



Orange County Health Authority  
dba CalOptima Health

**2025 Compliance Plan**  
*(Revised September 2024)*

Document maintained by: John Tanner  
CalOptima Health Chief Compliance Officer

## TABLE OF CONTENTS

<b>Introduction</b> .....	<b>3</b>
<b>THE COMPLIANCE PROGRAM</b> .....	<b>4</b>
<b>Compliance Program Seven Elements</b> .....	<b>5</b>
I. CODE OF CONDUCT, WRITTEN POLICIES AND PROCEDURES .....	5
a. Code of Conduct .....	5
b. Compliance Plan .....	5
c. Policies and Procedures.....	6
II. COMPLIANCE OFFICER, COMPLIANCE COMMITTEE, HIGH LEVEL OVERSIGHT.....	6
a. Governing Body .....	6
b. Compliance Officer.....	6
c. Compliance Committee.....	7
III. EFFECTIVE TRAINING AND EDUCATION .....	8
a. Compliance Training for FDRs.....	8
b. Tracking Required Compliance Training .....	8
IV. EFFECTIVE LINES OF COMMUNICATION – REPORTING NON-COMPLIANCE.....	9
a. Compliance and Ethics Hotline, Website and Email .....	9
b. Report Directly to Management and Executive Staff .....	10
c. Confidentiality and Non-Retaliation .....	10
V. ENFORCEMENT AND DISCIPLINARY STANDARDS.....	11
a. Conduct Subject to Enforcement and Discipline .....	11
b. Enforcement and Discipline.....	11
VI. EFFECTIVE SYSTEM FOR ROUTINE MONITORING, AUDITING, AND IDENTIFICATION OF COMPLIANCE RISKS .....	12
a. Risk Assessment.....	12
b. Monitoring and Auditing .....	12
c. FDR Annual Risk Assessment .....	13
d. FDR Monitoring and Auditing.....	13
e. Regular Exclusion and Preclusion Screening .....	14
VII. PROCEDURES AND SYSTEMS FOR PROMPT RESPONSE TO COMPLIANCE ISSUES .....	15
a. Referral Enforcement Agencies .....	15
<b>FRAUD, WASTE, AND ABUSE (FWA) PREVENTION AND DETECTION</b> .....	<b>16</b>

# Introduction

At the Orange County Health Authority, dba CalOptima Health, we are committed to conducting our operations in compliance with ethical standards, contractual obligations, and all applicable statutes, regulations, and rules, including those pertaining to Medi-Cal, Medicare Advantage Prescription Drug plan (MAPD), Program of All-Inclusive Care for the Elderly (PACE), and other CalOptima Health Programs.

A key aspect of fulfilling the mission of CalOptima Health is serving our member's health with excellence and dignity, respecting the value and needs of each person in compliance with the rules and regulations applicable to CalOptima Health's programs. We realize health plan compliance can be complicated with its many regulatory requirements. CalOptima Health maintains up to date Policies and Procedures to help staff understand and comply with all required regulations. Additionally, the CalOptima Health Office of Compliance is here to help and support staff in understanding the regulations.

You, the CalOptima Health Board of Directors (hereafter, "Board") Member, Employee, Contractor, or First Tier, Downstream, and Related Entity (FDR), are the most important elements of the Compliance Program. It is important to understand that compliance is everyone's responsibility. If you become aware of a potential non-compliant or unethical matter, we are relying on you to raise your concerns without any fear of intimidation or retaliation. We encourage you to discuss your concerns with your leadership. If for any reason you do not feel comfortable discussing an issue with your leadership, please contact the Office of Compliance by reaching out directly to the Chief Compliance Officer (CCO) or another member of the compliance team.

**You also have the option to anonymously report issues to the:**

## **Compliance and Ethics Hotline at 1-855-507-1805**

This is a service that is operated by an independent third party. Issues reported to the Hotline will be confidentially routed to the CalOptima Health Office of Compliance for investigation. You can choose to report anonymously and no identifying information will be forwarded to CalOptima Health. **CalOptima Health maintains a non-retaliation policy to protect individuals who report suspected non-compliance or Fraud, Waste, and Abuse (FWA) issues in good faith.** CalOptima Health takes violations of CalOptima Health's non-retaliation policy seriously, and the Chief Compliance Officer will review and enforce disciplinary and/or other appropriate action for violations, as appropriate, with the approval of the Compliance Committee.

This Compliance Plan is a key aspect of our overall Compliance Program. Review the Compliance Plan and consider it as the framework for compliance in your work at or with CalOptima Health.

# THE COMPLIANCE PROGRAM

CalOptima Health has developed a comprehensive Compliance Plan applicable to all of CalOptima Health's programs, including, but not limited to, its Medi-Cal, MAPD, PACE, and other CalOptima Health Programs. The Compliance Plan in conjunction with our Code of Conduct and Policies and Procedures constitutes our Compliance Program and incorporates the seven elements of an effective Compliance Program as recommended by the Department of Health and Human Services (DHHS) Office of Inspector General (OIG) to meet the Medicare and Medi-Cal regulations.

## *SEVEN ELEMENTS*

- 1. Code of Conduct, Written Policies and Procedures**
- 2. Compliance Officer, Compliance Committee, High-Level Oversight**
- 3. Effective Training and Education**
- 4. Effective Lines of Communication**
- 5. Well-Publicized Disciplinary Standards**
- 6. Effective System for Routine Monitoring, Auditing, and Identification of Compliance Risks**
- 7. Procedures and Systems for Prompt Response to Compliance Issues**

The Compliance Plan is continually evolving and may be modified and enhanced based on compliance monitoring and identification of new areas of operational, regulatory, or legal risk, but not less than annually. CalOptima Health makes this Compliance Plan available to the Board, employees, contractors, and FDRs. All Board Members, employees, and contractors are required to read the Compliance Plan including the Code of Conduct and conduct themselves in accordance with the requirements of the Compliance Program. FDRs have the option to adopt CalOptima Health's Compliance Plan, Code of Conduct, and Compliance Policies and Procedures, or with the approval of CalOptima Health, the FDR may follow their own Compliance Plan, Code of Conduct, and Compliance Policies and Procedures. In those instances, the FDRs must either attest to receipt and review of the CalOptima Health program documents, or equivalent materials. Throughout this document, when referencing these materials and FDRs, it means CalOptima Health materials or the FDR equivalent.

# Compliance Program Seven Elements

## I. CODE OF CONDUCT, WRITTEN POLICIES AND PROCEDURES

### *a. Code of Conduct*

The Code of Conduct is CalOptima Health's foundational document detailing fundamental principles, values, and the framework for business practices within and applicable to CalOptima Health. The objective of the Code of Conduct is to provide guiding principles to Board Members, employees, contractors, and FDRs in conducting their business activities in a professional, ethical, and lawful manner.

**Reporting Non-Compliance:** One of the most fundamental aspects of the Code of Conduct is the **requirement** that all Board Members, employees, contractors, and FDRs **promptly report** any suspected FWA or noncompliance with applicable regulations or CalOptima Health policies. This can be accomplished by reporting directly to your supervisor or management, the Compliance Department, or the CalOptima Health Chief Compliance Officer. If requested, a reported issue will be treated in a confidential manner, to the extent possible. If the individual reporting the issue wants to remain anonymous, they can call the Compliance and Ethics Hotline at **1-855-507-1805**, seven days a week, 24 hours a day. This service is managed by an independent third party.

**Non-Retaliation:** CalOptima Health maintains a strict non-retaliation policy to protect individuals who report suspected non-compliance or FWA issues in good faith. CalOptima Health takes violations of CalOptima Health's non-retaliation policy seriously, and the Chief Compliance Officer will review and enforce disciplinary and/or other appropriate action for violations, as appropriate, with the approval of the Compliance Committee.

The Code of Conduct is a separate document from the Compliance Plan and can be found on the CalOptima Health's InfoNet at <https://caloptima.sharepoint.com/sites/OfficeofCompliance> or on the CalOptima Health website at <https://www.caloptima.org/en/About/GeneralCompliance/GeneralComplianceResourceLinks>. The Code of Conduct is approved by the Board and distributed to Board Members, employees, contractors, and FDRs upon appointment, hire, or the commencement of the contract, and annually thereafter. New Board Members, employees, contractors, 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.

### *b. Compliance Plan*

As noted above, this Compliance Plan outlines how contractual and legal standards are reviewed and implemented throughout the organization and communicated to the Board, employees, contractors, and FDRs. This Compliance Plan also includes a comprehensive

section articulating CalOptima Health’s commitment to preventing FWA, and setting forth guidelines and procedures designed to detect, prevent, and remediate FWA in the administration of CalOptima Health Programs. This Compliance Plan allows the Compliance Program to act independently of operational and program areas without fear of repercussions for uncovering deficiencies or noncompliance.

The Compliance Plan is available on CalOptima Health’s external website for Board Members and FDRs, as well as on CalOptima Health’s intranet site, which is accessible to all employees (InfoNet).

### ***c. Policies and Procedures***

CalOptima Health has developed written Policies and Procedures to address specific areas of CalOptima Health’s operations, compliance activities, and FWA prevention, detection, and remediation to ensure CalOptima Health can effectively adhere to all applicable laws, regulations, and guidelines. These Policies and Procedures are designed to provide guidance to Board Members, employees, contractors, 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, contractors, 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 Chief Compliance Officer, or his/her designee, will ensure that Board Members, employees, contractors, 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.

CalOptima Health 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 Health’s Policies and Procedures are reviewed and approved by CalOptima Health’s Policy Review Committee. The Policy Review Committee, comprised of executive officers and key management staff, regularly reviews, and approves proposed changes to CalOptima Health’s Policies and Procedures. Board Members, employees, contractors, and FDRs receive notice when Policies and Procedures are updated via a monthly memorandum. All CalOptima Health Policies and Procedures are available to Board Members, employees, contractors and FDRs on the InfoNet and the CalOptima Health website.

## **II. COMPLIANCE OFFICER, COMPLIANCE COMMITTEE, HIGH LEVEL OVERSIGHT**

### ***a. Governing Body***

The Board, as the Governing authority, is responsible for approving, implementing, and Monitoring the Compliance Program governing CalOptima Health’s operations. The 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 Chief Compliance Officer. The Chief Compliance Officer is an employee of CalOptima Health, who

handles compliance oversight and activities full-time. The Chief 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 Board remains accountable for ensuring the effectiveness of the Compliance Program within CalOptima Health and Monitoring the status of the Compliance Program to ensure its efficient and successful implementation. The Board reviews and approves the Compliance Plan, Code of Conduct and Compliance Policies and Procedures annually.

### ***b. Compliance Officer***

The Chief Compliance Officer is a full-time employee of CalOptima Health and coordinates and communicates all assigned compliance activities and programs. This includes but is not limited to, developing, implementing, and monitoring the day-to-day activities of the Compliance Program. The Chief Compliance Officer reports directly to the CEO and the Compliance Committee and to the Board and is Chair of the Compliance Committee. In this capacity the Chief Compliance officer reports on the activities and status of the Compliance Program. The Chief Compliance Officer has the authority to escalate issues of concern directly to the Board and acts independently of operational and program areas without fear of repercussions for uncovering deficiencies or noncompliance. Furthermore, the Chief Compliance Officer oversees that CalOptima Health meets all state and federal regulatory and contractual requirements. The Chief Compliance Officer, or his or her designee, shall also act as the Fraud Prevention Officer.

The Chief Compliance Officer interacts with the Board, CEO, CalOptima Health's executive staff and departmental management, FDRs, legal counsel, state and federal representatives, and others as required. In addition, the Chief 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, FWA, Privacy, Internal Auditing and Monitoring, Policies and Procedures, and training on compliance activities.

### ***c. Compliance Committee***

The Compliance Committee, chaired by the Chief Compliance Officer, is composed of CalOptima Health's executive staff including but not limited to the Chief Executive Officer, Chief Operating Officer, Chief Information Officer, Chief Medical Officer, and Chief Financial Officer. The role of the Compliance Committee is to oversee and ensure the implementation of 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 ensure reasonable oversight of the Compliance Program.

The 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 Board.
- ▶ Maintain and update the Compliance Plan, on an annual basis, consistent with regulatory requirements and/or operational changes, subject to the ultimate approval by the 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.
- ▶ Recommend and monitor the development of internal systems and controls to implement CalOptima Health’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 Chief Compliance Officer accordingly.
- ▶ Review and address reports of monitoring and auditing of areas in which CalOptima Health is at risk of program non-compliance and/or potential FWA and ensure Corrective Action Plans (CAPs) and Immediate Corrective Action Plans (ICAPs) are implemented and monitored for effectiveness.

### **III. EFFECTIVE TRAINING AND EDUCATION**

Training and education are important elements in CalOptima Health’s overall Compliance Program. The following trainings must be completed by Board Members, employees, contractors, and FDRs within ninety (90) calendar days of hire, appointment, or commencement of the contract, as applicable, and annually thereafter:

- **Code of Conduct**
- **General Compliance**
- **FWA**
- **HIPAA Privacy Compliance**

Adherence to the Compliance Program requirements, including training requirements, shall be a condition of employment and a factor in the annual performance evaluation of each Employee.

Specialized education courses are assigned to individuals based on their respective roles or positions within or with CalOptima Health’s departments and its programs. Examples include, but are not limited to, the fundamentals of managing Seniors and People with Disabilities (SPD) and cultural competency.

#### ***a. Compliance Training for FDRs***

All FDRs that provide services to Medi-Cal and Medicare Advantage Part D members, are to complete compliance and FWA training through their own internal compliance program or by using training materials supplied by CalOptima Health.

#### ***b. Tracking Required Compliance Training***

The Chief 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 Chief Compliance Officer, CalOptima Health executive staff, management, and the Clerk of the Board are responsible for ensuring that Board Members, employees, contractors, and FDRs complete training on an annual basis.

CalOptima Health's Human Resources Department utilizes state of the art web-based training courses that emphasize CalOptima Health's commitment to the Compliance Program, and updates courses regularly to ensure that employees are kept fully informed about any changes in procedures, regulations, and requirements.

#### **IV. EFFECTIVE LINES OF COMMUNICATION – REPORTING NON-COMPLIANCE**

CalOptima Health works diligently to foster a culture of compliance throughout the organization by regularly communicating the importance of regulatory requirements and reinforcement of company expectations for ethical and lawful behavior.

CalOptima Health shall maintain and communicate that systems are in place to receive, record, and respond to reports of potential or actual non-compliance from employees, contractors, members, providers, vendors, FDRs, and subcontractors.

##### ***a. Compliance and Ethics Hotline, Website and Email***

The CalOptima Health's hotline is a confidential, toll-free resource available to employees, contractors, members, providers, vendors, FDRs, and the general public 24 hours a day, seven days a week to report violations of, or raise questions or concerns relating to, non-compliance, unethical behavior, and/or suspected FWA. These reporting mechanisms may be used by all stakeholders of CalOptima Health.

Reporting mechanisms include the following:

### **Compliance and Ethics Hotline**

**1-855-507-1805**

- Website: [caloptima.org](http://caloptima.org)
- Email: [Compliance@caloptima.org](mailto:Compliance@caloptima.org)

The hotline and the online “Compliance and Fraud, Waste and Abuse Reporting Form” may be completed anonymously. These communications are never traced. **Anyone can make a report without fear of intimidation or retaliation.**

## ***b. Report Directly to Management and Executive Staff***

CalOptima Health employees are encouraged to contact their immediate management or executive staff when non-compliant activity is suspected or observed. In other words, **if you see something, say something**. A report should be made immediately upon suspecting or identifying the potential or suspected unethical behavior, non-compliance, or violation. Executive staff or management will promptly escalate the report to the Chief Compliance Officer for further investigation and reporting to the CalOptima Health 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 Chief Compliance Officer, or the Office of the CEO. If for any reason an employee does not feel comfortable discussing an issue with leadership, they may contact Compliance by reaching out directly to the Chief Compliance Officer (CCO) or another member of the compliance team. Employees also always have the **option to anonymously** report issues to the:

## **Compliance and Ethics Hotline**

**1-855-507-1805**

CalOptima Health educates Board Members, employees and FDRs about CalOptima Health's hotline and online form through:

- 1) Compliance/FWA training
- 2) CalOptima Health's intranet (referred to as InfoNet)
- 3) Posters displayed in common work areas
- 4) CalOptima Health's Policies and Procedures
- 5) Newsletters, emails, and other means of communication

## ***c. Confidentiality and Non-Retaliation***

CalOptima Health maintains and supports a non-retaliation policy governing good faith reports of suspected, or actual, non-compliance and/or FWA. 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 Health 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 Health's non-retaliation policy is communicated along with reporting instructions by posting information on the CalOptima Health InfoNet and website, as well as sending periodic member notifications.

CalOptima Health also takes violations of CalOptima Health's non-retaliation policy seriously, and the Chief 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**

### ***a. Conduct Subject to Enforcement and Discipline***

Board Members, employees, contractors, and FDRs are subject to appropriate disciplinary and/or corrective actions if they have violated CalOptima Health’s standards, requirements, or applicable laws as specified and detailed in the Compliance Program documents and related Policies and Procedures. Board Members, employees, contractors, and FDRs may be disciplined or sanctioned, as applicable, for failing to adhere to CalOptima Health’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 resulting in a violation 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.
- ▶ 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 of the reporting mechanisms.
- ▶ Conduct that violates HIPAA and other privacy laws and/or CalOptima Health’s HIPAA Privacy and Security Program and policies, including actions that harm the privacy of members, or the CalOptima Health information systems that store member data.

### ***b. Enforcement and Discipline***

CalOptima Health maintains a “zero tolerance” policy towards any illegal, or unethical, conduct that impacts the operation, mission, or image of CalOptima Health. 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 and contractors 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 Health 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 Health employees shall be evaluated annually based on their compliance with CalOptima Health’s Compliance Program. Where appropriate, CalOptima Health shall promptly initiate education and training to correct identified problems, or behaviors.

## **VI. EFFECTIVE SYSTEM FOR ROUTINE MONITORING, AUDITING, AND IDENTIFICATION OF COMPLIANCE RISKS**

Monitoring and Auditing can help prevent, detect, and correct non-compliance with applicable federal and/or state requirements. A risk assessment serves as a tool for determining levels of risk and serves as a guide for which monitoring and auditing activities are performed to assess ongoing levels of compliance.

## ***Routine Monitoring and Auditing of CalOptima Health Operations***

The routine monitoring and auditing of CalOptima Health's operations is conducted by the Internal Audit Department under the Office of Compliance.

### ***a. Risk Assessment***

A Compliance Risk Assessment will be performed no less than annually to evaluate the current status of CalOptima Health's operational areas.

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) Institution of new or updated Policies and Procedures and/or regulations/guidance.
- 4) Cross departmental interdependencies
- 5) Significant management or organizational changes and/or significant systems changes
- 6) The OIG Work Plan
- 7) Monitoring dashboard trends

The Director of the Internal Audit Department, or his/her designee, will work with the operational areas, to identify and assess compliance risks. The risk assessment process will be managed by the Director of the Internal Audit Department, or his/her designee, and presented to the Compliance Committee, for review and approval. The risk assessment shall also be updated as processes change or are identified as being deficient.

### ***b. Monitoring and Auditing***

The Audit Work Plan (AWP) is developed based on the results of the risk assessment. Internal auditing and monitoring activities are employed to test and verify compliance with all applicable regulations, guidance, contractual agreements, and federal and state laws, as well as CalOptima Health Policies and Procedures. The AWP includes:

1. Audits to be performed including estimated time frames
2. Audit methodologies
3. Necessary resources
4. Person(s) responsible
5. Final audit reports
6. Follow-up activities from findings including CAPs (when applicable)

The Internal Audit Department manages a dashboard of key compliance metrics that serves as a monitoring tool to track performance compliance for such items as coverage determinations, complaints, appeals, grievances, regulatory communications, credentialing, customer service, transition of coverage (TOC), and claims. The Internal Audit Department performs audits based on the AWP. The monitoring and auditing results are communicated to executive staff, the Compliance Committee, and the Board.

In addition, an Audit of the Compliance Program and its effectiveness is conducted by an independent third party annually, and the results are reported to the Compliance Committee, and the Board.

## ***Routine Monitoring and Auditing of First-tier, Downstream, and Related party entities (FDRs)***

### ***c. FDR Annual Risk Assessment***

The Director, Delegation Oversight, or his/her designee will conduct an annual comprehensive risk assessment to determine an 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 Health requirements. Any previously identified issues, which include any corrective actions, low 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 Chief Compliance Officer to collaborate in determining appropriate follow-up. 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 Director, Delegation Oversight, or his/her designee, and presented to the Compliance Committee for review and discussion.

### ***d. FDR Monitoring and Auditing***

An FDR AWP is developed based on the results of the FDR risk assessment. Auditing and Monitoring Activities are employed to test and verify compliance with all applicable regulations, guidance, contractual agreements, and federal and state laws, as well as applicable CalOptima Health Policies and Procedures or equivalent. The FDR AWP includes:

1. Audits to be performed including estimated time frames
2. Audit methodologies
3. Necessary resources
4. Person(s) responsible
5. Final audit reports
6. Follow-up activities from findings including CAPs (when applicable)

The Delegation Oversight Department manages a dashboard of key compliance metrics that serves as a monitoring tool to track compliant performance of FDRs' case management, credentialing, claims, and utilization management. Delegation Oversight performs audits as per

the FDR AWP. The monitoring and auditing results are communicated to executive staff, the Compliance Committee, and the Board.

### *e. Regular Exclusion and Preclusion Screening*

CalOptima Health 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, contractors, Providers 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, contractors, Providers, 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 if they receive a notice of a suspension, Preclusion, Exclusion, or debarment during the period of appointment, employment, or contract term. CalOptima Health 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.

## **VII. PROCEDURES AND SYSTEMS FOR PROMPT RESPONSE TO COMPLIANCE ISSUES**

CalOptima Health takes corrective actions when there is a confirmed incident of non-compliance. CalOptima Health may identify the incident of non-compliance through a variety of sources, such as self-reporting, governmental audits, internal audits, hotline calls, external audits, or member complaints, either directly to CalOptima Health or through governmental units. Whenever CalOptima Health identifies an issue of non-compliance or potential FWA, it is investigated and resolved.

The Chief Compliance Officer and/or Director of FWA, in conjunction with the Office of Compliance, FWA Department and other key staff, are responsible for reviewing cases of non-compliance and suspected activity, and for disclosing such issues to the appropriate authority, when applicable. Because of the complex nature of some issues that may be reported or identified, the investigation may be delegated to the appropriate internal expert.

When a material issue of non-compliance is discovered or a department’s process or system results in non-compliance with regulatory requirements, the business area may be required to implement a formal CAP which is overseen by the Office of Compliance. The CAP promotes the correction of the identified issue in a timely manner. Corrective actions may include revising processes, updating policies or procedures, retraining staff, reviewing systems edits and/or addressing other root causes. The CAP must achieve sustained compliance with the overall requirements for that specific operational department.

The status of open CAPs is reviewed by the Office of Compliance on a monthly basis, or at a frequency determined by the Chief Compliance Officer. The Office of Compliance monitors

CAP implementation and requires that business departments regularly report the completion of all interim actions. The Office of Compliance tracks the duration of open CAPs and intervenes as appropriate to promote timely completion. Once a CAP is complete, the Office of Compliance may validate the corrective actions by auditing individual action items over a period of time to confirm compliance and the effectiveness of the implemented corrective actions. A summary of CAP activity is periodically reported to executive staff and the Compliance Committee.

CalOptima Health's oversight of FDRs includes a requirement that FDRs submit a CAP when material deficiencies are identified through Delegation Oversight audits, ongoing monitoring and/or self-reporting. CalOptima Health takes appropriate action against any contracted organization that does not comply with a CAP or does not meet its regulatory obligations, up to and including termination of its agreement. FDRs are bound contractually through written agreements with CalOptima Health that stipulate compliance with governmental requirements and include provisions for termination for failure to cure performance deficiencies.

CalOptima Health's Compliance Plan is effective in promoting compliance and controlling FWA at both the sponsor and FDR/Subcontractor levels in managing the Medi-Cal and Medicare programs. Policies and procedures associated with this Compliance Plan further expand the activities and oversight of the program.

#### ***a. Referral to Enforcement Agencies***

In appropriate circumstances, CalOptima Health 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.

## **FRAUD, WASTE, AND ABUSE (FWA) PREVENTION AND DETECTION**

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

CalOptima Health utilizes various resources to detect, prevent, and remediate FWA. In addition, CalOptima Health promptly investigates suspected FWA issues and may implement disciplinary or corrective action to avoid recurrence of FWA issues. The objective of the Anti-Fraud, Waste, Abuse (FWA) Plan is to ensure that the scope of benefits covered by CalOptima Health Programs are appropriately delivered to members and resources are effectively utilized in accordance with federal and state guidelines. CalOptima Health incorporates a system of internal assessments which are organized to identify FWA and promptly respond appropriately to such incidents of FWA. See the CalOptima Health Anti-Fraud, Waste and Abuse (FWA) Plan for further details.