Orange County Health Authority
dba CalOptima

2022 Compliance Plan

(Revised December 2021)

Document maintained by:
Carmen Dobry
CalOptima Compliance Officer

505 City Parkway West | Orange, CA 92868 | www.caloptima.org
Main: 714-246-8500 | Fax: 714-246-8492 | TDD/TTY: 800-735-2929

TABLE OF CONTENTS

A. OVERVIEW OF THE COMPLIANCE PROGRAM

The Orange County Health Authority, dba CalOptima, is committed to conducting its operations in compliance with ethical standards, contractual obligations, and all applicable statutes, regulations, and rules, including those pertaining to Medi-Cal, Medicare, Program of All-Inclusive Care for the Elderly (PACE), Multipurpose Senior Services Program (MSSP), and other CalOptima Programs.

CalOptima's compliance commitment encompasses its own internal operations, as well as its oversight and Monitoring responsibilities related to CalOptima's First Tier, Downstream, and Related Entities (FDRs), such as Health Networks, physician groups, Participating Providers, and Suppliers, Pharmacy Benefit Manager (PBM), and consultants. The term FDR is used in this document to refer to CalOptima's delegated subcontractors that perform administrative functions and/or provide health care services that CalOptima is required to perform and/or provide under its state and federal contracts with the Department of Health Care Services (DHCS) and the Centers for Medicare & Medicaid Services (CMS). Such persons/entities, referred to as FDR herein, include those that directly contract with CalOptima and those that are Downstream or Related Entities (i.e., subcontracts) with CalOptima's First Tier Entities.

CalOptima has developed a comprehensive Compliance Program applicable to all of CalOptima's programs, including, but not limited to, its Medi-Cal Program, its Medicare Advantage Prescription Drug Program (MA-PDP referred to as "OneCare"), its Medicare-Medicaid Plan (MMP referred to as "OneCare Connect"), PACE, and MSSP. The Compliance Program incorporates all elements of an effective Compliance Program as recommended by the Office of the Inspector General (OIG) and required by CMS regulations. The Compliance Program is continually evolving and may be modified and enhanced based on compliance Monitoring and identification of new areas of operational, regulatory, or legal risk. CalOptima requires that CalOptima Board Members, Employees, and FDRs conduct themselves in accordance with the requirements of CalOptima's Compliance Program.

B. THE COMPLIANCE PLAN

This Compliance Plan sets forth CalOptima's commitment to legal and ethical conduct by establishing compliance activities, along with CalOptima principles and standards, to efficiently Monitor adherence to all applicable laws, regulations, and guidelines. The Compliance Plan addresses the fundamental elements of an effective Compliance Program and identifies how CalOptima is implementing each of the fundamental elements of an effective Compliance Program in its operations to meet its contractual, legal, and regulatory obligations. Moreover, the Compliance Plan is designed to provide guidance and to ensure that CalOptima's operations and the practices of its Board Members, Employees, and FDRs comply with contractual requirements, ethical standards, and applicable law.

This Compliance Plan is adopted by the Governing Body. It was developed and is managed by the Executive Director of Compliance (hereinafter referred to as the "Compliance Officer") with the Compliance Committee. Due to the dynamic nature of the complex laws governing CalOptima and its programs, the Compliance Plan may be revised and updated from time to time to respond to changes in the law and/or to reflect improvements in CalOptima's operations and processes.

Board Members, Employees, and FDRs are expected to review and adhere to the requirements and standards set forth in the Compliance Plan, the Code of Conduct, and all related Policies and Procedures, as may be amended. Furthermore, Board Members, Employees, and FDRs are expected to be familiar with the contractual, legal, and regulatory requirements pertinent to their respective roles and responsibilities. If a Board Member, Employee, and/or FDR has/have any questions about the application, or implementation, of this Compliance Plan, or questions related to the Code of Conduct or CalOptima Policies and Procedures, he or she should seek guidance from the Compliance Officer and/or the CalOptima Office of Compliance.

I. WRITTEN STANDARDS

To demonstrate CalOptima's commitment to complying with all applicable federal and state standards and to ensure a shared understanding of what ethical and legal standards and requirements are expected of Board Members, Employees, and FDRs, CalOptima develops, maintains, and distributes its written standards in the form of this Compliance Plan, a separate Code of Conduct, and written Policies and Procedures.

a. Compliance Plan

As noted above, this Compliance Plan outlines how contractual and legal standards are reviewed and implemented throughout the organization and communicated to CalOptima Board Members, Employees, and FDRs. This Compliance Plan also includes a comprehensive section articulating CalOptima's commitment to preventing Fraud, Waste, & Abuse (FWA), and setting forth guidelines and procedures designed to detect, prevent, and remediate FWA in the administration of CalOptima Programs. The Compliance Plan is available on CalOptima's external website for Board Members and FDRs, as well as on CalOptima's intranet site, referred to as InfoNet, accessible to all Employees.

b. Policies and Procedures

CalOptima also developed written Policies and Procedures to address specific areas of CalOptima's operations, compliance activities, and FWA prevention, detection, and remediation to ensure CalOptima can efficiently Monitor adherence to all applicable laws, regulations, and guidelines. These Policies and Procedures are designed to provide guidance to Board Members, Employees, and FDRs concerning compliance expectations and outline processes on how to identify, report, investigate, and/or resolve suspected, detected, or reported compliance issues. Board Members, Employees, and FDRs are expected to be familiar with the Policies and Procedures pertinent to their respective roles and responsibilities, and are expected to perform their responsibilities in compliance with ethical standards, contractual obligations, and applicable law. The Compliance Officer, or his/her Designee, will ensure that Board Members, Employees, and FDRs are informed of applicable policy requirements, and that such dissemination of information is documented and retained, in accordance with applicable record retention standards.

The Policies and Procedures are reviewed annually and updated, as needed, depending on state and federal regulatory changes and/or operational improvements to address identified risk factors. Changes to CalOptima's Policies and Procedures are reviewed and approved by CalOptima's Policy Review Committee. The Policy Review Committee, comprised of executive officers and key Management staff, meets regularly to review and approve proposed changes and additions to CalOptima's Policies and Procedures. Policies and Procedures are available on CalOptima's internal website and Compliance 360 (C360), a separate web portal accessible to Board Members, Employees, and FDRs. Board Members, Employees, and FDRs receive notice when Policies and Procedures are updated via a monthly memorandum.

c. Code of Conduct

Finally, the Code of Conduct is CalOptima's foundational document detailing fundamental principles, values, and the framework for business practices within and applicable to CalOptima. The objective of the Code of Conduct is to articulate compliance expectations and broad principles that guide CalOptima Board Members, Employees, and FDRs in conducting their business activities in a professional, ethical, and lawful manner. The Code of Conduct is a separate document from the Compliance Plan and can be found in Appendix A. The Code of Conduct is approved by the CalOptima Board of Directors and distributed to Board Members, Employees, and FDRs upon appointment, hire, or the commencement of the contract, and annually thereafter. New Board Members, Employees, and FDRs are required to sign an attestation acknowledging receipt and review of the Code of Conduct within ninety (90) calendar days of the appointment, hire, or commencement of the contract, and annually thereafter.

II. OVERSIGHT

The successful implementation of the Compliance Program requires dedicated commitment and diligent oversight throughout CalOptima's operations, including, but not limited to, key roles and responsibilities by the CalOptima Board, the Compliance Officer, the Compliance Committee, the Audit & Oversight Committee, and Executive Staff.

a. Governing Body

The CalOptima Board of Directors, as the Governing Body, is responsible for approving, implementing, and Monitoring a Compliance Program governing CalOptima's operations. The CalOptima Board delegates the Compliance Program oversight and day-to-day compliance activities to the Chief Executive Officer (CEO), who then delegates such oversight and activities to the Compliance Officer. The Compliance Officer is an Employee of CalOptima, who handles compliance oversight and activities full-time. The Compliance Officer, in conjunction with the Compliance Committee, are both accountable for the oversight and reporting roles and responsibilities as set forth in this Compliance Plan. However, the CalOptima Board remains accountable for ensuring the effectiveness of the Compliance Program within CalOptima and Monitoring the status of the Compliance Program to ensure its efficient and successful implementation.

To ensure the CalOptima Board exercises reasonable oversight with respect to the implementation and effectiveness of CalOptima's Compliance Program, the CalOptima Board:

- Understands the content and operation of CalOptima's Compliance Program;
- Approves the Compliance Program, including this Compliance Plan and the Code of Conduct;
- Requires an effective information system that allows it to properly exercise its oversight role and be informed about the Compliance Program outcomes, including, but not limited to, results of internal and external Audits;
- Receives training and education upon appointment, and annually thereafter, concerning the structure and operation of the Compliance Program;
- Remains informed about governmental compliance enforcement activity, such as Notices of Non-Compliance, (Corrective Action Plans) CAPs, (Immediate Corrective Action Plans) ICAPs, Warning Letters, and/or Sanctions;
- Receives regularly scheduled, periodic updates from CalOptima's Compliance Officer and Compliance Committee, including, but not limited to, monthly reports summarizing overall compliance activities and any changes that are recommended;
- Receives timely written notification and updates on urgent compliance issues that require engagement and action;
- Convenes formal ad hoc and closed session discussions for significant and/or sensitive compliance matters, to the extent permitted by applicable law; and
- Reviews the results of performance and effectiveness assessments of the Compliance Program.

The CalOptima Board reviews the measurable indicators of an effective Compliance Program and remains appropriately engaged in overseeing its efficient and successful implementation; however, the CalOptima Board delegates several compliance functions and activities as described in the following subsections.

b. Executive Director of Compliance (Compliance Officer)

The Executive Director of Compliance serves as the Compliance Officer who coordinates and communicates all assigned compliance activities and programs, as well as plans, implements, and Monitors the day-to-day activities of the Compliance Program. The Compliance Officer reports directly to the CEO and the Compliance Committee on the activities and status of the Compliance Program. The Compliance Officer has authority to report matters directly to the CalOptima Board at any time. Furthermore, the Compliance Officer ensures that CalOptima meets all state and federal regulatory and contractual requirements.

The Compliance Officer interacts with the CalOptima Board, CEO, CalOptima's Executive Staff and departmental Management, FDRs, legal counsel, state and federal representatives, and others as required. In addition, the Compliance Officer supervises the Office of Compliance, which includes compliance professionals with expertise and responsibilities for the following areas: Medi-Cal and Medicare Regulatory Affairs & Compliance, Special Investigations, Privacy, FDR and internal oversight, Policies and Procedures, and training on compliance activities.

The CalOptima Board delegates the following responsibilities to the Compliance Officer, and/or his/her Designee(s):

- Chair the Compliance Committee, which shall meet no less than quarterly and assists the Compliance Officer in fulfilling his/her responsibilities;
- Ensure that the Compliance Program, including this Compliance Plan and Policies and Procedures, are developed, maintained, revised, and updated, annually, or as needed, based on changes in CalOptima's needs, regulatory requirements, and applicable law and distributed to all affected Board Members, Employees, and FDRs, as appropriate;
- Oversee and Monitor the implementation of the Compliance Program, and provide regular reports no less than quarterly to the CalOptima Board and CEO summarizing all efforts, including, but not limited to, the Compliance Committee's efforts to ensure adherence to the Compliance Program, identification and resolution of suspected, detected, or reported instances of non-compliance, and CalOptima's compliance oversight and Audit activities;
- Maintain the compliance reporting mechanisms and manage inquiries and reports from CalOptima's Compliance and Ethics Hotline in accordance with specified protocols, including, but not limited to, maintenance of documentation for each report of potential non-compliance or potential FWA received from any source through any reporting method;

- ► Design, coordinate, and/or conduct regular internal Audits to ensure the Compliance Program is properly implemented and followed, in addition to verifying all appropriate financial and administrative controls are in place;
- ► Develop and implement an annual schedule of Compliance Program activities for each of CalOptima's programs, and regularly report CalOptima's progress in implementing those plans to the appropriate Board committee and/or to the Board of Directors;
- ► Serve as a liaison between CalOptima and all applicable state and federal agencies for non-compliance and/or FWA issues, including facilitating any documentation or procedural requests by such agency(s);
- ► Oversee and Monitor all compliance investigations, including investigations performed by CalOptima's regulators (e.g., DHCS and CMS) and consult with legal counsel, as necessary;
- ► Create and coordinate educational training programs and initiatives to ensure that the CalOptima Board, Employees, and FDRs are knowledgeable about CalOptima's Compliance Program, including the Code of Conduct, Policies and Procedures, and all current and emerging applicable statutory and regulatory requirements;
- ► Timely initiate, investigate, and complete risk assessments and related activities, and direct and implement appropriate CAPs, Sanctions, and/or other remediation, including, but not limited to, collaboration with the Human Resources Department to ensure consistent, timely, and effective disciplinary standards are followed; and
- ► Coordinate with CalOptima departments and FDRs to ensure Exclusion and Preclusion screening (including through the OIG List of Excluded Individuals and Entities (LEIE), General Services Administration (GSA) System for Award Management (SAM), Medi-Cal Suspended & Ineligible (S&I) Provider List, and the CMS Preclusion List) has been conducted and acted upon, as appropriate, in accordance with regulatory and contractual requirements.

c. Compliance Committee

The Compliance Committee, chaired by the Compliance Officer, is composed of CalOptima's Executive Staff, as designated by the CEO. The members of the Compliance Committee serve at the discretion of the CEO and may be removed, or added, at any time. The role of the Compliance Committee is to implement and oversee the Compliance Program and to participate in carrying out the provisions of this Compliance Plan. The Compliance Committee meets at least on a quarterly basis, or more frequently as necessary, to enable reasonable oversight of the Compliance Program.

The CalOptima Board delegates the following responsibilities to the Compliance Committee:

- ► Maintain and update the Code of Conduct consistent with regulatory requirements and/or operational changes, subject to the ultimate approval by the CalOptima Board;
- ► Maintain written notes, records, correspondence, or minutes (as appropriate) of Compliance Committee meetings reflecting reports made to the Compliance Committee and the Compliance Committee's decisions on the issues raised (subject to all applicable privileges);

- ► Review and Monitor the effectiveness of the Compliance Program, including Monitoring key performance reports and metrics, evaluating business and administrative operations, and overseeing the creation, implementation, and development of corrective and preventive action(s) to ensure they are prompt and effective;
- ► Analyze applicable federal and state program requirements, including contractual, legal, and regulatory requirements, along with areas of risk, and coordinate with the Compliance Officer to ensure the adequacy of the Compliance Program;
- ► Review, approve, and/or update Policies and Procedures to ensure the successful implementation and effectiveness of the Compliance Program consistent with regulatory, legal, and contractual requirements;
- ► Recommend and Monitor the development of internal systems and controls to implement CalOptima's standards and Policies and Procedures as part of its daily operations;
- ► Determine the appropriate strategy and/or approach to promote compliance and detect potential violations and advise the Compliance Officer accordingly;
- ► Develop and maintain a reporting system to solicit, evaluate, and respond to complaints and problems;
- ► Review and address reports of Monitoring and Auditing of areas in which CalOptima is at risk of program non-compliance and/or potential FWA, and ensure CAPs and ICAPs are implemented and Monitored for effectiveness;
- ► Suggest and implement all appropriate and necessary actions to ensure that CalOptima and its FDRs conduct activities and operations in compliance with the applicable laws and regulations and sound business ethics; and
- ► Provide regular and ad-hoc status reports of compliance with recommendations to the CalOptima Board of Directors.

d. Audit & Oversight Committee (AOC)

The Audit & Oversight Committee (AOC) is a subcommittee of the Compliance Committee and is co-led by the Director(s) of Audit & Oversight. The AOC is responsible for overseeing the delegated and internal activities of CalOptima. The Compliance Committee has final approval authority for any delegated and internal activities. Committee members include representatives from CalOptima's departments as provided for in CalOptima Policy HH.4001Δ: Audit & Oversight Committee. In addition to the monthly scheduled meetings, the AOC may conduct ad hoc meetings either in-person or via teleconference, as needed. All materials requiring action by the AOC are approved by the majority of a quorum of the AOC. A quorum is defined as one (1) over fifty percent (50%). AOC may approve and/or implement CAPs; however, recommendations for FDR Sanctions and/or de-Delegation are submitted to the Compliance Committee for final approval. The AOC also contributes to external reviews and accreditation Audits, such as the National Committee for Quality Assurance (NCQA).

Responsibilities of the Audit & Oversight Committee with regard to FDRs include:

- ► Annual review, revision, and approval of the Audit tools;
- ► Review findings of the Readiness Assessment to evaluate a potential FDR's ability to perform the delegated function(s);
- ► Review and approve potential FDR entities for Delegation of functions;
- ► Ensure written agreements with each delegated FDR clearly define and describe the delegated activities, responsibilities, and reporting requirements of all parties consistent with applicable laws, regulations, and contractual obligations;
- ► Conduct formal, ongoing evaluation and Monitoring of FDR performance and compliance through review of periodic reports submitted, complaints/grievances filed, and findings of the annual onsite Audit;
- ► Ensure all Downstream and Related Entities are Monitored in accordance with CalOptima oversight procedures;
- ► Ensure that formal risk assessment is conducted on an annual basis, and update as needed, on an ongoing basis;
- ► Initiate and manage CAPs for compliance issues;
- ► Propose Sanctions, subject to the Compliance Committee's approval, if an FDR's performance is substandard and/or violates the terms of the applicable agreement; and
- ► Review and initiate recommendations, such as termination of Delegation, to the Compliance Committee for unresolved issues of compliance.

Responsibilities of the Audit & Oversight Committee regarding internal business functions include:

- ► Annual review, revision, and approval of the Audit work plan and Audit tools;
- ► Conduct formal, ongoing evaluation and Monitoring of internal business areas' performance and compliance through review of periodic reports submitted, ongoing Monitoring, and findings of the annual Audit;
- ► Conduct formal risk assessment on an annual basis, and update as needed, on an ongoing basis; and
- ► Initiate and manage CAPs for compliance issues.
- ► Initiate and manage other disciplinary actions (e.g., Sanctions, de-delegation) for compliance issues.

e. Executive Staff

The CEO and Executive Staff of CalOptima shall:

- ► Ensure that the Compliance Officer is integrated into the organization and is given the credibility, authority, and resources necessary to operate a robust and effective Compliance Program;
- ► Receive periodic reports from the Compliance Officer of risk areas facing the organization, the strategies being implemented to address them and the results of those strategies; and
- ► Be advised of all governmental compliance and enforcement findings and activity, including

Audit findings, Notices of Non-Compliance, and formal enforcement actions, and participate in corrective actions and responses, as appropriate.

III. TRAINING

Education and training are critical elements of the Compliance Program. CalOptima requires that all Board Members, Employees, and FDRs complete training upon appointment, hire, or commencement of contract, as applicable, and on an annual basis thereafter. Required courses cover CalOptima's Code of Conduct, compliance obligations, relevant laws, and FWA, as applicable. Specialized education courses are assigned to individuals based on their respective roles or positions within or with CalOptima's departments and its programs, which may include, but are not limited to, the fundamentals of managing Seniors and People with Disabilities (SPD) and cultural competency.

CalOptima utilizes state of the art web-based training courses that emphasize CalOptima's commitment to the Compliance Program, and which courses are updated regularly to ensure that Employees are kept fully informed about any changes in procedures, regulations, and requirements. Training may be conducted using new technology resources if materials meet the needs of the organization. The Compliance Officer, or his/her Designee, is responsible for coordinating compliance education and training programs, and ensuring that records evidencing an individual's/FDR's completion of the training requirements are documented and maintained, such as sign-in sheets, attestations, or electronic certifications, as required by law. The Compliance Officer and the CalOptima Executive Staff and Management are responsible for ensuring that Board Members, Employees, and FDRs complete training on an annual basis.

a. Code of Conduct

CalOptima's training program includes the distribution of CalOptima's Code of Conduct to Board Members, Employees, and FDRs. Board Members, Employees, and FDRs are required to sign an attestation acknowledging receipt, review, and understanding of the Code of Conduct within ninety (90) calendar days of their appointment, date of hire, or commencement of the contract, and annually thereafter. Completion and attestation of such review of the Code of Conduct is a condition of continued appointment, employment, or contract services. Signed attestations are maintained in each individual's personnel file, as required by law.

b. Mandatory Training Courses (Compliance Oversight, FWA, and HIPAA)

CalOptima requires Board Members, Employees, and FDRs, regardless of role or position with CalOptima, to complete mandatory compliance training courses. Mandatory courses may include, but are not limited to: the fundamentals of the Compliance Program; FWA training; Health Insurance Portability and Accountability Act of 1996 (HIPAA) privacy and security requirements; ethics; and a high-level overview of the Medicare and Medi-Cal Programs. Detailed information about state and federal false claims acts and whistleblower protections as provided in CalOptima Policy HH.5004Δ: False Claims Act Education shall be included in the mandatory courses. CalOptima's training courses cover CalOptima's commitment to compliance with federal and state laws and regulations, contractual obligations, internal policies, and ethics. Elements of the

Compliance Program are highlighted, including, but not limited to, an emphasis on CalOptima's requirement to and different means to report suspected or actual non-compliance, violations, and/or FWA issues, along with CalOptima's policy on confidentiality, anonymity, and non-retaliation for such reporting. CalOptima's HIPAA privacy and security training courses covers the administrative, technical, and physical safeguards necessary to secure Members' Protected Health Information (PHI) and Personally Identifiable Information (PII).

Employees must complete the required compliance training courses within ninety (90) calendar days of hire, and annually thereafter. Adherence to the Compliance Program requirements, including training requirements, shall be a condition of continued employment and a factor in the annual performance evaluation of each Employee. Board Members and FDRs are required to complete the required compliance training courses within ninety (90) calendar days of appointment or commencement of the contract, as applicable, and annually thereafter. Some FDRs may be exempt or deemed to have met the FWA training and education requirement if the FDR has met the CMS requirements, the applicable certification requirements and attests to complying with the standards, or through enrollment into the Medicare program, or accreditation as a Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Completion of the training courses are documented electronically, and records of completion are maintained for each individual as required by law.

c. Additional Training

The Office of Compliance may provide additional training opportunities throughout the year focused on essential elements of the Compliance Program. These training opportunities are available to Managers and Employees depending on their respective roles or positions within or with CalOptima's departments and its programs and their involvement in CalOptima's oversight responsibilities. For these training courses, information is presented in a "train the trainer" format, providing Managers the tools and resources to train and share the information with Employees in their respective departments. If additional training related to FWA is required, the Compliance Officer, or his/her Designee, will develop relevant materials.

Employees have access through CalOptima's intranet website (referred to as the "InfoNet") to CalOptima's Policies and Procedures governing the Compliance Program and pertinent to their respective roles and responsibilities. Employees may receive such additional compliance training as is reasonable and necessary based on changes in job descriptions/duties, promotions, and/or the scope of their job functions.

Board Members receive a copy of the Compliance Plan, Code of Conduct, and Policies and Procedures pertinent to their appointment as part of orientation within ninety (90) calendar days of their appointment to the CalOptima Board. Board Members may receive additional compliance training related to the CalOptima Board's role in overseeing and ensuring organizational compliance with CalOptima's Compliance Program.

The Code of Conduct and Policies and Procedures pertinent to their engagement with CalOptima, if directly engaged by CalOptima, are made available to FDRs upon commencement of the FDR contract. FDRs are required to disseminate copies of the Code of Conduct and Policies and Procedures to their Employees, agents, and/or Downstream Entities. CalOptima may also develop compliance training and education presentations and/or roundtables for specified FDRs.

IV. LINES OF COMMUNICATION AND REPORTING

a. General Compliance Communication

CalOptima regularly communicates the requirements of the Compliance Program and the importance of performing individual roles and responsibilities in compliance with applicable laws, contractual obligations, and ethical standards. CalOptima utilizes various methods and forms to communicate general information, statutory or regulatory updates, process changes, updates to Policies and Procedures, contact information for the Compliance Officer, relevant federal and state Fraud alerts and policy letters, pending/new legislation reports, and advisory bulletins from the Compliance Officer to CalOptima Board Members, Employees, FDRs, and Members, including, but not limited to:

- Presentations and Updates at Meetings – CalOptima periodically holds and utilizes in-person and conference call meetings with the CalOptima Board, FDRs, Employees, and individual CalOptima departments, and Members.
- Compliance 360 – CalOptima maintains an internal and external website and portal referred to as Compliance 360, accessible to Board Members, Employees, and FDRs, which contains CalOptima's updated Policies and Procedures.
- Newsletters or Mailed Notices – CalOptima develops, and where appropriate, translates, publications and/or notices, to Board Members, Employees, FDRs, and Members.
- Electronic Mail – The CEO, Compliance Officer, or their respective Designees, periodically sends out email communications and/or alerts to Board Members, Employees, and FDRs, and/or Members, as applicable.
- CalOptima's Intranet Website – CalOptima maintains an intranet website, referred to as InfoNet, where CalOptima posts applicable updates and notices to Employees.
- CalOptima's Compliance Intranet Webpage – The Office of Compliance maintains an internal department webpage accessible to CalOptima Employees for communication of different Compliance initiatives, notices, key documents and forms, updates to the Compliance Program, Code of Conduct, and/or Policies and Procedures.
- Postings – The Office of Compliance posts information on how to report potential issues of non-compliance and FWA throughout CalOptima's facilities, including, but not limited to, break rooms, which are accessible to CalOptima Employees.
- Written Reports – The Compliance Officer, in coordination with the CEO and Compliance Committee, prepares written reports, no less than quarterly, concerning the status of the Compliance Program to be presented to the CalOptima Board.
- Direct Contact with the Compliance Officer - Board Members, Employees, and FDRs can obtain additional compliance information directly from the Compliance Officer. Any questions, which cannot be answered by the Compliance Officer, shall be referred to the Compliance Committee.

b. Reporting Mechanisms

CalOptima Board Members, Employees, and FDRs have an affirmative duty and are directed in CalOptima's Code of Conduct and Policies and Procedures to report compliance concerns, questionable conduct or practices, and suspected or actual violations immediately upon discovery. Failure by Board Members, Employees, and/or FDRs to report known violations, failure to detect violations due to negligence or reckless conduct, and making false reports may constitute grounds for disciplinary action, up to and including, recommendation for removal from appointment, termination of employment, or termination of an FDR contract, where appropriate.

CalOptima has established multiple reporting mechanisms to receive, record, and respond to compliance questions, potential non-compliance issues and/or FWA incidents or activities. These reporting systems, which are outlined in greater detail below, provide for anonymity and confidentiality (to the extent permitted by applicable law and circumstances). Reminders and instructions on how to report compliance and FWA issues are also provided to Board Members, Employees, FDRs, and Members in newsletters, on CalOptima's website, in trainings, on posters and at meetings. CalOptima maintains and supports a non-retaliation policy governing good-faith reports of suspected, or actual, non-compliance and/or FWA.

Upon receipt of a report through one (1) of the listed mechanisms, the Compliance Officer, or his/her Designee, shall follow appropriate Policies and Procedures to promptly review, investigate, and resolve such matters. The Compliance Officer, or his/her Designee, shall Monitor the process for follow-up communications to persons submitting reports or disclosures through these reporting mechanisms and shall ensure documentation concerning such reports is maintained according to all applicable legal and contractual requirements.

1. *Report Directly to Management or Executive Staff*

CalOptima Employees are encouraged to contact their immediate Management or Executive Staff when non-compliant activity is suspected, or observed. A report should be made immediately upon suspecting or identifying the potential or suspected non-compliance, or violation. Executive Staff or Management will promptly escalate the report to the Compliance Officer for further investigation and reporting to the CalOptima Compliance Committee. If an Employee is concerned that his/her Management or Executive Staff did not adequately address his/her report or complaint, the Employee may go directly to the Compliance Officer, or the CEO.

2. *Call the Compliance and Ethics Hotline*

CalOptima maintains an easily accessible Compliance and Ethics Hotline, available twenty-four (24) hours a day, seven (7) days a week, with multilingual support, in which CalOptima may receive anonymous issues on a confidential basis. Members are encouraged to call the Compliance and Ethics Hotline if they have identified potential non-compliant activity, or FWA issues. The Compliance and Ethics Hotline information is as follows:

TOLL FREE COMPLIANCE and ETHICS HOTLINE
(855) 507-1805

Calls or issues reported through the Compliance and Ethics Hotline are received, logged into a database, and investigated by the Regulatory Affairs & Compliance Department. No disciplinary action will be taken against individuals making good-faith reports. Every effort will be made to keep reports confidential to the extent permitted by law. The process for reporting suspected violations to the Compliance and Ethics Hotline is part of the education and/or orientation for all Board Members, Employees, FDRs, and Members. Members also have access to the Compliance Officer through the Compliance and Ethics Hotline and/or the right to contact the OIG Compliance Hotline (1-800-447-8477) directly.

3. *Report Directly to the Compliance Officer*

The Compliance Officer is available to receive reports of suspected or actual compliance violations, or FWA issues, on a confidential basis (to the extent permitted by applicable law or circumstances) from Board Members, Employees, FDRs, and Members. The Compliance Officer may be contacted by telephone, written correspondence, email, or by a face-to-face appointment. FDRs are generally contractually obligated to report suspected Fraud and Abuse to CalOptima pursuant to regulatory and contractual requirements.

4. *Report Directly to Office of Compliance*

Reports may be made directly to CalOptima's Office of Compliance via mail, email, or through the Compliance and Ethics Hotline for confidential reporting. Emails can be sent to Compliance@caloptima.org. Mail can be sent to:

CalOptima
ATTN: Compliance Officer
505 City Parkway West
Orange, CA, 92868

5. *Confidentiality and Non-Retaliation*

Every effort will be made to keep reports confidential to the extent permitted by applicable law and circumstances, but there may be some instances where the identity of the individual making the report will have to be disclosed. As a result, CalOptima has implemented and enforces a non-retaliation policy to protect individuals who report suspected or actual non-compliance, or FWA, issues in good faith. This non-retaliation policy extends to reports received from FDRs and Members. CalOptima's non-retaliation policy is communicated along with reporting instructions by posting information on the CalOptima InfoNet and website, as well as sending periodic Member notifications.

CalOptima also takes violations of CalOptima's non-retaliation policy seriously, and the Compliance Officer will review and enforce disciplinary and/or other CAPs for violations, as appropriate, with the approval of the Compliance Committee.

V. ENFORCEMENT AND DISCIPLINARY STANDARDS

Board Members, Employees, and FDRs are provided copies of CalOptima's Code of Conduct and the Compliance Plan and have access on CalOptima's internal and external website to applicable Policies and Procedures, including, but not limited to, CalOptima Policy GA.8022: Performance and Behavior Standards and Office of Compliance Policies addressing CAPs and Sanctions. Consistent, timely, and effective enforcement of CalOptima's standards is implemented when non-compliance or unethical behavior is confirmed, and appropriate disciplinary and/or corrective action is implemented to address improper conduct, activity, and/or behavior.

a. Conduct Subject to Enforcement and Discipline

Board Members, Employees, and FDRs are subject to appropriate disciplinary and/or corrective actions if they have violated CalOptima's standards, requirements, or applicable laws as specified and detailed in the Compliance Program documents and related Policies and Procedures, including CalOptima Policy GA.8022: Performance and Behavior Standards, as applicable. Board Members, Employees, and FDRs may be disciplined or Sanctioned, as applicable, for failing to adhere to CalOptima's Compliance Program and/or violating standards, regulatory requirements, and/or applicable laws, including, but not limited to:

- Conduct that leads to the filing of a false or improper claim in violation of federal or state laws and/or contractual requirements;
- Conduct that results in a violation, or violations, of any other federal or state laws or contractual requirements relating to participation in Federal and/or State Health Care Programs;
- Failure to perform any required obligation relating to compliance with the Compliance Program, applicable laws, Policies and Procedures, and/or contracts; or
- Failure to report violations or suspected violations of the Compliance Program, or applicable laws, or to report suspected or actual FWA issues to an appropriate person through one (1) of the reporting mechanisms.
- Conduct that violates HIPAA and other privacy laws and/or CalOptima's HIPAA privacy and security policies, including actions that harm the privacy of Members, or the CalOptima information systems that store member data.

b. Enforcement and Discipline

CalOptima maintains a "zero tolerance" policy towards any illegal, or unethical, conduct that impacts the operation, mission, or image of CalOptima. The standards established in the Compliance Program shall be enforced consistently through appropriate disciplinary actions.
Individuals, or entities, may be disciplined by way of reprimand, suspension, financial penalties, Sanctions, and/or termination, depending on the nature and severity of the conduct, or behavior. Board Members may be subject to removal, Employees are subject to discipline, up to and including termination, and FDRs may be Sanctioned, or contracts may be terminated, where permitted.

Violations of applicable laws and regulations, even unintentional, could potentially subject individuals, entities, or CalOptima to civil, criminal, or administrative Sanctions and/or penalties. Further violations could lead to suspension, Preclusion, or Exclusion, from participation in Federal and/or State Health Care Programs.

CalOptima Employees shall be evaluated annually based on their compliance with CalOptima's Compliance Program. Where appropriate, CalOptima shall promptly initiate education and training to correct identified problems, or behaviors.

VI. MONITORING, AUDITING, AND IDENTIFICATION OF RISKS

Activities associated with Monitoring and Auditing are identified through a combination of activities performed by the Audit & Oversight Department in conjunction with CalOptima contract owners, and functional business owners responsible for on-going monitoring that is performed, risk assessments, Audit & Oversight Committee and Compliance Committee discussions and decisions, and internal and external reporting. Through Monitoring, Auditing, and identification of risks, CalOptima can prevent, detect, and correct non-compliance with applicable federal and/or state requirements.

a. Risk Assessment

The Compliance Officer, or his/her Designee, will collaborate with the Compliance Committee to identify areas of focus for Monitoring and Auditing potential non-compliant activity and FWA issues. A Compliance Risk Assessment will be performed no less than annually, and as needed, to evaluate the current status of CalOptima's operational areas as well as the operations of FDRs. Operations and processes will be evaluated based on: (1) deficiencies found by Regulatory Agencies; (2) deficiencies found by internal and external Audit and Monitoring reports; (3) the institution of new or updated Policies and Procedures; (4) cross departmental interdependencies; and (5) the effect on the Member experience. The Readiness Checklist established by CMS and the OIG Work Plan shall be used as resources to evaluate operational risks.

The Compliance Officer, or his/her Designee, will work with the Chief Operating Officer, or his/her Designee, in each operational area, to answer the questions associated with each process and to continually examine and identify potential risk areas requiring Monitoring and Auditing. Those operational areas determined to be high risk may be subject to more frequent Monitoring and Auditing, as well as additional reporting requirements. The risk assessment process will be managed by the Compliance Officer, or his/her Designee, and presented to the AOC, and subsequently to the Compliance Committee, for review and approval. Monitoring plans will be developed in collaboration with the operational areas, and focused Audits may be scheduled based on the results of the ongoing Monitoring and respective risk score.

The risk assessment shall also be updated as processes change, or are identified as being deficient.

b. Monitoring and Auditing

CalOptima conducts both internal and external routine Auditing and Monitoring Activities to test and confirm compliance with all applicable regulations, guidance, contractual agreements, and federal and state laws, as well as CalOptima Policies and Procedures to protect against non-compliance and potential FWA in CalOptima Programs. CalOptima and FDRs shall comply with applicable data certification requirements, including, without limitation, 42 C.F.R. §§ 438.604 and 438.606. Monitoring Activities are regular reviews performed as part of normal operations to

confirm ongoing compliance and to ensure that corrective actions are undertaken and effective. An Audit is a formal, systematic, and disciplined approach designed to review, evaluate, and improve the effectiveness of processes and related controls using a set of standards (e.g., Policies and Procedures, laws, and regulations) used as base measures. As part of the Monitoring process, CalOptima has created a dashboard, which is a Monitoring tool to track key metrics, including, but not limited to, coverage determinations, complaints, appeals, grievances, regulatory communications, credentialing, customer service, transition of coverage (TOC), and claims. The dashboard will be used to communicate results associated with Monitoring operations and outcomes and to identify areas in need of targeted Auditing on at least a monthly basis. Information taken from the dashboard along with grievance and complaint call information will be used to develop Monitoring and Auditing work plans. Monitoring and Auditing work plans are used to detect potential areas of risk and/or non-compliant activity. The Monitoring and Auditing work plans are subject to daily updates and additions, and are therefore, working documents. The Compliance Officer, or his/her Designee, in collaboration with the AOC and Compliance Committee, develops the Monitoring and Auditing work plans to address the risks associated with each of CalOptima's Programs.

The Compliance Officer, or his/her Designee, will coordinate with CalOptima's Audit & Oversight Department in connection with appropriate Auditing and Monitoring Activities. Audits for each operational area will be conducted throughout the year consistent with the Monitoring and Auditing work plans. The Compliance Officer, or his/her Designee, will coordinate the Audits with internal audit staff, and, in some cases, with the assistance from an outside vendor. Audit methodologies shall be consistent with regulatory and NCQA requirements and standards. All Audits will include review of applicable documents and evaluation of actual processes to ensure compliance with all applicable regulations and contractual obligations. Once the Audit review is completed, the Audit & Oversight teams will communicate the results to the Compliance Officer and propose follow up corrective action(s), if necessary. The Compliance Officer, or his/her Designee, will provide reports to the CEO and the Compliance Committee concerning the results of the Audits. The AOC reports to the Compliance Officer and the Compliance Committee on Audits that involve FDRs as discussed below. If FWA issues are identified during an Audit, the matter will be further investigated and resolved in a timely manner. In addition, an Audit of the Compliance Program and its effectiveness should occur at least annually, and the results shall be reported to the CalOptima Board.

c. Oversight of Delegated Activities

To ensure the terms and conditions of statutory and contractual obligations to CMS, DHCS, and other governmental and regulatory entities are adhered to, CalOptima implements a comprehensive oversight Monitoring and Auditing process of FDRs who perform delegated activities. The processes that CalOptima implements to oversee, Monitor, and Audit FDRs are incorporated into CalOptima's written Policies and Procedures, including processes involving Readiness Assessments and Audits of First Tier Entities. CalOptima may implement CAPs, Sanctions, and/or revoke its Delegation of duties (in a manner permitted under the contract) if CalOptima determines that an FDR

is unable or unwilling to carry out its responsibilities consistent with statutory and contractual obligations.

The Compliance Officer, or his/her Designee, determines the process for Monitoring delegated FDRs and develops the annual Monitoring and Audit calendar in order to validate compliance with contractual standards and regulatory requirements. The AOC is responsible for overseeing all of the delegated activities and will review the Readiness Assessment, ensure the annual review of FDRs for delegated functions are completed, conduct formal on-going evaluation of FDR performance and compliance, ensure Downstream and Related Entities are Monitored, and impose CAPs and/or Sanctions if the FDR's performance fails to meet statutory and contractual standards and requirements. The AOC may recommend termination of Delegation to the Compliance Committee for unresolved matters.

d. Monitoring and Audit Review Process for FDRs

1. *Initial Evaluation*

Prior to executing a contract or Delegation agreement with a potential FDR, a risk assessment is performed to determine the type of initial evaluation that will be performed. If it is deemed necessary, an initial evaluation, referred to as a Readiness Assessment as detailed in CalOptima's Policies and Procedures, is completed to determine the ability of the potential FDR to assume responsibility for delegated activities and to maintain CalOptima standards, applicable state, CMS, and regulatory requirements, and accreditation requirements. The initial evaluation includes, but is not limited to, review of the entity's operational capacity and resources to perform the delegated functions, evaluation of the entity's ability to meet contractual and regulatory requirements, verification that the entity is not Precluded on the Preclusion List, excluded in the OIG List of Excluded Individuals/Entities (LEIE), the General Services Administration (GSA) System of Award Management (SAM), Restricted Provider Database (RPD) (as applicable) or the Medi-Cal Suspended & Ineligible (S&I) Provider List from participating in health programs, and/or an initial onsite evaluation. Results of the initial evaluation are presented to the AOC and subsequently the Compliance Committee for review and/or approval.

2. *Contracting with FDRs*

Once an entity has been approved, the Delegation agreement specifies the activities CalOptima delegates to the FDRs, each party's respective roles and responsibilities, reporting requirements and frequency, submission of data requirements, the process for performance evaluations and Audits, and remedies, including disciplinary actions, available to CalOptima. Prior to any Sub-delegation to any Downstream or Related Entity, a First Tier Entity must obtain approval from CalOptima. CalOptima determines who will directly Monitor the Downstream or Related Entity's compliance with requirements.

FDRs shall be required to institute a training program consistent with CalOptima's requirements intended to communicate CalOptima's compliance requirements as well as compliance characteristics related to the FDR and their contractually delegated area(s). Furthermore, FDRs will be required to complete, sign, and return attestation forms confirming the FDR's compliance with new hire and annual training and education requirements, which includes courses on general compliance and FWA as well as Exclusion and Preclusion screening and FWA reporting obligations.

3. *Annual Risk Assessment*

The Compliance Officer, or his/her Designee, will ensure that an annual comprehensive risk assessment is conducted in accordance with CalOptima Policy HH.2027Δ: Annual Risk Assessment (FDR) to determine the FDR's vulnerabilities and high-risk areas. High-risk FDRs are those that are continually non-compliant or at risk of non-compliance based on identified gaps in processes with regulatory and CalOptima requirements. Any previously identified issues, which include any corrective actions, service level performance, reported detected offenses, and/or complaints and appeals from the previous year will be factors that are included in the risk assessment. Any FDR deemed high risk, or vulnerable, is presented to the AOC for suggested follow-up Audit. FDRs determined to be high risk may be subjected to a more frequent Monitoring and Auditing schedule, as well as additional reporting requirements. The risk assessment process, along with reports from FDRs, will be managed by the Compliance Officer, or his/her Designee, and presented to the AOC and subsequently to the Compliance Committee for review and approval.

4. *FDR Performance Reviews and Audits*

CalOptima conducts a periodic comprehensive performance review of the FDR's ability to provide delegated services in accordance with contractual standards and applicable state, CMS, and accreditation requirements, as further detailed in CalOptima's Policies and Procedures. CalOptima may conduct Audits of FDRs at any time. Such Audits may include an evaluation of the FDR's training and education program and materials covering general compliance and FWA, as well as compliance with applicable laws, regulations, and contractual obligations governing delegated activities. High-risk FDRs, as determined by the annual risk assessment and/or continued non-compliance, will obtain priority status on the annual Audit calendar; however, CalOptima does not limit its Auditing schedule to only high-risk FDRs.

If CalOptima has reason to believe the FDR's ability to perform a delegated function is compromised, an additional focused Audit may be performed. The Compliance Officer, or his/her Designee, may also recommend focused Audits upon evaluation of non-compliant trends or reported incidents. The results of these Audits will be reported to the AOC and then to the Compliance Committee.

A focused Audit may be initiated for any of the following activities, or any other reason at the discretion of CalOptima:

- ► Failure to comply with regulatory requirements and/or CalOptima's service level performance indicators;
- ► Failure to comply with a Corrective Action Plan;
- ► Reported or alleged Fraud, Waste, and/or Abuse;
- ► Significant policy variations that deviate from the CalOptima or state, CMS, or accreditation requirements;
- ► Bankruptcy, or impending bankruptcy, which may impact services to Members (either suspected or reported);
- ► Sale, merger, or acquisition involving the FDR;
- ► Significant changes in the management of the FDR; and/or
- ► Changes in resources which impact CalOptima's and/or the FDR's operations.

5. *Corrective Actions and Additional Monitoring and Auditing*

The Compliance Officer, or his/her Designee, shall submit regular reports of all Monitoring, Audit, and corrective action activities to the Compliance Committee. In instances where non-compliance is identified, a Corrective Action Plan shall be developed by the FDR and reviewed and approved by the Compliance Officer, or his/her Designee. Every Corrective Action Plan is presented to the AOC, in aggregate, with no less than quarterly updates, and recommendations for escalation, as applicable. Supplemental and focused Audits of FDRs, as well as additional reporting, may be required until compliance is achieved.

At any time, CalOptima may implement Sanctions or require remediation by an FDR for failure to fulfill contractual obligations including development and implementation of a Corrective Action Plan. Failure to cooperate with CalOptima in any manner may result in termination of the Delegation agreement, in a manner authorized under the terms of the agreement.

e. Evaluation of Audit Activities

An external review of CalOptima's Auditing process is conducted through identified process measures. These measures support organizational, accreditation, and regulatory requirements and are reported on a yearly basis. CalOptima uses an independent, external consultant firm to periodically review the Auditing processes, including Policies and Procedures, Audit tools, and Audit findings, to ensure all regulatory requirements are being Audited in accordance with industry standards/practices and are in compliance with federal and state regulations.

The current measures reviewed include:

- ► The central database of all pending, active, and terminated FDRs to Monitor and track functions, performance, and Audit schedules;
- ► Implementation of an escalation process for compliance/performance issues;

- ► Implementation of a process for validation of Audit tools;
- ► Implementation of a process for noticing FDRs and functional areas of CAPs;
- ► Tracking and trending internal compliance with oversight standards, performance, and outcomes;
- ► Implementation of an annual training program for internal staff regarding Delegation standards, Auditing, and Monitoring FDR performance; and/or
- ► Implementation of a process for dissemination of regulatory changes to include Medi-Cal and Medicare lines of business.

The following key performance metrics will be evaluated and reported periodically:

- ► Evaluations of FDR performance and reporting of delegated functions in accordance with the terms of the agreement;
- ► Number of annual oversight Audits completed within twelve (12) months; and
- ► CAPs completed within the established time frame.

f. Regular Exclusion and Preclusion Screening

As detailed in CalOptima's Policies and Procedures, CalOptima performs Participation Status Reviews by searching the OIG –LEIE, the GSA–SAM, the DHCS Medi-Cal Suspended & Ineligible Provider Lists, Medi-Cal Restricted Provider Database (RPD), Medi-Cal Procedure/Drug Code Limitation List, and the CMS Preclusion List upon appointment, hire, or commencement of a contract, as applicable, and monthly thereafter, to ensure Board Members, Employees, and/or FDRs are not suspended, excluded, or do not become excluded or precluded from participating in Federal and/or State Health Care Programs. Board Members, Employees, and FDRs are required to disclose their Participation Status as part of their initial appointment, employment, commencement of the contract and registration/application processes and when Board Members, Employees, and FDRs receive notice of a suspension, Preclusion, Exclusion, or debarment during the period of appointment, employment, or contract term. CalOptima also requires that its First Tier Entities comply with Participation Status Review requirements with respect to their relationships with Downstream Entities, including without limitation, the delegated credentialing and re-credentialing processes.

The Compliance Officer, or his/her Designee, will review reports from Employees responsible for conducting the Participation Status Reviews to ensure Employees record and maintain the results of the reviews and notices/disclosures. Employees shall immediately notify the Compliance Officer, or his/her Designee, of affirmative findings of a person, or entity's, failure to meet the Participation Status Review requirements. If CalOptima learns that any prospective, or current, Board Member, Employee, or FDR has been proposed for Exclusion, Excluded or Precluded, CalOptima will promptly remove him/her/the FDR from CalOptima's Programs consistent with applicable policies and/or contract terms.

Payment may not be made for items or services furnished, or prescribed, by an excluded person, or entity. Payments made by CalOptima to excluded persons, or entities, after the effective date of their suspension, Exclusion, debarment, or felony conviction, and/or for items or services furnished at the medical direction, or on the prescription of a physician who is suspended, excluded, or otherwise ineligible to participate, are subject to repayment/recoupment. Such requirements also apply to providers on the CMS Preclusion List, consistent with regulatory guidance, applicable policies, and/or contract terms. The Compliance Officer, or his/her Designee, will review potential organizational obligations related to the reporting of identified excluded, precluded, or suspended, individuals, or entities, and/or refund obligations and consult with legal counsel, as necessary and appropriate, to resolve such matters.

VII. RESPONSE AND REMEDIATION

a. Response to Notice of Violation or Suspected Violation

Upon receipt of a report or notice of violation or suspected violation of CalOptima's Compliance Program and/or FWA issues, the Compliance Officer, or his/her Designee, shall, upon promptly verifying the facts related to the violation or likely violation, notify the Compliance Committee, as appropriate. The Compliance Committee (in consultation with legal counsel, as appropriate) shall determine a response as soon as practicable, which shall include, but not be limited to:

- Recommending investigation of all aspects of the suspected violation or questionable conduct;
- Approving disciplinary actions, Sanctions, termination of any agreement and/or any other corrective action consistent with applicable Policies and Procedures, subject to consultation with legal counsel and/or notifying the Governing Body, as appropriate;
- Implementing education and training programs for Board Members, Employees, and/or FDRs, where applicable, to correct the violation and prevent recurrence;
- Amending, if necessary, CalOptima's Compliance Plan, Code of Conduct, and/or relevant Policies and Procedures to avoid any future recurrence of a violation; and
- Ensuring that compliance reports are kept confidential, where permitted by law, and if appropriate, protected under applicable privileges, including, but not limited to, the attorney/client privilege and ensuring that all files regarding compliance matters are appropriately secured.

It is the responsibility of the Compliance Officer and the Compliance Committee to review and implement any appropriate corrective and/or disciplinary action in consultation with the Human Resources Department, as applicable, consistent with applicable Policies and Procedures after considering such recommendations. The Compliance Officer, or his/her Designee, may Monitor and review corrective actions after their implementation to ensure that they are effective.

b. Referral to Enforcement Agencies

In appropriate circumstances, CalOptima shall report violations of Medi-Cal Program requirements to DHCS Audits and Investigations, violations of Medicare Program requirements to the Medicare Drug Integrity Contractor (MEDIC), and violations of other state and federal laws to the appropriate law enforcement agencies, in accordance with the applicable reporting procedures adopted by such enforcement agencies.

c. Response to Fraud Alerts

CMS issues alerts to Part D sponsors concerning Fraud schemes identified by law enforcement officials. Typically, these alerts describe alleged activities involving pharmacies practicing drug diversion or prescribers participating in illegal remuneration schemes. CalOptima may take action (including denying or reversing claims) in instances where CalOptima's own analysis of its claims

activity indicates that Fraud may be occurring. CalOptima's decision to deny, or reverse, claims shall be made on a claim-specific basis.

When a Fraud alert is received, CalOptima shall review its Delegation agreements with the identified parties, and shall consider terminating the contract(s) with the identified parties if indictments have been issued against the particular parties and the terms of the Delegation agreement(s) authorizes contract termination.

CalOptima is also obligated to review its past paid claims from entities identified in a Fraud alert. With the issuance of a Fraud alert, CMS places CalOptima on notice (see Title 42, Code of Federal Regulations, §423.505(k)(3)) that claims involving the identified party need to be reviewed. To meet the "best knowledge, information, and belief" standard of certification, CalOptima shall make its best efforts to identify claims that may be, or may have been, part of an alleged Fraud scheme and remove them from the sets of prescription drug event data submissions.

d. Identifying and Monitoring Providers with a History of Complaints

CalOptima shall maintain files for a period of ten (10) years on both in-network and out-of-network providers who have been the subject of complaints, investigations, violations, and prosecutions. This includes Member complaints, DHCS Audits and Investigations referrals, MEDIC investigations, OIG and/or DOJ investigations, US Attorney prosecution, and any other civil, criminal, or administrative action for violations of Federal and/or State Health Care Programs requirements. CalOptima shall also maintain files that contain documented warnings (e.g., Fraud alerts) and educational contacts, the results of previous investigations, and copies of complaints resulting in investigations. CalOptima shall comply with requests by law enforcement, DHCS, CMS, and CMS' Designee, regarding Monitoring of FDRs within CalOptima's network that DHCS, or CMS, has identified as potentially abusive, or fraudulent.

e. Identifying and Responding to Overpayments

CalOptima shall sustain an effective system for the review of suspect claims to detect and prevent FWA within a CalOptima Program. All suspect claims shall be thoroughly investigated to determine whether such claims are the direct result of FWA activity. CalOptima shall assess all FDRs for potential Overpayments when reviewing and undertaking corrective actions. Upon completion of the suspect claim(s) investigation(s), CalOptima shall recoup and/or return Overpayments consistent with applicable laws and regulatory guidance.

As required, CalOptima and/or the FDR shall update appropriate data sources and reports, via documenting and/or resubmission, as appropriate. The resolution(s) for suspect claim(s) investigation(s) may include, but is not limited to: (i) recoupment through established procedures, (ii) provider education about billing protocols, and (iii) reporting of Overpayment determinations to Regulatory Agencies, as required by law.

When applicable, CalOptima shall return Overpayments made to CalOptima, consistent with applicable state and federal laws and regulatory guidance.

C. FRAUD, WASTE, AND ABUSE (FWA) PREVENTION AND DETECTION

The detection, prevention, and remediation of FWA are components of CalOptima's Compliance Program. FWA activities are implemented and overseen by CalOptima's Compliance Officer, or his/her Designee, in conjunction with other compliance activities, and investigations are performed, or overseen, by the Special Investigations Unit (SIU), an internal investigative unit within CalOptima's Office of Compliance, responsible for FWA investigations. The Compliance Officer, or his/her Designee, reports FWA activities to the CalOptima Compliance Committee, CEO, the CalOptima Board, and Regulatory Agencies.

CalOptima utilizes various resources to detect, prevent, and remediate FWA. In addition, CalOptima promptly investigates suspected FWA issues and may implement disciplinary, or corrective, action to avoid recurrence of FWA issues. The objective of the FWA program is to ensure that the scope of benefits covered by the CalOptima Programs is appropriately delivered to Members and resources are effectively utilized in accordance with federal and state guidelines. CalOptima incorporates a system of internal assessments which are organized to identify FWA and promptly respond appropriately to such incidents of FWA.

I. FWA TRAINING

As detailed above, FWA training is provided to all Board Members and Employees as part of the overall compliance training courses in order to help detect, prevent, and remediate FWA. FDRs are also required to complete FWA training, as described above. CalOptima's FWA training provides guidance to Board Members, Employees, and FDRs on how to identify activities and behaviors that would constitute FWA and how to report suspected, or actual, FWA activities. Training materials are retained for a period of at least ten (10) years, and such training includes, but is not limited to:

- The process for detection, prevention, and reporting of suspected or actual FWA;
- Examples of the most common types of Member FWA (see Appendix B, attached hereto, and incorporated herein) and FDR FWA (see Appendix C, attached hereto, and incorporated herein) as well as common local and national schemes relevant to managed care organization operations;
- Information on how to identify FWA in CalOptima Programs (e.g., suspicious activities suggesting CalOptima Members, or their family members, may be engaged in improper drug utilization or drug-seeking behavior, conduct suggesting improper utilization, persons offering kickbacks for referring, or enrolling, individuals in the CalOptima Programs, etc.);
- Information on how to identify potential prescription drug FWA (e.g., identification of significant outliers whose drug utilization patterns far exceed those of the average Member in terms of cost or quantity, disproportionate utilization of controlled substances, use of prescription medications for excessive periods of time, high-volume prescriptions of a particular manufacturer's drugs, submission of false claims or false data for prescription drug claims, misrepresenting the type of drug that was actually dispensed, excessive prescriptions by a particular physician, etc.);
- How to report potential FWA using CalOptima's reporting options, including CalOptima's Compliance and Ethics Hotline, and for FDRs, reporting obligations;
- CalOptima's policy of non-retaliation and non-retribution toward individuals who make such reports in good faith; and
- Information on the False Claims Act and CalOptima's requirement to train Employees and FDRs on the False Claims Act and other applicable FWA laws.

CalOptima shall provide Board Members, Employees, FDRs, and Members with reminders and additional training and educational materials through print and electronic communications, including, but not limited to, newsletters, alerts, and/or applicable meetings.

II. DETECTION OF FWA

a. Data Sources

In partnership with CalOptima internal departments, CalOptima's SIU utilizes different sources and analyzes various data in an effort to detect patterns of FWA. Potential fraudulent cases will not only come from claims data but can also originate from many sources internally and externally. Members, FDRs, Employees, law enforcement and Regulatory Agencies, and others may contact CalOptima by phone, mail, and email if they suspect any individual, or entity, is engaged in inappropriate practices. Furthermore, the sources identified below can be used to identify problem areas within CalOptima, such as enrollment, finance, or data submission.

Sources used to detect FWA include, but are not limited to:

- CalOptima's Compliance and Ethics Hotline or other reporting mechanisms;
- Claims data history;
- Encounter data;
- Medical record Audits;
- Member and provider complaints, appeals, and grievance reviews;
- Utilization Management reports;
- Provider utilization profiles;
- Pharmacy data;
- Auditing and Monitoring Activities;
- Monitoring external health care FWA cases and determining if CalOptima's FWA Program can be strengthened with information gleaned from the case activity; and/or
- Internal and external surveys, reviews, and Audits.

b. Data Analytics

CalOptima uses technology and data analysis to reduce FWA externally. Using a combination of industry standard edits and CalOptima-specific edits, CalOptima identifies claims for which procedures have been unbundled, or upcoded. CalOptima also identifies suspect FDRs based on billing patterns.

CalOptima also uses the services of an external Medicare Secondary Payer (MSP) Vendor to reduce costs associated with its Medicare-Medicaid programs, such as the OneCare, OneCare Connect, and/or PACE programs, by ensuring that federal and state funds are not used where certain health insurance, or coverage, is primarily responsible.

c. Analysis and Identification of Risk Areas Using Claims Data

Claims data are analyzed in numerous ways to uncover fraudulent billing schemes. Routine review

of claims data will be conducted in order to identify unusual patterns, outliers in billing and utilization, and identify the population of providers and pharmacies that will be further investigated and/or Audited. Any medical claim can be pended and reviewed, in accordance with applicable state or federal law if they meet certain criteria that warrant additional review. Payments for pharmacy claims may also be pended and reviewed in accordance with applicable state or federal law based on criteria focused on the types of drugs (e.g., narcotics), provider patterns, and challenges previously reported pertaining to certain pharmacies. CalOptima along with the PBM will conduct data mining activities in order to identify potential issues of FWA.

The following trends will be reviewed and flagged for potential FWA, including:

- Overutilized services;
- Aberrant provider billing practices;
- Abnormal billing in relation to peers;
- Manipulation of modifiers;
- Unusual coding practices such as excessive procedures per day, or excessive surgeries per patient;
- Unbundling of services;
- Unusual Durable Medical Equipment (DME) billing; and/or
- Unusual utilization patterns by Members and providers.

The following claims data may be utilized to evaluate and uncover fraudulent billing schemes:

- Average dollars paid per medical procedure;
- Average medical procedures per office visit;
- Average visits per member;
- Average distance a member travels to see a provider/pharmacy;
- Excessive patient levels of high-risk diagnoses; and/or
- Peer to peer comparisons within specialties.

Once vulnerabilities are identified, immediate actions are taken in order to mitigate the possible losses, including, but not limited to, claims denial or reversal and/or the reporting of suspected FWA. The data review includes, but is not limited to:

- Analysis of provider medical billing activity within their own peer group;
- Analysis of pharmacy billing and provider prescribing practices;
- Controlled drug prescribing exceeds two (2) standard deviations of the provider's peer group; and/ or
- Number of times a provider bills a CPT code in relation to all providers, or within their own peer group.

The claims data from the PBM will go through the same risk assessment process. The analysis will

be focused on the following characteristics:

- Prescription drug shorting, which occurs when pharmacy staff provides less than the prescribed quantity and intentionally does not inform the Member, or arranges to provide the balance but bills for the prescribed amount.
- Bait and switch pricing, which occurs when a Member is led to believe that a drug will cost one (1) price, but at the point of sale, they are charged a higher amount. An example of this type of scheme is when the pharmacy switches the prescribed medication to a form that increases the pharmacy's reimbursement.
- Prescription forging, or altering, which occurs when existing prescriptions are altered to increase the quantity or the number of refills, without the prescriber's authorization. Usually, the medications are diverted after being billed to the Medicare Part D program.
- Dispensing expired, or adulterated, prescription drugs, which occurs when pharmacies dispense drugs after the expiration date on the package. This also includes drugs that are intended as samples not for sale, or have not been stored or handled in accordance with manufacturer and FDA requirements.
- Prescription refill errors, which occur when pharmacy staff deliberately provides several refills different from the number prescribed by the provider.
- Failure to offer negotiated prices, which occurs when a pharmacy charges a Member the wrong amount.

d. Sample Indicators

No one (1) indicator is evidence of FWA. The presence of several indicators may suggest FWA, but further investigation is needed to determine if a suspicion of FWA exists. The following list below highlights common industry indicators and red flags that are used to determine whether to investigate an FDR or their claim disposition:

- Claims that show any altered information (dates; codes; names).
- Photocopies of claim forms and bills, or handwritten claims and bills.
- Provider's last name is the same as the Member/patient's last name.
- Insured's address is the same as the servicing provider.
- Same provider submits multiple claims for the same treatment for multiple family members or group members of provider's practice.
- Provider resubmitting claim with changed diagnosis code for a date of service already denied.

Cases identified through these data sources and risk assessments are entered into the FWA database and a report is generated and submitted to the Compliance Officer, Compliance Committee, and CEO.

III. FWA INVESTIGATIVE PROCESS

Once the SIU receives an allegation of suspected FWA or detects FWA through an evaluation of the data sources identified above, the SIU utilizes the following steps as a guide to investigate and document the case:

- The allegation is logged into the Fraud Tracking Database (Access database maintained by SIU on an internal drive);
- The allegation is assigned an investigation number (sequentially by year of receipt) and an electronic file is assigned on the internal drive, by investigation number and name;
- SIU develops an investigative plan;
- SIU obtains a legal opinion from CalOptima's Legal Counsel on specific cases or issues; as necessary;
- Quality of care issues are referred to CalOptima's Quality Improvement Department;
- Where appropriate, SIU will submit a Request for Information (RFI) directly to an FDR to obtain relevant information;
- SIU, or a Designee, interviews the individual who reported the FWA, affected Members and/or FDRs, or any other potential witnesses, as appropriate;
- SIU conducts a data analytics review of the allegation for overall patterns, trends, and errors using applicable data sources and reports;
- Review of FDR enrollment applications, history, and ownership, as necessary;
- Review of Member enrollment applications and other documents, as necessary;
- All supporting documentation is scanned and saved in the assigned electronic file. Any pertinent information, gathered during the SIU review/investigation, is placed into the electronic file;
- After an allegation is logged into the Fraud Tracking Database, the investigation is tracked to its ultimate conclusion, and the Fraud Tracking Database shall reflect all information gathered and documentation received to ensure timely receipt, review, and resolution, and report may be made to applicable state or federal agencies within mandated/required time periods, if appropriate;
- If a referral to another investigative agency is warranted, the information is collected, and a referral is made to the appropriate agency; and/or
- If the investigation results in recommendations for disciplinary or corrective actions, the results of the investigation may be reported to the Compliance Officer and Compliance Committee. If a CalOptima internal department or FDR has repeat disciplinary or corrective actions, SIU may report the issue(s) to the Compliance Committee for further action.

a. Findings, Response, and Remediation

Outcomes and findings of the investigation may include, but are not limited to, confirmation of violations, insufficient evidence of FWA, need for contract amendment, education and training requirement, recommendation of focused Audits, additional investigation, continued Monitoring,

new policy implementation, and/or criminal or civil action. When the root cause of the potential FWA issue has been identified, the SIU will track and trend the FWA allegation and investigation, including, but not limited to, the data analysis performed, which shall be reported to the Compliance Committee on a quarterly basis. Investigation findings can be used to determine whether disciplinary, or corrective, action is appropriate, whether there is a need for a change in CalOptima's Policies and Procedures, and/or whether the matter should be reported to applicable state and federal agencies.

In accordance with applicable CalOptima Policies and Procedures, CalOptima shall take appropriate disciplinary, or corrective, action against Board Members, Employees, and/or FDRs related to validated instances of FWA. CalOptima will also assess FDRs for potential Overpayments when reviewing and undertaking corrective actions. Corrective actions will be Monitored by the Compliance Committee, and progressive discipline will be Monitored by the Department of Human Resources, as appropriate. Corrective actions may include, but are not limited to, financial Sanctions, regulatory reporting, CAPs, or termination of the Delegation agreement, when permitted by the contract terms. Should such disciplinary, or corrective, action need to be issued, CalOptima's Office of Compliance will initiate review and discussion at the first Compliance Committee following the date of identification of the suspected FWA, the date of report to DHCS, or the date of FWA substantiation by DHCS subsequent to the report. If vulnerability is identified through a single FWA incident, the corrective action may be applied universally.

b. Referral to Enforcement Agencies

CalOptima's SIU shall coordinate timely referrals of potential FWA to appropriate Regulatory Agencies, or their designated program integrity contractors, including the CMS MEDIC, DHCS Audits and Investigations, and/or other enforcement agencies, in accordance with the applicable reporting procedures adopted by such enforcement agencies. FDRs shall report FWA to CalOptima within the time frames required by the applicable contract and in sufficient time for CalOptima to timely report to applicable enforcement agencies. Significant program non-compliance, or suspected FWA, should be reported to CMS and/or DHCS, as soon as possible after discovery, but no later than ten (10) business days to DHCS after CalOptima first becomes aware of and is on notice of such activity, and within thirty (30) calendar days to CMS MEDIC after a potential fraudulent or abusive activity is identified for a case impacting the OneCare, OneCare Connect, or PACE programs.

Potential cases that should be referred include, but are not limited to:

- Suspected, detected, or reported criminal, civil, or administrative law violations;
- Allegations that extend beyond CalOptima and involve multiple health plans, multiple states, or widespread schemes;
- Allegations involving known patterns of FWA;
- Patterns of FWA threatening the life, or well-being, of CalOptima Members; and/or
- Schemes with large financial risk to CalOptima, or its Members.

IV. ANNUAL FWA EVALUATION

CalOptima's Compliance Committee shall periodically review and evaluate the FWA activities and its effectiveness as part of the overall Compliance Program Audit and Monitoring Activities. Revisions should be made based on industry changes, trends in FWA activities (locally and nationally), the OIG Work Plan, the CalOptima Compliance Plan, and other input from applicable sources.

a. Retention of Records

CalOptima shall maintain reports and summaries of FWA activities and all proceedings of the various committees in original, electronic, or other media format in accordance with applicable statutory, regulatory, contractual, CalOptima policy, and other requirements. CalOptima shall file copies of Member records containing PHI in a secure and confidential manner, regardless of the outcome of a review. CalOptima shall file copies of FWA investigations in a secure and confidential manner, regardless of the outcome of an investigation.

b. Confidentiality

CalOptima and its FDRs shall maintain all information associated with suspected, or actual, FWA in confidential files, which may only be released in accordance with applicable laws and CalOptima Policies and Procedures. All participants and attendees of CalOptima's Quality Improvement Committee, Compliance Committee, and respective subcommittees shall sign a "Confidentiality Agreement" agreeing to hold all committee discussions confidential.

D. COMPLIANCE PROGRAM EVALUATION

In order to ensure the effectiveness of the Compliance Program, CalOptima will assess the overall effectiveness of the Compliance Program through internal and external methods of evaluation. The following areas will be reviewed:

- Policies and Procedures;
- Compliance Officer and Compliance Committee;
- Training and education of Board Members, Employees, and FDRs;
- Effective lines of communication;
- Well publicized disciplinary guidelines;
- Internal Monitoring and Auditing;
- Delegation oversight; and
- Prompt responses to detected offenses.

The Compliance Program will be evaluated no less than annually by an outside entity. The results of the evaluation will be shared with Executive Staff and Management, the Compliance Committee, and the CalOptima Board. Updates to the Compliance Program will be based on the results of the evaluation and will be referred to the CalOptima Board for review and approval.

I. PRIVILEGED FILES AND DOCUMENT RETENTION

a. Privileged Files

All privileged files shall be protected by, and marked, privileged and confidential and its contents shall be kept in a secure location. Only the Compliance Officer, CalOptima legal counsel, and the Compliance Committee, where appropriate, shall have access to its contents. All materials in the privileged file shall be treated as attorney-client privileged and shall not be disclosed to persons outside the privileged relationship. The privileged file shall contain the following original documents (except where only a copy is available):

- Records of requests for legal assistance or legal opinion(s) in connection with Compliance and Ethics Hotline telephone calls, correspondence related thereto, and/or problems reported to the Compliance Officer;
- The response from legal counsel regarding any such issues; and/or
- Legal opinions concerning FDR delegation agreement interpretations and remedies available to CalOptima.

b. Document Retention

CalOptima shall retain contracts, books, documents, records, financial statements, and other data, as defined in Title 42, Code of Federal Regulations, Sections 438.5(c), 438.604, 606, 608, and 610, for no less than ten (10) years from end of the fiscal year in which the CalOptima Medi-Cal contract expires, or is terminated (other than privileged documents which shall be retained until the issue raised in the documentation has been resolved, or longer if necessary). Records pertaining to CalOptima's OneCare, OneCare Connect, or PACE programs shall also be retained for ten (10) years from end date of the applicable contract (except for privileged documents which shall be retained until the issue raised in the documentation has been resolved, or longer if necessary).

CalOptima shall maintain the documentation required by HIPAA for at least six (6) years from the date of its creation or the date when it last was in effect, whichever, is later. Such documentation includes: (i) Policies and Procedures (and changes thereto) designed to comply with the standards, implementation specifications or other designated requirements; (ii) writings, or electronic copies, of communications required by HIPAA; (iii) writings, or electronic copies, of actions, activities, or designations required to be documented under HIPAA; and (iv) documentation to meet its burden of proof related to identification of breaches under Title 45, Code of Federal Regulations, §164.414(b).

Appendix A

Code of Conduct

Principle	Standard
Mission, Vision, and Values CalOptima is committed to its Mission, Vision, and Values	**Mission** To provide members with access to quality health care services delivered in a cost-effective and compassionate manner. **Vision** To be a model public agency and community health plan that provides an integrated and well-coordinated system of care to ensure optimal health outcomes for all CalOptima members. **Values = CalOptima CARES** **C**ollaboration; **A**ccountability; **R**espect; **E**xcellence; **S**tewardship
Compliance with the Law CalOptima is committed to conducting all activities and operations in compliance with applicable law.	**Transparent, Legal, and Ethical Business Conduct** CalOptima is committed to conducting its business with integrity, honesty, and fairness and in compliance with all laws and regulations that apply to its operations. CalOptima depends on its Board members, employees, and those who do business with it to help fulfill this commitment. **Obeying the Law** Board members, employees, and contractors (including First Tier and Downstream Entities included in the term "FDRs") shall not lie, steal, cheat, or violate any law in connection with their employment and/or engagement with CalOptima. **Fraud, Waste, & Abuse (FWA)** CalOptima shall refrain from conduct, which would violate the Fraud, Waste, and Abuse laws. CalOptima is committed to the detection, prevention, and reporting of Fraud, Waste, and Abuse. CalOptima is also responsible for ensuring that Board members, employees, and FDRs receive appropriate FWA training as described in regulatory guidance. CalOptima's Compliance Plan, Fraud, Waste, and Abuse Plan and policies describe examples of Potential Fraud, Waste, and Abuse and discuss employee and contractor FWA obligations and potential Sanctions arising from

Principle	Standard
	relevant federal and state FWA laws. CalOptima expects and requires that its Board members, employees, and contractors do not participate in any conduct that may violate the FWA laws including, federal and state anti-kickback laws, false claims acts, and civil monetary penalty laws. **Political Activities** CalOptima's political participation is limited by law. CalOptima funds, property, and resources are not to be used to contribute to political campaigns, political parties, and/or organizations. Board members, employees and contractors may participate in the political process on their own time and at their own expense but shall not give the impression that they are speaking on behalf of or representing CalOptima in these activities. **Anti-Trust** All Board members, employees, and contractors must comply with applicable antitrust, unfair competition, and similar laws, which regulate competition. Such persons shall seek advice from legal counsel if they encounter any business decisions involving a risk of violation of antitrust laws. The types of activities that potentially implicate antitrust laws include, without limitation, agreements to fix prices, bid rigging, and related activities; boycotts, certain exclusive dealings, and price discrimination agreements; unfair trade practices; sales or purchases conditioned on reciprocal purchases or sales; and discussion of factors determinative of prices at trade association meetings.
Member Rights CalOptima is committed to meeting the health care needs of its members by providing access to quality health care services.	**Member Choice, Access to Health Care Services, Continuity of Care** Employees and contractors shall comply with CalOptima policies and procedures and applicable law governing member choice, access to health care services and continuity of member care. Employees and contractors shall comply with all requirements for coordination of medical and support services for persons with special needs. **Cultural and Linguistic Services** CalOptima and contractors shall provide culturally, linguistically, and sensory appropriate services to CalOptima members to ensure

Principle	Standard
	effective communication regarding diagnosis, medical history, and treatment, and health education. **Disabled Member Access** CalOptima's facilities shall adhere to the requirements of Title III of the Americans with Disabilities Act of 1990 by providing access for disabled members. **Emergency Treatment** Employees and contractors shall comply with all applicable guidelines, policies and procedures, and laws governing CalOptima member access and payment of emergency services including, without limitation, the Emergency Medical Treatment and Active Labor Act ("EMTALA") and state patient "anti-dumping" laws, prior authorization limitations, and payment standards. **Grievance and Appeals Processes** CalOptima, its physician groups, its Health Networks, and third-party administrators (TPA) shall ensure that CalOptima members are informed of their grievance and appeal rights including, the state hearing process, through member handbooks and other communications in accordance with CalOptima policies and procedures and applicable laws. Employees and contractors shall address, investigate, and resolve CalOptima member complaints and grievances in a prompt and nondiscriminatory manner in accordance with CalOptima policies and applicable laws.
Business Ethics In furtherance of CalOptima's commitment to the highest standards of business ethics, employees and contractors shall accurately and honestly represent CalOptima and shall not engage in any activity or scheme intended to defraud anyone of money, property, or honest services.	**Candor & Honesty** CalOptima requires candor and honesty from individuals in the performance of their responsibilities and in communications including, communications with CalOptima's Board of Directors, supervisory employees, attorneys, and auditors. No Board member, employee, or contractor shall make false or misleading statements to any members and/or persons, or entities, doing business with CalOptima about products or services of CalOptima. **Financial and Data Reporting** All financial reports, accounting records, research reports, expense accounts, data submissions, attestations, timesheets, and

Principle	Standard
	other documents must accurately and clearly represent the relevant facts and the true nature of a transaction. CalOptima maintains a system of internal controls to ensure that all transactions are executed in accordance with Management's authorization and recorded in a proper manner to maintain accountability of the agency's assets. Improper or fraudulent accounting documentation or financial reporting or false or misleading encounter, claims, cost, or other required regulatory data submissions is contrary to the policy of CalOptima and may be in violation of applicable laws and regulatory obligations. **Regulatory Agencies and Accrediting Bodies** CalOptima will deal with all Regulatory Agencies and accrediting bodies in a direct, open, and honest manner. Employees and contractors shall not take action with Regulatory Agencies and accrediting bodies that is false or misleading.
Public Integrity CalOptima and its Board members and employees shall comply with laws and regulations governing public agencies.	**Public Records** CalOptima shall provide access to CalOptima Public Records to any person, corporation, partnership, firm, or association requesting to inspect and copy them in accordance with the California Public Records Act, California Government Code Sections 6250 et seq. and CalOptima policies. **Public Funds** CalOptima, its Board members, and employees shall not make gifts of public funds or assets or lend credit to private persons without adequate consideration unless such actions clearly serve a public purpose within the authority of the agency and are otherwise approved by legal counsel. CalOptima, its Board members, and employees shall comply with applicable law and CalOptima policies governing the investment of public funds and expenditure limitations. **Public Meetings** CalOptima, and its Board members, and employees shall comply with requirements relating to the notice and operation of public meetings in accordance with the Ralph M. Brown Act, California Government Code Sections 54950 et seq.

Principle	Standard
Confidentiality Board members, employees, and contractors shall maintain the confidentiality of all confidential information in accordance with applicable law and shall not disclose such confidential information except as specifically authorized by CalOptima policies, procedures, and applicable laws.	**No Personal Benefit** Board members, employees and contractors shall not use confidential or proprietary CalOptima information for their own personal benefit or for the benefit of any other person or entity, while employed at, or engaged by, CalOptima, or at any time thereafter. **Duty to Safeguard Member Confidential Information** CalOptima recognizes the importance of its members' right to confidentiality and implements policies and procedures to ensure its members' confidentiality rights and the protection of medical and other confidential information. Board members, employees and contractors shall safeguard CalOptima member identity, eligibility, social security, medical information and other confidential information in accordance with applicable laws including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information Technology for Economic and Clinical Health Act (HITECH Act) and implementing regulations, the California Security Breach Notification Law, the California Confidentiality of Medical Information Act, other applicable federal and state privacy laws, and CalOptima's policies and procedures. **Personnel Files** Personal information contained in Employee personnel files shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws. **Proprietary Information** Subject to its obligations under the Public Records Act, CalOptima shall safeguard confidential proprietary information including, without limitation, contractor information and proprietary computer software, in accordance with and, to the extent required by contract or law. CalOptima shall safeguard provider identification numbers including, without limitation, Medi-Cal license, Medicare numbers, social security numbers, and other identifying numbers.
Business Relationships Business transactions with vendors, contractors, and other	**Business Inducements** Board members, employees, and contractors shall not seek to gain advantage through improper use of payments, business courtesies,

Principle	Standard
third parties shall be conducted at arm's length in fact and in appearance, transacted free from improper inducements and in accordance with applicable law and ethical standards.	or other inducements. The offering, giving, soliciting, or receiving of any form of bribe or other improper payment is prohibited. Board members, employees, contractors, and providers shall not use their positions to personally profit or assist others in profiting in any way at the expense of Federal and/or State health care programs, CalOptima, or CalOptima members. **Gifts to CalOptima** Board members and employees are specifically prohibited from soliciting and accepting personal gratuities, gifts, favors, services, entertainment, or any other things of value from any person or entity that furnishes items or services used, or that may be used, in CalOptima and its programs unless specifically permitted under CalOptima policies. Employees may not accept cash or cash equivalents. Perishable or consumable gifts given to a department or group are not subject to any specific limitation and business meetings at which a meal is served is not considered a prohibited business courtesy. **Provision of Gifts by CalOptima** Employees may provide gifts, entertainment, or meals of nominal value to CalOptima's current and prospective business partners and other persons when such activities have a legitimate business purpose, are reasonable, and are otherwise consistent with applicable law and CalOptima policies on this subject. In addition to complying with statutory and regulatory requirements, it is critical to even avoid the appearance of impropriety when giving gifts to persons and entities that do business or are seeking to do business with CalOptima. **Third-Party Sponsored Events** CalOptima's joint participation in contractor, vendor, or other third-party sponsored events, educational programs and workshops is subject to compliance with applicable law, including gift of public fund requirements and fraud and abuse prohibitions, and must be approved in accordance with CalOptima policies on this subject. In no event, shall CalOptima participate in any joint contractor, vendor, or third party sponsored event where the intent of the other participant is to improperly influence, or gain unfair advantage from, CalOptima or its operations. Employees' attendance at contractor, vendor, or

Principle	Standard
	other third-party sponsored events, educational programs and workshops is generally permitted where there is a legitimate business purpose but is subject to prior approval in accordance with CalOptima policies. **Provision of Gifts to Government Agencies** Board members, employees, and contractors shall not offer or provide any money, gifts, or other things of value to any government entity or its representatives, except campaign contributions to elected officials in accordance with applicable campaign contribution laws. **Broad Application of Standards** CalOptima intends that these standards be construed broadly to avoid even the appearance of improper activity.
Conflicts of Interests Board members and employees owe a duty of undivided and unqualified loyalty to CalOptima.	**Conflict of Interest Code** Designated employees, including Board members, shall comply with the requirements of the CalOptima Conflict of Interest Code and applicable laws. Board members and employees are expected to conduct their activities to avoid impropriety and/or the appearance of impropriety, which might arise from the influence of those activities on business decisions of CalOptima, or from disclosure of CalOptima's business operations. **Outside Services and Interests** Without the prior written approval of the Chief Executive Officer (or in the case of the Chief Executive Officer, the Chair of the CalOptima Board of Directors), no employee shall (1) perform work or render services for any contractor, association of contractors or other organizations with which CalOptima does business or which seek to do business with CalOptima, (2) be a director, officer, or consultant of any contractor or association of contractors; or (3) permit his or her name to be used in any fashion that would tend to indicate a business connection with any contractor or association of contractors.
Discrimination CalOptima acknowledges that fair and equitable treatment of employees, members,	**No Discrimination** CalOptima is committed to compliance with applicable anti-discrimination laws including Title VI of the Civil Right Act of 1964. Board members, employees and contractors shall not

Principle	Standard
providers, and other persons is fundamental to fulfilling its mission and goals.	unlawfully discriminate on the basis of race, color, national origin, creed, ancestry, religion, language, age, marital status, gender (which includes sex, gender identity, gender transition status and gender expression), sexual orientation, health status, pregnancy, physical or mental disability, military status or any other classification protected by law. CalOptima is committed to providing a work environment free from discrimination and harassment based on any classification noted above. **Reassignment** CalOptima, physician groups, and Health Networks shall not reassign members in a discriminatory manner, including based on the enrollee's health status.
Participation Status CalOptima requires that employees, contractors, providers, and suppliers meet Government requirements for participation in CalOptima's programs.	**Federal and State Health Care Program Participation Status** Board members, employees, and contractors shall not be currently suspended, terminated, debarred, or otherwise ineligible to participate in any Federal or State health care program, including the Medi-Cal program and Medicare programs. **CalOptima Screening** CalOptima will Monitor the participation status of employees, individuals and entities doing business with CalOptima by conducting regular Exclusion and Preclusion screening reviews in accordance with CalOptima policies. **Disclosure of Participation Status** Board members, employees and contractors shall disclose to CalOptima whether they are currently suspended, terminated, debarred, or otherwise ineligible to participate in any Federal and/or State health care program. Employees, individuals, and entities that do business with CalOptima shall disclose to CalOptima any pending investigation, disciplinary action, or other matter that could potentially result in their Exclusion or Preclusion from participation in any Federal or State health care program. **Delegated Third Party Administrator Review** CalOptima requires that its Health Networks, physician groups, and third-party administrators review participating providers and suppliers for licensure and participation status as part of the

Principle	Standard
	delegated credentialing and recredentialing processes when such obligations have been delegated to them. **Licensure** CalOptima requires that all employees, contractors, Health Networks, participating providers, and suppliers who are required to be licensed, credentialed, certified, and/or registered in order to furnish items or services to CalOptima and its members have valid and current licensure, credentials, certification and/or registration, as applicable.
Government Inquiries/Legal Disputes Employees shall notify CalOptima upon receipt of Government inquiries and shall not destroy or alter documents in response to a government request for documents or information.	**Notification of Government Inquiry** Employees shall notify the Compliance Officer and/or their supervisor immediately upon the receipt (at work or at home) of an inquiry, subpoena, or other agency or government requests for information regarding CalOptima. **No Destruction of Documents** Employees shall not destroy or alter CalOptima information or documents in anticipation of, or in response to, a request for documents by any governmental agency or from a court of competent jurisdiction. **Preservation of Documents Including Electronically Stored Information** Board members and employees shall comply with all obligations to preserve documents, data, and records including, electronically stored information in accordance with CalOptima policies and shall comply with instructions on preservation of information and prohibitions and destruction of information issued by legal counsel.
Compliance Program Reporting Board members, employees, and contractors have a duty to comply with CalOptima's Compliance Program and such duty shall be a condition of their respective appointment, employment, or engagement.	**Reporting Requirements** All Board members, employees and contractors are expected and required to promptly report suspected violations of any statute, regulation, or guideline applicable to Federal and/or State health care programs or of CalOptima's own policies in accordance with CalOptima's reporting policies and its Compliance Plan. Such reports may be made to a Supervisor or the Compliance Officer. Reports can also be made to CalOptima's hotline number below.

Principle	Standard
	Persons making reports to the hotline can do so on an anonymous basis. **Compliance and Ethics Hotline: 855-507-1805** **Disciplinary Action** Failure to comply with the Compliance Program, including the Code of Conduct, policies, and/or applicable statutes, regulations and guidelines may lead to disciplinary action. Discipline for failure to abide by the Code of Conduct may, in CalOptima's discretion, range from oral correction to termination in accordance with CalOptima's policies. In addition, failure to comply may result in the imposition of civil, criminal, or administrative fines on the individual, or entity, and CalOptima or Exclusion or Preclusion from participation in Federal and/or State health care programs. **Training and Education** CalOptima provides training and education to Board members, employees, and FDRs. Timely completion of compliance and HIPAA training is mandatory for all CalOptima employees. **No-Retaliation Policy** CalOptima prohibits retaliation against any individual who reports discrimination, harassment, or compliance concerns, or participates in an investigation of such reports. Employees involved in any retaliatory acts may be subject to discipline, up to and including termination of employment. **Referrals of FWA to Government Agencies** CalOptima is obligated to coordinate compliance activities with federal and state regulators. Employees shall comply with CalOptima policies related to FWA referral requirements to federal and state regulators, delegated program integrity contractors, and law enforcement agencies. **Certification** All Board members, employees, and contractors are required to certify, in writing, that they have received, read, understand, and will abide by the Code of Conduct and applicable policies.

Appendix B

TYPES OF MEMBER FWA

MEMBER FRAUD, WASTE OR PROGRAM ABUSE		DETECTION CRITERIA Including but not limited to:
M01	Using another individual's identity or documentation of Medi-Cal eligibility to obtain covered services.	Members with multiple areas of service; members who attempt more than one (1) PCP; reports of members who are hiding assets or income.
M02	Selling, loaning, or giving a member's identity or documentation of Medi-Cal eligibility to obtain services.	Members with multiple areas of service; members who attempt more than one (1) PCP; reports of members who are hiding assets or income.
M03	Making an unsubstantiated declaration of eligibility.	Members with multiple areas of service; members who attempt more than one (1) PCP; reports of members who are hiding assets or income.
M04	Using a covered service for purposes other than the purpose for which it was described including use of such covered service.	Selling a covered wheelchair; selling medications; abusing prescription medications.
M05	Failing to report other health coverage.	Payments by OHI.
M06	Soliciting or receiving a kickback, bribe, or rebate as an inducement to receive or not receive covered services.	Hotline reports; internal reports; reports by Health Networks.
M07	Other (please specify).	Any source.
M08	Member Pharmacy Utilization	PBM reports; data analytics; claims data; encounter data; FWA software.
M09	Doctor Shopping	PBM reports; data analytics; claims data; encounter data; FWA software.
M10	Altered Prescription	Provider report; DEA report; pharmacy report; PBM reports; data analytics; claims data; encounter data; FWA software.

Appendix C

TYPES OF FDR FWA

FDR FRAUD, WASTE OR PROGRAM ABUSE		DETECTION CRITERIA Including but not limited to:
P01	Unsubstantiated declaration of eligibility to participate in the CalOptima program.	Provider information not able to be verified during credentialing or contracting process; providers on the excluded or precluded provider list.
P02	Submission of claims for covered services that are substantially and demonstrably in excess of any individual's usual charges for such covered services.	PBM reports; data analytics; claims data; encounter data; FWA software.
P03	Submission of claims for covered services that are not actually provided to the member for which the claim is submitted.	PBM reports; data analytics; claims data; encounter data; FWA software; verification survey; hotline.
P04	Submission of claims for covered services that are in excess of the quantity that is medically necessary.	PBM reports; data analytics; claims data; encounter data; FWA software.
P05	Submission of claims for covered services that are billed using a code that would result in great payment than the code that reflects the covered services.	PBM reports; data analytics; claims data; encounter data; FWA software.
P06	Submission of claims for covered services that is already included in the capitation rate.	PBM reports; data analytics; claims data; encounter data; FWA software.
P07	Submission of claims for covered services that are submitted for payment to both CalOptima and another third-party payer without full disclosure.	PBM reports; data analytics; claims data; encounter data; FWA software; payment by OHI.
P08	Charging a member in excess of allowable co-payments and deductibles for covered services.	Member report; hotline report; oversight Audits.
P09	Billing a member for covered services without obtaining written consent to bill for such services.	Member report; hotline report; oversight Audits.

FDR FRAUD, WASTE OR PROGRAM ABUSE		DETECTION CRITERIA Including but not limited to:
P10	Failure to disclose conflict of interest.	Hotline; credentialing or contracting process.
P11	Receiving, soliciting, or offering a kickback, bribe, or rebate to refer or fail to refer a member.	Hotline report; oversight report.
P12	Failure to register billing intermediary with the Department of Health Care Services.	Oversight Audit; report by regulatory body; hotline.
P13	False certification of medical necessity.	Medical record review; claims data; encounter data; FWA software.
P14	Attributing a diagnosis code to a member that does not reflect the member's medical condition for the purpose of obtaining higher reimbursement.	Medical record review; claims data; encounter data; FWA software.
P15	False or inaccurate minimum standards or credentialing information.	Hotline; credentialing or contracting process.
P16	Submitting reports that contain unsubstantiated data, data that is inconsistent with records, or has been altered in a manner that is inconsistent with policies, contracts, statutes, or regulations.	Medical record review; claims data; encounter data; FWA software.
P17	Other (please specify).	Any source.
P18	Provider Pharmacy Utilization.	PBM reports; data analytics; claims data; encounter data; FWA software.
P19	Billing Medi-Cal member for services.	Member report; hotline report; oversight Audits.
P20	Durable Medical Equipment- covered services that are not actually provided to a member.	Member report; hotline report; oversight Audits; verification survey.

Appendix D

TYPES OF EMPLOYEE FWA

EMPLOYEE FRAUD OR PROGRAM ABUSE		DETECTION CRITERIA Including but not limited to:
E01	Use of a member's identity or documentation of Medi-Cal eligibility to obtain services.	Employees obtaining services on a member's account. Hotline report. Data analytics. Referrals to SIU.
E02	Use of a member's identity or documentation of Medi-Cal eligibility to obtain a gain.	Employees obtaining unjust enrichment, funds, or other gain by selling member's account information. Hotline report.
E03	Employee assistance to providers with the submission of claims for covered services that are not actually provided to the member for which the claim is submitted.	Employees obtaining unjust enrichment, funds, or other gain from provider by using member's account information to assist in the submission of false claims. Hotline report. Referrals to SIU.
E04	Employee deceptively accessing company confidential information for purpose of a gain.	Employees obtaining unjust enrichment, funds, or other gain from another by deceptive and unauthorized accessing of information. Hotline Service. Data Analytics. Referrals to SIU.

E. GLOSSARY

Abuse ("Abuse") means actions that may, directly or indirectly, result in: unnecessary costs to a CalOptima 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.

Audit ("Audit" or "Auditing") means a formal, systematic, and disciplined approach designed to review, evaluate, and improve the effectiveness of processes and related controls using a particular set of standards (e.g., policies and procedures, laws, and regulations) used as base measures. Auditing is governed by professional standards and completed by individuals independent of the process being audited and may require one (1) of several acknowledged certifications.

Audit & Oversight Committee ("AOC") means a subcommittee of the Compliance Committee chaired by the Director(s) of Audit & Oversight to oversee CalOptima's delegated functions. The composition of the AOC includes representatives from CalOptima's departments as provided for in CalOptima Policy HH.4001Δ: Audit & Oversight Committee.

Board Members ("Board Members") means the members of the CalOptima Board of Directors.

CalOptima ("CalOptima") means the Orange County Health Authority, d.b.a. CalOptima, a County Organized Health System ("COHS") created under California Welfare and Institutions Code Section 14087.54 and Orange County Ordinance No. 3896, as amended.

CalOptima Board of Directors ("CalOptima Board") means the Board of Directors of CalOptima, which serves as the Governing Body of CalOptima, appointed by the Orange County Board of Supervisors in accordance with the Codified Ordinances of the County of Orange.

CalOptima Members ("CalOptima Members" or "Members") means a beneficiary who is enrolled in a CalOptima program.

CalOptima Programs ("CalOptima Programs") means the Medi-Cal program administered by CalOptima under contract with DHCS, the Medicare Advantage Program ("OneCare") administered by CalOptima under contract with CMS, the Program of All Inclusive Services for the Elderly ("PACE") program administered by CalOptima under contract with DHCS and CMS, the Multipurpose Senior Services Program ("MSSP") administered by CalOptima under contract with the California Department of Aging, and the OneCare Connect program administered by CalOptima under contract with DHCS and CMS, as well as any other program now or in the future administered

by CalOptima.

Centers for Medicare & Medicaid Services ("CMS") means the federal agency within the United States Department of Health and Human Services (DHHS) that administers the Federal Medicare program and works in partnership with state governments to administer Medicaid programs.

Code of Conduct ("Code of Conduct") means the statement setting forth the principles and standards governing CalOptima's activities to which Board Members, employees, FDRs, and agents of CalOptima are expected to adhere.

Compliance Committee ("Compliance Committee") means that committee designated by the Chief Executive Officer (CEO) to implement and oversee the Compliance Program and to participate in carrying out the provisions of this Compliance Plan. The composition of the Compliance Committee shall consist of Executive Staff that may include, but is not limited to, the: Chief Executive Officer; Chief Medical Officer; Chief Operating Officer; Chief Financial Officer; Compliance Officer; and Executive Director of Human Resources.

Compliance Plan ("Compliance Plan") means this plan and all attachments, exhibits, modifications, supplements, or amendments thereto.

Compliance Program ("Compliance Program" or "Program") means the program (including, without limitation, this Compliance Plan, Code of Conduct, and policies and procedures) developed and adopted by CalOptima to promote, monitor and ensure that CalOptima's operations and practices and the practices of its Board Members, employees, and FDRs comply with applicable law and ethical standards.

Compliance Risk Assessment ("CRA") A tool utilized to stratify level of risk (high, medium, low) based upon Audit results and corrective actions issued to identify specific CalOptima functional areas vulnerable to potential Compliance risk.

Conflict of Interest Code ("Conflict of Interest Code") means CalOptima's Conflict of Interest Code approved and adopted on December 6, 1994, as amended and updated from time to time.

Corrective Action Plan ("CAP") means a plan delineating specific identifiable activities or undertakings that address and are designed to correct program deficiencies or problems identified by formal Audits or Monitoring Activities by CalOptima, the Centers of Medicare & Medicaid Services (CMS), Department of Health Care Services (DHCS), or designated representatives. FDRs and/or CalOptima departments may be required to complete CAPs to ensure compliance with statutory, regulatory, or contractual obligations and any other requirements identified by CalOptima and its regulators.

Delegation ("Delegated") means a legal assignment to another party of the authority for particular

functions, tasks, and decisions on behalf of the original party. The original party remains liable for compliance and fulfillment of any and all rules, requirements, and obligations pertaining to the delegated functions.

Department of Health and Human Services-Office of Inspector General ("OIG") means the Office of Inspector General of the United States Department of Health and Human Services.

Department of Health Care Services ("DHCS") means the California Department of Health Care Services, the State agency that oversees California's Medicaid program, known as Medi-Cal.

Department of Managed Health Care ("DMHC") means the California Department of Managed Health Care that oversees California's managed care system. DMHC regulates health maintenance organizations licensed under the Knox-Keene Act, Health & Safety Code Sections 1340 *et seq*.

Designated Employee ("Designated Employee") means the persons holding positions listed in the Appendix to the CalOptima Conflict of Interest Code.

Designee ("Designee") is a person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.

Downstream Entity ("Downstream Entity") means any party that enters into a written arrangement, acceptable to DHCS and/or CMS, with persons or entities involved with a CalOptima program benefit, below the level of the arrangement between CalOptima and a first-tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

Employee or **Employees** ("Employee" or "Employees") means any and all employees of CalOptima, including all Executive Staff, Management, officers, managers, Supervisors and other employed personnel, as well as temporary employees and volunteers.

Exclusion ("Exclusion" or "Excluded") means suspension, exclusion, or debarment from participation in federal and/or state health care programs.

Executive Director of Compliance ("Executive Director of Compliance" or "Compliance Officer") means that person designated as the Compliance Officer for CalOptima charged with the responsibility of implementing and overseeing the Compliance Program and the Compliance Plan and Fraud, Waste, and Abuse Plan.

Executive Staff ("Executive Staff") means an employee whose position title is Chief, or Executive Director of one (1) or more departments.

False Claims Act ("FCA") means the False Claims Act pursuant to 31 United States Code [U.S.C.] Sections 3729-3733, which protects the Government from being overcharged or sold substandard goods or services. The FCA imposes civil liability on any person who knowingly submits, or causes to be submitted, a false or fraudulent claim to the Federal Government. The "knowing" standard includes acting in deliberate ignorance or reckless disregard of the truth related to the claim. Civil penalties for violating the FCA may include fines and up to three (3) times the amount of damages sustained by the Government as a result of the false claims. There also are criminal penalties for submitting false claims, which may include fines, imprisonment, or both. (18 U.S.C. Section 287.)

FDR ("FDR") means First Tier, Downstream or Related Entity, as separately defined herein.

Federal and/or State Health Care Programs ("Federal and/or State Health Care Programs") means any plan or program providing health care benefits, directly through insurance or otherwise, that is funded directly, in whole or in part, by the United States Government (other than the Federal Employees Health Benefits Program), including Medicare, or any State health care program as defined in 42 U.S.C. § 1320a-7b (f) including the California Medicaid program, Medi-Cal.

First Tier Entity ("First Tier Entity") means any party that enters into a written arrangement, acceptable to DHCS and/or CMS, with CalOptima to provide administrative services or health care services to a member under a CalOptima program.

Fraud ("Fraud") means 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. (18 U.S.C. § 1347.)

General Services Administration ("GSA**"**) **System for Award Management** ("SAM") is a type of federal government exclusion database and contains the list of Excluded Parties List System (GSA-EPLS). The EPLS consists of federal contractors who have been debarred, Sanctioned, or excluded due to government contract issues or fraud. The database is usually updated on a monthly basis.

Governing Body ("Governing Body") means the Board of Directors of CalOptima.

Health Network ("Health Network" or "Health Networks") means the contracted Health Networks of CalOptima, including Physician Hospital Consortia ("PHCs"), Shared Risk Medical Groups ("SRGs"), and Health Maintenance Organizations ("HMOs").

Health Insurance Portability and Accountability Act ("HIPAA") means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, enacted on August 21, 1996. Sections 261 through 264 of HIPAA require the Secretary of the U.S. Department of Health and Human Services to publicize standards for the electronic exchange, privacy and security of health information, as amended.

Immediate Corrective Action Plan ("ICAP") means the result of non-compliance with specific requirements that has the potential to cause significant Member harm. Significant Member harm exists if the noncompliance resulted in the failure to provide medical items, services or prescription drugs, causing financial distress, or posing a threat to Member's health and safety due to non-existent or inadequate policies and procedures, systems, operations or staffing.

Management ("Management") means any employee whose position title is Director, Senior Manager, Manager, or Supervisor of one (1) or more departments.

Medi-Cal Suspended & Ineligible ("S&I") **Provider List** is a list of suspended and ineligible providers that is maintained by DHCS in the Medi-Cal Provider Manual. The list is updated monthly and available online and in print from DHCS.

Medicare Secondary Payer (MSP) Vendor means third-party vendors contracted to perform administrative functions with regards to the identification and recovery of monies owed to OneCare or OneCare Connect for recoupment of conditional payments. These administrative duties include, but are not limited to, the pursuit of repayments for third party liabilities and other health care coverage.

Monitoring Activities ("Monitoring") means regular reviews directed by management and performed as part of normal operations to confirm ongoing compliance and to ensure that corrective actions are undertaken and effective.

Multipurpose Senior Services Program ("MSSP") is a program approved under the federal Medicaid Home and Community-Based, 1915 (c) Waiver designed to prevent premature institutionalization through provision of comprehensive social and health care management to assist frail elder person who are certifiable for placement in a nursing facility, to remain safely at home at a cost lower than nursing facility care.

National Committee for Quality Assurance Standards for Accreditation of MCOs ("NCQA Standards") means the written standards for accreditation of managed care organizations published by the National Committee for Quality Assurance.

Office of Inspector General List of Excluded Individuals and Entities ("OIG LEIE") is an exclusion list and contains individuals and/or entities that have been excluded from participation in federal healthcare programs such as Medicare and Medicaid. This list is usually updated on a monthly basis.

OneCare ("OneCare") is a Medicare Advantage Health Maintenance Organization (HMO) plan offered by CalOptima to provide Medicare covered benefits to Members.

OneCare Connect ("OneCare Connect") is a Medicare-Medicaid health plan offered by CalOptima that contracts with both Medicare and Medi-Cal to provide covered benefits of both programs to Members.

Overpayment ("Overpayment") means a payment disbursed in excess of amounts properly payable under Medicare and Medi-Cal statutes and regulations.

Participating Providers and Suppliers ("Participating Providers and Suppliers") include all health care providers and suppliers (e.g., physicians, mid-level practitioners, hospitals, long term care facilities, pharmacies, etc.) that receive reimbursement from CalOptima or its Health Networks for items or services furnished to members. Participating providers and suppliers for purposes of this Compliance Plan may or may not be contracted with CalOptima and/or the Health Networks.

Participation Status ("Participation Status") means whether a person or entity is currently suspended, excluded, precluded, or otherwise ineligible to participate in Federal and/or State health care programs as provided in CalOptima policies and procedures.

Participation Status Review ("Participation Status Review") means the process by which CalOptima reviews its Board Members, employees, FDRs, and CalOptima Direct providers to determine whether they are currently suspended, excluded, precluded, or otherwise ineligible to participate in Federal and/or State health care programs.

Personally Identifiable Information ("PII") means any information about an individual maintained by an agency, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.

Pharmacy Benefit Manager ("PBM") means an entity that provides pharmacy benefit management services, including contracting with a network of pharmacies; establishing payment levels for network pharmacies; negotiating rebate arrangements; developing and managing formularies, preferred drug lists, and prior authorization programs; maintaining patient compliance programs; performing drug utilization review; and operating disease management programs.

Policies and Procedures ("Policies and Procedures") means CalOptima's written policies and procedures regarding the operation of CalOptima's Compliance Program, including applicable Human Resources policies, outlining CalOptima's requirements and standards in compliance with applicable law.

Program of All-Inclusive Care for the Elderly ("PACE") is a long-term comprehensive health care program that helps older adults to remain as independent as possible. PACE coordinates and provides all needed preventive, primary, acute and long-term care services so seniors can continue

living in their community.

Preclusion ("Precluded" or "Preclusion List") is a type of exclusion. The CMS Preclusion List is a list of Providers and prescribers who are precluded from receiving payment for Medicare Advantage (MA) items and services or Part D drugs furnished or prescribed to Medicare beneficiaries.

Protected Health Information ("PHI") refers to the 45 Code of Federal Regulations Section 160.103, including the following: individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium.

This information identifies the individual or there is reasonable basis to believe the information can be used to identify the individual. The information was created or received by CalOptima or Business Associates and relates to:

1. The past, present, or future physical or mental health or condition of a Member;
2. The provision of health care to a Member; or
3. Past, present, or future Payment for the provision of health care to a Member.

Readiness Assessment ("Readiness Assessment") is an assessment conducted by a review team prior to the effective date of a Delegated Entity's or other contracted entity's contract with CalOptima. The assessment determines the Delegated Entity's or contracted entity's compliance with all or a specified number of operational functional area requirements, as determined by CalOptima.

Regulatory Agencies ("Regulatory Agencies") include, but are not limited to: Centers for Medicare & Medicaid Services (CMS), Department of Health Care Services (DHCS), Department of Managed Health Care (DMHC), Health and Human Services Office of Inspector General (OIG), and the Office of Civil Rights (OCR).

Related Entity ("Related Entity") means any entity that is related to CalOptima by common ownership or control and that: performs some of CalOptima's management functions under contract or delegation; furnishes services to members under an oral or written agreement; or leases real property or sells materials to CalOptima at a cost of more than $2,500 during a contract period.

Sanction ("Sanction") means an action taken by CalOptima, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR's or its agent's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima programs.

Seniors and Persons with Disabilities ("SPD") means Medi-Cal beneficiaries who fall under specific Aged and Disabled Aid Codes as defined by the DHCS.

Sub-delegation ("Sub-delegation") means the process by which a first tier entity expressly grants, by formal agreement, to a downstream entity the authority to carry out one or more functions that would otherwise be required to be performed by the first tier entity in order to meet its obligations under the delegation agreement.

Supervisor ("Supervisor" or "Manager") means an employee in a position representing CalOptima who has one (1) or more employees reporting directly to him or her. With respect to FDRs, the term "Supervisor" shall mean the CalOptima employee that is the designated liaison for that contractor.

Third-Party Administrator ("TPA") means a contractor that furnishes designated claims processing and other administrative services to CalOptima.

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