

PARAMOUNT

POLICY # DELEGAT-1

POLICY TITLE: **Oversight of First Tier, Down Stream, Related Entities (FDRs)**

APPLIES TO: Paramount Care, Inc.
Paramount Care of Michigan, INC.
Paramount Insurance Company
Paramount Advantage

EFFECTIVE DATE: 07/01/15 (Replaces MEDCD-20.POL)
08/10/16 (revised for administrative update)
04/05/17 (revised for administrative update)

SCHEDULED ANNUAL
REVIEW DATE: July 1 (every calendar year)

PURPOSE: To ensure that all Paramount products are compliant with applicable federal, state laws and regulations, accreditation body requirements as well as business requirements as it relates to oversight of FDRs.

DEFINITIONS: CMS Definitions:

First Tier, Downstream, and Related Entity (FDR)/CMS

First Tier Entity is any party that enters into a written arrangement, acceptable to CMS, with an MAO or Part D plan sponsor, to provide administrative services or health care services to a Medicare eligible individual under the MA program or Part D program.

Downstream Entity is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit or Part D benefit, below the level of the arrangement between an MAO or applicant or a Part D sponsor and a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health care and administrative services.

Related Entity means any entity that is related to an MAO or Part D sponsor by common ownership or control and:

- (1) Some of the MAO or Part D plan sponsor's management functions under contract or delegation;
- (2) Furnishes services to Medicare enrollees under an oral or written agreement; or

- (3) Leases real property or sells materials to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period.

ODM Definitions:

Subcontractual Relationships and Delegation

An MCP that delegates to any **first tier, downstream and related entity (FDR)**, must ensure that it has an arrangement with the FDR to perform administrative services as defined below on the MCP's behalf.

a. Unless otherwise specified by ODM, administrative services include: care management, marketing, utilization management, quality improvement, enrollment, disenrollment, membership functions, claims administration, licensing and credentialing, provider network management, and coordination of benefits.

b. Parties to administrative services arrangements are defined as:

i. **First tier entity:** any party that enters into a written arrangement, acceptable to ODM, with a MCP to provide administrative services for Ohio Medicaid eligible individuals.

ii. **Downstream entity:** any party that enters into a written arrangement, acceptable to ODM, with a first tier or related entity or below the level of a first tier or related entity to provide administrative services for Ohio Medicaid eligible individuals. These arrangements continue down to the level of the ultimate provider of the administrative services.

iii. **Related entity:** any party that is related to the MCP by common ownership or control, and under an oral or written arrangement performs some of the administrative services under the MCP's contract with ODM.

c. Before an MCP enters into an arrangement with an FDR to perform an administrative function not listed above that could impact a member's health, safety, welfare or access to Medicaid covered services, the MCP must contact ODM to request a determination of whether or not the function should be included as an administrative service that complies with the provisions listed herein.

POLICY: It is the policy of Paramount that when entering into contracts with entities to perform business functions and/or to meet program requirements Paramount will meet the requirements outlined by the Centers for Medicare and Medicaid Services (CMS), including CMS requirements specific to Medicare Advantage and PDP plans, the Ohio Department of Medicaid (ODM), and the National Committee for Quality Assurance (NCQA). Medicare providers of direct health care services are monitored and/or overseen by this policy and process.

To meet the regulatory and accreditation requirements Paramount has developed a Delegation Oversight Program. This program provides organizational business owners with the structure to perform the required elements to support and perform the required functions.

The established program follows a de-centralized model, in that internal business owners maintain the responsibility for relationship management with the FDRs as well as monitoring and auditing.

All business areas who are business owners of an FDR shall create and maintain a departmental procedure outlining the process whereby they oversee the FDR.

The Director, Regulatory Compliance is responsible for the development of the program and related processes.

The Delegation Oversight Staff will conduct compliance related audits simultaneously to the business owner performing functional audits.

PROCEDURE: See the FDR/Delegate Oversight Procedure

REFERENCES: The Delegation Oversight Procedure Manual
Appendix C of the Managed Care Provider Agreement (Ohio Medicaid)
Medicare Managed Care Manual, Chapters 9 and 21, Section 40 (CMS-Medicare Advantage)
Medicare Managed Care Manual, Chapter 11, Sections 10 and 110 (CMS-Medicare Advantage)
NCQA Standards

EXCEPTIONS: HIX-6

Approvals:

President:

John C. Randolph

Vice President, Operations:

Ally W. MMS 4/11/17