

**Health Plan of San Mateo  
Policy & Procedure Manual**

<b>Procedure:</b> CP.023		<b>Title:</b> Pre-Delegation Review	<b>Original Effective Date:</b> 05/26/2022
<b>Revision:</b> 1	<b>Last Reviewed /Revised:</b> 05/21/2024	<b>Dept:</b> Compliance	<b>Page</b> 1 of 6

<b>Approval By:</b> Compliance Committee		<b>Date:</b> 11/09/2024
<b>Annual Review Date:</b> 07/01/2025		
<b>Authored by:</b> Government and Regulatory Affairs Manager		
<b>Pursuant To:</b> <input checked="" type="checkbox"/> DHCS Contract Provision Exhibit A, Attachment III, Provisions 1.3 – 1.3.1 <input type="checkbox"/> Health and Safety (H&S) Code <input checked="" type="checkbox"/> CFR 42 CFR 422.503(b)(4)(vi); 42 CFR 422.504(i); 42 CFR 423.504(b)(4)(vi); 42 CFR 423.505(i); 42 CFR 438.230 <input checked="" type="checkbox"/> APL / DPL APL 23-006		<input type="checkbox"/> W & I Code <input type="checkbox"/> California Title # <input checked="" type="checkbox"/> NCQA <input checked="" type="checkbox"/> Organization Need <input checked="" type="checkbox"/> Other Medicare Managed Care Guide Chapter 21, Section 40; Medicare Prescription Drug Benefit Manual Chapter 9, Section 40;
<b>Departments Impacted:</b> All		

**Policy:**

This policy specifies the obligation of HPSM Business Owners to conduct pre-delegation reviews of any subcontractor that will assume responsibility for delegated activities. Pre-delegation reviews may occur at the beginning of a contracting relationship, or prior to the expansion of an existing contractual relationship.

**Scope**

This procedure applies to (check all that apply):

<input checked="" type="checkbox"/> All LOBs/Entire Organization	<input type="checkbox"/> CCS	<input type="checkbox"/> Medi-Cal Expansion
		<input type="checkbox"/> Medi-Cal Adults
<input type="checkbox"/> ACE	<input type="checkbox"/> HealthWorx	<input type="checkbox"/> Medi-Cal Children
<input type="checkbox"/> CA- DSNP	<input type="checkbox"/> Medi-Cal	<input type="checkbox"/> Other (specify)

**Responsibility and Authority**

- The Chief Government Affairs and Compliance Officer is responsible for implementing a Compliance Program to ensure that HPSM services are provided in accordance with all applicable federal, state, and county laws and regulations.

## Health Plan of San Mateo Policy & Procedure Manual

Procedure: CP.023		Title: Pre-Delegation Review	Original Effective Date: 05/26/2022
Revision: 1	Last Reviewed /Revised: 05/21/2024	Dept: Compliance	Page 2 of 6

- The Compliance Committee is responsible for reviewing and monitoring overall delegate performance.
- Business owners, that is individuals with activities under their purview delegated to a delegate, are responsible for day-to-day oversight of delegated activities, relationship management and for reporting issues of non-compliance regarding delegate performance to the Compliance Department in accordance with CP.003 and CP.022.

### Definitions

***Account Manager*** is the HPSM business owner responsible for day-to-day oversight of subcontractors delegated responsibilities of the business owner's operational area.

***Auditing*** is a formal review of compliance with a particular set of internal (e.g., policies and procedures) or external (e.g., laws and regulations) standards used as base measures, and are performed by someone with no vested interest in the outcomes or FDR being reviewed.

***Delegate*** is any entity that HPSM enters a contract with and is authorized to perform functions which HPSM is obligated to perform pursuant to contractual obligations, regulations, and accreditation standards.

***Downstream Entity*** is any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with an HPSM Medicare line of business below the level of the arrangement between HPSM 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*** is any party that enters a written arrangement with HPSM to provide administrative services or health care services to an HPSM member.

***Monitoring*** includes surveillance activities conducted during the normal course of operations and which may not necessarily be independent of the business area being monitored (e.g., self-reviews, peer reviews, etc.). Monitoring activities may occur to ensure corrective actions are being implemented and maintained effectively or when no specific problems have been identified to confirm ongoing compliance.

***Related Entity*** would be any entity related to HPSM by common ownership or control and (1) performs some of HPSM's management functions under contract or delegation; (2) furnishes services to Medicare beneficiaries under an oral or written agreement; or (3) leases property or sells materials to HPSM at a cost of more than \$2,500 during a contract period.

## Health Plan of San Mateo Policy & Procedure Manual

Procedure: CP.023		Title: Pre-Delegation Review	Original Effective Date: 05/26/2022
Revision: 1	Last Reviewed /Revised: 05/21/2024	Dept: Compliance	Page 3 of 6

**Risk Assessment** is the identification, measurement, and prioritization of likely relevant events or risks that may have material consequences on HPSM's ability to maintain compliance with program requirements.

**Subcontractor** any entity that HPSM contracts with to perform services for or on behalf of HPSM.

### Procedure

#### 1.0 Accountability

- 1.1 HPSM maintains ultimate responsibility for the performance of subcontractors delegated functions.
  - 1.1.1 HPSM is obligated by Medi-Cal, Medicare, the Knox-Keene Act, and NCQA standards to validate a subcontractor's ability to perform activities identified for delegation.
- 1.2 A business owner is considered "assigned" if they have been given authority for oversight of a subcontractor by their department head. Department heads will otherwise be considered assigned for subcontractors performing functions under their operational area.
- 1.3 The assigned Business Owner shall function as the Account Manager for subcontractors performing delegated responsibilities.

#### 2.0 Purpose

- 2.1 The purpose of a pre-delegation audit is to fully assess a proposed delegate's capacity to manage and perform the delegated function(s) in accordance with state and federal laws, rules, regulations, NCQA accreditation standards, and HPSM policies and procedures.
- 2.2 The pre-delegation audit is conducted prior to the effective date of delegation, and consists of a desktop review of documentation, review of the proposed delegate's downstream arrangements, and an in-person visit, if necessary.
- 2.3 Information collected during the pre-delegation audit may include but is not limited to:
  - 2.3.1 policies and procedures;
  - 2.3.2 program descriptions and work plans;
  - 2.3.3 forms, tools, systems and reports;
  - 2.3.4 sub-delegation agreements;

**Health Plan of San Mateo  
Policy & Procedure Manual**

<b>Procedure: CP.023</b>		<b>Title: Pre-Delegation Review</b>	<b>Original Effective Date:</b> <b>05/26/2022</b>
<b>Revision:</b> <b>1</b>	<b>Last Reviewed /Revised:</b> <b>05/21/2024</b>	<b>Dept: Compliance</b>	<b>Page 4 of 6</b>

2.3.5 and evidence of accreditation.

2.4 During the pre-delegation audit, proposed delegates are notified of any reporting requirements and frequency, the process by which performance will be evaluated, and the remedies available to HPSM if performance obligations are not fulfilled.

2.4.1 Drivers of reporting requirements, frequency, and performance evaluation must be inclusive of the needs of HPSM's business functions in addition to regulatory requirements for any delegated line of business (e.g. Medi-Cal, DSNP, HealthWorx).

2.5 The results of the pre-delegation audit will be given to the business owner responsible for the function(s) being delegated, and to the Compliance Committee.

2.6 Any findings from the pre-delegation audit will be marked for follow-up.

2.6.1 Implementation of a contract may proceed with approval of the Compliance Department. Any remaining items for follow-up will be considered undertakings by the delegate and the account manager.

2.7 HPSM retains the right to request assurances from the proposed delegate that any findings will be addressed within a reasonable time, and any repeat findings will be considered proof of inadequate performance and will be addressed by the remedies made available to HPSM in the delegation agreement.

### 3.0 Pre-Delegation Review Process

3.1 The Account Manager will, in consultation with the Compliance Department and other Business Owners, lead and complete the pre-delegation review of subcontractors prior to contracting or prior to initiating delegation. Pre-Delegation Review or Evaluation Requirements

3.2 HPSM will obtain from any subcontractor applicable policies and procedures relevant to the activities identified for delegation under the contract or contract amendment.

3.3 HPSM will evaluate subcontractors' policies and procedures.

3.3.1 Account managers will identify and resolve any conflicts between subcontractors' policies and procedures and applicable regulatory standards, including NCQA standards.

3.3.2 Account managers will identify and resolve any conflicts between subcontractors' policies and procedures and HPSM policies and procedures.

3.3.3 Subcontractors are not obligated to use HPSM policies and procedures.

3.3.4 Subcontractor policies and procedures must ensure HPSM is able to meet the obligations, expectations, and requests of regulatory agencies and NCQA.

**Health Plan of San Mateo  
Policy & Procedure Manual**

<b>Procedure: CP.023</b>		<b>Title: Pre-Delegation Review</b>	<b>Original Effective Date:</b> <b>05/26/2022</b>
<b>Revision:</b> <b>1</b>	<b>Last Reviewed /Revised:</b> <b>05/21/2024</b>	<b>Dept: Compliance</b>	<b>Page 5 of 6</b>

- 3.4 Account Managers will submit to the Compliance Department completed pre-delegation review materials, including but not limited to scoring documentation, communication with the subcontractor and revised policies and procedures for review.
  - 3.4.1 Any identified deficiencies with regulatory and accreditations standards will be returned to the Account Manager for resolution with the subcontractor.
  - 3.4.2 Performance of delegated activities may not begin until the Compliance Department has approved submitted materials.
- 3.5 Completion of HPSM’s RFP process will be considered compliant for the purposes of this policy, so long as a formal assessment is made of the subcontractor’s ability to perform delegated duties is documented pursuant to this policy.
- 4.0 Development of Delegation Grid (Agreement)
  - 4.1 Account Managers will in consultation with the Compliance Department develop a delegation grid (agreement in table form) specifying the delineation of responsibilities for delegated contractual, regulatory, or accreditation standards.
  - 4.2 The Delegation Grid will be agreed upon by the Account Manager, Compliance Department, and subcontractor prior to the subcontractor performing any delegated activities.
  - 4.3 The Delegation Agreement will be reviewed to ensure it contains the following provisions:
    - 4.3.1 Delineates the duties and responsibilities of both HPSM and the proposed delegate;
    - 4.3.2 Outlines the services to be performed by the delegate, including reporting responsibilities that shall occur at least quarterly;
    - 4.3.3 Specifies that performance of the delegate is monitored on an ongoing basis by HPSM, and that HPSM retains the right to audit the delegate with adequate notice;
    - 4.3.4 States that delegate must comply with all applicable Medicare and Medi-Cal laws and regulations and NCQA accreditation standards, as applicable, and any guidance or instructions from CMS, DHCS, or DMHC that pertains to the function(s) being delegated;
    - 4.3.5 Provides for revocation of the delegated activities and/or other remedies in instances where the delegate is not performing satisfactorily.
- 5.0 Submission of Documentation for Audit or Survey

**Health Plan of San Mateo  
Policy & Procedure Manual**

Procedure: CP.023		Title: Pre-Delegation Review	Original Effective Date: 05/26/2022
Revision: 1	Last Reviewed /Revised: 05/21/2024	Dept: Compliance	Page 6 of 6

- 5.1 Pre-delegation review materials, including documentation specified in Section 2.3 of this policy, are subject to audit and review upon survey.
- 5.2 Account Managers will participate in audit or survey interviews as requested by auditors or surveyors.

**Related Documentation**

- CP.021 Delegation Oversight Activities and Responsibilities
- CP.028 Delegation Monitoring and Oversight
- CP.029 Oversight Responsibilities of Medicare FDRs
- CP.030 Oversight Responsibilities for Medi-Cal Delegates

**Attachments**

- None

Log of Revisions	
Revision Number	Revision Date
0	05/26/2022
1	05/21/2024