



Frequently Asked Questions (FAQs) for First Tier, Downstream and Related Entities (FDRs)

These FAQs were developed for Quartz's FDRs. They summarize common questions and answers about Medicare compliance requirements. FDRs can access Quartz's [FDR Compliance Guide](#) which explains each requirement in more detail.

I. General questions

1. What does FDR mean?

FDR stands for first tier, downstream and related entities. If you perform an administrative or health care services on behalf of Quartz's Medicare Advantage business, then you are an FDR.

Examples of FDRs include physicians, hospitals, dentists and other provider types, including dental and vision providers, contracted to provide services to our Medicare Advantage members, sales partners/agents contracted to market and sell our Medicare Advantage products, vendors providing administrative services for our Medicare Advantage members/products and delegated entities contracted to make decisions on our behalf for our Medicare Advantage members/products.

The Centers for Medicare & Medicaid Services (CMS) defines FDRs as:

- **First Tier Entity** - Any party that enters into a written agreement, acceptable to CMS, with a Medicare Advantage Organization (MAO) or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the Medicare Advantage (MA) program or Part D program.
- **Downstream Entity** - Any party that enters into a written agreement, acceptable to CMS, with persons or entities involved with the MA benefit or a Part D benefit, below the level of the arrangement between an MAO or applicant or a Part D plan sponsor or applicant and a first tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.
- **Related Entity** - This refers to any entity that is related to an MAO or Part D Sponsor by common ownership or control and:
 1. Performs some of the MAO or Part D plan sponsor's management functions under contract or delegation;
 2. Furnishes services to Medicare enrollees under an oral or written agreement; or
 3. Leases real property or sells material to the MAO or Part D plan sponsor at a cost of more than \$2,500 during a contract period.

2. What Quartz products, plans, and providers do these requirements apply to?

We offer Medicare Advantage (Part C) and Prescription Drug (Part D) coverage to eligible Medicare members. These requirements apply to all entities that participate in any of these plans:

- Medicare Advantage (MA)
- Prescription Drug (MAPD)
- Dual Eligible Special Need (DSNP)

3. I am a provider for Original Medicare (Parts A or B). Do these requirements apply to me?

If you are a provider that accepts Original Medicare (Part A and B) and contracts with Quartz to provide services to our Medicare Advantage members, then these requirements apply to you. This includes, but not limited to: individual providers, ancillary providers, dentists, behavioral health, group practices, facilities, hospitals, and delegated entities.

These requirements apply to you if you are contracted to provide an administrative or health care services to our Medicare Advantage members. If you are unsure of your contracting status with us, please contact us at QuartzFDR@quartzbenefits.com.

4. What if I do not service or accept Medicare Advantage plan members, am I still required to complete an annual attestation.

If you received an annual attestation notice, you are participating in our Medicare Advantage or Dual Eligible Special Need Plan (DSNP). Whether you see or do not see members in our plans these requirements apply to you or your organization.

The attestation is requested from our FDRs to verify that you have received the CMS Compliance Program requirements, and you are compliant with these requirements. Failure to complete the FDR attestation may result in additional action up to termination of contract.

The FDR attestation is required based upon your contractual relationship with Quartz and not based on whether you see or have seen members for these products. If you do not feel you participate in any of our plans, please contact us at QuartzFDR@quartzbenefits.com.

5. What is the source of these requirements?

These regulatory requirements are from CMS.

They are described within the [Medicare Managed Care Manual, Chapter 21 – Compliance Program Guidelines and Prescription Drug Benefit Manual, Chapter 9 – Compliance Program Guidelines](#) and updates in CY 2015 Final Rule CMS-4159-F published May 23, 2014 on CMS website. The Medicare Advantage Addendum attached to your contractual agreement also is a source for these requirements.

6. Are the requirements new?

No, these requirements are not new. As an FDR, you, or your organization and all your downstream entities must comply with Medicare compliance requirements. There have been changes to these requirements since they were implemented. If you aren't familiar with the requirements, review our Medicare Advantage FDR Compliance Guide found under FDR Resources [here](#).

7. What happens if your organization is not complying with all the Medicare compliance requirements? Who do we report this to? Will we be terminated?

If your organization is not meeting the requirements, you should contact your Quartz contract manager (account manager, provider representative, etc.). Do not worry about retaliation. We enforce a zero-tolerance policy for retaliation or intimidation against anyone who reports concerns in good faith. You can make reports anonymously; please refer to our [Reporting Poster](#).

If you are willing to comply with the requirements, your contract will not be terminated. We will work with you to implement a corrective action plan (CAP) to ensure you can comply, and we will provide training and education on these requirements.

- 8. Why am I receiving a Medicare Advantage FDR Annual Compliance Attestation to complete?**
You were identified as an FDR because of your contractual relationship with us. CMS requires us to have oversight of our FDRs. Part of this oversight includes collection of an attestation to confirm that you understand and are complying with Medicare compliance requirements.
- 9. I have no employees. Do I have to complete an attestation?**
Yes, you are required to submit an attestation even if you have no employees. This includes solo practitioners, sales partners, agents, etc.
- 10. Does each staff member have to complete an attestation? Who is required to complete the attestation?**
No. An authorized representative must complete and submit an attestation on behalf of your organization. We describe who might be an authorized representative in Medicare Advantage FDR Compliance Guide found under FDR Resources [here](#).
- 11. How often do I have to complete the attestation?**
The Medicare Advantage FDR Annual Compliance Attestation is due annually each year as part of our oversight of FDRs.
- 12. What documentation must I keep showing compliance with Medicare compliance requirements?**
You must have documentation to show you are compliant with each requirement. Reference our [Evidence Examples](#) table that provides examples of the types of evidence that may be requested by us and CMS.
- 13. Who do I contact if I have more questions?**
If you have any questions about the Medicare compliance requirements that are not addressed in our Medicare Advantage FDR Compliance Guide, you can submit your questions to QuartzFDR@quartzbenefits.com

II. General compliance and fraud, waste, and abuse (FWA) training

- 14. Why is it necessary for you to provide general compliance and FWA training to all applicable employees and downstream entities?**
As an FDR, your organization must provide general compliance and FWA training to all applicable employees and downstream entities assigned to provide administrative or health care services for Quartz's Medicare Advantage business.
- CMS no longer requires FDRs to complete its Medicare Parts C and D General Compliance and Combating Medicare Parts C and D Fraud, Waste, and Abuse Training. Instead, you may complete your own version of general compliance and FWA training specific to your organization's needs, or complete the [CMS standardized general compliance training module](#) and the [CMS standardized FWA training module](#).
- 15. When must trainings/education be completed?**
- Within 90 days of hire or effective date of contracting
 - When materials are updated
 - Annually thereafter
- 16. What kind of documentation do I need to show training was completed?**
Documentation must include employee names, dates of completion and scores (if captured). Evidence of completion may be in the form of, attendance sheets, training logs, certificates, attestations, or electronic acknowledgements.

You must keep maintain evidence of training completion for a minimum of 10 years. Quartz may request this evidence to ensure completion of the training. If you are deemed except from FWA training requirements, you must retain evidence of your deemed status.

17. Can an FDR be deemed (exempt) from having to provide general compliance and FWA training or its employees and downstream and related entities?

Only FWA training can be deemed for FDRs that meet the FWA certification requirements through enrollment into Parts A or B of the Medicare program or through DMEPOS accreditation. FDRs deemed from providing FWA training must still provide general compliance training and meet other CMS compliance program requirements found in our Medicare Advantage FDR Compliance Program Requirements Guide found under FDR Resources [here](#).

III. Code of Conduct and compliance policies

18. What is a Code of Conduct?

Code of Conduct also know in some organizations as the “Standards of Conduct.” It states the overarching principles and values by which the company operates, and defines the structure for the compliance program.

19. How often must the Code of Conduct be distributed?

Your Code of Conduct and/or compliance policies must be distributed to employees:

- Within 90 days of hire
- Each calendar year (annually)
- When changes are made

20. Can I use my own Code of Conduct?

Yes, you can use your own Code of Conduct and compliance policies. They must contain the elements set forth in Section 50.1 and its subsections of [Chapters 9 of the Prescription Drug Benefit Manual and Chapter 21 of the Medicare Managed Care Manual](#). It must express your entity’s commitment to comply with federal and state laws, ethical behavior and compliance program operations.

If you do not have your own Code of Conduct and compliance policies, you can disseminate Quartz’s Code of Conduct and applicable compliance policies that describe how our Compliance Program operates. You will find these on our FDR Compliance webpage under FDR Resources [here](#).

IV. Exclusion lists screenings

21. What are the exclusion lists?

There are two exclusion lists you must check:

- [Office of Inspector General \(OIG\) List of Excluded Individuals and Entities \(LEIE\)](#)
- [General Services Administration \(GSA\) System for Award Management \(SAM\)](#)

22. What is the difference between the OIG LEIE and GSA SAM?

GSA SAM includes exclusion and debarment actions taken by various federal agencies. The OIG only contains the exclusion actions taken by the OIG. You must screen both.

23. What are the requirements related to exclusion list screenings?

FDRs must review both the [OIG](#) and [GSA SAM](#) exclusion lists. Review both of these lists before hiring or contracting and monthly thereafter. We explain this requirement in more detail within the [Medicare Advantage FDR Compliance Guide](#).

Monthly screenings ensure your employees and downstream entities are not excluded from participating in federal health care programs. Federal money cannot be used to pay for services provided or prescribed by an excluded person or entity.

24. How often do the exclusion lists screenings have to be completed?

Both the [OIG](#) and GSA [SAM](#) exclusion lists must be checked before hiring/contracting and monthly thereafter.

25. What evidence must I keep showing that these checks were completed?

The documentation may vary depending on how you complete the screenings. If you perform these checks using an automated system or program, your documentation may be based on the information available within that system.

Regardless of the system or process you use to complete these checks; your documentation must demonstrate:

- Which exclusion list(s) were checked (i.e., OIG/GSA SAM)
- The date the check was completed
- Names of the individuals and entities that were checked
- Results of the check

If you complete the screenings manually, you can keep a screening log and use it to capture all of the required information. You must also keep the source documentation to support exclusion list screenings were completed, such as screenshots from the actual websites or a database record that includes all the bulleted information above.

26. What if the individual or entity is identified as excluded?

You should immediately stop them from doing any work on Quartz's Medicare Advantage business and [report](#) this to Quartz immediately.

V. Record Retention

27. How long do I need to maintain records?

FDRs must maintain records of Medicare compliance program requirements for a minimum of 10 years. Examples include:

- Employee training records
- Distribution of the Code of Conduct or compliance policies
- OIG/GSA SAM exclusion list screenings
- Reports of and responses to suspected noncompliance and/or FWA
- Auditing and monitoring activities and any corrective actions taken

An FDRs inability to produce documentation may result in a request for corrective action or other contractual remedies. Be sure that your organization has a policy in place that outlines your organization's documentation policy and process. Also ensure your policy is shared and understood by employees, and that all Medicare compliance program documentation is retained for at least 10 years.

VI. Reporting Mechanisms

28. What is Fraud, Waste, and Abuse (FWA)?

Fraud: Is the intentional deception or misrepresentation made by an individual, knowing that the misrepresentation could result in some unauthorized benefit to them or to others. The most common kind

of fraud involves false statements or deliberate omission of information that is critical in the determination of authorization and payment for services.

Waste: Overutilization of services or other practices that, directly or indirectly, result in unnecessary cost to the healthcare system, including Medicare and Medicaid programs. It is not considered to be caused by criminally negligent actions, but by misuse of resources.

Abuse: Payment for items or services when there is not legal entitlement to that payment and the individual or entity has not knowingly and/or intentionally misrepresented facts to obtain payment.

Medicare Fraud and Abuse Laws: Federal laws governing Medicare fraud and abuse include all of the following:

- Federal False Claims Act (FCA)
- Anti-Kickback Statute (AKS)
- Physician Self-Referral Law (Stark Law)
- Social Security Act
- United States Criminal Code

29. Do we have to report noncompliance and FWA to Quartz?

Yes. Your internal processes must include a process to report concerns to Quartz. You must notify Quartz about any actual or potential noncompliance and FWA if it impacts our Medicare Advantage business.

Quartz's FDRs can make reports using the mechanisms found in the Quartz [Code of Conduct](#). We enforce a zero-tolerance policy for retaliation or intimidation against anyone who reports a concern in good faith.

If you don't have internal reporting mechanisms, you can share our [Compliance and FWA Reporting Poster](#) with your employees and downstream entities so they can report concerns directly to Quartz.

30. What can I do if I suspect FWA or noncompliance?

You must report the issue to us so we can investigate and respond to it immediately. Our [Compliance and FWA Reporting Poster](#) describes a few of the ways you can make a report to Quartz.

As a Quartz Medicare Advantage FDR, you can make reports using any of the mechanisms listed in the Quartz [Code of Conduct](#). Do not worry about retaliation. We enforce a zero-tolerance policy for retaliation against anyone who reports suspected misconduct.

VII. Downstream entity oversight

31. Which of my subcontractors are considered downstream entities?

Not every subcontractor is considered a downstream entity. Only those entities who provide administrative or health care services for Quartz Medicare Advantage business are downstream entities. FDRs should have processes in place to identify and classify subcontractors as downstream entities.

32. Why are we asking about my downstream entities (i.e., subcontractors)?

We are accountable to CMS for all our FDRs. If you are subcontracting, then we need to ensure you are doing appropriate oversight of your downstream entities.

33. What requirements apply to downstream entities?

Downstream entities must comply with applicable regulatory requirements that apply to the Medicare Parts C and D program. This includes the compliance program requirements further explained in our Medicare Advantage FDR Compliance Guide found under FDR Resources [here](#).

34. What oversight is expected for my downstream entities?

If you utilize downstream entities, you must oversight of their compliance and performance. This includes testing compliance program requirements and performance of your downstream entities through auditing and monitoring and requesting corrective actions when deficiencies are identified.

IX. Offshore Operations

35. What is an offshore subcontractor?

CMS considers MA organizations and PDP sponsors to be “contractors” with respect to CMS for the purposes of delivering Medicare Part C and Part D benefits. The term “subcontractor” refers to any organization that a sponsor contracts with to fulfill or help fulfill requirements in their Parts C and/or Part D contracts. Subcontractors include all first tier, downstream, and/or related entities.

The term “offshore” refers to any country that is not on the fifty United States or one of the United States Territories (American Samos, Guam, Northern Marianas, Puerto Rico, and Virgin Islands). Examples of countries that meet the definition of “offshore” include: Mexico, Canada, India, Philippines, Germany, and Japan.

36. Does my organization have to disclose offshore subcontractor information or offshore staff if the subcontractor or staff will be performing a function that supports a Quartz contractually delegated service?

Yes. FDRs must notify Quartz in advance of their intent to use an offshore subcontractor or before employing offshore staff to perform a Quartz contractually delegated service that receives, processes, transfers, handles, stores, or accesses Quartz member protected health information (PHI) either oral, written, or electronic form.

Examples of PHI include member name, date of birth, address, social security number, health insurance claim number, patient identifiers, medical diagnosis, medical history, treatment records, type of provider visited, use of health care services, payment information, evidence of insurance coverage, or any information that could reasonably lead to the identification of a Quartz Medicare Advantage member.

If you use an offshore subcontractor or employ offshore staff to perform a Quartz contractually delegated service that involves the receipt, processing, transferring, handling, storing or accessing of Quartz member protected health information (PHI), you must complete a [Quartz Medicare Advantage Offshore Services Attestation](#) for each entity and submit to the Quartz Compliance Department utilizing the methods listed on the attestation. You must obtain approval from Quartz prior to use of an offshore subcontractor or offshore staff. An authorized Compliance Department representative will review your request and will respond to you in writing.

37. What type of auditing are FDRs required to perform for offshore subcontractors?

FDRs are responsible for ensuring that offshore subcontractors abide by all applicable Medicare Part C, Part D, and HIPAA requirements. FDRs have the discretion to determine the audit criteria that are important for continuing a relationship with an offshore subcontractor. CMS expects FDRs to adopt audit criteria substantial enough to ensure appropriate protection of PHI. CMS suggests, but does not require, an on-site audit of offshore contractors. The purpose of an on-site audit is, to observe whether PHI is managed appropriately on a day-to-day basis. FDRs may hire third-party audit organizations to conduct audits.

38. How often do I have to complete the Offshore Services Attestation?

The Quartz [Medicare Advantage Offshore Services Attestation](#) is due annually each year as part of our oversight of FDRs.

39. Who should I submit the Offshore Services Attestation to?

You must submit your completed Quartz [Medicare Advantage Offshore Services Attestation](#) via email to QuartzFDR@quartzbenefits.com or via fax to (608) 881-8394, Attn: Compliance Department.