PARTNERSHIP HEALTHPLAN OF CALIFORNIA

POLICY / PROCEDURE

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<tr><td colspan="3">Policy/Procedure Title: Compliance Issues and Complaints</td><td colspan="3">☒ External Policy
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<tr><td colspan="2">Original Date: 06/05/2007</td><td colspan="4">Next Review Date: 09/03/2027
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<tr><td>Applies to:</td><td>☒ Medi-Cal</td><td>☐ Healthy Kids</td><td colspan="3">☒ Employees</td></tr>
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<tr><td>☒ CEO ☐ COO</td><td>☐ CREDENTIALING</td><td colspan="2">☐ DEPT. DIRECTOR/OFFICER</td></tr>
<tr><td colspan="3">Approval Signature: Sonja Bjork, CEO</td><td colspan="3">Approval Date: 09/03/2026</td></tr>
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I. RELATED POLICIES:

A. CMP-09 Investigating & Reporting Fraud, Waste, and Abuse
B. CMP-18 Reporting Privacy Incidents and Breach Notifications
C. CMP-21 Conflict of Interest Code
D. CMP-27 Non-Intimidation & Non-Retaliation
E. CMP-30 Records Retention and Access Requirements
F. CMP-38 Escalation and Corrective Action

II. IMPACTED DEPTS.:

All.

III. DEFINITIONS:

A. High-Risk Compliance Issue (Reportable): Issues that pose significant legal, financial, or operational risks to the organization, its members, or stakeholders and require immediate escalation to Compliance leadership, regulatory authorities, or governing boards. These include, but are not limited to, violations of CMS or DHCS regulatory requirements; systemic failures in beneficiary access or care delivery; HIPAA breaches involving protected health information (PHI); or actions that could trigger enforcement actions, penalties, or corrective action plans.
B. Issue-Spotting: The process of identifying potential regulatory or contractual violations or operational risks before they lead to formal findings or sanctions.
C. Non-Compliance (compliance misconduct): means not acting in accordance with internally and/or externally established standards, policies, or procedures. Non-compliance may occur intentionally, when an individual knowingly violates applicable laws, regulations, or policies, or unintentionally, when requirements are misunderstood, unclear, or not known.
D. Non-Reportable Compliance Issues: Issues that involve minor procedural gaps, isolated documentation errors, or internal policy deviations that do not pose immediate risk of regulatory breach or member harm. These can typically be addressed through routine monitoring, staff education, or process improvement initiatives without the need for formal regulatory disclosure or escalation.
E. Open Door: All levels of management shall maintain an open line of communication with any employee, staff, or other individual regarding discussion of potential misconduct, compliance/ethics concerns or issues.
F. Partnership4Me: Intranet accessible to Partnership staff that provides resources, company-wide news and information. Provides access to Partnership policies and procedures.
G. Partnership Compliance Hotline: A national toll-free telephone line accessible by all employees, physicians, vendors, and contractors twenty-four (24) hours a day, seven (7) days a week, to report

problems and concerns, anonymously or otherwise.

IV. ATTACHMENTS:

N/A.

V. PURPOSE:

All Partnership employees, temporary personnel, volunteers, interns, healthcare providers, Board of Commissioner members, subcontractors, and delegates collectively have a duty and responsibility to report actual or potential compliance and ethics concerns and misconduct using the designated processes and systems. This policy establishes the process for reporting and managing issues of non-compliance, compliance complaints, suspected violations, and ethical concerns uphold the integrity, reputation and legal standing of Partnership HealthPlan of California (Partnership).

VI. POLICY / PROCEDURE:

A. Policy.
   1. Partnership shall establish a process by which compliance inquiries, issues or complaints and reports of non-compliance/compliance misconduct by Partnership workforce members and affiliates are documented and investigated through Regulatory Affairs and Compliance's (RAC) case management system and addressed by appropriate Partnership staff.
   2. Partnership shall establish and publicize mechanisms for the reporting of suspected wrongdoing, including non-compliance/compliance misconduct and/or improper or unethical conduct.
   3. Partnership shall establish and publicize guidance regarding disciplinary actions for non-compliance and misconduct.
   4. In support of redressing compliance issues, Partnership shall develop a Corrective Action Plan process in accordance with the CMP38 Escalation and Corrective Action. This CAP process will include at a minimum:
      a. Issue summary
      b. Root cause
      c. Action items
      d. Responsible parties
      e. Timeline and milestones
   5. Partnership shall establish procedures for acknowledging and conducting timely investigations, as is reasonably possible, for reported concerns of non-compliance, misconduct, or ethics-related issues.
      a. Pursuant to Partnership policy and procedure CMP-27 Non-Intimidation & Non-Retaliation, Partnership maintains a zero-tolerance policy for any form of retaliation or intimidation in response to reports or violations.
      b. Partnership shall require a Corrective Action Plan (CAP) for substantiated, confirmed cases of misconduct and/or compliance violations based on the nature, severity, frequency, and impact of the issue.
   6. Partnership shall coordinate and cooperate with State and/or Federal agencies and law enforcement entities regarding violations of existing state and/or federal law as it relates to the substantiated compliance issue.

B. Procedure.
   1. Compliance Inquiries.
      a. Partnership workforce members and affiliates are expected to be familiar with and comply with applicable Partnership policies and procedures.
      b. Workforce members and affiliates should also regularly reference applicable state and federal resources, including the DHCS Medi-Cal contract, All Plan Letters, regulatory

bulletins, rule changes, the CMS Medicare Managed Care Manual, and the CMS Prescription Drug Benefit Manual. Workforce members and affiliates may consult RAC for guidance regarding compliance matters or interpretation of requirements.

c. Any actual or suspected compliance issue must be reported immediately in accordance with this policy and procedure.

2. Reporting Compliance Issues/Complaints.
   a. In accordance with the DHCS Managed Care Contract and CMS Medicare Managed Care Manual, Chapter 21 (§422.503(b)(4)(vi)), the plan must distinguish between reportable and nonreportable compliance issues and ensure timely investigation, resolution, and reporting.
   b. Reportable compliance issues are those that may pose a significant risk to beneficiary health or safety, reflect systemic operational failure, or indicate violations of Medicare or Medi-Cal requirements. The examples below are illustrative and are not intended to be exhaustive. Reportability shall be determined based on regulatory requirements, risk to members, operational impact, and Partnership's reporting obligations.
      1) Examples include:
         a) Failure to implement required Model of Care (MOC) elements (e.g., not conducting Health Risk Assessments or care plan updates within required timeframes)
         b) Inappropriate denial of Medicaid-covered long-term services and supports (LTSS)
         c) Enrollment or eligibility system discrepancies that prevent members from receiving coordinated Medicare and Medi-Cal benefits,
         d) Noncompliance with coordination of benefits policies,
         e) Repeated failures to issue timely integrated member notices such as the Integrated Denial Notice (IDN)
         f) Conflict of interest violations
         g) Misleading or confusing messaging in advertising
         h) Failure to conduct Health Risk Assessments (HRAs) within 90 days of enrollment or annually, as required in the Model of Care
         i) Employee misconduct, which includes unethical behavior or improper conduct.
         j) Non-compliance with Partnership Code of Conduct, which includes applicable state and federal regulations, and/or internal policies and procedures
         k) Self-reporting of mistakes that have or may result in damage to a person, property, or Partnership

      Note* These are examples of High-Risk Compliance Issues and may not be all-inclusive

      2) Staff should be trained to recognize the following as potential indicators of reportable compliance issues:
         a) Multiple member complaints regarding delays in receiving Medicaid (Medi-Cal) transportation or home- and community-based services.
         b) A trend of untimely or missing appeals resolution letters tracked during grievance audits.
         c) Knowingly preparing and/or submitting inaccurate data or documentation for regulatory or accreditation activities and/or failing to notify RAC of known data integrity issues.
         d) Volitional violation of the code of conduct or behavior affecting Partnership staff or image.
   c. Non-reportable compliance issues involve isolated, low-risk, and promptly corrected errors that do not *materially* affect member access, benefits, or regulatory obligations.
      1) Examples include:
         a) A one-time error in assigning a member to a case manager that was promptly

resolved,

b) A delay of a few days in uploading a care coordination note that did not affect clinical decision-making,
c) An isolated complaint regarding transportation or home- and community-based services that was promptly resolved and did not result in Member harm
d) A single instance of using an outdated template in a member communication that did not mislead or affect the member's rights.
e) Discovery of conflicting enrollment dates between CMS and Medi-Cal eligibility systems during a reconciliation review.
f) Isolated incidents of untimely or missing appeals resolution letters tracked during grievance audits.
g) Provider reports of confusion or non-payment related to crossover claims for dual-eligible members.
h) An isolated instance of incorrect delegation of a grievance to the wrong internal unit, promptly corrected without regulatory or member consequence.

2) While non-reportable issues are not subject to immediate external reporting, they must still be documented internally, reviewed for root cause, and monitored for trends to prevent recurrence. Issues that escalate in frequency or severity may become reportable and must be reassessed accordingly.
3) All issues, regardless of reportability, must be logged, tracked for recurrence, and evaluated for root cause. Emerging patterns may elevate a non-reportable issue to reportable status. RAC is responsible for reviewing all issues through regular monitoring and internal audits to ensure timely mitigation and, where necessary, reporting to DHCS, CMS, or other regulatory agencies.

d. Upon discovery, Partnership Workforce Members and affiliates are required to immediately report all actual or suspected compliance issues to RAC or Partnership's Compliance Officer.
e. Actual or suspected compliance issues shall be reported immediately by:
   1. Completing a referral using the General RAC Inquiry Reporting Form (accessible through Partnership's intranet, Partnership4Me), or
   2. Completing Partnership's Incident Reporting Form (available on Partnership's external website www.partnershiphp.org) and submitting the completed form by email to RAC_Inbox@partnershiphp.org, or
   3. By calling the toll-free Compliance Hotline number at (800) 601-2146, anonymously, or
   4. Contacting any member of Partnership management, RAC, or the Partnership Compliance Officer.

3. Investigation of Compliance Issues
   a. Upon receiving a report of an actual or suspected compliance issue, RAC will review the referral and conduct a preliminary investigation of the case. During the initial investigation, RAC may refer the case to another Partnership unit or department for additional investigation to determine the validity of the allegation.
   b. Partnership's Compliance Officer, or designee, may follow up with the reporting party, as necessary to clarify the initial referral, obtain additional information, or take prompt corrective action to mitigate any risks or damages involved, and to protect the operating environment. Follow-up requests may be sent from the RAC case management system directly or via email.

1) As applicable, the Compliance Officer may direct RAC to issue a CAP to identify root causes and correct the issue systematically.
2) As applicable, through the course of the investigation, involved parties shall coordinate with legal counsel, and, if required by contractual or statutory obligation, with law enforcement and/or any State/Federal regulatory agency.

c. If a referral of an actual or suspected compliance issue has fraud, waste, and abuse or HIPAA components or qualities, such referrals shall be investigated in compliance with Partnership policy and procedure CMP-09 Reporting & Investigating Fraud, Waste, and Abuse or CMP-18 Reporting Privacy Incidents and Breach Notifications.

4. Discipline.
   a. Compliance issues resulting in a recommendation of discipline are remediated by RAC with involvement from appropriate departments, including, but not limited to Human Resources, Provider Relations, and Executive Leadership (Chief Executive Officer, Chief Operational Officer, and/or Chief Financial Officer).
   b. Remediation and corrective action shall be handled in compliance with applicable Partnership policy and procedure and may include retraining and education. Corrective action or failure to comply with corrective action may result in disciplinary action, up to and including termination, depending on the circumstances of the violation.
   c. Imposition of corrective action for external parties shall be developed and overseen pursuant to Partnership policy and procedure CMP-38 Escalation and Corrective Action
   d. All disciplinary actions related to violations of compliance policies, ethical standards, or regulatory requirements must be thoroughly documented to demonstrate fairness, accountability, and adherence to regulatory requirements.
      1) Documentation must include:
         a) the nature of the violation,
         b) relevant findings from the investigation, applicable policies or laws violated,
         c) corrective actions taken, and
         d) the rationale for the level of discipline imposed.
      2) Well-documented actions reinforce a culture of accountability and support the plan's efforts to deter future violations.

VII. REFERENCES:

A. 42 CFR §455.2: Fraud, Waste, and Abuse Definitions
B. W&I Code §14043.1(a)(i)
C. DHCS Medi-Cal Managed Care Contract
D. CMS Medicare Managed Care Manual, Chapter 21- Compliance Program Guidelines and Requirements (§422.503(b)(4)(vi))

VIII. DISTRIBUTION:

A. PowerDMS
B. Directors

IX. DEPARTMENT(S) RESPONSIBLE FOR IMPLEMENTING PROCEDURE:

Regulatory Affairs & Compliance

X. REVISION DATES:

Medi-Cal

12/06/2011, 12/04/2012, 03/26/2013, 09/01/2015, 12/01/2015, 12/06/2016, 08/16/2017, 11/15/2018, 11/21/2019, 11/19/2020, 12/02/2021, 11/15/2022, 11/16/2023, 11/17/2024, 08/18/2025, 09/03/2026

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PREVIOUSLY APPLIED TO:
PartnershipAdvantage:
CMP-06 – 06/05/2007 to 01/01/2015
Healthy Families:
CMP-06 – 10/01/2010 to 03/01/2013
Healthy Kids
CMP-06 – 06/05/2007 to 12/01/2016