2017 Compliance Program

Medicaid

Our mission is to improve the health and quality of life of our members.
I. Compliance Department
Operating Philosophy

Compliance Department Mission and Values

**Mission Statement:** The Compliance Department’s mission is to ensure Passport, its Board members, associates and subcontractors maintain compliance with the letter and spirit of all applicable state and federal laws and contractual obligations and carries out its mission and values with a high degree of honesty and integrity. The Compliance Department accomplishes its mission by: establishing effective guidelines to maintain compliance with federal and state laws; implementing a means of preventing fraud, waste and abuse; performing audits, risk assessments, conducting investigations; establishing and communicating compliance policies and procedures; educating and training Board members, associates and subcontractors; and fostering a culture of high ethical and moral standards as outlined in Passport’s Code.

**Values:** The Compliance Department values provide guidance for responsible decision-making by encouraging a culture of integrity based on ethical leadership and integration of ethical considerations into decision-making processes.

The Compliance Department Values include:

**Integrity**
- Respect, show courtesy and treat each other fairly
- Honest and open communication when working with each other
- Build trust among each other, and with our customers, suppliers and communities
- Make principle-based decisions

**High Expectations**
- Take pride in what we do and how we do it
- Continually improve our service
- Establish clear expectations of each other
- Strive for excellence in all we do
- Achieve superior results consistently

**Team Players**
- Accountable to each other
- Share information broadly
- Encourage diverse viewpoints
- Meet our commitments to each other and to others
- View success as our collective achievement

**Role Models for Ethical Conduct**
- Act impartially and not give preferential treatment
- Protect, conserve and use Passport property appropriately
- Disclose waste, fraud, abuse, and corruption to appropriate authorities
- Adhere to all laws and regulations
- Obey the law
- Endeavor to avoid the appearance that they are violating the law or ethical standards

**Compliance Department Principles**
- Make Compliance visible.
- Establish departmental assignments.
- Have mechanisms for feedback.
- Use team approach that includes Associates from other departments.
- Use a service model.
- Maintain and evaluate metrics on compliance activity.
- Conduct risk assessments in coordination with other departments.
- Conduct periodic audits of internal operations.
- Establish relationships with regulators.
- Conduct training.

II. Passport Health Plan
Organizational Structure

Passport is a non-profit provider-sponsored health maintenance organization. The sponsors of Passport are the University of Louisville Medical School Practice Association, University of Louisville Medical Center, Jewish Heritage fund for Excellence (“JHFE”), Norton Healthcare Inc., and the Louisville Metro Department of Public Health and Wellness, comprised of the Jefferson County Department of Health, the Region’s Federally Qualified Health Centers and the University of Louisville Primary Care Center.

Passport offers its services to beneficiaries in all counties in Kentucky.

Passport believes that promoting collaboration and obtaining input from providers and community advocates is essential in its ability to meet its mission, vision and values. Therefore, Passport formed and continues to utilize the Partnership Council. The Partnership Council is a broad coalition of consumers and providers, including physicians, nurses, hospitals, health departments, and ancillary providers. The partnership Council is led by a thirty (30) member Board of Directors representing the full spectrum of providers and including four consumer representatives.

III. Compliance Leadership and Structure

Compliance Officer

Passport’s Vice-President and Chief Compliance Officer (“CCO”) is a member of the Executive Leadership Team (“ELT”), reports directly to the Chief Compliance Officer (“CEO”) and has access to the Passport Board of Directors. Through this structure, the CCO has independence to oversee the integrity of the compliance program, is empowered with the appropriate mandate, delegation of authority, senior-level positioning to carry out his/her duties, has a seat at the table to have formal and information connections into the business and functions of Passport, has line of sight with unfettered access to relevant information to be able to form independent opinions and manage the compliance program effectively and adequate personnel and monetary resources to get the job done.

The CCO oversees the Medicaid Compliance Program, functioning as an independent and objective person that reviews and evaluates compliance issues/concerns within the organization. The position ensures the Passport Board, management and associates, and subcontractors are in compliance with the rules and regulations of regulatory agencies, that company policies and procedures are being followed, and that behavior in the organization meets Passport’s Code. The CCO, together with the Passport Compliance Committee, is authorized to implement all necessary actions to ensure achievement of the objectives of an effective compliance program.

To increase the effectiveness and integrity of the Compliance Program, the CCO has access to the CEO and the Board and the Board, CEO and the ELT provide the CCO with appropriate resources to effectively manage and satisfy the elements of the Compliance Program. In particular, the CCO has regular schedule meetings with the CEO, provides periodic reports to the Board either directly or through the Board Compliance Committee and has the discretion to contact either the CEO or Chairman of the Board relative to compliance issues or concerns. In addition, the CCO enlists the cooperation of and access to all associates of Passport. Also, the CCO has the authority to inquire into any matters arising or appearing to arise within the scope of the Compliance Program. Further, the CCO may appoint such staff as necessary to assist in the performance of his/her responsibilities.
The CCO is a critical member of the ELT, with duties that are extensive and include:

- Developing and/or updating policies and procedures and code of conduct governing the compliance program;
- Managing day-to-day operations of the program;
- Receiving, evaluating and investigating compliance-related complaints, concerns and problems, including those from the compliance hotline;
- Ensuring proper reporting of violations to duly authorized enforcement agencies, as appropriate or required;
- Assuring that compliance training programs are appropriate and meet regulatory requirements;
- Responding to reports of potential FWA, including coordination of internal investigations with the Internal Audit Department and development of appropriate corrective or disciplinary actions, if necessary, and coordinating potential investigations;
- Developing procedures to promote and ensure that all subcontractors are in compliance with all applicable laws, rules, and regulations with respect to Medicaid delegated responsibilities;
- Maintaining documentation for each report of non-compliance or potential FWA received through any source;
- Reporting to the CEO on risk areas, strategies for addressing risks, implementation results and all governmental compliance enforcement activity;
- Regularly evaluating the effectiveness and strengthening the compliance program;
- Serving as a resource to associates and subcontractors; and
- Ensuring that compliance reports are provided regularly to the CEO, BOD and Compliance Committee. Reports include the status of the compliance program implementation, identification and resolution of suspected, detected or reported instances of non-compliance, governmental compliance enforcement activity, such as Notices of Non-Compliance to formal enforcement actions, as well as oversight and audit activities.

Board of Directors (BOD) – High Level Oversight

The BOD retains accountability for the oversight, implementation and effectiveness of the compliance program. Due to the importance and time necessary for effective oversight, the BOD has established an Audit Committee and a Compliance Committee, each of which is chaired by a member of the BOD and reports at least quarterly to the full Board. The Board makes inquiries into compliance issues and takes appropriate action to ensure resolution. The Board oversees the Compliance Program to ensure the use of Quantitative measurement tools, such as performance indicators and trend reports, to demonstrate compliance with DMS operations.

Oversight includes:

- Approving the Code of Conduct (by full Board);
- Understanding the compliance program structure;
- Remaining informed about the outcomes, including results of internal and external audits;
- Remaining informed about governmental compliance enforcement activity, such as Notices of Non-Compliance, warning letters and/or more formal sanctions;
- Receiving regularly scheduled, periodic updates from the Compliance Officer and Compliance Committee; and
- Reviewing the results of performance and effectiveness assessments of the compliance program.

The CCO provides training and education to the BOD related to structure and operation of the compliance program. The BOD meeting minutes reflect active engagement in the oversight of the compliance program, demonstrated by questions, follow-up actions, as necessary.

Passport Compliance Committee

Passport's Compliance Committee (“Compliance
Committee”) is established to ensure that University Health Care, Inc. d/b/a Passport Advantage complies with applicable state and federal laws, contractual obligations, and Code. In addition, the Compliance Committee assists the Chief Compliance Officer (“CCO”) in the oversight of the Passport Compliance Program. The CCO serves as chair of the Compliance Committee. The Compliance Committee is accountable to, and provides regular reports to, the CEO and the BOD via the CCO.

The Compliance Committee composition includes Vice Presidents, Directors and Managers who represent the senior level associates from across the organization with decision-making authority within their respective areas, as well as operational staff that understands specific areas of expertise. The Compliance Committee is responsible for oversight of the compliance program and meets on at least a quarterly basis.

The Committee’s responsibilities include:

- Developing strategies to promote compliance and the detection of any potential violations;
- Reviewing and approving compliance and FWA training, and ensuring that training and education are effective and appropriately completed;
- Assisting with the creation and implementation of the compliance risk assessment and monitoring and auditing work plan;
- Assisting in the creation, implementation and monitoring of corrective action activities;
- Reviewing effectiveness of the system of internal controls related to daily operations;
- Reviewing and addressing reports of monitoring and auditing of areas and ensuring that corrective action plans are implemented and monitored for effectiveness; and
- Provide regular and ad hoc reports on the status of compliance with recommendations to the BOD.

The purpose of Passport’s Compliance Liaison Committee (“Liaison Committee”) is to support the efforts of the Compliance Department and the Compliance Committee in creating a complaint and ethical environment at Passport. The Liaison Committee’s responsibility is to develop and initiate programs, ideas and feedback about compliance and ethics matters, train associates on compliance and ethical issues, and assist in identifying compliance and ethics topics that should be communicated to associates, members and providers. This Liaison Committee is comprised of associates who represent the various Passport departments and who are not members of management.

Subcontractor Delegation Oversight Committee

The Subcontractor Delegation Oversight Committee is accountable to Passport’s Quality Medical Management Committee (“QMMC”). The Committee is responsible for the oversight of Passport’s subcontractors to which utilization management, case management, credentialing, claims operations, pharmacy, and other administrative functions have been delegated. Oversight is accomplished through assessment of subcontractors and by the use of the Committee to review their activities. The Compliance Department uses a collaborative approach in that the Committee is comprised of Passport staff from various departments and business units and representatives from the Partnership Council.

Passport has entered into contracts and delegated certain administrative services. Passport maintains accountability for adherence to DMS contractual requirements and subcontractor oversight. Passport has developed and implemented policies, procedures and processes related to subcontractor oversight to ensure that such entities are in compliance with all applicable laws, rules and regulations with respect to Medicaid with emphasis on Passport policies. A structured oversight system is in place to monitor contractor’s compliance with the requirements.

The Committee oversees, monitors, performs audits and
reports the contractual performance of contractors in accordance with applicable Passport's contract with DMS, QMMC requirements and subcontractor's Service Level Agreements (SLA). The Committee assesses pre-delegation visits and annual audits.

IV. Passport’s Collaborative Approach to Compliance

At Passport, our goal is to cultivate a dynamic environment that will encourage compliant and ethical business conduct by integrating compliance considerations into business planning and execution. In this way, we can improve compliance efforts by bringing down the real and perceived walls that separate Compliance Department staff from their colleagues. We understand that when business managers and Compliance Department staff collaborate when business plans and strategies are being developed, all staff assist Passport to attain the ultimate goal of making the business more competitive without sacrificing integrity or accountability. Below are some ways Passport integrates compliance efforts with the operational aspects of Passport’s business.

- Oversight and Monitoring of Subcontractors
- Review of the provider recoupment/overpayment process
- Development of strategies to improve subcontractor encounter submissions
- Drafting policies for the handling of grievances and appeals
- Coordination on the implementation of prospective and retrospective claim edits

Passport acknowledges that the implementation of such a program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is Passport's expectation that associates will comply within the Code, and the policies and procedures established in support of the Code. In the event that Passport becomes aware of violations of law or company policy, Passport will investigate the matter and, where appropriate, take disciplinary action or implement corrective measures to prevent future violations.

Passport associates are expected to:

- Carry out your job duties with integrity, excellence, respect, and honesty
- Learn and understand what laws and regulations apply to their position and to comply with those requirements
- Exercise good judgment and do the right thing when performing your job duties
- Know Passport's mission and values and become a partner in fulfilling it
- Report suspected compliance violations, errors or issues

Passport has fundamental elements of its Compliance Program. Passport tailored the Compliance Program to fit the unique environment and characteristics for which Passport operates (e.g., Passport is a provider-sponsored organization, considered to be of medium size in terms of associates, structured with most associates in operational units, and heavily dependent on contractual relationships with subcontractors that assist in providing Medicaid services to beneficiaries Kentucky).

Associates are encouraged to contact their manager, the CCO, a member of the compliance team or the Compliance Committee with questions or concerns regarding compliance.
issues. An associate will be assured that when contacting any member of the compliance team:

- They will be treated with dignity and respect.
- Communication will be protected to the greatest extent possible.
- Questions or concerns will be seriously addressed and if not resolved at the time, the employee will be kept informed of the answer or the outcome.

An associate need not identify themselves, although it may be helpful for the CCO to contact the employee with additional questions.

V. Elements of the Passport Health Plan Compliance Program

The Compliance Program is designed to foster a culture of compliance that begins at the executive level and permeates throughout the organization.

In addition, this Compliance Program is based on the seven (7) widely recognized and fundamental elements to an effective compliance program listed below:

Seven Elements of an Effective Compliance Program:

1. Implementing compliance and practice standards
2. Designating a Compliance Officer or contact
3. Effective training and education
4. Effective open lines of communication
5. Internal monitoring and auditing
6. Responding appropriately to detected offenses and developing corrective action
7. Corrective action procedures

The following is a description of how Passport incorporates the seven (7) elements into its Compliance Program.

1. Written Policies and Procedures and Standards of Conduct

Passport has comprehensive and well publicized written policies, procedures and standards of conduct, that clearly articulate the objectives, expectations and operations of the compliance program, including, but not limited to:

1. Clear commitment to comply with all applicable federal and state statutes, regulations and standards, throughout the organization, including the Board of Directors (“BOD”) and First Tier Downstream and Related Entities;
2. A Code of Conduct that describes compliance expectations;
3. A conflict of interest policy that requires those with a conflict, (or who think they may have a conflict), to disclose the conflict/potential conflict, and that prohibits interested associates from making decisions, and Board members from voting, on any matter in which there is a conflict;
4. Policies that describe the operations of the compliance program;
5. Guidance to passport staff, also referred to as associates, and others, on how to deal with suspected, detected or reported compliance issues;
6. Options available to communicate compliance issues to appropriate personnel;
7. Processes to investigate and resolve reported compliance issues;
8. A policy of non-intimidation and non-retaliation for good faith participation in the compliance program, including reporting and/or investigating issues, conducting self-evaluations, audits and remedial actions and reporting to appropriate officials; and
9. Formalized training requirements related to FWA.

Due to the importance of compliance policies and procedures, and standards of contact, all new associates receive copies within ninety (90) days of hire, with any updates, and annually thereafter. Distribution to associates is tracked and associates may receive disciplinary action, up to and including termination, for failure to acknowledge receipt and training on compliance policies.
Passport requires all Subcontractors to have comprehensive compliance policies and procedures and standards of conduct that are consistent with internal requirements. Passport includes contractual language in agreements with Subcontractors that requires adherence to compliance requirements. Additionally, documents are reviewed as part of subcontractor oversight activities, including monitoring for compliance based on any risk assessment.

Compliance policies are reviewed and updated at least annually, and upon changes to federal and state requirements.

Passport believes that two policies should be the foundation of the standards of conduct for associates and Board members – (1) The Code; and (2) Conflict of Interest policies. The Code and Conflict of Interest policies set a minimum standard of conduct for associates and Board members and are Passport’s most fundamental statement of governing principles.

a. Code of Conduct

Passport’s Code is Passport’s statement of ethical and compliance principles that guide passport’s daily operations. The Code provides evidence of Passport’s commitment to the lawful and ethical conduct of its business, to promote lawful and ethical behavior by its associates, and to protect those who report violations of the Code consistent with Passport’s Non-Retaliation Policy. The Code, approved by the Board of Directors, establishes that Passport expects associates, Subcontractors and agents of Passport to act in accordance with law and applicable Passport policies, issues of non-compliance and potential FWA are reported through appropriate mechanisms, and that report issues will be addressed and corrected.

The Code is Passport’s most fundamental statement of governing principles, value and framework for action within Passport’s organization. The Code clearly articulates Passport’s expectations that all associates, Subcontractors and agents of Passport, and Board members carry out their responsibilities ethically and in a manner which avoids even the appearance of improper behavior. The Code is written in a format that is easy to read and comprehend to aide associate understanding and adherence.

b. Conflict of Interest

The Conflict of Interest Policy is not designed to prohibit conflicts of interest, but to protect Passport’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an associate or Board member. A conflict of interest occurs when a Passport associate or Board member allows personal gain to interfere or influence the performance of his/her responsibilities. Associates and Board members are encouraged to avoid situations, which may be called into question, receive training to disclose any potential conflict of interest, and educated to contact the Chief Compliance Officer (“CCO”) whenever there is doubt about any activity or relationship.

Situations which could be perceived as a conflict of interest include:

- Receiving gifts, payments or services from suppliers or vendors seeking to do business with Passport.
- An employee or employee’s immediate family having significant financial interest in a supplier or vendor that conducts business with Passport.
- Disclosing Passport’s confidential business information, such as financial data, fee schedule and pricing practices.

To facilitate assessment of any potential or actual conflicts of interest, Passport requires annual conflict of interest disclosures and encourages associates and Board members to disclose any potential or perceived conflict of interest when they occur.

2. Designation of Compliance Officer

Passport has designated a Chief Compliance Officer (“CCO”) who is directly employed, a member of the Executive Leadership Team (“ELT”), and who reports directly to the Chief Executive Officer (“CEO”). The CEO and the ELT ensure that the CCO is given the credibility, authority and resources necessary to operate an effective compliance program. The CCO is responsible for the Medicaid Compliance Program implementation and management of Passport’s day-to-day compliance operations, which is critical to ensuring that the Medicaid Compliance Program remains visible, active and accountable. The CCO defines the compliance program structure, educational requirements, reporting and complaint
mechanisms, response and correction procedures, and compliance expectations for all staff and Subcontractors.

The CCO, and subsequently the Compliance Committee, periodically reports directly to the BOD on the activities and status of the compliance program, including issues identified, investigated and resolved. The CCO has the authority to provide unfiltered, in-person reports to the BOD at any time, as well as implement needed compliance actions and activities. The CCO provides reports and training to the BOD, so that they are knowledgeable about the content and operation of the compliance program and can exercise reasonable oversight with respect to the implementation and effectiveness of the compliance program.

The CCO or his/her designee, has the authority to interview staff and other relevant individuals regarding any potential compliance issues, review contracts and other pertinent documents, review submission of data to DMS to ensure accuracy and in compliance with requirements, independently seek legal counsel advise, report potential FWA to DMS, its designee or law enforcement, conduct and/or direct audits and investigations of any Subcontractors, conduct and/or direct audits of any area or function and recommend policy, procedure and process change.

3. Education and Training

A critical element of Passport's Compliance Program is the education and training of Passport's ELT, associates, the BOD, and Subcontractors on their legal and ethical obligations under applicable state and federal laws, contractual requirements, and Passport policies. In order to achieve and ensure compliance with applicable laws and guidance, Passport is committed to training and education, including the ELT, associates, the BOD, and Subcontractors, on their legal and ethical requirements under applicable state and federal laws, contractual requirements, and internal policies. Training focuses on general compliance and fraud, waste and abuse.

Passport ensures that general compliance information is communicated to its Subcontractors and that training occurs within (ninety) 90 days of hire and on an annual basis. Passport conducts training on fraud, waste and abuse, regulations, bulletins, and policies (“Laws”). Passport also provides updates to Subcontractors when there are changes to relevant laws. The training occurs during scheduled conference calls or meetings, pre-delegation oversight audits, and annual delegation oversight auditing. During the delegation oversight audit, the subcontractor's policies are audited for compliance with the aforementioned Laws and the subcontractor's training attendance records are verified.

Passport is committed to taking all necessary steps to effectively communicate Passport's policies and procedures to all affected associates, Subcontractors, vendors, and Board members. Passport regularly conducts in-person training presentations and seminars relating to Passport policies and procedures. Passport also has several e-learning, video and live courses available for use by associates on topics covered by Passport's Compliance Program. Associates are kept up-to-date on the availability of training materials and any significant changes to Passport's Company intranet and email system. Passport regularly reviews and updates its training programs, and identifies additional areas of training on a continuing basis.

a. General Compliance Training

Passport has established and implemented effective training and education, which is required minimally annually, and is also integrated into the orientation for all new associates, including consultants, BOD members and Subcontractors within (ninety) 90 days. Specialized training or refresher training may also be provided based on an individual's job function.

Passport regularly conducts in-person training presentations and seminars relating to the compliance program requirements. Additionally, several e-learning courses are available for associate use. Compliance training is a Passport requirement, and so attestation is required indicating that the Code of Conduct and policies and procedures have been received and read. Compliance training is a Passport requirement, and so attestation is required indicating that the Code of Conduct and policies and procedures have been received and read. Proof of training includes sign-in sheets, attestations and electronic certifications following completion. Training records are maintained for ten (10) years.
General compliance training includes, but is not limited to:

- Description of the compliance program, including a review of policies and procedures, the Code of Conduct and Passport’s commitment to business ethics and compliance with all DMS program requirements;
- How to learn more about compliance and how to ask questions, request clarification or report suspected or detected non-adherence, including potential FWA. Training emphasizes confidentiality, anonymity and non-retaliation;
- The requirement to report suspected or detected non-compliance or potential FWA and provide examples that may occur within an associate’s scope of work responsibilities;
- An overview of FWA and respective responsibilities, including laws and regulations, such as the False Claims Act, Anti-kickback statute, HIPAA/HITECH;
- A review of disciplinary guidelines for non-compliance or fraudulent behavior or failure to report, including retraining, disciplinary action up to possible termination;
- Mandatory attendance and participation in compliance and FWA training as a condition of employment and integrated within associate evaluations;
- Review of policies related to government contracts, such as gifts and gratuities;
- Review of potential conflicts and Passport’s process for disclosure;
- An overview of HIPAA/HITECH, CMS Data Use Agreement (if applicable), and the requirement of maintaining confidentiality of personal health information;
- Overview of the monitoring and auditing process; and
- Review of the laws that govern associate conduct in the Medicare program.

Passport has established and implemented effective training and education, which is required minimally annually, and is also integrated into the orientation for all new associates, including consultants, BOD members and Subcontractors within ninety (90) days. Specialized or refresher training may also be provided based on an individual’s job function.

b. Fraud, Waste and Abuse (FWA) Training

All associates, BOD members and subcontractor associates involved in the administration of Medicare benefits receive FWA training within ninety (90) days of employment, BOD service or contracting, as applicable, and minimally annually thereafter.

FWA training includes, but is not limited to:

- Laws and regulations related to Medicaid FWA (e.g., False Claims Act, Anti-Kickback statute, HIPAA/HITECH, etc.);
- Obligations of subcontractor to have appropriate policies and procedures to address FWA;
- Processes for reporting suspected FWA;
- Protections for Passport and Subcontractor associates who report suspected FWA; and
- Types of FWA that can occur in associate work settings

Additional or refresher training may be provided more frequently based on an individual’s job function, when requirements change, when associates are found to be non-compliant, as corrective action to address a non-compliance issue, or when an associate works in an area implicated in past FWA. All associates, BOD members and subcontractor associates must acknowledge in writing that they have received FWA training. Passport and Subcontractors maintain records of attendance, topic and certificates of completion, as applicable for ten (10) years.

Passport accepts subcontractor’s use of CMS’ standardized FWA training and education module available via the Medicare Learning Network (MLN) for purposes of satisfying training requirements. Subcontractors that have met FWA certification requirements through enrollment into the Medicare program or accreditation as a supplier of DME/POS are deemed to have met the FWA training and education requirements.

4. Internal Lines of Communication

Passport provides effective and open lines of communication for the reporting of suspected improper activity. Passport maintains and communicates the availability of an “anonymous” hotline for employees, members and others in the public to report issues.
Passport uses an external organization for Compliance Hotline reporting to help increase responsiveness and to help associates, members and others in the public feel comfortable that anything reported will be completely confidential and anonymous. Passport believes this added layer of protection will encourage associates to report any concerns without fear of retaliation.

Passport is committed to fostering dialogue between management and associates. Passport’s goal is that all associates, when seeking answers to questions or reporting potential instances of fraud and abuse should know who to turn to for a meaningful response and should be able to do so without fear of retaliation. To that end, Passport has adopted open-door policies, as well as confidentiality and non-retaliation policies. In order to further encourage open lines of communication regarding potential violations, Passport has established a toll-free Hotline, 1-855-512-8500, to allow individuals who want to report anonymously to do so. Passport’s Hotline phone number and information regarding its use are prominently displayed on the Passport’s internet site and posted throughout its facility. Passport believes this added layer of protection will encourage associates to report any concerns without the fear of retaliation. In order to further encourage open lines of communication, Passport has also established an email at passporthealthplan@getintouch.com for reporting potential violations.

The CCO is responsible for reviewing all compliance hotline reports, assessing whether they warrant further investigation and ensuring that any compliance problem is identified and corrected.

**b. Non-Retaliation**

The CCO follows up with associates who file complaints regarding the timing for developing a response and to ensure that confidentiality and non-retaliation policies apply. The CCO will provide status reports to the associate throughout the investigation, as appropriate. Passport requires Subcontractors to notify their associates that they can report compliance or FWA issues through the compliance Hotline. Associates are protected from retaliation for good faith participation in Passport’s Compliance Program. No associate who files a report of suspected FWA or other improper activity in good faith will be subject to retaliation by Passport in any form. Prohibited retaliation includes, but is not limited to, terminating, suspending, demoting, failing to consider for promotion, harassing, or reducing the compensation of any associate due to the associate’s intended or actual filing of a report. Associates are instructed to immediately report any retaliation to the CCO. Passport also utilizes associate exit interviews, conducted by Human Resources, as an opportunity to identify potential compliance of FWA issues and any perception of retaliation.

**c. Member Communications and Education**

Members are also educated about the identification and reporting of potential FWA via newsletters, on-hold messaging, website, and new member materials.
5. System for Routine Monitoring, Auditing and Identification of Compliance Risks

Passport's subcontractor oversight efforts include specific auditing and monitoring of each subcontractor's policies and performance reports related to quality improvement/management, utilization management (pharmacy and medical), credentialing, member services, provider services, claims operations, as appropriate, and other administrative services as defined by Passport's contracts and NCQA accreditation requirements. Subcontractor oversight assures that pre-delegation visits, quarterly reviews and annual on-site visits are performed to assess subcontractor performance against predetermined indicators and report findings. Subcontractor oversight functions also include review and analysis of any Passport concerns or deficiencies by subcontractors including recommending appropriate corrective actions. At the business owner's direction, subcontractor oversight prepares appropriate communication to the subcontractors, requires corrective action plan proposal and track compliance until resolution.

Passport's Compliance Program includes efforts to monitor, audit and evaluate compliance with Passport's policies and procedures, including efforts to monitor the activities of subcontractors and vendors. The nature of Passport's reviews as well as the extent and frequency of Passport's compliance monitoring and auditing varies according to a variety of factors, including new regulatory requirements, changes in business practices and other considerations. Passport will continue to identify new and emerging risk areas and address these risks.

a. Routine Monitoring and Auditing

Passport's Compliance Program is designed for the early identification of emerging issues and FWA and includes the routine monitoring and identification of compliance risks that includes internal monitoring and identification of compliance risks that includes internal monitoring and audits, and as appropriate, external audits of Subcontractors to evaluate compliance with DMS requirements and the overall effectiveness of the Compliance Program. Passport undertakes monitoring and auditing to assure compliance with Medicaid regulations, sub-regulatory guidance, contractual agreements, federal and state laws, internal policies and procedures to protect against Passport Compliance Program non-compliance and potential FWA.

The Passport Compliance Oversight Committee is accountable to Passport's Quality Management Committee (“QMMC”). The Passport Compliance Department is responsible for the oversight of Passport's Subcontractors to which certain administrative functions have been delegated. Oversight is accomplished through assessment of Subcontractors and by use of the Committee to review their activities.

The Compliance Department uses a collaborative approach in that the Committee is comprised of Passport staff from various departments and business units, and representatives from the Partnership Council, an affiliate of Passport that is the representative of Passport's providers and other health care stakeholders in the service area. The Committee oversees, monitors, performs, and reports that contractual performance of Subcontractors in accordance with applicable DMS requirements and the subcontractor contract's Service Level Agreements (“SLA”). The Committee also performs pre-delegation visits and annual audits.

b. Enterprise Risk Management

The establishment of an effective risk management program is a key responsibility of management and the BOD, who are responsible for adopting a coordinated approach to the identification of organizational risks, creating controls to mitigate those risks, and monitoring and reviewing the identified risks and controls. They should ensure that risk management is integrated into the organization, both at the strategic and operational levels. Passport uses Enterprise Risk Management (“ERM”) as the framework and method for managing risks.

Passport’s Risk Management Leader is responsible for:

- Establishing and communicating Passport's ERM vision;
- Working with an empowered group of executives and senior leaders to define the appropriate role of risk management in the organization;
- Developing and communicating risk management policies;
- Working with executives to ensure the corporate control
environment continues to (1) monitor risk across the enterprise, (2) manage organizational cultural issues effectively, and (3) oversee and enforce risk management policies;

- Ensuring appropriate risk reporting to the Audit Committee of the BOD and Passport leaders; and
- Providing assurance regarding the overall effectiveness and efficiency of the ERM program

The Internal Audit Group (“IAG”) is responsible for:
- Championing the establishment of the ERM Program
- Maintaining the ERM framework documentation
- Facilitating structured risk assessments with each Passport business area to synchronize risk tolerance and identify the most significant risks to achieving the corporate strategy, goals and objectives;
- Assisting with the translation of risk assessments into risk responses; and
- Evaluating the reporting and monitoring of key risks

Passport Business Units are responsible for:
- Aligning their risk priorities, tolerances and strategies with Passport’s overall strategy and risk appetite;
- Identifying, analyzing and managing key risks;
- Participating in the structured risk assessments with the IAG; and
- Assisting with the development of risk responses to key risks

A comprehensive risk assessment of all applicable Medicaid operational areas, including subcontractor entities, is undertaken annually by the Internal Audit Group in collaboration with Compliance, IT and associates from across the organization. This effort has the support of the ELT and the Compliance Committee. Potential risks are identified, ranked and prioritized considering the following: departmental size, complexity, past issues, budget, and areas identified via audits and oversight.

In addition, Passport has formed a Governance Risk and Compliance Steering Committee (“GRC”) to integrate Passport’s governance, risk management and compliance functions. Among other things, the committee works to align common language and activities, and provides transparency in the approach in which the organization’s risk management objectives are met. It helps Passport accomplish its objectives by coordinating the approach to evaluate the organization’s financial, operational, compliance, security, and strategic risks. Leaders from the Business Excellence Support Team, Compliance, Information Security, Internal Audit, Legal Services, and Marketing are represented on this committee.

c. Monitoring and Auditing Work Plan

Each year an Annual Internal Audit is created to identify planned audit and monitoring activities to be conducted by the Internal Audit Group throughout the calendar year. The audit plan is developed based on risk assessment results, regulatory requirements, business leader assessments, and previous audit result. The Annual Internal Audit Plan is approved by the Audit Committee of the BOD.

d. Audit Schedule and Methodology

Standard audit reports are prepared that include objectives, scope and methodology, and findings and recommendations.

Types of audits will consider:
- Which risk areas will most likely affect Passport;
- The efficiency and effectiveness of business processes;
- Use of special targeted techniques based on aberrant behavior;
- Assessments of compliance with internal processes and procedures;
- The performance of the compliance program, including a review of training, reporting mechanisms, investigation files, OIG/GSA exclusion list screenings, evidence of associate receipt of Code of Conduct and Conflict of Interest disclosures/attestations; and
- Necessary follow-up reviews for areas previously found non-compliant to determine if the implemented corrective actions have fully addressed the underlying problem.

e. Audit of the Operations and Compliance Program

The CCO and the Compliance Committee implement an audit functions appropriate to Passport’s size, scope and
structure. The Internal Audit Group is primarily responsible for monitoring and auditing the operational areas to ensure compliance with Medicaid requirements. Internal Audit staff collaborates and coordinates their auditing efforts with the Compliance Department and other Passport business units to ensure the effectiveness of Passport internal auditing activities. Auditors are knowledgeable about DMS operational requirements for the areas under review and have access to relevant operational personnel, including at the subcontractor level. Auditors are independent and have a direct reporting relationship with the Audit Committee of the BOD.

Passport audits the effectiveness of the compliance program at least annually and utilizes other internal staff, or outside auditors, to conduct activities. Effectiveness of Compliance Department audits is shared with the Audit Committee of the BOD.

f. Monitoring and Auditing Subcontractors
Passport audits Subcontractors to ensure that they are in compliance with all applicable laws and regulations and that they are monitoring compliance of their downstream entities. Monitoring and auditing of Subcontractors is integrated within the annual risk assessment and work plan development. Passport requests copies of the Subcontractors’ audit work plans and audit results, as well as reviews reports, such as payment, utilization (pharmacy and medical), network adequacy, etc. Subcontractors are placed on a corrective action plan (“CAP”) for results that are suboptimal or do not achieve DMS results.

g. Tracking and Documenting Program Effectiveness
The work plan is overseen and executed by the CCO, Director of Compliance and the Compliance Committee. The CCO provides updates to the ELT, CEO and the BOD no less than quarterly. Due to the importance of internal auditing, the BOD has established an Audit Committee that reviews the monitoring and auditing activities (both internal and external) and results, and provides direction and subsequent resources, as appropriate. The CCO reports findings to DMS, if necessary.

In addition to formal audits, Passport regularly tracks and documents compliance using dashboards, scorecards and self-assessment tools that demonstrate the extent to which operational areas and Subcontractors are achieving compliance goals. Results are reviewed by the ELT to assess compliance and identify improvement opportunities.

h. OIG/GSA Exclusion
Passport prohibits hiring or entering into contracts with individuals and/or entities that are excluded or otherwise ineligible for participation in federal health programs. Passport utilizes the DHHS OIG List of Excluded Individuals and Entities (“LEIE list”) and the GSA Excluded parties Lists System (“EPLS”) prior to the hiring or contracting of any new associate, temporary associate, consultant, BOS member, or subcontractor, and monthly thereafter, to ensure that none of these persons or entities are excluded or become excluded from participation in federal programs. Passport will not pay for services or prescription drugs prescribed or provided by a provider excluded by either the OIG or GSA.

i. Use of Data Analysis for FWA Prevention and Detection
Passport has established monitoring and analytics to prevent and detect potential FWA. Analytics are used to identify unusual patterns, changes in trend, potential errors or over-utilization suggesting potential errors and/or FWA. Metrics from internal and all Subcontractors are tracked monthly and reviewed by the ELT and the Finance Committee. Findings are used to determine actions and/or change in policy.

j. Program Integrity Unit or Special Investigation Unit
Passport has established a Program Integrity Unit (“PIU”) that has policies and procedures that address FWA activities, including delegated services to Subcontractors. The internal PIU works collaboratively with medical management, claims and provider claims services to assess over- and under-utilization of services. The PIU conducts internal monitoring and auditing of members and contracted providers, with activities integrated into the annual work plan. The PIU works in conjunction with a subcontractor to review claims and conduct data mining, analysis and investigations that aid in the prevention and detection of medical fraud.

Potential FWA can be reported anonymously and via multiple channels, including the Compliance Hotline.
The Program Integrity Program is designed to accomplish the following:

- Reducing or eliminating Medicare costs due to FWA;
- Reducing or eliminating fraudulent or abusive claims paid for with federal funds;
- Preventing illegal activities;
- Identifying enrollees with over-utilization issues;
- Identifying and recommending providers for exclusion to the NBI MEDIC and/or law enforcement;
- Referring suspected, detected or reported cases of illegal drug activity including drug diversion to the NBI MEDIC and/or law enforcement;
- Conducting case development and support activities for NBI MEDIC and law enforcement investigations; and
- Assisting law enforcement and state agencies such as the Attorney General’s Office and the OIG by providing information needed to develop successful prosecutions.

6. Procedure and System for Prompt Responding to Compliance Issues

a. Conducting Timely and Reasonable Inquiry of Detected Offenses

Passport has established and implemented procedures to promptly respond to compliance issues, including FWA as they are raised and investigates potential non-adherence as identified via self-evaluations, audits, hotline, member complaint, etc. Program non-compliance detection may be at the plan or subcontractor level. Investigations occur within two (2) weeks after the date of a potential con-compliance or potential FWA incident is identified. A preliminary investigation is conducted by the CCO, or a member of the compliance team, including the PIU. Additionally, Passport reports significant Medicaid program non-compliance to DMS, as soon as possible after its discovery.

b. Corrective Actions

Problems are corrected timely and thoroughly to reduce the potential for reoccurrence and ensuring ongoing compliance with DMS requirements. Corrective actions are designed to correct underlying problems that resulted in the problem violation and to prevent future non-compliance.

Passport conducts root cause analysis related to FWA, compliance problems or deficiencies to understand the occurrence and to better address appropriate corrective actions and the timeframes for resolution. Passport requires corrective action plans from Subcontractors to assure correction of any identified deficiencies and follows up to assess whether the actions undertaken were effective. Corrective action plans are documented in writing and include ramifications for failure to implement satisfactorily, including employment or contract termination, if warranted.

c. Identifying Providers with a History of Complaints

Passport maintains files for a period of ten (10) years on any provider that has been subject to a complaint, investigation, violation, and/or prosecution related to FWA, including enrollee complaints, NBI MEDIC investigations, OIG and/or Department of Justice investigations, US Attorney prosecution, and any other civil, criminal, or administrative action for violations of federal or state health care program requirements. Files contain documented warnings and educational contacts, results of previous investigations and copies of complaints resulting in investigation.

Passport acknowledges that the implementation of a Compliance Program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is Passport’s expectation that associates will comply with the Code. In the event that Passport becomes aware of violations of law or company policy, Passport will investigate the matter and, where appropriate, take disciplinary action or implement corrective measures to prevent future violations.

7. Corrective Action Procedures

A compliance program increases the likelihood of preventing, or at least detecting, unlawful and unethical behavior. However, Passport recognizes that even an effective compliance program may not prevent all violations. As such, Passport’s Compliance Program requires Passport to respond promptly to potential violations of law or company
policy, take appropriate disciplinary action in a consistent manner, assess whether the violation is in part due to gaps in Passport’s policies, practices, or internal controls, and take action to prevent future violations.

a. Well-Publicized Disciplinary Standards
Passport has well publicized disciplinary standards that encourage good faith participation in the compliance program by all affected individuals. Policies articulate expectations for reporting compliance issues and assisting in their resolution, identifying non-compliance or unethical behavior, and provide for timely, consistent and effective enforcement when non-compliance or unethical behavior is determined.

Associates who engage in FWA or other misconduct are subject to disciplinary action. Passport associates and Subcontractors are made aware of disciplinary actions through new associate training, ongoing training, and the associate handbook. Providers are made aware via the provider manual, which is part of their contract, and provider training. Any disciplinary action will be coordinated by the VP of Human Resources in consultation with the CCO. Depending on the severity of the offense, discipline may include counseling, oral or written warnings, modification of duties, suspension or termination. Passport maintains records of all compliance violation disciplinary actions for ten (10) years, and periodically reviews these records to ensure that disciplinary actions are appropriate to the seriousness of the violation, fairly and consistently administered, and imposed within a reasonable timeframe.

VI. Areas of Focus for 2017

Delegation Oversight
The Compliance Department is responsible for ensuring that subcontractors are in their contract with Passport and with Kentucky regulatory requirements, as well as federal and state laws and regulations. To ensure that subcontractors adhere to the applicable requirements we conduct annual assessments and targeted reviews of t subcontractor. In addition, we required subcontractors to provide periodic reports to Passport on their performance. In 2017, Passport will develop methods of improving the efficiency of our delegation oversight activities and ways to collaborate with subcontractor compliance departments that will help the subcontractor comply with contracted and regulatory requirements.

Risk Management
Risk Management is fundamental to organizational control and a critical part of providing sound corporate governance. It touches all of the organization’s activities. The establishment of an effective risk management program is a key responsibility of management and the board, who are responsible for adopting a coordinated approach to the identification of organizational risk, creating controls to mitigate those risks and monitoring and reviewing the identified risks and controls. In 2017, Passport will develop strategies to ensure risk management is integrated into the organization, both at the strategic and operational levels.

VII. Closing
Passport believes that its Compliance Program reflects Passport’s strong commitment to the highest standards of corporate conduct and ethics. Passport continually strives to prevent and detect violations of law or Passport policy, and to encourage and promote ethical business conduct throughout all levels of Passport’s organization.
Compliance
The time is always right
to do the right thing