

C. Technical Approach

11. Monitoring and Oversight (Section 21.0 Monitoring and Oversight)

- a. Describe the Vendor’s proposed approach to internal monitoring of operations to ensure compliance with this Contract.

INTRODUCTION

Humana demonstrates its deep commitment to compliance, including comprehensive monitoring and oversight, by its systematic approach and extensive commitment of resources to this function. Our unique local-corporate structure allows for a multi-layered approach to internal monitoring of operations. Our Enterprise Risk Management (ERM) framework provides structure and accountability for our local (market-based) monitoring activities as well as our corporate oversight functions. Our local and corporate monitoring teams use a single system, our Enterprise Solution Point (ESP) system, to track, monitor, and identify risk issues from mitigation to resolution, allowing for seamless sharing of information and identification of risk areas.

ERM is part of Humana’s second line of defense and provides a structured risk management framework that empowers our leaders to strategically identify and manage potential risks to the company. Our Chief Technology and Risk Officer leads this comprehensive program, which applies to all lines of business and departments and includes a focus on fraud as an element of operational risk. For example, the Fraud Risk Management team in ERM is currently working on a project to develop a Humana-wide tool to view case information and analytics across all lines of business and all types of investigative inputs. **This tool, which will break down the silos of people and information, will allow for trend analysis across our various investigative teams including our program integrity units [including our Special Investigations Unit (SIU) and Risk Adjustment Integrity Unit], cybersecurity, safety and security, and legal, to name a few.** While we are in the planning stages of the project, which is anticipated to roll out over the course of the next three years, this system will result in increased transparency and oversight of our investigations into potential fraud and misconduct.

Our ERM framework also includes an Enterprise Risk Management committee, which is composed of our executive-level managers including but not limited to our Chief Executive Officer, Chief Revenue Officer, Chief Legal Officer, Chief Information Security Officer, Chief Strategy Officer, Chief Medical Officer, and business segment presidents. Our Chief Risk Officer, Sam Deshpande, chairs this committee, which meets monthly and provides executive oversight of our ERM program and the risks identified through the program.

Led by our ERM associates, Humana’s oversight and monitoring operations and committee structures are built upon a Three Lines of Defense model. Developed by experts in the field of risk management, Three Lines of Defense is a model for organizing governance, risk management, and internal control roles and responsibilities within our organization. This model improves communication and coordination across areas of risk and establishes a layered system of monitoring and oversight to manage the risks. We employ this model to our internal monitoring and to oversight of third parties such as subcontractors.

First Line of Defense: Under this model, the First Line of Defense is comprised of the business owners and functional areas that are responsible for our business operations and related risks. Our First Line of Defense leaders identify specific risks within their areas of responsibility. For example, our Enrollee and Provider Compliance Grievance and Appeal Coordinator is responsible for identifying risks related to compliance dates, grievance resolutions, and proper notifications. Similarly, our Relationship Managers (RM) are responsible for identifying areas of risk for their subcontractor relationship. This may include reporting obligations; performance compliance requirements; and fraud, waste, and abuse considerations. The First Line of Defense uses ESP to

input data to track their risks and update the status of remediation activities. The ESP platform contains a series of interconnected solutions, each with the goal of assuring that the most efficient and effective governance, risk, and compliance solutions are in place and visible to our managers and leadership.

Second Line of Defense: The Second Line of Defense is responsible for monitoring and overseeing the actual risk and provides both oversight of and support for the First Line's risk taking. Examples of our Second Line of Defense include our Operational Risk Management and Third-Party Risk Management teams. The Second Line coordinates and ensures the risk framework is consistent across functions (e.g., provider disputes, Enrollee grievances and appeals, claims denials, etc.) uses ESP for reporting and tracking and issues Corrective Action Plans (CAPs) and Issue and Opportunity Plans (IOPs).

Third Line of Defense: Composed of our Internal Audit function, these associates provide unbiased assurance and independently assess risks. The Third Line of Defense associates report directly to the Audit Committee of the Board of Directors. The Third Line conducts independent testing of the design, implementation, and sustainability of the solutions chosen to manage risk. This includes independent verification of closure of CAPs and IOPs.

MEDICAID GOVERNANCE STRUCTURE

In Kentucky, as in our other Medicaid markets, our lines of accountability are clear. Our governance structure, along with our ERM framework, charges each associate with responsibility for day-to-day monitoring and risk identification (i.e., The First Line of Defense). Our Medicaid Operations leadership also have accountability for monitoring and are, in turn, overseen by our Operations Steering Committee and Executive Steering Committee.

Executive Steering Committee: This committee establishes the strategy, goals, and objectives of our Medicaid operations and provides strategic leadership over our Medicaid business, including resolving escalated issues and risks. The Executive Steering Committee is part of our First Line of Defense.

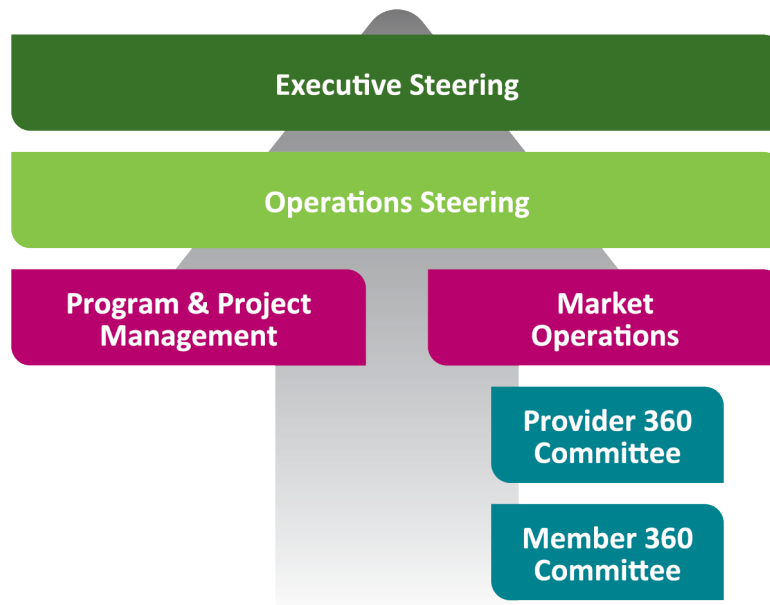
Operations Steering Committee: This committee evaluates and approves Medicaid projects, including those identified through our risk management framework or our monitoring and oversight structure. This committee resolves issues escalated from the Medicaid Operations teams and identifies synergies and strategic opportunities across our functional areas. The Operations Steering Committee maintains a library of lessons learned across their projects to allow for cross-collaboration and sharing of information across teams and departments. The Operations Steering Committee is part of our First Line of Defense.

Along with the cross-functional committees described above, we have multiple departments with responsibility for identifying and monitoring areas of risk.

Medicaid Operations: Our Medicaid Operations team owns and drives resolution of all market-level issues. Our Medicaid Operations team includes our Member 360 and Provider 360 committees. Medicaid Operations associates are part of our First Line of Defense and identify risks related to our operations, as well as potential opportunities for process improvements.

Program and Project Management: Designed to support Medicaid Operations, this team assists in implementing programs and prioritized process improvements. They provide program and project management to support improvement initiatives and drive closure of risks and issues escalated by Medicaid Operations associates.

Figure I.C.11-2: Governance Structure



Our Kentucky associates are supported by our corporate teams, which assist in identifying and mitigating areas of risk of non-compliance. These corporate teams include the following groups:

Contract Management Unit (CMU): CMU is responsible for monitoring sources of guidance and then summarizing and communicating this guidance to Humana associates responsible for Centers for Medicare and Medicaid Services (CMS) and state Medicaid agency Contract requirements. Examples of sources of this guidance are listed below:

- CMS Transmittals and Memoranda
- State Medicaid Agency Transmittals and Memoranda
- Health Plan Management System Memoranda
- Managed Care and Prescription Drug Benefit Manuals
- The Federal Register and Code of Federal Regulations
- The United States Code
- Commerce Clearing House Publications
- American Health Insurance Plan Mailings

Upon Contract award, CMU will conduct an initial or re-review of the Contract and the impact of all rules and regulations to identify any changes required for our policies, processes, and procedures. This review will include all required Enrollee communications, as well as guidance around any marketing communications and activities. CMU associates distribute this information to all impacted departments so they can develop or revise policies and procedures in accordance with all current regulations and Contract requirements. Following award, CMU associates monitor sources of guidance daily for new or revised information and create a summary of the changes, potentially impacted business areas and products, and identified effective dates. CMU leads and/or associates participate in several oversight committees to further the sustainability of compliance with CMS and state Medicaid agency Contract requirements including the Regulatory Compliance (RC) committee, Medicaid Joint Compliance committee, and the Medicaid Operations Steering committee.

Operational Risk Management (ORM): ORM works collaboratively with operational business areas to implement new or revised CMS and state Medicaid agency metrics and non-metrics. ORM also validates, collects, and uploads to ESP evidence of compliance with the metrics and what we call non-metrics. Non-metrics are pieces of guidance or compliance that cannot be measured such as “grievance response language must be written in

terms easily understood by an Enrollee” or “every Enrollee must receive a provider directory.” Specifically, ORM is responsible for the following tasks:

- Assessing CMS and State Medicaid agency guidance and identifying new or revised metrics and non-metrics
- Seeking clarification from RC or the legal team as necessary
- Gathering impacts (if any) from the identified business areas
- Facilitating the implementation of a new or revised metric and/or non-metric as needed
- Obtaining regular updates as to the status of the implementation
- Collecting and storing evidence of compliance with the metric and/or non-metric within ESP

ORM has processes that measure and monitor compliance performance specific to CMS and state Medicaid agency Contract requirements including the following:

- Medicaid Integrated Compliance Scorecards: These monthly scorecards provide a point-in-time assessment of overall compliance for Medicaid. The overall compliance ratings take into consideration key compliance indicators and specific criteria for risk ranking.
- Medicaid Compliance Dashboards (Metrics): These monthly dashboards are based on Contract requirements, audit tools, manuals, and other quantitative requirements monitored by CMS and state Medicaid agencies. The dashboards include metrics focused on compliance measures and indicators of noncompliance and are intended to be a point-in-time snapshot that provide Humana insight into our overall compliance.

ORM also gathers data from business areas and certain subcontractors through ESP. ORM associates validate the data in ESP against evidential reports that the business must upload into ESP to support the metric. **We distribute the dashboards to leaders, managers, and oversight committees on a monthly basis.** These oversight committees include our RC and Executive Steering Committee.

Regulatory Compliance (RC): RC is responsible for overseeing the operational and administrative effectiveness of Humana’s compliance program. Through an effective system of routine monitoring, auditing, and identification of compliance risks, RC can effectively monitor adherence to state and federal requirements. This system includes extensive risk-based assessments of key administrative and operational functions, internal monitoring and auditing, and as appropriate, engagement of external monitoring and auditing to evaluate Humana’s compliance with these requirements and the overall effectiveness of the compliance program. RC works closely with many internal departments (e.g., SIU, Internal Audit Group, ORM, etc.) engaged in identifying compliance risks within Humana and our subcontractors. RC documents compliance deficiencies identified and corrective actions taken in ESP. Our RC associates, specifically our full-time dedicated Kentucky Chief Compliance Officer, will have responsibility for oversight and monitoring of compliance with federal, Commonwealth, and Contract requirements.

b.

Describe the Vendor’s proposed approach to providing oversight of its Subcontractors, including examples of actions the Vendor takes when a Subcontractor is found to be non-compliant or when performance improvement opportunities are identified.

I. APPROACH TO PROVIDING OVERSIGHT OF OUR SUBCONTRACTORS

Humana’s unique corporate-local structure also results in a multi-layered approach to oversight of Subcontractors. At the corporate level, we have established nationwide subcontractor and delegation policies and procedures to ensure consistency across our organization. This includes our Compliance Policy for Contracted Organizations that details our goals and expectations, which we provide to all subcontractors and incorporate into the subcontract’s terms and conditions. **In the Commonwealth, our local on-the-ground executive leadership oversees the operations and performance of our Kentucky subcontractors on a day-to-day basis, bringing those policies and procedures established at the corporate level to our market.** We describe our corporate-local oversight structure in more detail below.

Lifecycle of a Subcontractor Relationship: Our monitoring and oversight of subcontractors begins before we have established a formal relationship through our due diligence process, and it continues through off-boarding and termination.

Figure I.C.11-3: Third Party Risk Management Lifecycle



Due diligence: Prior to contracting with an organization, we have in place a standardized process to ensure compliance with our contracting protocols, as well as applicable legal and risk management requirements. Our ORM team records all new relationships in a centralized repository that details subcontractors’ relevant information and any risk ratings.

Screening: Our screening process includes an extensive review of subcontractors’ financial viability and eligibility to participate in federal and state healthcare benefit programs. Specifically, our associates check all relevant databases to ensure subcontractors have a license to provide services (if applicable) and that they or their owners and executives have not been suspended, excluded, or debarred from participating in a Kentucky or federal healthcare program.

Onboarding: Our subcontractor on boarding process includes sharing relevant documents (e.g., contracts, forms, etc.); data exchange set up; system testing; and establishment of metrics and reporting requirements. We also require that subcontractors’ staff complete the same mandatory training as our associates within 30 days (and annually thereafter) related to applicable CMS and/or Medicaid requirements. This training includes information about our Standards of Conduct, program integrity requirements, and cultural competency, among many other topics. In addition, during Contract implementation or upon initiation of new subcontract all Subcontractors and employees performing services under the contract must complete a one-time training about the Kentucky Medicaid program and the Contract requirements. **Humana automatically terminates access to Humana**

systems if this training is not completed. During onboarding, Humana assigns each subcontractor an RM, discussed below.

Ongoing Risk Monitoring and Reporting: Ongoing monitoring and oversight involves a wide range of activities performed across our First and Second Lines of Defense. **Our ongoing risk monitoring is led on a day-to-day basis by our local, Kentucky-based associates** [including our RMs and Subcontractor Oversight Committee (SOC) - discussed below] and is overseen by our corporate third-party risk management program. These First and Second Line of Defense associates use several point-in-time and forward-looking metrics to track performance, risk exposure, and maintain transparency in decision-making. For any deficiencies found during onboarding or on-going monitoring, our RMs develop a remediation plan to mitigate the risks. This plan may include issuance of a CAP, IOP, more frequent meeting, increased oversight, and/or a path for escalation.

Off-Boarding and Termination: In the event of termination of a subcontractor, the RM, with the support of the Medicaid Operations teams, is responsible for terminating payments and electronic fund transfers, requiring adherence to data return or deletion protocols, return of physical assets and intellectual property, and fulfillment of remaining obligations included in the subcontract.

Third-Party Risk Management Program

Our third-party risk management program supports Humana in overseeing and managing risks arising from third-party relationships, including risks inherent in outsourcing a process and risks specific to a subcontractor. Within our corporate ERM is our specialized Third-Party Risk Management (TPRM) team. Part of the Second Line of Defense, the TPRM team governs the third-party risk management program to support a consistent approach to oversight and monitoring of subcontractors, informing business decisions, and providing transparency to Humana associates and our State partners.

Additionally, we employ other enterprise-wide functions that continuously support, monitor, and provide guidance related to subcontractor oversight. The Grievance and Appeals, SIU, Risk Management, and Legal departments manage these functions. Notably, our Legal Department employs attorneys specialized in CMS/Medicaid regulatory work who provide counsel to Kentucky leadership.

Local Oversight and Monitoring Structure

Relationship Manager (RM): An RM assigned to each subcontractor is the key point of contact between the subcontractor and Humana. RMs are responsible for the subcontractor relationship maintenance and management of performance, pursuant to policy and in coordination with Kentucky market operations and all key constituents.

RMs oversee and monitor the performance of their assigned subcontractors (via regular joint operational meetings with the subcontractor) and receipt of regular reporting (as required in the subcontractor's contract with Humana and in accordance with the State Contract). These Joint Operational Committee (JOC) meetings are designed to review the previous period's subcontractor performance as compared to service level agreements that define performance requirements and their subcontract provisions. The RM leads the JOC meetings, which include engagement by key Commonwealth market operations and subcontractor personnel. We invite the leader responsible for subcontractor oversight performance, along with other business, operations, and compliance team members of both parties as well.

Subcontractor Oversight Committee (SOC): The SOC maintains a comprehensive, collective view of performance across the approved Kentucky subcontractors, with specific focus on oversight and monitoring activities and key performance matters of interest. The SOC is composed of RMs, network contracting leaders, the Medical Director, Regulatory Compliance, and representatives from operational areas within our Medicaid Operations team. The purpose of the SOC is to provide oversight of services provided by the DMS-approved Kentucky subcontractors through a comprehensive, plan-wide system of ongoing, objective, and systematic monitoring. The SOC ensures that delegated services meet the Plan standards for care and customer service, as well as the standards of the Department of Insurance, requirements of state and federal regulatory agencies, and applicable

accrediting agencies such as National Committee for Quality Assurance. The SOC's responsibilities also include, but are not limited to:

- Establishing appropriate oversight mechanisms, procedures, and tools
- Overseeing delegated services by the review of subcontractor activity, performance metrics, and reports
- Reviewing pre-delegation and annual delegation audit findings through monthly summary reporting
- Monitoring progress in the resolution of CAPs as appropriate
- Performing annual evaluation of the monitoring and oversight program and recommending enhancements
- Completing a self-evaluation annually, with feedback by the Quality Improvement Committee (QIC) and market leadership, to ensure it remains current and relevant including the program structure, scope, and effective leadership

The SOC monitors performance across all Kentucky subcontractors through the monthly Subcontractor Performance Summary report. We use this report to assess:

- Subcontractors' performance
- Opportunities for improvement
- Progress in addressing corrective actions
- Opportunities to maximize value

Summaries of subcontractors' performance are forwarded to the Kentucky QIC each month. Matters meriting broader engagement are presented to the Executive Steering Committee at its quarterly meeting.

II. EXAMPLES OF ACTIONS TAKEN WHEN A SUBCONTRACTOR IS NON-COMPLIANT

Humana documents monitoring and oversight actions, including those related to subcontractors' non-compliance and opportunities for improvement, in ESP. Details about the actions, as well as lessons learned, are available to associates through our secure Intranet site.

Timely Notification of Power Outage: One of our former Kentucky Medicaid subcontractors, CareSource, notified Humana face-to-face and via email regarding a CareSource Contact Center phone system outage. As a result of the outage, inbound calls were dropped if they went to hold in queue. The issue was identified by CareSource at 10 a.m. and corrected by 1 p.m., but Humana was not notified of the incident until two days later. This lack of notification prevented Humana from immediately reporting the issue to DMS. As a result, Humana issued a CAP that addressed notification and communication obligations. CareSource developed a process to ensure their business area knows whom to notify at CareSource to ensure timely notification to Humana. Once this was completed, no further issues occurred.

Contact Center Metrics: With regular review of performance metrics, an RM and the SOC found that a Kentucky Medicaid subcontractor was not meeting a call center metric for average speed of answer in accordance with the State Contract. Humana issued a CAP to the subcontractor for failing to meet the State Contract requirements. The subcontractor responded with the root cause of the failure and a remediation plan. Humana monitored the remediation until the metric was in compliance consistently and resolved.

Health Risk Assessment (HRA) Attempts: With regular review of performance metrics, a RM and the SOC found that one of our former Kentucky Medicaid subcontractors, CareSource, was not meeting a contractual performance metric that requires managed care organizations to attempt to contact Enrollees at least three times to complete their HRA. Humana issued a CAP to CareSource for failing to meet the performance requirement. Our RM worked collaboratively with CareSource to identify root causes for the deficiency, including those related to failure to report the attempts rather than failure to make the attempts. Our RM and SOC monitored this metric on an ongoing basis until termination of the subcontract.

III. EXAMPLES OF ACTIONS TAKEN WHEN THERE ARE PERFORMANCE IMPROVEMENT OPPORTUNITIES

Transportation Subcontractor Oversight: As a result of Enrollee grievance and appeals and provider complaints, along with grievance and appeals dashboards, the SOC noted an increase in disputes related to a Medicaid transportation subcontractor. While the subcontractor was within the State-mandated performance requirements, the increase in complaints and grievances, along with trend analysis using our data analytics platforms, indicated an opportunity for performance improvement. The RM worked with the subcontractor to implement a new monitoring system that includes the following remedial actions:

- Daily calls for urgent and “red flag” issues
- Bi-weekly scheduling calls to review scheduling challenges, monitored cases, hot topics, and trends identified through our data analytics platforms (such as Mattersight, Clarabridge, or mhk) and spikes in provider or Enrollee grievances
- Monthly meetings to look at overall performance data, using a newly-created performance scorecard, to address trends and identify any specific service-related challenges

The RM provided summaries of these meetings to the SOC for continued oversight until the subcontract was terminated.

Missing Information in Provider Files: During one of our subcontractor oversight meetings with our former Kentucky Medicaid subcontractor CareSource, we collaboratively identified that certain provider files were missing a Humana-required datum point. We noted this as an opportunity for improvement because this missing datum could potentially result in a delay of claims payment, though such delays had not yet occurred. To resolve the issue, in the short term we identified a manual process to solve the problem while our information technology (IT) team developed new logic to resolve the issue. Our network management and IT teams tested this, and we instituted a quality management check to ensure resolution and compliance.