

**PARTNERSHIP HEALTHPLAN OF CALIFORNIA
POLICY / PROCEDURE**

Policy/Procedure Number: CMP-09			Lead Department: Administration		
Policy/Procedure Title: Investigating & Reporting Fraud, Waste and Abuse			<input checked="" type="checkbox"/> External Policy <input checked="" type="checkbox"/> Internal Policy		
Original Date: 03/02/2010		Next Review Date: 03/05/2027 Last Review Date: 03/05/2026			
Applies to:	<input checked="" type="checkbox"/> Medi-Cal	<input type="checkbox"/> Healthy Kids	<input checked="" type="checkbox"/> Employees		
Reviewing Entities:	<input type="checkbox"/> IQI	<input type="checkbox"/> P & T	<input type="checkbox"/> QUAC		
	<input type="checkbox"/> OPERATIONS	<input type="checkbox"/> EXECUTIVE	<input type="checkbox"/> COMPLIANCE	<input type="checkbox"/> DEPARTMENT	
Approving Entities:	<input type="checkbox"/> BOARD		<input checked="" type="checkbox"/> COMPLIANCE	<input type="checkbox"/> FINANCE	<input type="checkbox"/> PAC
	<input type="checkbox"/> CEO	<input type="checkbox"/> COO	<input type="checkbox"/> CREDENTIALING	<input type="checkbox"/> DEPT. DIRECTOR/OFFICER	
Approval Signature: Sonja Bjork, CEO			Approval Date: 03/05/2026		

I. RELATED POLICIES:

- A. CMP-06 Compliance Issues and Complaints
- B. CMP-07 False Claims Act
- C. CMP-10 Confidentiality
- D. CMP-18 Reporting Privacy Incidents and Breach Notifications
- E. CMP-27 Non-intimidation & Non-retaliation
- F. CMP-28 Compliance Training Program Requirements
- G. CMP-30 Records Retention and Access Requirements
- H. FIN-405 Treatment of Recoveries of Overpayments to Providers
- I. MPRP4036 Pharmacy Benefit Manager (PBM) Claims and Business Records Auditing
- J. MPRP4062 Drug Wastage Payments

II. IMPACTED DEPARTMENTS:

All

III. DEFINITIONS:

- A. **Fraud:** means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to him or herself or some other person. It includes any act that constitutes fraud under applicable Federal or State law. (42 CFR 452.2: W. & I. Code Section 14043.1(i).)
- B. **Waste:** means the overutilization or inappropriate utilization of services and misuse of resources, per DHCS Medi-Cal contract. This includes activity resulting in unnecessary costs to the Medi-Cal program, as defined in 42 CFR 438.608(d).
- C. **Abuse:** means provider practices that are inconsistent with sound fiscal, business, or medical practices, and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the Medicaid program (42 CFR 455.2 and as further defined in W. & I. Code Section 14043.1(a).)
- D. **Partnership Workforce Member:** For the purposes of this policy, “workforce member” is defined as a(n) Partnership HealthPlan of California (PHC) employee, volunteer, temporary personnel, intern, health care provider, subcontractor, delegate, and/or member of the Partnership Board of Commissioners employed by or acting on the behalf of Partnership. This includes all individuals required to comply with fraud, waste, and abuse reporting per 42 CFR 438.608.

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IV. ATTACHMENTS:

A. FWA Investigations and Overpayment Recovery Workflow

V. PURPOSE:

This policy outlines Partnership HealthPlan of California’s (Partnership) process to detect, prevent, investigate, and report potential or actual cases of fraud, waste or abuse (FWA).

VI. POLICY / PROCEDURE:

A. Policy

A. Partnership Responsibilities Under the Contract with the Department of Health Care Services (DHCS)

1. In compliance with DHCS Contract 23-30236, Exhibit A, Attachment III Section 1.3, PHC shall meet the requirements set forth in 42 CFR § 438.608 by establishing administrative and management arrangements or procedures, mandatory compliance plan, fraud prevention program, and designation of a fraud prevention officer, which are designed to prevent, detect, and correct fraud, waste, and abuse consistent with 42 CFR§438.608 and APL 25-007. Partnership’s commitment to detecting and preventing fraud, waste, and abuse is further detailed in *Attachment A, Fraud Prevention Program*.

B. Partnership Workforce Member and Affiliate Responsibilities

1. Every Partnership workforce member and affiliate shall comply with applicable statutes, regulations, rules, and contractual obligations related to the delivery of covered services, which include, but are not limited to, federal and state False Claims Acts, Anti-Kickback statutes, prohibitions on inducements to beneficiaries, Health Insurance Portability and Accountability Act (HIPAA) and other applicable statutes.
2. Every Partnership workforce member shall complete regulatory and compliance training at the time of onboarding and annually thereafter and in compliance with Partnership policy and procedure CMP-28 Training Program Requirements. This training will include the requirement to report compliance incidents, including potential or actual FWA, to Regulatory Affairs and Compliance (RAC) upon discovery.
Every Partnership workforce member has the responsibility to understand their job functions and associated processes in order to identify irregularities in the practices of Partnership’s providers, members or employees, and to report any potential or actual FWA to RAC. Potential or actual FWA must be reported immediately. Partnership workforce members and affiliates shall not defer, delay or not report an incident on the assumption that another individual or department at Partnership will make the report.

C. Fraud Detection

1. Partnership’s approach to identifying and monitoring potential or actual fraud activity is multi-faceted. Each department is responsible for proactively monitoring for irregularities and identifying potential or actual fraud within the scope of their functional business areas. These department responsibilities are further detailed in the Partnership Fraud Prevention Program, which is incorporated into the Partnership Compliance Plan. Some of the detection sources include, but are not limited to:
 - a. Partnership’s Compliance Hotline, or other reporting mechanisms;
 - b. Claims data history;
 - c. Encounter data;
 - d. Member and provider complaints, appeals, and grievance reviews;
 - e. Medical Records audits;
 - f. Pharmacy data and claims utilization;
 - g. Utilization Management reports;
 - h. Provider utilization profiles;

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- i. Monitoring and auditing activities, which may include tracking suspended providers, changes in provider's circumstances that may affect their eligibility to participate in the Medi-Cal program, including terminations of their provider agreement and changes in member eligibility including changes in the member's residence, income and the death of a member;
- j. Monitoring external health care FWA cases and determining if Partnership's FWA program can be strengthened with information gleaned from the case activity; and/or
- k. Internal and external survey, review and audits.

B. Procedure

A. Reporting to RAC

1. Upon discovery, Partnership Workforce members and affiliates, are required to immediately, not to exceed 24 hours from awareness, report all potential or actual incidents of fraud, waste, or abuse to RAC or Partnership's Compliance Officer.
2. Potential or actual incidents of FWA shall be reported immediately by:
 - a. Internal workforce: Completing the EthicsPoint RAC Intake Form (accessible through Partnership's intranet, PHC4Me, or
 - b. External parties: Completing a referral using Partnership's Incident Reporting form (available on Partnership's external website www.partnershiphp.org) and submitting the completed form by email to RAC_Reporting@partnershiphp.org, or
 - c. By calling the toll-free Compliance Hotline number at (800) 601-2146, anonymously, or
 - d. Contacting any member of Partnership management, RAC, or the Partnership Compliance Officer.
3. Referrals shall be made immediately upon the initial discovery and must contain all information known to the reporting party including, but limited to, the initial date of discovery by Partnership or Partnership workforce member(s) or/affiliate(s) and any pertinent details as to the reason the potential fraud, waste or abuse is suspected. Additional information including any attachments and/or updates on previously reported referrals may be submitted through any of the previously mentioned reporting mechanisms
4. Any Partnership workforce member or affiliate who makes a report in good faith is not subject to retaliation, intimidation, or any other form of reprisal in accordance with Partnership policy and procedure CMP-27 Non-Intimidation & Non-Retaliation.
5. Retaliation protections are consistent with 42 CFR §438.608(e), 31 U.S.C. §3730(h), and California Government Code §12650.

B. Internal Investigations and Regulatory Reporting Requirements

1. Upon receiving a report of potential or suspected FWA, RAC will review the referral and conduct a preliminary investigation of the case. During the preliminary investigation, RAC may refer the case to another Partnership unit or department for additional investigation or to determine the validity of the allegation of potential or actual FWA.
2. Partnership's Compliance Officer, or designee, may follow up with the reporting party to clarify the initial referral, obtain additional information, or take prompt corrective action to mitigate any risks or damages involved with the actual or potential FWA and to protect the operating environment. Follow up requests may be sent from EthicsPoint directly, or via email
3. If a case does not relate to Partnership programs and/or is inappropriate for Partnership investigation, case will be closed without further investigation or referred to DHCS for further investigation.
4. In accordance with DHCS Contract Exhibit A, Attachment III, section 1.3.2(D) Partnership shall promptly refer all potential or actual FWA to the DHCS Audits and Investigations Intake Unit. All overpayments identified during investigations shall be reported to DHCS within timelines specified

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in 42 CFR 438.608(d), and recoveries pursued in accordance with FIN-405 Treatment of Recoveries of Overpayments to Providers.

- a. Partnership shall conduct, complete, and report the results of the preliminary investigation of potential FWA to DHCS within ten (10) working days from the date RAC, Partnership workforce members or affiliates first became aware of, or were in notice of, such activity.
- b. If Partnership's preliminary investigation cannot be completed within ten (10) working days, Partnership shall report to DHCS with available findings, and provide an updated report with final investigation findings within ten (10) working days once investigation has concluded.
2. All FWA referrals to DHCS, shall be made on the Medi-Cal Form MC-609: Confidential Report form. The MC-609 form and attachments submitted to DHCS must, at minimum, include:
 - a. Number of complaints of fraud and abuse submitted that warranted preliminary investigation
 - b. For each complaint which warranted a preliminary investigation, supply:
 - i. Name and/or Social Security Number (SSN) or Client Index Number (CIN);
 - ii. Source of complaint;
 - iii. Type of provider (if applicable);
 - iv. Nature of complaint;
 - v. Approximate dollar amount involved, if known; and,
 - vi. Legal and administrative disposition of the case.
3. The MC-609 form and all supporting documentation shall be provided to DHCS via secure email to PIUCases@dhcs.ca.gov with a 'cc' to Partnership's DHCS Contract Manager.

C. Remediation of substantiated Fraud, Waste, or Abuse

1. Overpayments
 - a. In accordance with 42 CFR §438.608 and processes established under Partnership policy and procedure FIN-405, RAC in collaboration with the Finance Cost Avoidance Unit, shall promptly report to DHCS all overpayments identified or recovered due to potential fraud. Additionally, shall pursue recoveries of any overpayments related to identified FWA activities
6. Corrective Action
 - a. Partnership shall promptly communicate, in writing, any identification of founded FWA to the entity in violation describing the violation in detail and the requirements and timeframe for the implementation of corrective action that may include the imposition of administrative or financial sanctions.
7. Imposition of Sanctions
 - a. Partnership may, in addition to any recoupment of overpayment, applicable civil penalties assessed by regulatory agencies, or the implementation of corrective action, impose administrative or financial sanctions against the entity in violation, in accordance with DHCS APL 25-007 and Partnership policy and procedure CMP-45 Administrative and Financial Sanctions.

B. Confidentiality and Records Retention

1. All referrals and subsequent investigation of FWA are conducted in a manner which protects the reporting party's confidentiality, to the extent reasonable, for the purposes of the investigation and in accordance with Partnership policy CMP-10 Confidentiality.
2. All data, information, and documentation related to FWA referrals and investigations are retained in accordance with Partnership policy CMP-30 Records Retention and Access Requirements.

II. REFERENCES:

- A. Compliance Plan
- B. DHCS Contract 23-30236, Exhibit A, Attachment III, Section 1.3

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- C. 42 CFR 438.608(d, e) - Program Integrity & Overpayment Reporting
- D. 42 CFR 455.2, 438.608 and 438.610
- E. Welfare and Institutions Code 14043.1
- F. DHCS All Plan Letter (APL) 25-007 – Enforcement Actions, Corrective Action Plans, Administrative & Monetary Sanctions.

III. DISTRIBUTION:

- A. PowerDMS

IV. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE:

Compliance Officer

V. REVISION DATES:

Medi-Cal

12/06/11, 12/04/12, 03/26/13, 09/01/15, 09/07/16, 05/17/17, 05/24/2018, 05/16/2019, 02/20/2020, 02/18/2021, 02/17/2022, 02/16/2023, 8/15/2024, 02/23/2025, 03/05/2026

PREVIOUSLY APPLIED TO:

Partnership Advantage:

CMP-09 – 03/02/2010 to 01/01/2015

Healthy Families:

CMP-09 – 10/01/2010 to 03/01/2013

Healthy Kids

CMP-09 – 12/06/2011 to 12/31/2016