

Chinese Community Health Care Association

Policy Title	General Delegation Oversight
Department	Compliance
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Health Plan	<input checked="" type="checkbox"/> AHOC <input checked="" type="checkbox"/> ABC <input checked="" type="checkbox"/> BSOC <input checked="" type="checkbox"/> SFHP <input checked="" type="checkbox"/> HN <input checked="" type="checkbox"/> UNHC <input checked="" type="checkbox"/> BND <input checked="" type="checkbox"/> AETNA
Line of Business	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> Medi-cal <input checked="" type="checkbox"/> Commercial Full, part-time, temporary, contract workers/employees

I. DEFINITIONS

Term	Definition
Business Owner	The one individual within the MG with responsibility for the day-to-day relationship between the MG and a proposed or current Delegated Entity/Vendor.
Compliance Authority	As applicable in context, all federal, State, and local laws and regulations; accreditation standards and requirements; the policies and procedures set forth or incorporated in, or adopted pursuant to the DO Program; and contractual requirements.
Corrective Action Plan (“CAP”)	A written plan, enumerating requirements for correcting and monitoring a Delegated Entity/Vendor’s efforts to correct any deficiencies (administrative, financial, clinical, and/or other) in its abilities to meet the legal, regulatory, accreditation, and contractual requirements of its Delegation Agreement/Contract.
Delegated Activity(ies)	The function(s)/ activity(ies) that a Delegated Entity performs on behalf of CCHCA.
Delegation Agreement/ Contract	A written agreement that specifies the terms and conditions of CCHCA’s Delegation to or Contract with a Delegated Entity or Vendor, respectively, of specified activities and responsibilities, as allowed or required by Compliance Authority.
Delegated Entity(ies)	An entity authorized in writing by CCHCA to carry out specific functions that it would otherwise perform.
Delegation	A formal process by which the MG gives another entity the authority to perform certain functions on its behalf, with the MG retaining responsibility and accountability for ensuring those functions are performed appropriately and meet Compliance Authority requirements.

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Term	Definition
Delegation Oversight Program	This document, which describes the elements of the MG’s Delegation Oversight policies and procedures, responsibilities, and activities.
First Tier, Downstream, and Related Entities (“FDR”)	<p>A “First Tier Entity” is any party that enters into a written arrangement with the medical group that provides administrative or health care services.</p> <p>A “Downstream Entity” is any party that enters into a written arrangement with the medical group below the level of the arrangement between the medical group and a First Tier Entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.</p> <p>A “Related Entity” means any entity that is related to the medical group by common ownership or control and: 1) Performs some of the medical group’s management functions under contract or delegation; 2) Furnishes services to Members under an oral or written agreement; or 3) Leases real property or sells materials to the medical group at a cost of more than \$2,500 during a contract period.</p>
National Committee for Quality Assurance (“NCQA”) Standards	The most recent version of the Health Plan Accreditation Standards and Guidelines, as modified from time to time, promulgated by the NCQA. CCHCA is (or may be) contracted with NCQA-accredited Health Plans and will conduct business in accordance to the Health Plans’ guidance to fulfill NCQA standards.
Non-Delegated Activity(ies)	<p>Non-health care service provider activities that do not meet the definition of a Delegated Activity including, but not limited to:</p> <ul style="list-style-type: none"> • Actuarial services • Information Technology and Security (including hardware and software), not related to Delegated Activities • Goods and services related to CCHCA as a business, not as a health plan, e.g., facilities janitorial services, security patrols, office equipment, etc.
Vendor(s)	Any person or company that designs, develops, sells, and/or supports goods or services to the MG. For purposes of the Delegation Oversight Program, Vendors are not considered Delegated Entities.

II. DELEGATION OVERSIGHT PROGRAM ELEMENTS

a. Statement of Purpose

The Delegation Oversight Program (“DO Program” or “Program”) defines the authority and obligations of CCHCA to responsibly enter into Delegation Agreements/Contracts and oversee those entities. CCHCA’s DO Program is designed to promote the delivery of high quality, medically necessary, cost effective care for CCHCA Members. Additionally, the DO Program is intended to meet applicable Compliance Authority and strive for industry best practices. The Program is under the administrative direction of the Compliance Officer; however, multiple other Senior Leaders and their departments are responsible for their pertinent elements.

While the MG has the authority to Delegate/Contract numerous specific functions to Delegated Entity/Vendors, administrative oversight is never delegated. CCHCA remains accountable for all functions performed within its purview, regardless of whether those functions are performed internally, by a Delegated Entity/Vendor, or a sub-Delegated Entity/Vendor. The MG remains

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responsible for ensuring Delegated functions are completed in accordance with contractual and applicable, Federal, State, and accreditation standards (“Compliance Authority”).

The objectives of the DO Program are to:

- i. Describe how the Medical Group (MG) monitors and carries out its Delegation and Vendor oversight responsibilities, including through established Policies and Procedures (“P&Ps”) that meet applicable Compliance Authority requirements;
- ii. Define the methodology and processes for monitoring Delegated Entities/Vendors’ compliance with contractual and Compliance Authority requirements; and
- iii. Identify areas for improvement and describe how appropriate actions will be initiated to ensure change and compliance.

b. Scope

The scope of the DO Program is comprehensive and covers all Delegated Activities for all Delegated Entities and other Contracts with Vendors throughout the entire MG enterprise.

- i. A Delegated Entity is a contractor that:
 1. Performs a core delegated function under CCHCA’s contract with the Health Plan (including but not limited to Credentialing, Utilization Management, Case Management, Member Services, Claims, Provider Disputes, Network Development/Management, or any other administrative or management function that the MG is contracted and/or required to perform); and
 2. Is determined to be a Delegated Entity based on one or more of the examples and factors set forth below:
 - i. The function(s) to be performed by the Delegated Entity;
 - ii. Whether the function is something the MG is required to do or to provide under its contract with the Health Plan, CMS, or applicable Compliance Authority;
 - iii. To what extent the function directly impacts Members;
 - iv. To what extent the Delegated Entity has interaction with Members, either verbally or in writing;
 - v. Whether the Delegated Entity has access to Member information or Protected Health Information (as defined in privacy-related Compliance Authority¹);
 - vi. Whether the Delegated Entity has decision-making authority or whether it strictly takes direction from the MG;
 - vii. The extent to which the function places the Delegated Entity in a position to commit health care fraud, waste, or abuse; and/or

¹ Including but not limited to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) as amended by the Health Information Technology for Economic and Clinical Health (“HITECH”) Act, and as otherwise amended, and with applicable California State regulatory requirements, including, inter alia, Cal. Civil Code §56 et seq., Cal. Civil Code §1798.82 et seq. and Cal. Ins. Code §791 et seq., as applicable and as amended.

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- viii. The risk that the Delegated Entity could harm Members or otherwise violate applicable Compliance Authority.

Delegated Entities encompass not only health care services providers, they also include non-health care service providers that are contracted with to perform core health plan functions, as described above.

Health care service providers may include but are not limited to: independent practice associations, medical groups, risk-bearing organizations, managed behavioral health organizations, physician-hospital organizations, health care facilities such as acute care hospitals, and specialized providers such as vision and dental practitioners and pharmacy benefit managers.

While not directly applicable to the MG, the NCQA determines whether an organization has explicitly or implicitly Delegated functions/activities by answering the question, “If the other entity were not performing the activity, would the organization have to perform it to meet the intent of NCQA standards?” Where the answer is “yes”, the NCQA considers the function Delegated and subject to its applicable standards. The MG has adopted this standard.

- ii. A Vendor is a contractor that:
 - 1. Designs, develops, sells, and/or supports goods and/or services throughout the entire Medical Group.

The MG does not Delegate to Vendors, rather, the Vendor relationship is one where the MG maintains the authority and control over the implementation and manner of the Vendor’s product(s) and/or service(s). Vendors are not Delegated Entities but may require similar oversight, training, and/or other aspects of Delegation oversight by the MG.

The DO Program applies to both Delegated Entities and Vendors except where otherwise noted.

c. Seven Elements of an Effective Delegation Oversight Program

As with the Office of the Inspector General’s Seven Elements of an Effective Compliance Program, an effective Delegated Oversight Program should strive to meet its own seven elements, including:

i. Written Policies, Procedures, and Standards of Conduct

Delegated Entities/Vendors must be provided with effective, well-established protocols for communicating with the MG and meeting its Compliance Authority obligations. This includes sufficiently describing the form, substance, and frequency of required periodic and ad hoc reporting; provision of auditing and monitoring tools; corrective action expectations; and a centralized MG contact and repository of information that provides both expert assistance and guidance regarding the MG’s expectations. Through implementation of the DO Program, the MG maintains appropriate P&Ps to ensure that Delegated Entities/Vendors have the tools they need to succeed.

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Additionally, the MG has implemented a Code of Conduct with which it expects all applicable Delegated Entities/Vendors to comply.

ii. Designating Leadership Oversight and Maintaining Accountability

As noted below, the MG has designated the Compliance Officer as having ultimate accountability for the DO Program, in conjunction with other Executive Team and Workforce Members. CCHCA has created an effective DO Program that ensures appropriate oversight practices but does not delegate its ultimate accountability.

Further, CCHCA monitors the effectiveness of its DO Program through periodic reports to its governing body and at minimum annual review of the DO Program and its accompanying documents and tools, including but not limited to applicable P&Ps. This self-assessment mechanism helps ensure the MG's ongoing efforts are functioning as designed and are improved upon when needed or required by new or amendments to Compliance Authority.

iii. Training and Education

Where applicable, the MG requires Delegated Entities/Vendors to create, maintain, and document staff training and education programs that define the specific responsibilities of the Delegation Agreement/Contract and a general understanding of compliance; ethics; privacy and information security requirements; and fraud, waste, and abuse prevention and detection. Additionally, where applicable, the MG provides training and education applicable to a Delegated Entity/Vendor's Delegated Activities/Contract requirements.

iv. Communication

The MG communicates DO Program requirements and updates through its Delegated Agreements/Contracts and amendments thereto, analysis and feedback regarding (no less than semi-annual) reporting, the results of (no less than annual) audits, and other communication methods, such as newsletters. Additionally, the Code of Conduct conveys to Delegated Entities/Vendors the MG's expectations.

v. Auditing and Monitoring

Through multiple mechanisms and tools, described in detail below, the MG performs pre-contract and periodic and ad hoc auditing and monitoring of its Delegated Entities/Vendors.

vi. Enforcing Standards and Disciplinary Guidelines

In multiple ways, including contractual language, detailed Delegation Agreements, the Code of Conduct, and applicable P&Ps, the MG makes clear to Delegated Entities/Vendors its standards and expectations and the consequences for noncompliance or breach, including, but not limited to, De-Delegation, Delegation Agreement/Contract termination, and other legal and other remedies.

vii. Responding Promptly to Detected Offenses and Undertaking Corrective Action

The MG has multiple ways to detect Delegated Entity/Vendor compliance offenses, including but not limited to periodic reporting, auditing, monitoring, and through maintaining anonymous

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and other compliance reporting mechanisms. Additionally, corrective action may be undertaken where appropriate and as further described below.

d. Delegation Oversight

CCHCA's Compliance Department is charged with the administrative oversight authority and coordination of Delegated and Non-Delegated Activities. The Compliance Officer is responsible for conducting the general oversight of all Delegated Entities/Vendors to which the MG delegates or contracts for Delegated and Non-Delegated Activities, while each Business Owner is responsible for conducting the day to day oversight of all Delegated Entities/Vendors to which the department delegates or contracts for Delegated and Non-Delegated Activities.

Communication between the Compliance Department and Business Owners and external stakeholders is of crucial importance and must be timely, complete, and accurately conveyed and understood by all parties.

i. Organizational Structure and Governance

CCHCA's organizational structure serves as the governance mechanism for delegation oversight activities. The Compliance Department meets at a minimum quarterly and maintains written agendas and minutes including discussions and actions from each meeting. Additionally, ad hoc, and virtual meetings, e.g., via phone, may be conducted as needed.

ii. Scope of Responsibilities

The Compliance Department primary duties and responsibilities for delegation oversight include:

1. **DO Program:** maintain the DO Program and its documents and guidance, including P&Ps, audit tools, and reporting forms; reviewing and updating these documents at least annually and as otherwise required; and reporting and making recommendations to the Compliance Committee concerning the DO Program;
2. **Compliance Authority:** monitor and ensure implementation of applicable new and amendments to Compliance Authority that impact those areas over which the Compliance Department has responsibility;
3. **Written Agreements:** ensure written agreements with each Delegated Entity/Vendor clearly define and describe the Delegated and Non-Delegated Activities, responsibilities, and reporting requirements of all parties;
4. **Prospective Delegate/Vendor Due Diligence:** assess and evaluate prospective Delegated Entities/Vendors and their ability to perform the proposed Delegated and Non-Delegated Activities prior to entering into a Delegation Agreement/Contract through implementation of Pre-Delegation/Pre-Contract Due Diligence;
5. **Ongoing Oversight and Reporting:** receive and evaluate Delegated Entities/Vendors' required periodic reporting against defined performance measures; monitor deficiencies imposed by federal, State, and/or accreditation organizations on Delegated

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Entities/Vendors; and, if warranted, investigate issues that may impact the Delegated Entities/Vendor's ability to meet applicable Compliance Authority;

6. **Annual Review and Audit:** oversee the annual review and audit of applicable Delegated Entities/Vendors, and, if warranted, investigate issues that may impact their ability to meet applicable Compliance Authority;

7. **Reporting:** at least annually, periodically, and as otherwise necessary, distribute and report on findings, recommendations, and other aspects of the DO Program to Business Owners;

8. **Corrective Action Plans ("CAPs"):** identify opportunities for Delegated Entities/Vendors performance improvement and, when a deficiency has been identified, issue CAPs and/or sanctions, as appropriate, with the goal to remediate deficiencies to the greatest extent possible (remediation measures include but are not limited to increasing monitoring/oversight, freezing enrollment, imposing contractually permitted financial and other penalties, De-Delegation, terminating the Delegation Agreement/Contract, and seeking any available legal remedies);

9. **Assess Risk:** where appropriate, implement a risk evaluation of Delegated Entities/Vendors, assign a risk score and document mitigation planned or taken in order to moderate risk as much as possible; and

10. **Other Activities:** perform any other activities consistent with the DO Program that may deem necessary, advisable, or appropriate for the Compliance Department to undertake, including but not limited to reviewing and recommending certain actions such as De-Delegation and/or termination, where warranted.

iii. Metrics

The Compliance Department must take into consideration and will be evaluated against the following measures:

- Ensuring the maintenance of a central database of all pending, active, and terminated Delegated Entities/Vendors that monitors and tracks functions, performance, and audit schedules;
- Identifying and implementing escalation processes for compliance or performance issues;
- Implementing a process for reviewing, updating, and disseminating Compliance Department documents, including but not limited to, the DO Program, P&Ps, audit tools, and other documents, for compliance with applicable new and amended Compliance Authority to all impacted stakeholders;
- Implementing a process for notifying Business Owners of Delegated Entity/Vendor reporting, CAPs, and other aspects of oversight;
- Tracking and trending internal and external compliance with the MG's oversight standards; and
- Ensuring completion of an annual training program for internal staff regarding Delegation Oversight standards and the DO Program and receipt of attestation of training completion from applicable Delegated Entities/Vendors.

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e. Delegation Agreements/Contracts

Compliance Authority and the MG's DO Program require that all Delegation Agreements/Contracts be mutually agreed upon in writing and include, at a minimum, the following:

- Use of the MG's most recently developed Delegation contract templates, which are in compliance with all applicable Compliance Authority;
- Description in sufficient detail of all Delegated and Non-Delegated Activities and the responsibilities of the MG and the Delegated Entity/Vendor, including a delegation grid;
- Delineation of the form, substance, and frequency of required reports;
- Identification of the process by which the MG will evaluate the Delegated Entity/Vendor's performance against contractual requirements and the applicable Compliance Authority;
- Reservation of the MG of all available legal and other remedies if the Delegated Entity/Vendor fails to perform according to the agreed upon standards; and
- All required privacy and information security obligations, including execution of a Business Associate Agreement ("BAA"), preferably the MG's template BAA, where applicable.

f. Three Steps in the Delegation Process

While each Delegation Agreement/Contract will vary depending on a number of factors, there are three (3) basic steps in the Delegation/Contract process that the MG undertakes, as described below.

i. Pre-Delegation/Contract Due Diligence

CCHCA maintains a thorough Due Diligence process to assess a potential Delegated Entity/Vendor's readiness for Delegation/Contract.

Prior to entering into a Delegation Agreement/Contract, Business Owner responsibilities include but are not limited to, identifying when a Delegated Entity/Vendor is needed by the MG, initial Delegated Entity/Vendor research and contact, ensuring the availability of budgeted funds, completing any applicable procurement process, negotiation of contract terms, and understanding the entity's business operations. As applicable, the Prospective Delegate/Vendor may not be approved without prior, written authorization from the Health Plan(s). In such instances, CCHCA shall submit a written notification, stating the case and need for the Prospective Delegate/Vendor to the Health Plan, and allow sufficient time for approval before completing the Pre-Delegation/Contract process.

The Compliance Department, in conjunction with the Business Owner, shall ensure the potential Delegated Entity/Vendor is provided the prescribed Pre-Delegation/Contract Due Diligence Questionnaire.

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Pre-Delegation/Contract Due Diligence includes, but may not be limited to, determining whether a potential Delegated Entity/Vendor can comply with applicable Compliance Authority and CCHCA's requirements, standards, and P&Ps and has the capacity to meet all applicable operational, financial, administrative, and other requirements related to functions that may be Delegated/Contracted.

The Compliance Department shall coordinate all aspects of the Due Diligence, including assessing the potential Delegate/Vendor's responses to and information provided with the Questionnaire and, if applicable, undertaking and assessing the results of a risk assessment.

In completing the risk assessment and assigning a risk ranking to the potential Delegate/Vendor, the Compliance Department will consider several factors, including but not limited to:

- The type(s) of administrative or health care provider services activities to be Delegated/Contracted (e.g., delegation of Utilization Management is considered a high-risk activity as it directly impacts Member care);
- The number of administrative or health care provider services activities to be Delegated/Contracted (e.g., a large number of activities delegated to an entity may pose a high risk depending on its resources); and
- Access to or disclosure of Protected Health Information and the potential for privacy and information security incidents and breaches.

If the potential Delegate/Vendor fails or does not complete any part or all of the Due Diligence process, the Business Owner or relevant Executive Leader may notify the prospect that the MG has chosen not to enter into a Delegation Agreement/Contract with them at the present time.

If the potential Delegate/Vendor passes the written due diligence review, one (1) or more site visits may be conducted by the Business Owner and other relevant departments, depending on the functions to be Delegated/Contracted, utilizing the MG's audit tools.

If the potential Delegate/Vendor passes the Due Diligence process and is recommended for approval by the Compliance Department and its governing bodies, then the MG's other delegation P&Ps shall also be complied with, as applicable.

ii. Periodic Oversight through Monitoring Reporting

In partnership with the Business Owner, the Compliance Department shall perform routine Delegation/Contract oversight activities, including, but not limited to, at a minimum, semi-annual evaluation of the Delegated Entity/Vendor's reports and other activities, as applicable, and as described in detail in the Delegation Agreement/Contract and applicable MG P&Ps.

Delegated and Non-Delegated Activities, performance measures, and reporting requirements can vary greatly, thus, each function and/or Delegated Entity/Vendor has specifically defined reporting forms, substance, and frequency audit tools. See the example graph below, which describe the different function types and their requirements. Reports are reviewed and assessed and feedback is provided where appropriate.

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Line of Business	Report	Due Date	Submit To	Required Format
<i>Ex/ Medicare</i>	<i>Ex/ Utilization Management Work Plan</i>	<i>Ex/ Annually AND Ex/ Quarterly on:</i>	<i>Ex/ CCHCA SFTP site at: OR Ex/ Email:</i>	<i>Ex/ Narrative</i>

If the Compliance Department discovers a deficiency in the performance of the Delegated Entity/Vendor, it may require ad hoc increased reporting, monitoring, and/or auditing, through desk audits and/or on-site visits. Additionally, the Compliance Department shall implement appropriate corrective actions, as described below. The Business Owner shall assist in the implementation and oversight of corrective actions.

iii. Annual Evaluation and Audits

The Compliance Department, with the assistance of the Business Owner, shall undertake an annual, or, if warranted, more frequent, Delegation/Contract audit of MG Delegated Entities/Vendors to ensure that Compliance Authority is being met.

Annual evaluations shall be coordinated by the Compliance Department and undertaken by the Business Owner and other impacted departments. Annual assessments are very similar to the Pre-Delegation/Contract Due Diligence processes, and include, but are not limited to:

- Review of program plans, documentation, audit tools and results, training, and P&Ps;
- Data validation;
- Updated risk assessment;
- File reviews and interviews; and/or
- On-site review.

As with the periodic oversight and reporting activities, and depending on the results of the annual audit, the MG may determine that ad hoc monitoring, auditing, and reporting is required.

g. Corrective Action Plans (“CAPs”)

If, in the course of its periodic, ad hoc, or annual oversight, the Compliance Department discovers a deficiency in the performance of the Delegated Entity/Vendor, the Compliance Department shall require implementation of an appropriate CAP, in accordance with Compliance Authority, including contractual provisions and MG P&Ps.

CAPs are determined based on the Delegated Activities and functions, deficiencies, risk level, and their impact on the health, safety, and access of Members to health care services.

The MG generally adopts use of the IERAIIF method of developing CAPs, which includes:

- Identification,
- Evaluation,
- Root Cause Analysis,
- Action Plan,

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- Implementation, and
- Follow-Up

A Delegated Entity/Vendor's proposed CAP must meet the reasonable satisfaction of the Compliance Department and be completed within the agreed upon timeframes. The MG may, at its sole discretion and under the terms of the Delegation Agreement/Contract: increase reporting, monitoring, and/or auditing; freeze membership assigned to the Delegated Entity/Vendor; extend the period given for deficiency correction; De-Delegate and/or terminate any or all portions of the Delegated and Non-Delegated Activities; and/or terminate the Delegation Agreement/Contract and seek all available legal and other remedies.

h. Sub-Delegation/Sub-Contracting

MG Delegated Entities/Vendors, as applicable, may not further sub-delegate or sub-contract Delegated and Non-Delegated Activities without the explicit written approval of CCHCA. Additionally, Delegated Entities/Vendors that further sub-delegate Delegated and Non-Delegated Activities are contractually obligated to provide documented evidence of sufficient oversight of sub-delegated entities. Documented evidence includes, but is not limited to:

- A written, mutually executed sub-delegation contractual agreement that includes applicable elements of the MG's Delegated Agreements/Contracts and any other Delegated and Non-Delegated Activity-specific requirements;
- Approval of the sub-delegate's Delegated and Non-Delegated Activities program;
- Mechanisms for receipt and evaluation of the sub-delegate's reports;
- At least annual review of the sub-delegates Delegated and Non-Delegated Activities program; and
- At least annual on-site review, with more frequent assessments performed, as needed.

Documentation of these oversight activities shall be maintained by the Delegated Entity/Vendor but must be available for the MG's review upon request.

i. De-Delegation and Termination

Where necessary, the Compliance Department shall make the recommendation to De-Delegate and/or terminate contracts with Delegated Entities/Vendors that fail to perform in accordance with their contractual terms and/or applicable Compliance Authority. Factors to consider when making this recommendation include but are not limited to: the impact of De-Delegation/termination on the health, safety, and access of Members to health care services; the extent to which CAPs have been imposed and complied with; the feasibility and ease of contracting with another Delegated Entity/Vendor that can provide the same products/services; and other applicable considerations.

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Head Department (Print): _____

Head Department (Signature): _____ Date: _____

Board Approval Date: _____