


COMPLIANCE	 From DentaQuest		
	<i>Policy and Procedure</i>		
	Policy Name:	Delegation Oversight	Policy ID: PLANCG-76
	Approved By:	Courtney Barnes Ransom, Head of Risk Management, Ethics & Compliance	Last Revision Date: 10/1/2024
	States:	Oregon	Last Review Date: 10/2/2024
	Application:	Medicaid	Effective Date: 10/2/2024

## PURPOSE

This policy outlines the delegation oversight activities of First Tier, Downstream, and Related Entities (FDRs) or sub-delegated entities that perform the Centers for Medicare and Medicaid Services (CMS) mandated functions on behalf of the DCO. As the effective management of FDRs or sub-delegated entities involves both Compliance and Vendor Management, this policy establishes a procedure by which the Programs cooperate to ensure communication of, and compliance with, regulatory and statutory requirements to vendors performing sub-delegated functions. Further, this policy establishes a standardized process for evaluating and managing pre-delegation audits, audits, and monitoring efforts of the entities to which the DCO delegates core operations and/or administrative functions. The DCO ensures that each sub-delegated entity fulfills the terms and conditions of its delegated functions with the DCO, and that each entity is complying with all applicable federal, state, and local laws, and internal policies and procedures.

## POLICY

It is the policy of the DCO to ensure that it operates in compliance with applicable laws, regulations, contractual obligations, and company policies related to sub-delegation of services. The DCO may use a variety of vendors and subcontractors (hereinafter “delegates”) to perform services and functions on its behalf for which the DCO is contracted to deliver. The DCO’s services are governed by state and federal laws, regulations, and sub-regulatory guidance as well as contractual obligations. These legal and contractual requirements must be met by the DCO’s delegates in the same form and manner as they are met by the DCO, itself.

## REFERENCES

42 C.F.R. §§ 422.503 (b)(4)(vi)(F), 423.504 (b)(4)(vi)(F), 438.230  
Medicare Managed Care Manual, Chapter 21  
42 C.F.R. § 438.608(a)

## DEFINITIONS

- Corrective Action Plan:** The DCO is held liable for the failure to meet contractual requisites performed by any third-party entity, contractors, subcontractors, first-tier, downstream or related entities working on behalf of the DCO to meet those contractual requisites. When it is determined that a subcontractor is not performing their functions in accordance to their Master Services Agreement (MSA), the DCO implements a Corrective Action Plan (CAP) for subcontracted functions that are noncompliant, and to ensure that the subcontractor demonstrates a process for avoidance of future issues. The DCO will continue to monitor all outstanding CAPs until remediation is completed and CAP is closed.

- **Delegation:** Delegation will be clearly identified under written agreement (MSA), which specifies the delegated activities, reporting responsibilities of the entity, revocation of delegation of activities, and evaluation process by the DCO. CMS considers delegation a business relationship between the organization and a first-tier entity to perform certain functions that otherwise would be the responsibility of the organization to perform. The organization oversees and is accountable for any functions or responsibilities that are delegated to other entities whether the functions are provided by the first-tier and other downstream entities.
- **Delegated Functions:** Core administrative functions that the DCO may choose to delegate such as: Utilization Management, Case Management, Credentialing and Re-credentialing, Claims Processing, Call Center Operations, Marketing, Network Maintenance and Development, Enrollment and Applications Processing, and /or Provider Appeals, Complaints and Grievances. The DCO may also choose to delegate member appeals only in the cases of routine dental and/or vision care. Certain functions above may require the submission of the agreement to the state agency for approval prior to implementation.
- **“Downstream Entity”** means any party that enters into a written arrangement, below the level of the arrangement between the DCO and a first-tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.
- **“First-Tier Entity”** means any party that enters into a written arrangement to provide administrative or health care services.
- **“Sub-delegate or Subcontractor:** An entity authorized to do business within the state & federal regulations and that accepts contractual responsibility to perform on behalf of the DCO.
- **“Related Entity”** means an entity that is related to the common ownership or control and performs some of the DCO management functions under contract or delegation; furnishes services to enrollees under an oral or written agreement.

## PROCEDURE

- A. Routine Meetings:** as Company and Vendor contractual relationships depend upon both the accurate and successful execution and adherence to specific contract terms, it is incumbent upon the Company to communicate in writing through the Vendor Management Program, any regulatory or other significant operational changes affecting our vendors, subcontractors, business associates, or any other entities from which we obtain goods or services.
1. The Chief Ethics & Compliance Officer and Vice President of Procurement will meet semi-annually to review:
    - a. vendor activity found to be in violation of HIPAA regulations and developing business-appropriate transitions plans, if required;
    - b. vendors to ensure appropriate categorization and determination of any subcontractors who should be defined as a “First-Tier, Downstream, or Related Entity” (FDRs); and
    - c. Proposed or potential vendor onboarding for purposes of delineating any sub-delegation activities.
  2. The Compliance and Vendor Management Departments will develop and review the results of the annual Vendor Audit Plan to ensure that appropriate oversight occurs of all vendors in accordance with CMS requirements.

**B. Pre-Delegation and Annual Audit:** The DCO will audit activities to be performed by a vendor prior to contract inception, upon inception and at a minimum of annually thereafter, to assure the vendor's activities are being performed in accordance with CMS regulations. These pre-delegation and annual audits include comprehensive reviews of our vendor's capabilities to meet our compliance standards.

1. Where appropriate, an on-site or desktop audit is conducted to ensure that the vendor is capable of meeting the established performance standards of the DCO, CMS, State and Federal regulations and other relevant accreditation bodies such as the National Committee on Quality Assurance (NCQA) requirements, as applicable.
2. The DCO flows down its Compliance Program requirements to its subcontractors and routinely monitors their compliance with its Compliance Program requirements. As part of the Vendor Management Compliance Monitoring process, The DCO instructs its subcontractors to attest to (1) receiving/reviewing its compliance policies and procedures via a Compliance Questionnaire, (2) completing required training or confirming that they have comparable training in place and (3) disclosing any exclusions or conflicts of interest. The DCO tracks responses from its subcontractors to ensure they review required compliance materials and attest to compliance, where applicable.
3. Should any vendor or supplier be determined out of compliance with statutory or regulatory compliance requirements, Compliance will draft a Corrective Action Plan for Vendor Management to implement with the Vendor.

**C. Protecting Personal Health Information:** As some clients prohibit offshoring of their sensitive member information, in no case will PHI or PII be transferred to the offshore premises of a Vendor. Should it become necessary to implement offshore use of PHI or PII to perform a delegated function, The DCO Compliance and Vendor Management Departments will obtain client approval as required by applicable client contracts.

***Revision History***

Date:	Description
2/23/2017	Drafted new policy 1200.006 Delegation Oversight.
2/23/2017	Retired old policy 1200.006 Vendor Mgmt. Inter-Department Compliance
1/24/2018	Added new Section B. Pre-Delegation and Annual Audit, item 2.
2/27/2018	Conversion to revised policy and procedure format and naming convention.
11/12/2018	Corporate Compliance Committee approval
11/18/2019	Revised as part of annual updates
11/10/2020	DCO Compliance Committee approval
10/5/2021	Updates based on annual review.
12/31/2022	Updates based on annual review.
09/05/2023	Updates based on annual review.
10/1/2024	Updates based on annual review.

