and Auditing FDRs and Downstream Entities
- Maintenance of and Access to Records

### ***Monitoring and Auditing***

Provider Partners is responsible for ongoing monitoring and oversight to ensure FDR compliance with contractual and regulatory requirements.

First tier and related entities who utilize subcontractors to perform administrative or health care service functions for Provider Partners must develop a monitoring and oversight plan to ensure administrative and health care service functions are conducted in accordance with contractual requirements and applicable state and federal regulations, requirements and sub-regulatory guidances.

### ***Attestation Requirements***

It's important that our FDRs comply with applicable laws, rules, and regulations. Although we contract with FDRs to provide administrative and/or healthcare or prescription drug services for our Medicare Plans, in the end, we are responsible for fulfilling the terms and conditions of our contract with CMS and meeting applicable Medicare program requirements.

All the aforementioned delegation and compliance requirements and expectations are described in the "How to Comply" section further below. An authorized representative from your organization must attest to your organization's adherence to the Compliance requirements described in the "***How to Comply***" section by completing the Provider Partners FDR Compliance Attestation upon contracting and on an annual basis thereafter. In addition to completing an attestation, Provider Partners and/or CMS may request that you provide evidence of your compliance with these Medicare Compliance Program requirements. This is for monitoring/auditing purposes.

We take these responsibilities very seriously. If you have questions or concerns about these Medicare Compliance Program requirements, please contact our Chief Compliance Officer (CCO).

The Provider Partners FDR Annual Attestation is available for completion via our website at <https://www.pphealthplan.com/first-tier-or-related-entity-annual-compliance-attestation/>

The “*How to Comply*” section provides further guidance on the compliance-related activities contracted FDRs must complete and attest to upon contracting and annually thereafter.

Requirement	How to Comply
<p><b>Code of Conduct and/or Compliance Policies</b>  <i>CMS Medicare Managed Care Manual Chapter 21 &amp; CMS Medicare Prescription Drug Benefit Manual, Chapter 9 - §50.1, §50.1.1, §50.1.2 &amp; §50.1.3</i></p>	<p>You can either distribute your organization’s own Code of Conduct and Compliance Plan to your employees and your contracted downstream and related entities or, you may distribute Provider Partners’ Code of Conduct and Compliance Plan which are available on our website.  <a href="https://www.pphealthplan.com/pphp-compliance-ethics-program/">https://www.pphealthplan.com/pphp-compliance-ethics-program/</a></p>
<p><b>Fraud, Waste &amp; Abuse (FWA) and General Compliance Training</b>  <i>CMS Medicare Managed Care Manual, Chapter 21 &amp; CMS Prescription Drug Benefit Manual, Chapter 9 - §50.3.1 &amp; §50.3.2</i></p>	<p>FDRs are not exempt from general compliance training. Although CMS no longer requires FDRs to complete the CMS Medicare Part C and D General Compliance and Combating Medicare Parts C and D FWA modules, you may use and complete your own version of general compliance and FWA training specific to your organizational needs. You can also incorporate the content of the CMS standardized training modules into your existing training materials. You may be deemed to have met the FWA education and training requirements through one or both of the following:</p> <ul style="list-style-type: none"> <li>○ Enrollment in Parts A or B of the Medicare program</li> <li>○ Accreditation as a Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) supplier</li> </ul>
<p><b>Special Needs Plan Model of Care (SNP-MOC) Training</b>  <i>42 CFR 422.101 (f)(2)(ii)</i></p>	<p>CMS requires all staff and contracted health care providers to receive basic training about Provider Partners’ Institutional-Based Program Model of Care (MOC) training within 90 days of hire or contracting, upon revision, and annually thereafter. This training applies to healthcare providers that provide/arrange for health care services for our Institutional-Based Special Needs Plans. Our SNP-MOC training is available on our website.  <a href="https://www.pphealthplan.com/model-of-care-provider-training/">https://www.pphealthplan.com/model-of-care-provider-training/</a></p>
<p><b>Exclusion/Debarment Screenings</b>  <i>CMS Medicare Managed Care Manual, Chapter 21 &amp; CMS Prescription Drug Benefit Manual, Chapter 9 - §50.6.8</i></p>	<p>Screen Workforce Members and Downstream Entities against the Department of Health and Human Services (DHHS) Office of Inspector General (OIG) List of Excluded Individuals and Entities (LEIE List) and the General Services Administration (GSA) Excluded Parties Lists System (EPLS) prior to hiring and contracting and monthly thereafter.            LEIE <a href="https://www.oig.hhs.gov/exclusions/index.asp">https://www.oig.hhs.gov/exclusions/index.asp</a>            SAM <a href="https://sam.gov/content/home">https://sam.gov/content/home</a></p>
<p><b>Reporting Potential or Suspected Non-Compliance to Provider Partners</b>  <i>CMS Medicare Managed Care Manual, Chapter 21 &amp; CMS Prescription Drug Benefit Manual, Chapter 9 - §50.4.2</i></p>	<p>Provider Partners’ Compliance Reporting Poster includes the mechanisms available for reporting suspected or detected non-compliance or potential fraud, waste, and abuse for internal investigation. Share the poster with your employees and downstream entities. Ensure your internal reporting processes include a process for reporting all compliance and FWA issues that impact Provider Partners to us. Our Compliance Reporting Poster is available on our website.  <a href="https://www.pphealthplan.com/pphp-compliance-ethics-program/">https://www.pphealthplan.com/pphp-compliance-ethics-program/</a></p>
<p><b>Offshore Operations &amp; CMS Reporting</b>  <i>CMS Memo dated August 28, 2008: Offshore Subcontractor Data Module in HPMS</i>  <a href="https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/memooffshoremodule_08.26.08_17.pdf">https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/memooffshoremodule_08.26.08_17.pdf</a></p>	<p>Notify Provider Partners if your organization or if any of your organization’s subcontractors delegate functions to an offshore entity. Completed Offshore Services Attestations must be submitted to Provider Partners <b>within 30 days</b> of the proposed or actual effective date of the offshore activity or service. Our contracted FDRs must:</p> <ul style="list-style-type: none"> <li>○ Verify that any contractual agreements with those entities include all required Medicare Part C and D language.</li> <li>○ Conduct annual audits of offshore subcontractors and make audit results available upon request from CMS.</li> </ul> <p>Our Offshore Services Attestation Form is available on our website.  <a href="https://www.pphealthplan.com/first-tier-downstream-and-related-entity-fdr-offshore-services-attestation/">https://www.pphealthplan.com/first-tier-downstream-and-related-entity-fdr-offshore-services-attestation/</a></p>

The **“How to Comply”** section provides further guidance on the compliance-related activities contracted FDRs must complete and attest to upon contracting and annually thereafter.

Requirement	How to Comply
<p><b>Monitoring &amp; Auditing of Downstream Entities</b>  <i>CMS Medicare Managed Care Manual, Chapter 21 &amp; CMS Prescription Drug Benefit Manual, Chapter 9 - §50.6.61</i></p>	<p>You must conduct enough oversight (auditing and monitoring) to test and ensure your employees and contracted downstream and related entities are compliant. You must:</p> <ul style="list-style-type: none"> <li>○ Retain evidence of this oversight</li> <li>○ Ensure that root cause analysis is conducted for any deficiencies</li> <li>○ Implement corrective actions, including disciplinary actions, like contract termination, to prevent recurrence of noncompliance</li> </ul>

**Compliance Question/Concerns**

Please email your questions/concerns to the Provider Partners Compliance mailbox at [Compliance@pphealthplan.com](mailto:Compliance@pphealthplan.com)