



Medicare Advantage FDR Compliance Program Requirements Guide

Section 1: Introduction to the FDR Compliance Guide

First Tier, Downstream, and Related Entities

Quartz depends on our contracted providers and other vendors/contractors to help us meet the needs of our members in accordance with Medicare Advantage (MA)/Medicare Prescription Part D program requirements. These individuals and entities are considered first tier, downstream, and related entities (FDRs) to whom Quartz has delegated an administrative or health care service function relating to Quartz's Medicare Advantage contract with the Centers for Medicare and Medicaid Services (CMS). FDRs are a vital part of the Medicare Advantage program and have specific responsibilities under Medicare guidelines.

Quartz is committed to conducting business with integrity. Our Medicare compliance program helps to:

- Prevent, detect, and correct fraud, waste, and abuse (FWA)
- Ensure we comply with all applicable laws, rules and regulations
- Reinforce our commitment to compliance

As a Medicare Advantage Plan Sponsor, Quartz must have a compliance program in place that satisfies the requirements outlined by CMS in the Compliance Program Guidelines in Chapter 21 of the Medicare Managed Care Manual and Chapter 9 of the Medicare Prescription Drug Manual.

Each FDR we contract with to assist in the administration of the Medicare Advantage (MA) and Medicare Prescription Part D program must have a compliance program that meets the requirements set forth by CMS.

You will find specific requirements in this guide

As a Quartz Medicare Advantage FDR, you must fulfill specific Medicare compliance program requirements. We describe these requirements in this guide. The Code of Federal Regulations (CFR) outlines these requirements in 42 C.F.R. §§422.503(b)(4)(vi) and 423.504(b)(4)(vi). They're also defined by CMS in The Compliance Program Guidelines in Chapter 21 of the [Medicare Managed Care Manual](#) and Chapter 9 of the CMS [Prescription Drug Benefit Manual](#)

It is important for FDRs to follow these requirements

You received this guide because Quartz has identified you as an FDR. As an FDR to Quartz, you must comply with the requirements established in this guide and you must show compliance with the requirements outlined in Chapter 21 of the [Medicare Managed Care Manual](#) and Chapter 9 of the CMS [Prescription Drug Benefit Manual](#). The purpose of this guide is to help FDRs in understanding and meeting their compliance obligations under its contract(s) with Quartz.

Section 2: What is an FDR?

FDR stands for first tier, downstream or related entity. If you perform an administrative or health care service function on behalf of Quartz Medicare Advantage business, then you are classified as an FDR.

Quartz defines FDRs according to CMS current definitions:

A First Tier Entity is any party that enters into a written agreement, acceptable to CMS, with an MA Organization or Part D plan sponsor or applicant to provide administrative services or healthcare services to a Medicare eligible individual under the MA program or Part D program.

A Downstream Entity is any party that enters into a written agreement, acceptable to CMS, with persons or entities involved with MA benefit or Part D benefit, below the level of the arrangement between an MA organization 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.

A Related Entity means any entity that is related to the MA organization or Part D sponsor by common ownership or control and:

- 1) Performs some of the MA organization or Part D plan sponsor's management functions under contract or delegation; or
- 2) Furnishes services to Medicare enrollees under an oral or written agreement; or
- 3) Leases real property or sells material to the MA organization or Part D plan sponsor at a cost of more than \$2,500 during a contract period.

See 42 CFR §§ 422.500 and 423.501 for more information.

FDRs that provide health care services

The Medicare compliance requirements described in this guide apply to health care providers contracted with our Medicare network. This includes physicians, hospitals, and other provider types (dentists, optometrists). Here are the reasons why:

- MA regulations and CMS rules state that providers contracted with the Quartz to provide health care services are first tier entities.
- Chapter 21 § 40 of the Medicare Managed Care Manual lists health care services as an example of the types of functions that a third party can perform that relates to an MA organization's contract with CMS. This would give third parties first tier entity status. So, this means CMS compliance requirements apply to providers that deliver health care services.
- CMS provides a chart in Chapter 21 § 40 of the Medicare Managed Care Manual, showing that entities providing health care services and hospital groups are first tier entities. However, if we contract with a hospital group and don't have a direct contract with the group's hospitals and other providers, the hospital and providers are considered downstream entities. This means the hospital group.

FDRs that provide administrative services

Medicare compliance program requirements also apply to entities we contract with to perform administrative services for our MA and Part D contracts with CMS. Some examples of administrative service functions are: claims processing, agents, broker organizations, pharmacies, utilization management, credentialing, quality improvement, application processing, enrollment, disenrollment and membership functions, and other individuals, entities, vendors, or suppliers contracted with us to provide administrative and/or health care services for our MA plans.

You can find more information available in Chapter 21 § 40 Sponsor Accountability for and Oversight of FDRs of the Medicare Managed Care Manual, including the stakeholder relationship flowcharts.

Section 3: FDR Medicare Compliance Program and Attestation Requirements

Quartz is committed to conducting business practices in compliance with ethical standards, contractual obligations, and all applicable state law, and federal laws, regulations, and rules. Quartz’s compliance commitment extends to its FDRs.

It is important that our FDRs comply with the requirements in this guide and follow applicable laws, rules and regulations. Although we contract with FDRs to provide administrative or health care services for our Medicare Advantage plans, we’re ultimately responsible for fulfilling the terms and conditions of our contract with CMS and meeting applicable Medicare program requirements. FDRs must ensure their downstream entities also comply with all applicable laws and regulations, as well as the requirements in this guide.

Medicare compliance program requirements

This guide summarizes the Medicare compliance program requirements. Review it to make sure you have internal processes to support compliance with these requirements each calendar year. Reference the “Toolbox of Resources for FDRs” at the end of this guide. It may help you with meeting these requirements. Below are the actions you must take:

- Provide general compliance and FWA training
- Distribute a code of conduct or compliance program policies
- Complete of exclusion list screenings
- Make employees aware of reporting mechanisms
- Report FWA and compliance concerns to us
- Report and request to use offshore operations
- Monitor and audit FDRs
- Maintain record retention

Medicare compliance requirements apply to employees, temporary employees, volunteers, governing board members, contractors providing a health or administrative services relating to Quartz Medicare Advantage plans.

FDRs failing to comply?

Quartz’s response to noncompliance is handled on a case-by-case basis. Our actions in response to noncompliance will depend on the severity of the issue. If an FDR fails to meet Medicare compliance program requirements, it may lead to:

- Development of a corrective action plan;
- Retraining;
- Increased monitoring; and/or
- Termination of your contract and relationship with Quartz.

Confirm completion of requirements

You must keep evidence of your compliance with these requirements for no less than 10 years. This evidence may include employee training records, distribution of a code of conduct or compliance policies, and completed exclusion list screenings. Quartz and/or CMS may request that you provide documentation of your compliance with these Medicare compliance program requirements. This is for monitoring and auditing purposes.

Attestation requirements

A Quartz Medicare Advantage FDR Annual Compliance Attestation will be sent to all Quartz Medicare Advantage FDRs annually. The Medicare Advantage FDR Annual Compliance Attestation and other FDR related documents are available on the Quartz FDR Compliance webpage found [here](#).

Quartz will confirm FDR compliance with the Medicare compliance program requirements each calendar year. An authorized representative from your organization must attest to your compliance with the Medicare compliance program requirements described in this guide. The authorized representative is an individual who has responsibility directly or indirectly for all employees, contracted entities and staff, and providers/practitioners – this could be an executive, compliance officer, chief medical officer, practice manager or administrator, or someone in a similar position.

A. Complete General Compliance and FWA Training

As an FDR, your organization must provide general compliance and FWA training to all your employees and downstream entities assigned to provide administrative or health care services for Quartz's Medicare Advantage plans.

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 you can complete the CMS standardized general compliance module for 2019 and the CMS standardized FWA Training Module bulleted below:

- [Medicare Parts C and D General Compliance Training](#)
- [Combating Medicare Parts C and D Fraud, Waste, and Abuse Training](#)

When must training be completed?

- Within 90 days of initial hire or the effective date of contracting
- When materials are updated
- Annually thereafter

Evidence of completion may be in the form of certificates, attestations, training logs or other means determined by the FDR. If training logs or standardized reports are used as evidence of completion, they must include:

- Employee names
- Dates of hire
- Name of training topic
- Date of completion
- Test score (if captured)

You can find the training requirements in Chapter 21 §§ 50.3.1 and 50.3.2. of the Medicare Managed Care Manual.

Who needs to complete the training?

Not every employee needs to take the training. Any individual who works on behalf of Quartz Medicare Advantage business needs to be trained on both modules.

FDRs need to determine which individuals in their organization provide an administrative or health care service function to Quartz Medicare Advantage plans. Examples of critical roles that CMS requires to fulfill the training requirements, include:

- Senior administrators or managers directly responsible for the FDR's contract (for example, senior vice president, departmental managers, chief medical or pharmacy officer);
- Individuals directly involved with establishing and administering Quartz's Medicare Advantage formulary and/or medical benefit coverage policies and procedures;
- Individuals involved with decision-making authority on behalf of Quartz Medicare Advantage (for example, clinical decisions, coverage determinations, appeals and grievances, enrollment/disenrollment functions, processing of pharmacy or medical claims);
- Reviewers of beneficiary claims and services submitted for payment; or
- Individuals with job functions that place the FDR able to commit significant noncompliance with CMS program requirements or health care FWA.

Not sure which employees at your organization should take the training? Just review this [table](#). If you still have questions about which employee positions within your organization should be required to take the training, please contact us at QuartzFDR@Quartzbenefits.com

Who does not need to complete the training?

The only exception to the FWA training requirement is if you or your organization is deemed to have met the FWA training and education requirements through one or both of the following:

- Enrollment into Medicare Part A or B of the Medicare program
- Accreditation as a Durable Medical Equipment, Prosthesis, Orthotics and Supplies (DMEPOS) supplier

You can find the requirements and information about deemed status in:

- 42 CFR § 422.503(b)(4)(vi)(C) for MA
- 42 CFR § 423.504(b)(4)(vi)(C) for Part D
- CMS Medicare Managed Care Manual, Chapter 21, §50.3

Those parties deemed to have met the FWA training through enrollment into the CMS Medicare are still obligated to complete general compliance training. Evidence that you or your organizations deemed status must be made available to Quartz and/or CMS upon request.

B. Distribute a Code of Conduct and Compliance Program Policies and Procedures

The "Code of Conduct" is a set of key principles and expectations by which an organization operates, and defines the underlying framework for compliance policies and procedures. The Code of Conduct and compliance program policies established by Quartz describe our organization's expectations that all employees conduct themselves in an ethical manner; that issues of noncompliance and potential FWA are reported through appropriate mechanisms; and that reported issues will be investigated, addressed, and corrected. The code of conduct communicates to employees of your organization and those of your Downstream Entities that compliance is everyone's responsibility.

As a Quartz Medicare Advantage FDR, you must provide our code of conduct and our applicable compliance program policies or your own comparable code of conduct and applicable compliance program policies to your employees and downstream entities. If you use your own comparable version, it must explain your organization's commitment to comply with federal and state laws, ethical behavior, and compliance program operations. You must also retain evidence that you provided the code of conduct for 10 years.

FDRs must distribution a code of conduct or compliance program policies:

- Within 90 days of hire or the effective date of contracting
- When there are updates to the code of conduct
- Annually thereafter

You can find these code of conduct requirements at:

- 42 CFR § 422.503(b)(4)(vi)(A) for MA
- 42 CFR § 5423.504(b)(4)(vi)(A) for Part D
- Medicare Managed Care Manual, Chapter 21 § 50.1

C. Complete Exclusion List Screenings

Federal law prohibits Medicare, Medicaid, and other federal health care programs from paying for items or services furnished or prescribed by a person or entity excluded from participation in federal programs. Before hiring or contracting, and monthly thereafter, each FDR must check the exclusion lists from the Office of Inspector General (OIG) and U.S. General Services Administration (GSA) to confirm your employees and downstream entities are not excluded from participating in federally funded programs.

You can use the below websites to complete required exclusion list screening:

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

You must conduct screenings before hiring or contracting, and monthly thereafter for each:

- Employee
- Temporary employee
- Volunteer
- Consultant
- Governing board member
- FDRs

You must maintain evidence that you've screened both the OIG and SAM exclusion lists. Evidence includes source documentation such as screenshots, or excel input lists or other records. No matter what process you use to perform these required checks, documentation to demonstrate compliance with this requirement must clearly identify:

- the name of the entity/individual checked;
- the exclusion/debarment list that was checked;
- the date the check was performed;
- the results of the check, and
- any actions taken if sanctioned individuals or entities were identified.

Quartz is also required to check these exclusion lists prior to hiring or contracting with any new employee, temporary employee, volunteer, consultant, governing body member or FDR, and monthly after that. Quartz is unable to check these exclusion lists for your employees and downstream entities. So, to make sure we comply with this CMS requirement, FDRs must confirm that their permanent and temporary employees and downstream entities that provide administrative and/or health care services for our Medicare Advantage plans are not on either of these exclusion lists.

FDRs must take immediate action if an employee or downstream entity is on the exclusion list

If any of your employees or downstream entities are on one of these exclusion lists, you must immediately remove them from any direct or indirect work on Quartz Medicare Advantage plans and notify us right away if your organization becomes excluded, Quartz must be notified immediately.

These exclusion lists requirements in:

- § 1862(e)(1)(B) of the Social Security Act
- 42 C.F.R. §§ 422.503(b)(4)(vi)(F), 423.504(b)(4)(vi)(F)
- 422.752(a)(8)
- 423.752(a)(6)
- 1001.1901
- CMS Medicare Managed Care Manual, Chapter 21, § 50.6.8.

The following reporting resources are available:

- Kelly Skifton, Chief Compliance Officer: (608) 881-8151

Confidential compliance reporting:

- Local Compliance Hotline: (608) 644-3495
- Toll-free Compliance Hotline: (844) 492-2996
- Email: send an email to compliance.hotline@quartzbenefits.com

Anonymous Compliance Reporting:

Mail: Quartz Compliance Officer
2650 Novation Parkway
Fitchburg, WI 53713

D. Record Retention

FDRs must comply with Medicare laws, regulations, and CMS requirements (See, 42 CFR § 422.504 (i)(4)(v)), and agree to audits and inspection by CMS and/or its designees and will cooperate, assist, and provide information as requested, and will maintain records for a minimum of 10 years.

CMS requires FDRs to maintain documented evidence supporting general compliance and FWA training completion, distribution of the code of conduct or compliance policies, and OIG and GSA exclusion screenings, reports of suspected noncompliance and/or FWA, and auditing and monitoring activities for at 10 years.

FDR responsibilities relating to auditing by CMS or its designee

CMS has discretionary authority to perform audits under 42 CFR 422.504(e)(2) and 423.505(e)(2), which specify the right to audit, evaluate, or inspect any books, contracts, medical records, patient care documentation, and other records of Medicare Advantage Plan Sponsor FDRs that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under the contract or as the Secretary of Health and Human Services may deem necessary to enforce the contract.

FDRs and Quartz must provide records to CMS or its designee. FDRs and Quartz should cooperate in allowing access as requested. Failure to comply may result in a referral of Quartz and/or FDR to law enforcement and/or implementation of other corrective actions including intermediate sanctioning in line with 42 CFR Subpart O. (See, Medicare Managed Care Manual, Chapter 21, § 50.6.11)

E. Report FWA and Compliance Concerns to Quartz

Reporting is vital in the prevention, detection, and correction of noncompliance and fraud, waste, and abuse. There are a number of ways to report suspected or detected noncompliance or potential FWA. You'll find them on our [Compliance and FWA Reporting Poster](#).

You can use this poster to post in your organization and it can be distributed to employees or downstream entities to advise them how to report Medicare program compliance concerns and/or FWA to Quartz without fear of intimidation or retaliation against anyone who reports suspected misconduct.

CMS requires Quartz to have a system in place to receive, record, respond to and track compliance questions or reports of suspected or detected noncompliance or potential FWA from employees, member of the governing body, enrollees and FDRs and their employees. These reporting requirements are noted in the Medicare Managed Care Manual Ch. 21 § 50.4.2

Compliance concerns and suspected or actual violations of noncompliance related to Medicare programs are taken very seriously. FDRs should train employees on the importance of reporting violations of noncompliance and FWA. As an FDR that contacts with Quartz, you must ensure all your employees and those of any of your downstream and related entities are informed of how to report compliance concerns and suspected misconduct. Quartz will perform an internal investigation of each concern after your organization reports an incident.

FDRs must create reporting mechanisms for their organization that is anonymous and does not lead to intimidation or retaliation; or you can refer your employees and downstream entities to report compliance issues to Quartz's Compliance Hotline. Quartz has safeguards in place to protect any individual or organization who reports actual or suspected noncompliance or fraud, waste, and abuse from intimidation and retaliation.

Committed to Quartz's compliance program is Kelly Skifton, Chief Compliance Officer. Questions or concerns for Kelly and/or her Medicare Advantage compliance team can be sent to QuartzFDR@Quartzbenefits.com

F. Report and Request use of Offshore Operations

FDRs are required to notify Quartz if they plan to use an offshore entity

MA Organizations that work with offshore subcontractors (including first tier, downstream and related entities) to perform Medicare related work that uses beneficiary protected health information (PHI) are required to provide CMS with specific offshore subcontractor information and complete an attestation regarding protection of beneficiary PHI. (CMS Memo dated August 26, 2008: Offshore Subcontractor Data Module in HPMS)

- 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 Part 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 one of the fifty United States or one of the United States Territories (American Samoa, 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.

To help make sure Quartz complies with applicable federal and state laws, rules and regulations, you are required to notify us in advance of your intent to use an offshore subcontractor(s) or before employing offshore staff for a function Quartz has asked you to perform.

Notify us immediately if you plan to use an offshore entity

If you perform services offshore or use an offshore subcontractor to perform services involving the receipt, processing, transferring, handling, storing or accessing of Quartz member protected health information (PHI), you must complete the [Offshore Services Attestation](#) and submit to the Compliance Department utilizing the methods listed on the attestation. You must obtain approval from Quartz prior to use of an offshore subcontractor. An authorized Compliance Department representative will review your request and will respond to you in writing.

G. Monitor and Audit of First Tier and Downstream Entities

Quartz is responsible for the lawful and compliant administration of the Medicare Parts C and D benefits under our contract with CMS. CMS requires that we create a strategy to monitor and audit our FDRs to ensure they follow all applicable laws and regulations, and to ensure they are monitoring the compliance of their downstream entities with which they contract.

If you choose to contract with another organization to provide administrative or health care services for Quartz Medicare Advantage plans, you are required to ensure these downstream entities abide by all laws and regulations that apply to you as a first tier entity.

As an FDR, you are responsible for the compliance of your downstream entities. You or your organization should create a procedure for auditing and monitoring downstream entities. You must conduct necessary oversight to ensure that your employees and downstream entities comply with all applicable laws and regulations, retain evidence of completion, implement corrective action plans, or take disciplinary actions, as necessary, to prevent recurrence of noncompliance with applicable laws.

FDRs should expect monitoring and audits

Monitoring and auditing of first tier entities for compliance program requirements must include an evaluation to confirm that the first-tier entities are applying appropriate compliance program requirements to downstream entities with which the first-tier contracts.

Quartz will monitor and periodically audit FDRs for all services or responsibilities delegated to the FDR. FDRs must cooperate and contribute to these monitoring and auditing activities. FDRs must routinely monitor and/or intermittently audit downstream entities if they are performing services for Medicare Advantage plans. Below is a list of documents that may be required of your entity:

- Evidence of completion of general compliance and FWA training
- Distribution of a code of conduct or compliance policies
- Education of reporting compliance violations and potential FWA
- Exclusion list screenings
- Offshore entity information
- Monitoring and auditing of downstream entities
- Corrective action plans for downstream entities

If Quartz determines that an FDR is noncompliant with any of the requirements in this guide, we will require the FDR to develop a corrective action plan and submit it to Quartz's compliance Department.

Monitoring and auditing requirements are referenced in:

- 42 CFR § 422.503(b)(4)(vi)(F) for MA
- 42 CFR § 423.50(b)(4)(vi)(F) for Part D
- Medicare Managed Care Manual, Chapter 21, §50.6.6

Questions or Concerns

For compliance questions, you can email us at QuartzFDR@Quartzbenefits.com

Toolbox of Resources for FDRs

Requirement/Resource	Time Frame
Code of Conduct and Compliance Policies and Procedures	
<p>Don't have your own code of Conduct? Feel free to distribute our Code of Conduct to your employees.</p> <p>Use our Medicare compliance policies and procedures. Feel free to distribute our applicable compliance program policies to your employees. These policies are located on our FDR Compliance webpage under "FDR Resources" found here.</p>	<p>90 days of hire or effective date of contract and annually thereafter</p>
Exclusion List Screenings	
<ul style="list-style-type: none"> • Complete OIG exclusion list screening • Complete GSA SAM exclusion list screening. 	<p>Before hiring or contracting, and monthly thereafter</p>
Record Retention	
<p>Maintain records and supporting documentation and furnish evidence of the above to Quartz and CMS upon request.</p>	<p>Retain evidence for a minimum 10 years</p>
Reporting Mechanisms	
<p>How do I report noncompliance or potential FWA to Quartz? This Compliance and FWA Reporting Poster provides ways for reporting issues that impact Quartz. Feel free to share this throughout your organization so that your employees know how to report concerns. This poster can also be distributed to any of your downstream entities or related entities.</p>	<p>Immediate if FWA and/or noncompliance is suspected or detected</p>
Monitoring and Oversight	
<p>Downstream entity oversight You must conduct oversight of your downstream entities. This can be done by requesting attestations from your downstream entities to monitor their compliance.</p>	<p>Regular (monthly, quarterly, semi-annual, and annual)</p>
Offshore Services Attestation Form	
<p>Use this Offshore Services Attestation to request permission for you or your subcontractor to use an offshore individual or entity. FDR's who use an offshore entity to perform services that involve the processing, transferring, handling, storing or accessing of Medicare member PHI, must complete an Offshore Services Attestation. Email your completed form to QuartzFDR@Quartzbenefits.com and put "New Offshore Request" in the subject line.</p>	<p>Immediate if contracting with an offshore entity</p>
Other Tools	
<p>Chapter 21 of the Medicare Managed Care Manual Chapter 9 of the Prescription Drug Benefit Manual</p>	<p>Occasional when there are questions or concerns regarding compliance</p>
FDR FAQs (Frequently Asked Questions)	
<p>If you have a question that we didn't answer in this guide, review our FDR Frequently Asked Questions located under "FDR Resources" found here.</p>	<p>Occasional when there are questions or concerns regarding compliance</p>