CMS Medicare Managed Care Auditing Report

Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: DG01
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date: 06/30/2008
Element Accepted Date: 07/09/2008
Element Release Date:
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date: 07/28/2008
Audit Closed Date:
Element Projected Completion Date: 06/20/2008
MCO Response Due Date: 07/28/2008

Requirement:

Oversight of Delegated Entities with Chapter 4 Responsibilities - If any of the activities or responsibilities for the above elements in Chapter 4 are delegated to other parties, the MAO must oversee them per CMS standards.

Deficiencies:

Delegated Entity A administers the behavioral health services and programs for SDM members. Except for one utilization report, there was no evidence presented to show that SDM performed oversight of the delegated functions performed by Delegated Entity A.

Corrective Action Required:

SDM is to develop a system of auditing and the performance of its delegated entity in all delegated function areas. SDM to perform periodic and annual audits as required by the regulations. SDM is to submit a plan to CMS showing how this will be accomplished.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: DN03
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/24/2008
Element Release Date:
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:06/30/2008
MCO Response Due Date: 07/28/2008

Requirement:

Voluntary Disenrollment (Notice Content) - The MAO sends the disenrollment notice to the member in a format specified by CMS, providing the correct effective date of disenrollment.

Deficiencies:

The finding annotated in this element was compiled from data extracted from worksheets DN1 item # 12 - and DN2 item #8, which measured the MAO ability to provide an accurate disenrollment notice to its members. In 12 out 19 cases SDM, disenrollment notices did not contain the correct information related to the reason or effective date.

Corrective Action Required:

MAO must ensure that notices are current and are compliant with the required language per Chapter 2 of the Medicare Managed Care Manual. MAO must make sure that older versions of the above mention notices are discarded to prevent erroneous versions from being printed and mailed to beneficiaries. MAO is required to ensure that all notices are approved or accepted through the HPMS marketing module.

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Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: ER04
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/24/2008
Element Release Date:
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Enrollment Election Completion Process - The MAO must correctly identify incomplete enrollment elections and follow CMS requirements for requesting information from the beneficiaries to make the elections complete.

Deficiencies:

The finding annotated in this element was compiled from data extracted from worksheets ER1, item # 6 - and ER2 item #5, which measured the MAO ability to notify prospective enrollees that additional information was necessary to complete their enrollment application. In 3 out 16 cases SDM failed to follow CMS established timeframes, in its efforts to secure additional information from the prospective member.

Corrective Action Required:

SDM must revise its policies and procedures to ensure that it adheres with CMS enrollment guidelines. Chapter 2 of the Medicare Managed Care Manual Section 40.2.2, states, when an incomplete enrollment election is received, the MAO must document all efforts to obtain additional documentation to complete the enrollment election and have an audit trail to document why the enrollment election needed additional documentation before it could be considered complete. The organization must make this determination and notify the individual within 10 calendar days of receipt of the request that additional information is needed for the enrollment request. For AEP elections, additional documentation to make the request complete must be received by December 31, or within 21 calendar days (whichever is later). For all other enrollment periods, additional documentation to make the request complete must be received by the end of the month in which the enrollment request was initially received, or within 21 calendar days (whichever is later).

CMS Medicare Managed Care Auditing Report

Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: ER08
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/24/2008
Element Release Date:
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Denial of Enrollment Prior to Transmission to CMS (Notice Content) - The MAO gives beneficiaries denial notice that meets CMS requirements. If the MA plan is currently enrolled to capacity, the notice explains the procedures that will be followed when vacancies occur.

Deficiencies:

In all 15 cases reviewed SDM failed to provide the prospective enrollee with a denial of enrollment notice that was clear, concise and that provided the beneficiary the basis for denial.

Corrective Action Required:

In accordance with Chapter 2, of the Medicare Managed Care Manual Section 40.2.3, if an MAO determines that an individual is not eligible for enrollment in their MA Plan, the organization must send a notice of the denial to the individual that includes an explanation of the denial. This notice must be sent within ten calendar days of either 1) receipt of the enrollment request or 2) expiration of the time frame for receipt of requested additional information. SDM must update its policies and procedures to reflect the aforementioned requirements.

CMS Medicare Managed Care Auditing Report

Auditing Review Results (Initial Report)-Public Website Version

Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: ER15
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/24/2008
Element Release Date:
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Appropriate Follow-Up on Changes in State and County Code - The MAO reviews the CMS Transaction Reply/Monthly Activity Report listings and the Maintenance Records upon receipt and appropriately follows-up on any notification of a potential change in residence for its members reported to it by CMS.

Deficiencies:

In four (4) of the 15 case files reviewed, reviewers could not find evidence that SDM made an attempt to contact the member to confirm whether the move was permanent. Two of the aforementioned cases, contained information for other plan members and not the cases selected for sample review.

Corrective Action Required:

SDM must revise its policy and procedures to reflect all requirements as outlined in Chapter 2 of the Medicare Managed Care Manual Section 50.2.1. At minimum, in the event SDM receives a notice of change of address from the member, the member¿s legal representative, a CMS transaction reply report, or another source it must make an attempt to contact the member to confirm whether the move is permanent and document its efforts. In the case of incarcerated individuals, SDM is not required to contact the individual but must confirm the individual¿s out-of-area (e.g. incarcerated) status. MA organizations may obtain either written or verbal verification of changes in address, as long as the MA organization applies the policy consistently among all members. The MA organization must retain documentation from the member or member¿s legal representative of the notice of the change in address, including the determination of whether the move out of the service area is temporary or permanent. In addition SDM must ensure that it adheres to the notice requirements as outlined in Section 50.2.1.4 of the manual.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OC01
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date: 06/30/2008
Element Accepted Date: 07/15/2008
Element Release Date: 07/25/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date: 07/28/2008
Audit Closed Date:
Element Projected Completion Date: 06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Correct Claim Determinations - The MAO must make correct claim determinations, which include developing the claim for additional information, when necessary, for: " Services obtained from a non-contracting provider when the services were authorized by a contracted provider or the MAO; " Ambulance services dispatched through 911; " Emergency services; " Urgently needed services; " Post-stabilization care services; and " Renal dialysis services that Medicare members obtain while temporarily out of the service area.

Deficiencies:

5 out of 30 cases declared misclassified. Of the remaining 25 cases in all cases SDM failed to secure additional information and develop cases accordingly.

Corrective Action Required:

In accordance with Medicare Guidelines, SDM and/or its delegated entity must make correct claim determinations for services obtained from non-contracting providers. The organization must also make at minimum, one attempt to obtain additional information from non-contracted providers when necessary, especially in situations where member liability exists, prior to denying the claim. This may be in the form of a phone call, fax, letter, etc. In the event the organization is unable to secure the necessary information from the provider, within the 30/60 day timeframe, it may utilize the 14 day extension provision with proper documentation.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OC02
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/15/2008
Element Release Date: 09/15/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:07/15/2008
MCO Response Due Date: 07/28/2008

Requirement:

Reasonable Reimbursement for Covered Services - The MAO must provide reasonable reimbursement for: " Services obtained from a non-contracting provider when the services were authorized by a contracted provider or the MAO; " Ambulance services dispatched through 911; " Emergency services; " Urgently needed services; " Post -stabilization care services; " Renal dialysis services that Medicare members obtain while temporarily out of the service area; and " Services for which coverage has been denied by the MAO but found to be services the member was entitled to upon appeal.

Deficiencies:

During our review of non-par provider paid claims it was discovered that in instances where the claims were for Durable Medical Equipment (DME), SDM only reimbursed the providers at 70% of the Medicare fee schedule for said services.

Corrective Action Required:

SDM must ensure that performs routine compliance checks of its payment practices and that it uses the appropriate Medicare fee-for-service payment mechanisms when determining amounts to pay non-contracted providers. If the plan has negotiated lower amounts or if a provider bills lower amounts than is possible under fee-for-service, paying non-contracted providers these lower amounts is appropriate.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OC03
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date: 06/30/2008
Element Accepted Date: 07/15/2008
Element Release Date: 09/15/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date: 07/28/2008
Audit Closed Date:
Element Projected Completion Date: 06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Timely Payment of Non-Contracting Provider Clean Claims - The MAO must pay 95 percent of "clean" claims from non-contracting providers within 30 calendar days of receipt.

Deficiencies:

SDM failed to process 14 out of 30 clean claims within 30 days as required under the prompt payment provision.

Corrective Action Required:

In accordance with Medicare Guidelines, SDM and/or its delegated entity must make correct claim determinations for services obtained from non-contracting providers. The organization must also make at minimum, one attempt to obtain additional information from non-contracted providers when necessary, especially in situations where member liability exists, prior to denying the claim. This may be in the form of a phone call, fax, letter, etc. In the event the organization is unable to secure the necessary information from the provider, within the 30/60 day timeframe, it may utilize the 14 day extension provision with proper documentation.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OC04
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/15/2008
Element Release Date: 09/15/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:07/15/2008
MCO Response Due Date: 07/28/2008

Requirement:

Interest on Clean Claims Paid Late - If the MAO pays clean claims from non-contracting providers in over 30 calendar days, it must pay interest in accordance with § 1816 (c)(2)(B) and § 1842(c)(2)(B).

Deficiencies:

Of the 14 cases not processed within 30days, in all cases SDM failed to pay the proper interest payment.

Corrective Action Required:

SDM must ensure it or its delegated entities pay all clean claims exceeding 30 days accordingly with the proper interest payment in accordance with the prevailing rate as published by the U.S. Treasury.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OC05
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date: 06/30/2008
Element Accepted Date: 07/15/2008
Element Release Date: 09/15/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date: 07/28/2008
Audit Closed Date:
Element Projected Completion Date: 06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Timely Adjudication of Non-Clean Claims - The MAO must pay or deny all non-contracted claims that do not meet the definition of "clean claims" within 60 calendar days of receipt.

Deficiencies:

This element is measured by worksheets OC1, item # 11, and OC2 item #5. SDM failed to process a total of 22 out of 55 cases within 60 days.

Corrective Action Required:

In accordance with Medicare Guidelines, SDM and/or its delegated entity must make correct claim determinations for services obtained from non-contracting providers. The organization must also make at minimum, one attempt to obtain additional information from non-contracted providers when necessary, especially in situations where member liability exists, prior to denying the claim. This may be in the form of a phone call, fax, letter, etc. In the event the organization is unable to secure the necessary information from the provider, within the 30/60 day timeframe, it may utilize the 14 day extension provision with proper documentation.

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Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OC06
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date: 06/30/2008
Element Accepted Date: 07/15/2008
Element Release Date: 07/25/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date: 07/28/2008
Audit Closed Date:
Element Projected Completion Date: 06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Claim Denials (Notice Content) - If an MAO denies payment, the written denial notice (CMS-10003-Notice of Denial of Payment (NDP)), or an RO-approved modification of the NDP, must be sent to the member. The written denial must clearly state the service denied and the specific denial reason. The notice must also inform the enrollee of his or her right to a standard reconsideration and describe the appeal process.

Deficiencies:

5 out of 30 cases declared misclassified. In 22 of the remaining 25 cases SDM failed to issue to the members a denial notice that provides the beneficiary with a description of the services being denied.

Corrective Action Required:

If SDM or it's designee decides to deny, discontinue, or reduce service or payments, in whole or in part, then it must give the enrollee a written notice of its determination. If the enrollee has a representative, the representative must be sent a copy of the notice. The plan must use Medicare approved notice language as specified in Appendix 1 of Chapter 13 of the Medicare Managed Care Manual. The Standard denial notice must provide the specific reason for the denial and takes into account any the enrollee's presenting medical condition, disabilities, and special language requirements, if any.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: OP02
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/01/2008
Element Release Date: 07/18/2008
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:06/27/2008
MCO Response Due Date: 07/28/2008

Requirement:

Adverse Standard Pre-Service Organization Determinations (Notice Content) - If the MAO makes an adverse standard pre-service organization determination, the written CMS-10003-NDMC (Notice of Denial of Medical Coverage), or an RO-approved modification of the NDMC, must be sent to the member and must clearly state the service denied and the specific denial reason. The notice must also inform the enrollee of his or her right to a standard or expedited reconsideration, including the rights to, and conditions for, obtaining an expedited reconsideration, as well as describe the appeal process

Deficiencies:

CMS audited 10 cases from a universe of 69 and found 10 cases were the member notices were not compliant.

Corrective Action Required:

CMS auditor noted that SDM had the appropriate member notice approved but incorrect letters were used. SDM must establish a mechanism for ongoing monitoring of this area to ensure departments are utilizing the correct notices.

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Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: PR03
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
Element Accepted Date: 07/22/2008
Element Release Date:
CAP Released Date:

Visit Start Date: 4/7/2008
Exit Conference Date: 04/30/2008
Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:12/31/2008
MCO Response Due Date: 07/28/2008

Requirement:

Credentialing Requirements for Physicians and Other Health Care Professionals - The MAO must follow a documented process for physicians and other health care professionals regarding initial credentialing and recredentialing.

Deficiencies:

Based on the sample of 20 provider files reviewed,this element is not met. Two files reviewed had no documentation to show that provider licenses were verified with primary sources, and three sampled files did not contain documentation to show that provider education was verified with primary sources. In the case of four other providers who provide services through delegated entity B, there was no documentation to show that these four providers had their credentials verified through the credentialing process. In addition, there was no documentation provided to show that there is a delegated credentialing agreement with delegated entity B,nor was their any evidence presented to show that the performance of delegated entity B was audited periodically and annnualy by SDM.

Corrective Action Required:

SDM is to conduct training for all credentialing staff regarding the CMS credentialing requirements. SDM needs to develop a method to demonstrate that quality information regarding health care professionals is considered during the credentialing process. SDM is to conduct a review of its health care professional credentialing files and also perform periodic reviews thereafter to assure compliance with all requirements including verification of license and highest level of education for all health care professionals. SDM is to develop an action plan with a time schedule that shows how the credentialing of Entity B providers will be accomplished and completed. SDM is to conduct an audit of the credentialing functions of Delegated Entity B. Periodic and annual audits are also to be done thereafter. Where credentialing is to be conducted as a delegated function, SDM must submit a delegated entity credentialing contract for entity B and any other delegated credentialing entity for which no credentialing delegation contract exists.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: QY03
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date:06/30/2008
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CAP Released Date:

Visit Start Date: 4/7/2008
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Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date:07/28/2008
Audit Closed Date:
Element Projected Completion Date:07/08/2008
MCO Response Due Date: 07/28/2008

Requirement:

Appropriate Utilization Management Program - If the MAO offers a coordinated care plan, or a local PPO that is licensed as an HMO, the MAO must employ a utilization management program that meets CMS requirements for each plan.

Deficiencies:

This element is not met. SDM did not have mechanisms in effect to ensure consistent application of review criteria and compatible decisions. SDM did not demonstrate that it had in effect mechanisms to detect underutilization and overutilization of services. In addition SDM did not have utilization reports to identify patterns of possible underutilization of services that may be related to a physician incentive plan. Based on interviews and document review, there is no documentation of a functioning utilization review program. There is no record of meetings or decisions of a utilization review body. SDM has asserted that the Clinical Affairs Committee will be responsible to oversee utilization functions. The first scheduled meeting of the committee is scheduled for April 2008. There is no identified coordinator of utilization management who will coordinate the day to day operations of this detailed function. SDM has two types of payment arrangements with some providers. Some are paid fee for service rates and others are capitated. The capitated providers are at risk potentially based on utilization of some services. There are no utilization procedures or systems in place to identify and monitor referral rates that may potentially result in underutilization of the services for which the referring capitated physician is at risk.

Corrective Action Required:

SDM is to implement a system of formal monthly meeting of the committee responsible for UM until further notice from CMS reviewer. SDM is to submit the minutes of this Committee to CMS including data sufficient to explain the committee findings conclusions and actions. SDM is to develop and implement systems for collecting data regarding at risk physicians and for monitoring and evaluating the referral patterns of physicians at risk for services and utilization of services by patients of these physicians. SDM is to submit to CMS a document that identifies the coordinator of the UM program. This document is also to include the knowledge, qualifications, and experience of this person to perform this function.

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Date Report Generated: 9/30/2008

Category: All, Element: All, Finding:NOT MET, Reviewer:All

Findings: NOT MET

Review ID: 11357

Region: 02 New York

Contract Number / Name: H4009 SDM HEALTHCARE MANAGEMENT, INC.

Auditing Guide Version: MA Audit Review Guide, Version 5
Auditing Element: QY07
Review Type: Ad-Hoc Compliance Event
Review Status: Confirmed
MCO Response Received Date: 06/30/2008
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CAP Released Date:

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Date Report Issued: 06/13/2008
Date Report Due: 06/14/2008
CAP Accepted Date: 07/28/2008
Audit Closed Date:
Element Projected Completion Date: 06/20/2008
MCO Response Due Date: 07/28/2008

Requirement:

Oversight of Delegated Entities with Chapter 5 Responsibilities - If any of the activities or responsibilities for the above elements, QY01-QY05 or QY08-QY09, in Chapter 5 are delegated to other parties, the MAO must oversee them per CMS standards.

Deficiencies:

There was no documentation or other evidence presented to show that SDM monitors the performance of its behavioral health delegated entity on an ongoing basis and formally reviews the entity at least once annually. Delegated entity A performs behavioral health services for SDM. Based on interviews and documents reviewed, SDM did not monitor the delegated functions. There were no reports presented to show that the quality functions performed by delegated entity A were monitored by SDM.

Corrective Action Required:

SDM is to submit policies and procedures to show how it will audit the delegated functions of this delegated entity.