

# Policy and Standards

<b>Policy Number:</b>	<b>COM.MCR.1926.07</b>
<b>Policy Name:</b>	<b>Medicare Advantage: Compliance Program</b> (previously titled Medicare: Fraud, Waste and Abuse Compliance Program)
<b>Review Type:</b>	Substantive (Material changes or initial documentation of current processes)
<b>Contract or Regulatory Reference:</b> (include citation if applicable)	N/A

## Corporate Policy Approvals

John J. DiBernardi, Jr., Esq.	<i>Approval on file</i>	August 07, 2020
Magellan Health, Senior Vice President & Chief Compliance Officer		Date
David Haddock, Esq.	<i>Approval on file</i>	August 27, 2020
Magellan Health, General Counsel		Date

**Product Applicability:** (For Health Insurance Marketplaces, policies and procedures are the same, unless contractual requirements dictate a more stringent variation in which case customized documents are created.)

**Medicare Part: C (Medicare Advantage)**

## Business Division and Entity Applicability:

### Magellan Healthcare

Magellan Healthcare (Behavioral)  
National Imaging Associates

## Policy Statement

Magellan Health, Inc., its subsidiaries and affiliates, (Magellan) are dedicated to conducting business in an ethical and legal manner. Magellan's Medicare Compliance Program describes our comprehensive, effective compliance program, including measures to prevent, detect and correct Medicare Advantage (Part C) and Part D program non-compliance and fraud, waste and abuse. Magellan has written policies, procedures and standards of conduct that mandate every employee will comply with all applicable Medicare, Federal and State standards. This policy applies to all Magellan employees, members of the Board of Directors, First Tier, Downstream and Related Entities (FDRs), subcontractors, and agents whose responsibilities touch upon Magellan's Medicare program, even if indirectly.

Magellan aggressively pursues allegations of health care fraud, waste and abuse.

## Purpose

To provide comprehensive guidance to establish and maintain an effective compliance program to prevent, detect, and correct fraud, waste, abuse, and Medicare program non-compliance. The Medicare Compliance Program helps employees understand and follow federal and state laws related to their jobs and demonstrates Magellan's commitment to conducting business honestly and responsibly to the Medicare community and the community at large.

## Policy Terms & Definitions Glossary

### Acronyms (as used in this policy)

*CMS* - Centers for Medicare and Medicaid Services.

*FDR* - First Tier, Downstream or Related Entity.

*FWA* - Fraud, Waste and Abuse.

*MAO* - Medicare Advantage Organization.

### Key Terms (as used in this policy)

#### *Abuse*

Includes actions that may, directly or indirectly, result in unnecessary costs to the Medicare Program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. Abuse involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment. Abuse cannot be differentiated categorically from fraud, because the distinction between "fraud" and "abuse" depends on specific facts and circumstances, intent and prior knowledge, and available evidence, among other factors.

#### *Centers for Medicare and Medicaid Services (CMS)*

The Federal agency within the Department of Health and Human Services (DHHS) that administers the Medicare program and oversees all Medicare Advantage (MA) organizations and Prescription Drug Plans (PDPs).

*Comptroller General*

The director of the United States Government Accountability Office (GAO, formerly known as the General Accounting Office), a legislative branch agency established by Congress to ensure the fiscal and managerial accountability of the federal government.

*Downstream Entity*

Is any party that enters into 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 MAO 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. (See, 42 C.F.R. §, 423.501).

*Employee(s)*

Refers to those persons employed by the sponsor or a First Tier, Downstream or Related Entity (FDR) who provide health or administrative services for an enrollee/member.

*Enrollee*

A Medicare beneficiary who is enrolled in a sponsor's Medicare Part C or Part D plan. Magellan often uses the term "member" interchangeably.

*First Tier Entity*

Is any party that enters into a written arrangement, acceptable to CMS, with an MAO or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the MA program or Part D program, (See, 42 C.F.R. § 423.501).

*Fraud*

Is knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money or property owned by, or under the custody or control of, any health care benefit program. (See 18 U.S.C. § 1347).

*Monitoring Activities*

Regular reviews performed as part of normal operations to confirm ongoing compliance and to ensure that corrective actions are undertaken and effective.

*Related Entity*

Any entity that is related to an 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 (members) under an oral or written agreement; or
3. 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. (See, 42 C.F.R. §423.501).

*Special Investigations Unit (SIU)*

An internal investigation unit responsible for conducting investigations of potential FWA.

*Waste*

The overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to the Medicare program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources.

Additional *Policy Terms & Definitions* are available should the reader need to inquire as to the definition of a term used in this policy.

To access the *Policy Terms & Definitions Glossary* in C360, click on the below link: *(internal link(s) available to Magellan Health employees only)*

[Policy Terms & Definitions Glossary](#)

## Standards

### I. Medicare Compliance Program

- A. Magellan's Medicare Compliance Program is overseen by the Medicare Compliance Officer in conjunction with the Corporate Compliance Department. The Medicare Compliance Officer is employed by Magellan and is supervised by the Chief Compliance Officer. The Medicare Compliance Officer has the express authority to report compliance issues directly to the CEO and Board of Directors. The Chief Compliance Officer is employed by Magellan, is supervised by the General Counsel, and has a dotted line supervisory reporting relationship to the Chief Executive Officer (CEO). The Chief Compliance Officer leads the Corporate Compliance Department and has the express authority to report compliance information directly to the CEO and Board of Directors, without first routing such issues to the General Counsel.
- B. The primary components of the Medicare Compliance Program include:
  - 1. Written Policies and Procedures;
  - 2. Designation of a Compliance Officer and a Compliance Committee;
  - 3. Effective Training and Education;
  - 4. Effective Lines of Communication;
  - 5. Enforcement Through Well Publicized Disciplinary Guidelines and Policies Dealing with Ineligible Persons;
  - 6. Auditing and Monitoring and Identification of Compliance Risks;
  - 7. Responding to Detected Offenses, Developing Corrective Action Initiatives and Reporting to Government Authorities; and
  - 8. Whistleblower Protection and Non-Retaliation policy.

### II. Written Policies and Procedures and Standards of Conduct

- A. Magellan has developed corporate policies and procedures to ensure process controls are in place to meet specific requirements of the Medicare program. The following policies and procedures are among those that support the Magellan Medicare Compliance Program and work in conjunction with department policies developed by and used on a day-to-day basis by Magellan operational areas and/or business units:
  - 1. COM.MCR.1926.xx. – Medicare Advantage: Compliance Program;
  - 2. COM.1916.xx. - False Claims Laws and Whistleblower Protections;
  - 3. COM.1919.xx. - Excluded Individuals and Entities (Employees, Members of the Board of Directors, Volunteers, Contractors, Providers & Vendors);
  - 4. COM.1906.xx. - Corporate Compliance Hotline;
  - 5. COM.1908.xx. - Corporate Compliance Structure with Care Management Centers (CMCs), Business Divisions and Corporate Departments;

6. COM.1902.xx. - Obligation to Report Potential Compliance Violations;
  7. COM.1900.xx. - Corporate Compliance Committee;
  8. COM.1921.xx – Employee Discipline for Compliance Related Matters
  9. CR.1102.xx. - Network Practitioner Credentialing and Recredentialing;
  10. COM.MCR.1927.xx – Medicare Advantage: Internal Oversight Program;
  11. QI.MCR.114.xx – First Tier, Downstream, Related Entities (FDR) Oversight Program; and
  12. COM.1905.xx – Record Retention, Transport and Destruction.
- B. Magellan’s overall expectations for employee conduct begin with Magellan’s commitment to comply with all applicable federal and state regulations, standards, and sub-regulatory guidance.
- C. Magellan’s Policies and Procedures are reviewed and revised annually, or more often, when Magellan processes or applicable laws, regulations, or CMS program requirements necessitate a change. Revised policies and procedures are distributed by Corporate Compliance to local sites where the policies are then reviewed at a local level.
- D. Magellan requires that all first tier, downstream and related entities (FDRs) adopt Magellan’s policies and procedures or maintain similar policies and procedures that comply with current regulations or sub-regulatory guidance from CMS. FDR policies, procedures, and standards of conduct are subject to review and approval by Magellan.
- E. In compliance with the fraud, waste and abuse (FWA) education requirements of the Deficit Reduction Act of 2005, Magellan has written policies regarding FWA, including a grid which provides information about applicable federal and state FWA laws. The State False Claims laws grid also contains information about the American Recovery and Reinvestment Act of 2009 (ARRA) and Whistleblower Protection laws.
- F. The State False Claims Laws grid is available at [https://www.magellanprovider.com/media/1702/state\\_false\\_claims\\_laws.pdf](https://www.magellanprovider.com/media/1702/state_false_claims_laws.pdf).
- G. Magellan’s policies also contain detailed information regarding Magellan’s procedures to detect, deter, monitor and report FWA. These policies are provided online to employees via Compliance360. They are also available to providers and subcontractors (including FDRs) upon request.
- H. Magellan prohibits retaliation or intimidation against any employee who, in good faith, reports an ethical or legal concern, even if investigation of the concern does not result in a confirmed violation. Magellan believes non-retaliation for good faith reporting encourages internal reporting of potential violations, allows Magellan to enforce the appropriate disciplinary action for confirmed violations, and enables Magellan to proactively implement business policies, processes, and training that prevent reoccurrence.
- I. Magellan’s Code of Conduct outlines the written policies, procedures, and standards of conduct that include the fundamental rules that Magellan employees are required to follow.
- J. The Code of Conduct is distributed to all employees when they begin working at Magellan, and is required to be reviewed annually, to ensure that employees are familiar with the ethical and legal standards with which they must comply. Magellan’s Code of Conduct is posted as an individual tile on Okta (Magellan’s applications site) for all

employees to access, and notification is sent to employees when the Code of Conduct is updated. The Code of Conduct addresses, but is not limited to, the following issues:

1. Confidentiality of Health Information;
  2. Licensure and Accreditation;
  3. Billing;
  4. Accounting;
  5. Sarbanes-Oxley Act;
  6. Conflicts of Interest;
  7. Software Copyright Infringement;
  8. E-mail and other Computer and Network Usage;
  9. Business Development;
  10. Anti-trust Laws;
  11. Drugs, Narcotics, and Alcohol;
  12. Employment Reference Checks and Drug Screening (Background Checks);
  13. Securities Laws;
  14. Litigation and Government Investigations;
  15. Record Retention;
  16. Federal Anti-Kickback Statute;
  17. Federal False Claims Act; and
  18. State False Claims laws.
- K. In addition to the Code of Conduct, Magellan has corporate policies and/or procedures in place to address the following areas:
1. Compliance with Federal laws including, but not limited to:
    - a) Federal False Claims Act (31 U.S.C. § 3279);
    - b) Anti-Kickback Statute (42 U.S.C. § 1320a-7b);
    - c) The Deficit Reduction Act of 2005;
    - d) The American Recovery and Reinvestment Act of 2009;
    - e) The Patient Protection and Affordable Care Act of 2010;
    - f) The Health Care and Education Reconciliation Act of 2010;
    - g) Any other applicable Federal laws and regulations designed to prevent or ameliorate fraud, waste and abuse;
    - h) Health Insurance Portability and Accountability Act (45 CFR 160 and 164);
    - i) Title VI of the Civil Rights Act of 1964;
    - j) Age Discrimination Act of 1975;
    - k) Rehabilitation Act of 1973;
    - l) Titles II and III of the Americans with Disabilities Act;

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- m) Titles XVIII, XIX, XXI of the Social Security Act;
  - n) Federal Rehabilitation Act of 1973;
  - o) Davis Bacon Act (40 U.S.C. § 276a et seq.);
  - p) Copeland Anti-Kickback Act (40 U.S.C. § 276c);
  - q) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352); and
  - r) Federal Debarment and Suspension regulations (45 CFR 74 Appendix A (8) and Executive Order 12549 and 12689).
2. Network and Credentialing;
  3. Overpayment and Underpayment identification;
  4. Reviewing employees, board members and officers for OIG debarment or exclusion at the time of hire and on a monthly basis thereafter;
  5. Reviewing providers and subcontractors for OIG debarment or exclusion upon contract execution and on a monthly basis thereafter;
  6. Record Retention;
  7. Marketing to Medicare recipients;
  8. Prescription Drug Fraud;
  9. Fraud, waste and abuse violation referrals to State Agencies and/or law enforcement; and
  10. Responding to data requests from CMS, State and Federal Agencies, and law enforcement.

### III. Designation of a Compliance Officer and a Compliance Committee

#### A. Medicare Compliance Officer (MCO) Responsibilities

1. The Medicare Compliance Officer is charged with the overall responsibility for ensuring that the Medicare Compliance Program is administered according to applicable federal and state regulations including CMS guidelines and requirements.
2. The MCO routinely reports Medicare compliance activities to the Compliance Committee, the Chief Compliance Officer and the Board of Directors. At any time, the MCO may escalate compliance issues directly to the executive management team, the CEO, or the Board of Directors, who are accountable for ensuring that Magellan's compliance goals are met.
3. The MCO is also responsible for providing Compliance Program guidance, for reporting incidents of suspected or identified non-compliance to senior management and the Board of Directors. The MCO also ensures that compliance risk areas applicable to Magellan are adequately addressed through a focused internal auditing process, an ongoing monitoring process, and a robust reconciliation process.
4. With the support of the Chief Compliance Officer, Magellan senior management and the Compliance Committee, the MCO ensures consistent disciplinary guidelines are enforced for incidents of non-compliance with company standards. In addition, the MCO is responsible for establishing key performance measures, metrics, and reporting protocols as part of the organization's audit and monitoring of key risk areas. It is the responsibility of the MCO to monitor and report key compliance and performance metrics for the purpose of resolving any identified patterns and trends,

work with operational areas on any internal corrective actions, and assess the effectiveness of the Medicare Compliance Program.

B. Corporate Compliance Department Responsibilities

1. Magellan's Corporate Compliance Department is responsible for overseeing review and implementation of federal and state statutory and regulatory requirements and is led by the Chief Compliance Officer (CCO). The CCO reports to the General Counsel who oversees the Legal Department. The CCO also has the express authority to report compliance issues directly to the CEO and Board of Directors.
2. The CCO ensures that policies and procedures relating to compliance and fraud, waste, and abuse promote effective interdepartmental and external lines of communication.
3. Quarterly, the CCO or his designee reports to the Compliance and Quality Assurance Committee, the CEO and the Chief Financial Officer (CFO). The CCO or his designee provides a report of the identification and resolution of suspected, detected or reported instances of non-compliance and Magellan's compliance oversight and audit activities. The CCO or his designee also provides a summary of material violations of state and/or federal laws or the Code of Conduct, the standards of conduct and/or the applicable policies and procedures; the nature of the alleged violation; the subsidiary or department involved; the findings of any investigation; and the action taken, as well as a summary of Compliance Hotline calls and their disposition.

C. Corporate Compliance Committee

1. The Compliance Committee serves to advise and assist the CCO. The Compliance Committee is chaired by the CCO. The Corporate Compliance Committee consists of representatives of executive management from various key operational areas and business units of the Company.
  - The CCO also sits on the Quality Enterprise Council, which oversees quality improvement activities for the company.
2. The Compliance Committee is accountable to and must provide regular compliance reports to the CEO and senior management.
3. Duties of the Compliance Committee include, but are not limited to:
  - a) Reviewing reports and recommendations of the CCO regarding compliance activities. Based on these reports, the Committee makes recommendations regarding future compliance priorities and resources;
  - b) Reviewing reports from investigations when agreement upon disciplinary action and/or correction action plans cannot otherwise be reached. In these cases, the Corporate Compliance Committee makes the final decision;
  - c) Approving the Annual Compliance Work Plan, which addresses areas of focus for the year;
  - d) Ensuring that Magellan has up-to-date compliance policies and procedures based on regulatory guidance changes;
  - e) Meeting at least on a quarterly basis, or more frequently as necessary to enable reasonable oversight of the compliance program;
  - f) Reviewing effectiveness of the system of internal controls designed to ensure compliance with Medicare regulations in daily operations;

- g) Ensuring that there is a system in place for employees, providers and other relevant downstream entities to ask compliance questions and report potential instances of Medicare program non-compliance and potential FWA confidentially or anonymously (if desired) without fear of retaliation;
- h) Ensuring that there is a method for members to report potential FWA; and
- i) Reviewing and addressing reports of monitoring and auditing of areas that are at risk for program non-compliance or potential FWA and ensuring that corrective action plans are implemented and monitored for effectiveness.

D. Senior Management

- 1. The CEO and other senior management are engaged in the Medicare Compliance Program.
- 2. The CEO receives regular reports from the MCO, Local Compliance Officers and/or Chief Compliance Officer regarding any areas of risk facing the company, any strategies being implemented to address them and the results of those strategies. The CEO also receives regular reports of all the compliance enforcement activities.

IV. Effective Training and Education

- A. The MCO, Corporate Compliance Department, Human Resources Department and Training Department are responsible for coordinating the training efforts for the Compliance Program.
- B. Compliance training is mandatory for all new employees (including full-time, part-time, temporary workers, and volunteers), physician advisors, and health care professional advisors, and must be completed and documented within thirty (30) days of the date of hire. In addition, training must be part of the orientation for all new appointments to chief executive officer, senior administrator, or the Board of Directors. Mandatory refresher training for all employees occurs on an annual basis.
- C. Annual Mandatory compliance training includes:
  - 1. Code of Conduct - This course was established to ensure compliance with Magellan's Code of Conduct and ethical behavior for all employees and members of the Board of Directors. This course reviews the laws and regulations that govern the healthcare industry and is the initial distribution method (and annual reminder) of new or revised policies and procedures. The Code of Conduct training provides a high-level overview of Magellan's Compliance Program, instructs on how to report suspected incidents of non-compliance and FWA for investigation, and guides Magellan's relations with members, regulators, shareholders, and the communities in which it does business;
  - 2. HIPAA Privacy and Security - This course provides an overview of the HIPAA laws relating to privacy and security of protected health information (PHI) and personally identifiable information (PII). The course reviews Magellan's policies and procedures regarding the handling of PHI and PII; and
  - 3. F.I.R.E.: Fraud Investigation Recognition and Education - This course explains what constitutes FWA, outlines the basic steps for identifying potentially fraudulent schemes, and provides instruction on how to report suspected incidents of FWA for investigation.
- D. Trainings are offered electronically via Magellan's online learning system (SABA) and include a post-test that employees must pass with an eighty percent (80%) score or higher. The SABA system records the complete/incomplete status for each

- employee/contractor who is assigned the course and the date that the employee/contractor completes a training course. The online training system records employee/contractor completion and sends reminders to employees if they have not completed the course(s). The system maintains logs of the employee/contractor, course and date of completion. Supervisors have the responsibility to ensure all employees complete the training in a timely manner. If an employee does not complete a mandatory training course by the deadline provided, the employee may be placed on an unpaid “leave of absence.” After five (5) days of unpaid “leave,” if the training(s) has not been completed, the employee may be terminated from employment.
- E. Based on the employee’s job function, specialized compliance training is provided to those permanent and temporary Magellan employees who support Medicare business related to issues posing compliance risks. Specialized training is comprised of detailed job task training integrated with the compliance guidelines related to those job tasks, so that the employee understands the regulatory guidelines that govern the functions he/she will be performing, the purpose of those guidelines, and any potential impact on Magellan’s members if they are not followed.
1. Specialized compliance training is provided upon initial hire or appointment to the job function, when requirements change, when an individual employee is found to be non-compliant with program requirements, and when the employee’s operational area was previously found to be non-compliant with program requirements or was implicated in misconduct.
  2. Specialized compliance training may be developed by the MCO, the Corporate Compliance Department, the local Training department, the Special Investigations Unit, or the applicable operational area(s) and/or business unit(s). Formal specialized compliance training may be conducted through interactive sessions led by expert facilitators, web-based tools, live or videotaped presentations, written materials, or any combination of these techniques, or any other methods Magellan deems appropriate and effective. Documentation of specialized training, including materials and attendance logs, will be maintained by management in each operational area or business unit.
- F. Magellan ensures FDRs comply with Medicare training requirements.
1. All FDRs and FDR employees who assist in the administration or delivery of Medicare Advantage services, whether full-time, part-time, temporary, volunteer, or otherwise, are required to be educated about FWA and general compliance, with the exception of those FDRs that are deemed by CMS to have met the FWA training requirements through enrollment into Parts A or B of the Medicare program (Original Medicare) or accreditation as a supplier of Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (“DMEPOS”). If an FDR is deemed as such, the FDR must attest to being deemed.
  2. Magellan ensures that general compliance information is communicated to our FDRs through distribution of the Code of Conduct and/or compliance policies and procedures to FDRs’ employees.
  3. FDRs are required to develop and administer specialized compliance training to their employees and maintain all associated materials as evidence of training.
  4. Magellan requires that FDRs maintain complete and accurate records of all completed training and present such records to Magellan upon request.
- G. Within thirty (30) days of the implementation date of changes to the Medicare Compliance Program, current employees, physician advisors and behavioral health care

professional advisors are advised of the changes through distribution of the revised Code of Conduct, via the corporate intranet or e-mail.

- H. If the MCO or CCO determines that written materials are not sufficient to familiarize employees and advisors with the amendments to Magellan Health's Code of Conduct or Magellan's policies and procedures or changes in the applicable law, interim training sessions are conducted.
  - I. Throughout the calendar year, Magellan publishes numerous educational pieces and conducts various activities and programs designed to educate and raise awareness of compliance and compliance related issues, including fraud, waste and abuse.
  - J. Educational information for contracted health network providers regarding the detection of healthcare fraud, waste and abuse is provided through a series of provider newsletter articles and mailings to providers, which include examples of potential fraud, waste and abuse.
  - K. Policies, procedures and contact information are published on Magellan's website and in the Code of Conduct.
- V. Effective Lines of Communication
- A. To ensure that employees and agents are familiar with the Medicare Compliance Program, there is on-going communication from the MCO and the Corporate Compliance Department to the Local Compliance Officers about the Compliance Program.
    - 1. A local Compliance Officer (LCO) is assigned to each Care Management Center (CMC)/Center of Excellence (COE)/Business Unit. The LCO for each CMC/COE/Unit attends the quarterly Compliance Officers and Regional Compliance Directors meeting with the CCO. The meeting is one of the mediums used to exchange information between the Corporate Compliance Department and the local Compliance Departments. Other effective communication lines available to the LCO include working with the MCO, CCO, and/or Regulatory Compliance Attorneys assigned to Medicare and the Special Investigations Unit (SIU).
    - 2. The Corporate Compliance Department is responsible for informing the LCO or Compliance contact of newly passed legislation, enacted regulations, or changes in sub-regulatory guidance related to Magellan's business operations.
    - 3. Magellan maintains a Corporate Compliance Hotline and other compliance procedures to foster an open atmosphere for employees and others to report issues and concerns, free from retaliation.
    - 4. Employees, members or subcontractors, including FDRs, may report suspected cases of fraud, waste or abuse and other compliance concerns, including violations of the Code of Conduct.
    - 5. The Compliance Hotline is available twenty-four (24) hours a day, seven (7) days a week and is maintained by an outside vendor. Callers may choose to remain anonymous. All calls are investigated and remain confidential. Written confidentiality and non-retaliation policies have been developed to encourage open communication and the reporting of incidents of suspected fraud, waste, abuse and other compliance concerns to Magellan and other regulatory agencies.
    - 6. Employees may also direct any questions or concerns to their Supervisor or the CCO.
    - 7. The LCO distributes in writing, posts in a conspicuous places and posts to the Compliance department webpage any modifications of, or amendments to, the Compliance Program, standards of conduct or applicable policies.

8. Magellan has several systems in place to receive, record, and respond to compliance questions or reports of potential or actual non-compliance from employees, individuals on the Board of Directors, members, and FDRs. These lines of communication are accessible to all, allow compliance issues to be reported, and include methods for anonymous and confidential good faith reporting of potential compliance issues as they are identified. Callers may remain anonymous and confidentiality is maintained (to the greatest extent possible). Magellan has adopted confidentiality and non-retaliation policies to encourage open communication and the reporting of incidents of suspected fraud, waste, and abuse or compliance concerns.

Suspected cases of non-compliance or fraud, waste, and abuse can be reported via one of the following methods:

- a) Special Investigations Unit Hotline: (800) 755-0850;
  - b) Special Investigations Unit E-mail: SIU@magellanhealth.com;
  - c) Corporate Compliance Hotline: (800) 915-2108 or website [www.mycompliancereport.com](http://www.mycompliancereport.com) then enter MGH as the "Access ID"; or
  - d) Compliance Unit E-mail: [Compliance@magellanhealth.com](mailto:Compliance@magellanhealth.com).
- B. The MCO and CCO coordinate with the following departments for all fraud, waste and abuse activities:
1. Special Investigations Unit;
    - a) Magellan's Special Investigations Unit (SIU) is responsible for protecting the assets of Magellan and its clients by detecting, identifying, and deterring fraud, waste and abuse by conducting audits of internal and external sources of information.
    - b) The SIU creates and maintains thorough and objective documentation of all findings.
    - c) The SIU develops and recommends appropriate case strategies to bring cases to a timely and successful close.
    - d) The SIU develops relationships with, and uses the resources of, other Magellan departments, law enforcement and government agencies, professional associations and the SIU departments of Magellan customers.
    - e) All SIU investigators must comply with the fraud, waste and abuse reporting requirements under applicable state and federal laws.
  2. Care Management Centers; and
    - a) General Managers of CMCs/Center of Excellence (COE)/Units are accountable for reducing fraud, waste and abuse within the lines of business for which they are responsible, including Medicare where applicable.
    - b) General Managers of CMCs/COE/Units are responsible for identifying and reporting to the SIU all fraud, waste and abuse issues, including Medicare where applicable, that are specific to the region in which they operate and to contracts under their purview.
  3. Claims Department
    - a) All claims personnel (claims supervisors, processors, cost containment personnel, managed care personnel and enrollee relations representatives) involved in the

initial review of claims are trained to recognize fraud indicators or issues that may warrant additional investigation by the Magellan SIU.

- b) Objective reasons for requesting scrutiny of claims by the Magellan SIU must be present to justify a referral. Each individual who subsequently participates in the evaluation of the claim (i.e., Supervisors, SIU Investigators and Managers) shares this responsibility.

VI. Enforcement of Standards through Well-Publicized Disciplinary Guidelines and Policies Dealing with Ineligible Persons

- A. Magellan may use disciplinary actions to assist supervisors and staff members in resolving unsatisfactory job performance, misconduct, or behavior that violates Magellan policies, procedures, or practices. Disciplinary standards will be enforced in a timely, consistent, effective, and appropriate manner that is intended to be corrective. Magellan strives to take a constructive, tiered approach to disciplinary matters to ensure that non-compliant actions are not continued.
- B. Employees who violate the Code of Conduct are subject to sanctions, including, but not limited to, termination of employment.
  - Employee orientation training and processes include statements about disciplinary guidelines and the importance of enforcement standards.
- C. Disciplinary guidelines known as Performance Improvement Guidelines are reviewed with all employees during initial orientation and are distributed in the Employee Handbook. This information is also available to all employees on the Magellan website.
  - These guidelines are designed to encourage fair and impartial treatment of all employees. This policy is administered without discrimination and in full compliance with our Equal Employment Opportunity philosophy.
- D. Magellan is committed to ensuring that the standards outlined in the Code of Conduct are followed. Disciplinary action is taken against employees who authorize or participate directly in violation of applicable state or federal law, the Code of Conduct, standards of conduct, or policies and procedures, and any employee who may have deliberately failed to report such a violation or who hinders an investigation.
  - 1. Magellan disciplines any employee who has deliberately withheld relevant and material information concerning a violation of applicable state and/or federal law, the Code of Conduct or the applicable policies and procedures and takes appropriate actions to prevent reoccurrence.
  - 2. In cases in which disciplinary action may be appropriate, the CCO (or delegate) will work with the Human Resources Department and the relevant supervisor to implement such actions. If agreement cannot be reached on a disciplinary action, the matter will be discussed with the relevant senior and/or executive management, as applicable. If agreement cannot be reached at the executive manager level, the matter may be referred to the Corporate Compliance Committee for resolution.
- E. Disciplinary actions are usually corrective and progressive in nature. However, serious misconduct and work performance problems, or violation of laws or Magellan policies, procedures and practices, may warrant disciplinary action outside of the progressive approach that is described in the Magellan Employee Handbook and HR Policies, including immediate termination of employment.
- F. The Corporate Compliance Committee, in consultation with the Legal Department as necessary, recommends any appropriate remedial or other action as warranted under the

given circumstances, if agreement cannot be reached between the appropriate business owner, CCO and the Human Resources Department.

G. Policies Dealing with Ineligible Persons

1. All prospective employees are required to undergo pre-employment background checks and mandatory drug screens prior to employment with Magellan.
2. Magellan also conducts routine internal auditing intended to screen-out those who have engaged in fraudulent acts to include, but not limited to, criminal background checks as required by law or contract, employment verification, credentialing and re-credentialing of providers.
3. Magellan checks the U.S. Department of Health and Human Services (HHS) Office of Inspector General (HHS-OIG) List of Excluded Individuals/Entities (LEIE), the U.S. General Services Administration's (GSA) web-based System Award Management Exclusion Database (SAM), U.S. Treasury Department Office of Foreign Assets List of Specially Designated Nationals and Blocked Persons and applicable state exclusion lists for names of excluded employees, members of the Board of Directors, contractors, providers, volunteers, and vendors barred from participation in Medicare, Medicaid, other federal health care programs, federal contracts, and state health care programs.
4. Magellan also checks the exclusion lists during credentialing, re-credentialing, prior to the employment of any prospective Magellan employee, and prior to contracting with any vendor, and monthly thereafter.
5. Excluded individuals/entities are not hired, employed, or contracted by Magellan to provide services for Magellan's product offerings.
6. FDRs are also required to screen all employees as described in G.3. above.

VII. Monitoring and Auditing

- A. Magellan's MA Compliance Officer performs monitoring and auditing of operations to ensure compliance with Medicare regulations, sub-regulatory guidance, and all applicable Federal and State laws, as well as policies and procedures to protect against Medicare program noncompliance.
- B. Magellan's SIU is tasked with monitoring and auditing fraud, waste and abuse. The SIU is responsible for protecting the assets of Magellan and its clients by detecting, identifying, and deterring fraud, waste and abuse. See Special Investigations Unit Anti-Fraud Plan.
- C. Magellan uses the Resolver, Inc. to capture and track investigations. Procedures for investigation, documentation, evidence handling, and reporting exist to guide investigators in creating an accurate work product.
- D. The SIU works closely with internal departments to adjudicate investigative findings including Provider Networks, Legal, Cost Containment, and other departments as needed.
- E. Magellan is a corporate member of the National Health Care Anti-Fraud Association (NHCAA). Magellan maximizes quality referrals of fraud, waste, and abuse by utilizing the resources available in the NHCAA Special Investigations Resource and Information System (SIRIS), Requests for Investigation Assistance (RIAs) from Law Enforcement, distribution of published news articles, and other information sharing initiatives.
- F. Magellan also has internal controls related to claims processing. Our claims processors are assessed and tested each year by the Company's Internal Audit Department as part

of the annual Sarbanes Oxley compliance audit. Areas covered include provider credentialing, rate loading, claims receipt, adjudication and payment, enrollment, and benefit loading, and information systems. The claim processing systems used by Magellan have extensive controls that limit individuals' access to specific functions as well as ensuring processing based on contracts, legislation, etc.

- G. Magellan's Claims system also has edits that deny claims for items such as a duplicate claim, an unknown service, an unknown member, a member ineligible to receive service, improper coding, and a provider not eligible to provide service. During post-processing review of claims, Magellan produces reports that show overlapping dates of services to determine if any claims have been submitted and were adjudicated for services that did not fail the claim edit logic.
  - H. Some of the internal controls that Magellan utilizes, include, but are not limited to, National Correct Coding Initiative (NCCI) edits, post pay audits, provider chart audits and on-site reviews, as well as Cost Containment Department (CCD) audits.
- VIII. Responding to Detected Offenses, Developing Corrective Action Initiatives and Reporting to Government Authorities
- A. Magellan cooperates with law enforcement authorities in the prosecution of health care and insurance fraud cases and reports fraud related data as specified by federal and state laws and regulations and self-reports to state departments of insurance, state agencies, and federal agencies.
  - B. The SIU is responsible for ensuring Magellan's compliance with all federal and state laws and regulations that apply to the reporting of fraud, waste and abuse.
  - C. Magellan supports and utilizes the services of the National Health Care Anti-Fraud Association.
  - D. The Magellan SIU refers cases externally as follows:
    - 1. Customer cases are referred to the plan sponsor where appropriate, for their review and possible action. If applicable, we advise the plan sponsor that we may be required to report our findings to the appropriate agency;
    - 2. Health care provider case information is submitted to the appropriate law enforcement and/or administrative agency, including the appropriate state licensing board;
    - 3. The prosecution of individuals who present fraudulent insurance claims is a strong deterrent to future fraudulent claims. Referral directly to law enforcement agencies may be instituted by the Magellan SIU if:
      - a) A state insurance fraud bureau or other federal or state agency (e.g., Office of Inspector General, State Attorney General) has been designated by law to investigate suspected/fraudulent insurance claims;
      - b) A law enforcement agency has directly subpoenaed the claim file and requests information directly from the Magellan SIU;
      - c) A state law allows for law enforcement to directly request, with proper identification, copies of the claim file and Magellan SIU information regarding a suspect claim; or
      - d) Other situations arise which may require direct referral of a suspect or fraudulent claim to law enforcement agencies. If those situations are outside of the normal established procedures for referral as outlined above, then prior

approval from the Magellan SIU management or their Legal Counsel must be obtained.

- E. The SIU concludes investigations of FWA within a reasonable time after the activity is discovered. The SIU investigator makes every effort to complete investigations timely, however factors such as communications with the subject of the investigation, collection of evidence (e.g., records), etc. impact this timeframe;
  - F. Specific Company procedures do not allow, without prior approval of the CCO, the following situations:
    - 1. Participation in law enforcement operations (e.g., sting operations); or
    - 2. Lawsuits initiated on Magellan's behalf where damages are being sought from an insured or third-party claimant.
  - G. Disciplinary action is taken against employees who authorize or participate directly in a violation of applicable state or federal law, the Code of Conduct or policies and procedures and any employee who may have deliberately failed to report such a violation or who hinders an investigation by destroying evidence or by misrepresentation;
  - H. Magellan also takes appropriate actions to prevent reoccurrence of violations; and
  - I. Magellan self-reports to state and federal agencies as may be required by law and/or contract.
- IX. Whistleblower Protection and Non-Retaliation Policy
- A. Magellan complies with all state and federal requirements for government-sponsored programs, including the Federal False Claims Act, the Deficit Reduction Act of 2005, the American Recovery and Reinvestment Act of 2009, applicable Whistleblower Protection laws, and any state false claims statutes.
  - B. Magellan does not retaliate against an employee for reporting or bringing a civil suit for a possible False Claims Act violation. Magellan does not discriminate against an employee in the terms or conditions of his or her employment because the employee initiated or otherwise assisted in a False Claims Act action.
  - C. Magellan does not retaliate against any of its agents and contractors for reporting suspected cases of fraud, waste, or abuse to us, the federal government, state government, or any other regulatory agency with oversight authority.
  - D. Federal and state law also prohibits Magellan from discriminating against agents and contractors because the agent or contractor initiated or otherwise assisted in a False Claims Act action.
  - E. Additional information regarding whistleblower protection is available in the False Claims Laws and Whistleblower Protections policy and the State False Claims Laws grid available online at: <https://www.magellanhealth.com/about/compliance/dra/>.
- X. Record Retention
- A. Magellan will maintain all books, documents, papers and/or records relating to Medicare members for up to ten (10) years from the final date of the contract period or ten (10) years from the date of any audit if later. Magellan maintains training information including attendance logs, topics, certificates of completion, and test scores for up to ten (10) years from the final date of the contract period or ten (10) years from the date of any audit, if later.
  - B. Magellan agrees to permit CMS, the U.S. Department of Health and Human Services,

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and the Comptroller General, or their designees, the right to inspect any pertinent information related to the contract during the contract term, for up to ten (10) years from the final date of the contract period, and in certain instances described in the Medicare Part C or Part D regulation(s), periods in excess of ten (10) years, as appropriate, ten (10) years from the date of any audit, if later.

### Cross Reference(s)

*Corporate Compliance Work Plan; Special Investigations Unit Anti-Fraud Plan; Magellan Health Code of Conduct; First Tier Downstream and Related Entities (FDR) Oversight Program Policy; Medicare Advantage: Internal Oversight Program Policy*

### Compliance Reference(s)

*Title 42 Code of Federal Regulations (CFR): 422.503(b)(4)(vi); 423.504(b)(4)(vi); Prescription Drug Benefit Manual, Chapter 9—Compliance Program Guidelines; Medicare Managed Care Manual, Chapter 21 – Compliance Program Guidelines, Sections 40 and 50.*

### Corporate Policy Life History

<b>Date of Inception:</b> January 01, 2007	<b>Previous Review Date:</b> July 10, 2019	<b>Current Review Date:</b> July 10, 2020
<b>Previous Corporate Approval Date:</b> July 10, 2019	<b>Current Corporate Approval Date:</b> August 27, 2020	<b>Unit Effective Date:</b> September 27, 2020

**Associated Corporate Forms & Attachments** *(internal link(s) available to Magellan Health employees only)*

[Special Investigations Unit Referral Form](#)

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