

Title: CP 5227 Monitoring and Auditing		
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Approved by: PolicyTech Administrators, Meloney Broadway		
Discrete Operating Unit/Facility: Banner Plans and Networks		BUHP/BMA Compliance

I. Purpose and Population:

- A. This policy applies to all Banner Medicaid and Medicare Health Plan lines of business.
- B. To ensure Banner Medicaid and Medicare Health Plans have procedures in place for internal auditing and monitoring to permit assessment of Banner Medicaid and Medicare Health Plan's compliance with federal and state regulations, sub-regulatory guidance, applicable laws, contractual agreements and internal policies and procedures. This ongoing evaluation process is critical to having an effective Compliance Program.

II. Definitions:

- A. Please refer to the link below for full definitions:
[Policy Definitions](#)

III. Policy:

- A. It is the policy of Banner Medicaid and Medicare Health Plans to have a formalized program in place for monitoring processes and outcomes as well as a process for conducting Compliance Audits and managing external audits. Monitoring is an ongoing activity performed by the operational areas as directed by management to confirm ongoing regulatory compliance, identify non-compliance timely and identify intentional deviations. Auditing is a formal review against a set of standards (e.g., policies and procedures and state and federal regulations) conducted by the Compliance Audit Department, or a third party independent of management or an external regulator to ensure that a process and any related controls are effective and in compliance. Banner Medicaid and Medicare Health Plans' Compliance Department also reviews the Compliance Audit Plan and the Internal Monitoring Plans on at least a quarterly basis to ensure the relevance of current auditing and monitoring activities and to update as needed when new issues are identified that may require auditing or monitoring.

IV. Procedure/Interventions:

- A. Compliance Audit Plan
 - 1. Banner Medicaid and Medicare Health Plans' Compliance Department conducts a comprehensive review of the Compliance Audit Plan on an annual basis to ensure the following:
 - a. Auditing on the Audit Plan represents potential risk for Banner Medicaid and Medicare Health Plans as determined by Banner Medicaid and Medicare Health Plans' annual Compliance Risk Assessment.
 - b. Review of risk factor level assigned to the auditing is valid based on the potential risk to Banner Medicaid and Medicare Health Plans, associated contracts or meeting regulatory requirements as determined by Banner Medicaid and Medicare Health Plans' annual Compliance Risk Assessment.
 - c. The Audit Plan is updated at a minimum on a quarterly basis to reflect the status of the audits conducted/scheduled.
 - d. Banner Medicaid and Medicare Health Plans' Compliance Department will add to the Compliance Audit Plan if any new risk is identified throughout the year and when a new audit needs to be conducted.
- B. When relevant and appropriate, Banner Medicaid and Medicare Health Plans Compliance Department will coordinate efforts with other departments from Banner Health who are performing similar activities.
- C. Compliance Audit and Monitoring Modifications
 - 1. Frequency of the auditing or monitoring task is aligned with the results of the Compliance Risk Assessment and the regulatory and contractual requirements.
 - a. If auditing or monitoring results reflect scores that exceed an acceptable benchmark, auditing or monitoring frequency may be reduced.
 - b. If auditing or monitoring results reflect scores that are less than the acceptable benchmark or are trending down, auditing or monitoring tasks may be changed to more frequent review, use of a larger sample size or a more in-depth audit.
 - 2. When there are amendments to State or Federal regulations, the affected audits are updated to reflect the amendment.
 - 3. Auditing and monitoring activities that are no longer mandated or have been changed to reflect new requirements are retired or rewritten, respectively.
 - 4. New auditing and monitoring activities are added as applicable.
- D. Medicare Internal Monitoring:
 - 1. Annually the Compliance Department will meet with Operational areas to develop the Medicare Internal Monitoring Plan. Throughout the year, the Plan may be revised or updated as changes are made to add or remove monitoring activities.
 - 2. Each department has staff to assist with the coordination and documentation of the monitoring.
 - 3. Monitoring activities include, but are not limited to process reviews, audits, and performance metrics.
 - 4. Monitoring activities are collected and reviewed for demonstration of department adherence to monitoring activities.
 - 5. Department leaders are responsible to update the compliance status of a department's monitoring activities and report the outliers or non-compliance outcomes of monitoring activities to the Compliance Department.
 - 6. The Compliance Department regularly reviews the results of the internal monitoring submitted by the operational areas. If deficiencies are noted in timely reporting and/or the department's monitoring activities for three consecutive

months, a Corrective Action Plan (CAP) may be issued. The operational area will be responsible for completing and submitting a corrective action plan to Compliance. The Compliance Department will be responsible for the initiation, review, and monitoring of the CAP thru completion.

7. Medicare Internal Monitoring results and CAPs are reported to Banner Medicaid and Medicare Health Plans Compliance Committees and Governing Bodies on a quarterly basis.

E. Medicare Compliance Plan:

1. The Compliance Plan represents the risks not added to the Audit Plan, for Banner Medicare Health Plans as determined by Banner Medicare Health Plans' annual Compliance Risk Assessment.
2. The Compliance Plan includes the activities the Compliance Officer or designee is responsible for, with the goal of closing gaps and mitigating risks.
3. The Medicare Compliance Plan activities are reported to the Banner Medicare Health Plans Compliance Committees and Governing Bodies on a quarterly basis.

Medicaid Internal Monitoring:

1. Government Programs and the Senior Director, Compliance meets with the Operational Areas for the Banner-University Family Care/ACC and Banner-University Family Care/ALTCS to determine areas to monitor and monthly reporting. Throughout the year, the monitoring may be updated or revised as changes are made to add or remove monitoring activities.
2. Government Programs is responsible for collecting the monitoring data and compiling a dashboard monthly which is reviewed by all leaders.
3. Each department has staff to assist with the coordination and documentation of the monitoring.
4. Monitoring activities include, but are not limited to process reviews, case audits and performance metrics.
5. Monitoring activities are collected and reviewed for demonstration of department adherence to monitoring activities.
6. Department Leaders are responsible to update the compliance status of a department's monitoring activities and report the outliers or non-compliance outcomes of monitoring activities to the Compliance Department.
7. The Compliance Department regularly reviews the results of the internal monitoring submitted by the operational areas. If deficiencies are noted in timely reporting and/or the department's monitoring activities for three consecutive months, a Corrective Action Plan (CAP) may be issued. The operational area will be responsible for completing and submitting a corrective action plan to Compliance. The Compliance Department will be responsible for the initiation, review, and monitoring of the CAP through completion.

F. Medicaid Compliance Plan:

1. The Compliance Plan represents the risks not added to the Audit Plan, for Banner Medicaid Health Plans as determined by Banner Medicaid Health Plans' annual Compliance Risk Assessment.
2. The Compliance Plan includes the Medicaid Compliance Officer or designees' activities with the goal of closing gaps and mitigating risks.
3. The Medicaid Compliance Plan activities are reported to the Banner Medicaid Health Plans Compliance Committees and Governing Bodies on a quarterly basis.

G. Internal Compliance Auditing

1. Banner Medicaid and Medicare Health Plans Compliance auditing extends to all areas of the organization.
 - a. Compliance Auditors are responsible to ensure the creation of the audit methodology, the scope of the audit, tools used to conduct the audit and the drafting of the audit summary.
 2. The Audit Summary includes the audit methodology, scope, results, and recommendations. The summary is provided to the responsible parties associated with the audit. Audits are completed in accordance with the Compliance Audit Plan, in response to a compliance issue or concern, or at the request of Banner Medicaid and Medicare Health Plans' Leadership.
 - a. The Compliance Audit Plan is the mechanism by which all Compliance audits are managed. Those audits which have the greatest level of risk for Banner Medicaid and Medicare Health Plans are treated with the highest priority. The other risks are addressed as necessary either via audits from the Compliance Department or by monitoring/auditing activities conducted by the responsible Departments.
 3. The Compliance Auditors conduct audits on a monthly, quarterly, semi-annual, and/or annual basis dependent upon regulatory requirements and/or level of risk. Sample size is based on applicable Medicare and Medicaid audit methodology.
 - a. An audit with an outcome of 95% accuracy or above is considered fully compliant.
 - b. An audit with an outcome less than 95% accuracy is considered non-compliant and the responsible department is required to create a corrective action plan (CAP) and submit it to the Compliance Department.All audit results and CAPs are reported to Banner Medicaid and Medicare Health Plans Compliance Committees and Governing Bodies on a quarterly basis.
- H. External Auditing
1. Banner Medicaid and Medicare Health Plans' Leadership may deem it necessary to use an external auditing option, and the results thereof shall be reviewed, and actions may be implemented in response to the findings.
 2. The Banner Medicaid and Medicare Health Plans undergo external regulatory audits through-out the year. The Compliance Department project manages the external audits. In addition, external regulators may issue compliance actions as a result of audits or identification of non-compliance.
 3. All audit results and compliance actions are reported to Banner Medicaid and Medicare Health Plans Compliance Committees and Governing Bodies on a quarterly basis.
- I. Compliance Corrective Action Plans and Validation Audits
1. Compliance Corrective Action Plans are issued or self-assigned when auditing or monitoring outcomes result in identification of non-compliance of adherence to state or federal regulations or other standards in accordance with Banner Plans and Networks Compliance Action Policy and Procedure.
 2. Departments that receive audit outcomes resulting in an overall finding of less than 95% are required to submit a CAP to Banner Medicaid and Medicare Health Plans' Compliance Audit Department.
 3. The CAP is documented on the appropriate Banner Medicaid and Medicare Health Plans Corrective Action Plan form and submitted to Banner Medicaid and Medicare Health Plans Compliance Audit Department for review within 10 business days of receiving a non-compliant outcome.
 4. When applicable, a validation audit may be conducted in accordance with the timeline designated in the CAP.
- J. Reporting to Banner Medicaid and Medicare Health Plans Governing Bodies and Compliance Committees

1. The Compliance Department reports the Compliance audit activity, and any coordinated audit activities to Banner Medicaid and Medicare Health Plans' Governing Bodies and Compliance Committees. This includes the number of audits performed each quarter and the results of the audits. The Compliance Department reports the Medicare Internal Monitoring activities to the Banner Medicaid and Medicare Health Plans Governing Bodies and Compliance Committees.

The Compliance Department reports the CAP activity to Banner Medicaid and Medicare Health Plans Governing Bodies and Compliance Committees.

V. Procedural Documentation:

- A. Annually creating and when applicable, updating of the Compliance Audit Plan.
- B. Annually creating and when applicable, updating the Medicare Internal Monitoring Work Plan.
- C. Annually created and when applicable, updating the Compliance Plans.
- D. Scoring of the Compliance Risk Assessment. Results of each year's Compliance Risk Assessment outcomes are compared to the previous year's Compliance Risk Assessment outcomes.
- E. All audits and CAPs will be tracked and reported quarterly to Banner Medicaid and Medicare Health Plans Governing Bodies and Compliance Committees.
- F. Medicare Internal Monitoring activities results, and CAPs are reported quarterly to the Banner Medicaid and Medicare Health Plans Governing Bodies and Compliance Committees.
- G. Compliance Plan activities are reported quarterly to the Banner Medicaid and Medicare Health Plans Governing Bodies and Compliance Committees.
- H. All non-compliant audits will be assigned a CAP.

V. References:

- A. AHCCCS Complete Care Contract; Section D; Paragraph 58 – Corporate Compliance and Paragraph 36 - Subcontractor.
- B. AHCCCS EPD ALTCS Contract; Section D; Paragraph 64 – Corporate Compliance and Paragraph 33 - Subcontractor.
- C. Medicare Advantage Coordinated Care Plan(s) contract; Article III, Element F - Compliance Plan.
- D. Component Six of the Banner Plans and Networks Compliance Program and FWA Plan.
- E. CMS Medicare Managed Care Manual, Chapters 21 and 9, Compliance Program Guidelines, Section 50.6 Element VI: Effective System for Routine Monitoring, Auditing, and Identification of Compliance Risks
- F. 42 CFR 422.503(b) (4) (vi) (E), 423.504(b) (4) (vi) (E)
- G. Banner Medicaid and Medicare Plans Annual Compliance Audit Plan, Medicare Internal Monitoring Plan and Compliance Plans.

VI. Related Policies/Procedures:

- A. Banner Plans and Networks Policy: CP 5001 Compliance Program
- B. Banner Plans and Networks Policy: CP 5108 Compliance Actions
- C. Banner Plans and Networks Policy: CP 5228 Annual Risk Assessment
- D. Banner Health Policy 262: Compliance: Program Obligations.
- E. Banner Health Policy 418: Corrective Action Policy.
- F. Banner Plans and Networks Policy: ND 5020 First Tier, Downstream, and Related Entity Oversight

VII. Keywords and Keyword Phrases:

- A. Auditing

- B. Monitoring
- C. Audit
- D. Monitor