



Policy: HH.2005
Title: **Corrective Action Plan**
Department: Office of Compliance
Section: Regulatory Affairs & Compliance

CEO Approval: /s/ Michael Hunn 11/19/2024

Effective Date: 11/01/1998

Revised Date: 11/07/2024

Applicable to: ☒ Medi-Cal
☒ OneCare
☒ PACE
☐ Administrative

I. PURPOSE

This policy defines the requirements for CalOptima Health and its First Tier, Downstream, and Related Entities (FDRs) for development and submission of an Immediate Corrective Action Plan (ICAP) or Corrective Action Plan (CAP) for areas of non-compliant performance, as identified by CalOptima Health's Office of Compliance.

CalOptima Health's Office of Compliance recognizes that issues of non-compliant performance may be identified by internal departments and FDRs that are outside of the Auditing, and operational Monitoring and investigations conducted by the Office of Compliance. This policy does not restrict the internal departments and FDRs from performing their own routine monitoring, investigation and corrective action process. As an example, refer to CalOptima Health Policy GG.1615: Corrective Action Plan for Practitioners and Organizational Providers.

II. POLICY

- A. CalOptima Health's Office of Compliance shall conduct Auditing, Monitoring, and investigations of internal CalOptima Health departments and its FDRs to ensure compliance with statutory, regulatory, contractual, CalOptima Health policy, and other requirements related to CalOptima Health programs.
- B. CalOptima Health's Office of Compliance may require that an internal department or FDR develop an ICAP or CAP response based on the identified area(s) of non-compliance.
- C. CalOptima Health's Office of Compliance shall require CalOptima Health internal departments and FDRs to bring their operations into full compliance with statutory, regulatory, contractual, CalOptima Health policy, and other requirements, which CalOptima Health or its regulators have identified as non-compliant, within time frames established by CalOptima Health's Office of Compliance.
- D. An internal department or FDR shall develop, submit, and take corrective action under an approved ICAP or CAP response in the time and manner required by CalOptima Health's Office of Compliance.
 - 1. Failure by the internal department to respond accurately, timely, and in compliance with statutory, regulatory, contractual, CalOptima Health policy, or other requirements to CalOptima Health's Office of Compliance's ICAP or CAP request may lead to further action.

2. Failure by an FDR to respond accurately, timely, and in compliance with statutory, regulatory, contractual, CalOptima Health policy, or other requirements to CalOptima Health's Office of Compliance's ICAP, or CAP, request may lead to further action. CalOptima Health may impose Sanctions for the underlying non-compliant performance that gave rise to the ICAP or CAP request, or the failure to develop, submit, and meet the requirements of the ICAP or CAP request, in accordance with CalOptima Health Policy HH.2002: Sanctions.

III. PROCEDURE

A. Basis for an ICAP or CAP

1. CalOptima Health's Office of Compliance shall routinely Monitor performance metrics, conduct routine, or focused, Audits, and conduct ongoing Monitoring and investigations of reported non-compliance for internal departments, or FDRs, through a variety of mechanisms.
 - a. CalOptima Health's Office of Compliance may issue an ICAP/CAP request as a result of Audits conducted by federal and state regulatory agencies, including, but not limited to the Department of Health Care Services (DHCS), the Centers for Medicare & Medicaid Services (CMS), and the Department of Managed Health Care (DMHC).
 - b. CalOptima Health's Office of Compliance may issue an ICAP/CAP request as a result of an ICAP/CAP request, or other corrective action, that CalOptima Health receives from a federal or state regulatory agency that is directly related to the operations of an internal department or FDR.
2. In the event that CalOptima Health's Office of Compliance determines an internal department, or FDR, has failed to comply with statutory, regulatory, contractual, CalOptima Health policy, or other requirements, the Office of Compliance may issue an ICAP, or CAP request, to address the problem. CalOptima Health's Office of Compliance shall coordinate its efforts with CalOptima Health's Human Resources Department in the event that an ICAP or CAP potentially warrants Employee disciplinary action.

B. ICAP and CAP Issuance and Requirements

1. CalOptima Health's Office of Compliance shall utilize a standardized ICAP and CAP request template.
2. Non-compliance with specific requirements that have the potential to cause significant Member harm, or place CalOptima Health's accreditation, participation, and/or contractual status with regulatory agencies in jeopardy will require an ICAP response.
 - a. If the finding requires an ICAP request, as determined by CalOptima Health's Office of Compliance, the internal department or FDR must immediately take all reasonable action to stop or prevent further non-compliance. The internal department or FDR will have five (5) business days from the formal ICAP request to provide a plan, in writing, to address or remediate the deficiency.
 - b. The internal department or FDR shall provide a written response within five (5) business days of receiving an ICAP request, detailing how it will mitigate and prevent further non-compliance. Following the acceptance of the ICAP response, the internal department or FDR is required to resolve the issue in a manner and time frame deemed appropriate by CalOptima Health's Office of Compliance.

3. A CAP request is the result of material non-compliance with specific requirements that does not rise to the level of an ICAP request.
 - a. The internal department or FDR is required to respond to the CAP request within ten (10) business days. CalOptima Health's Chief Compliance Officer or Designee may authorize extensions to this timeline on a case-by-case basis. Following the acceptance of the CAP response, the internal department or FDR is required to resolve the issue in a manner and time frame deemed appropriate by CalOptima Health's Office of Compliance.
4. An ICAP or CAP response shall include the following elements:
 - a. A root cause analysis of the deficiency which may include a description of the policies and procedures, staffing, training, and systems that failed;
 - b. Steps taken to resolve the deficiency;
 - c. Steps taken to avoid reoccurrence;
 - d. Method for implementation and completion of ICAP response or CAP response;
 - e. Individual(s) responsible for implementation of the ICAP response or CAP response;
 - f. An attestation by the internal department's Executive Officer responsible for the area subject to the CAP, or their Designee, or FDR, conveying a plan to remedy its identified deficiencies; and
 - g. ICAP response or CAP response completion date(s), as applicable.

C. Unacceptable Resolution to an ICAP or CAP

1. If the resolution to the deficiency is unacceptable or the internal department or FDR fails to respond, CalOptima Health's Office of Compliance shall issue a written notice to the internal department or the FDR, which shall include:
 - a. A summary of previous outreach and required action(s);
 - b. An explanation of why that the resolution was not acceptable, or why a response was not received;
 - c. A revised response timeline of two (2) business days for an ICAP;
 - i. Extensions to this timeline may be authorized on a case-by-case basis by CalOptima Health's Chief Compliance Officer or Designee.
 - d. A revised response timeline of five (5) business days for a CAP;
 - i. Extensions to this timeline may be authorized on a case-by-case basis by CalOptima Health's Chief Compliance Officer or Designee.
 - e. Explain the possible consequences, specific to the nature of the issue and degree of completeness in accordance with CalOptima Health Policy HH.2002: Sanctions;

- f. Possibility of escalating to the department's Chief, or the FDR's Chief Executive Officer (CEO) or their Designee; and
- g. Possibility of referral to the Delegation Oversight Committee (DOC) and the Compliance Committee.

D. Acceptable Resolution with ICAP or CAP Requirements

1. A response may be accepted once all requirements outlined in Section III.B.4. of this Policy are fulfilled. If an ICAP or CAP response requires Monitoring or a focused Audit, the ICAP or CAP response shall not be closed until the remediation(s) implemented have been validated by the Office of Compliance and demonstrate that the issue will not recur.
 - a. A response may be accepted and closed simultaneously if Monitoring or a focused Audit is not required.
2. If the resolution to the deficiency is deemed acceptable by CalOptima Health's Chief Compliance Officer or Designee, CalOptima Health's Office of Compliance may issue a written notification of acceptance, which shall include:
 - a. An acknowledgement of acceptance;
 - b. A description of follow up actions which shall include, but is not limited to:
 - i. Submission of finalized documentation; and/or
 - ii. Focused Audit, as described in Section III.E. of this Policy; and/or
 - iii. Monitoring, as deemed appropriate by CalOptima Health's Office of Compliance, and as described in Section III.F. of this Policy.
3. If the resolution to the deficiency is accepted and deemed sufficient by CalOptima Health's Chief Compliance Officer or Designee, CalOptima Health's Office of Compliance shall issue a written notification of closure, which shall include:
 - a. An acknowledgement of closure;
 - b. The effective date of closure; and
 - c. Consequences of repeat deficiencies.

E. Focused Audits

1. CalOptima Health's Office of Compliance may conduct a focused Audit of an internal department or FDR to confirm implementation of the accepted ICAP or CAP response.
2. CalOptima Health's Office of Compliance shall notify the internal department or FDR of the scope, Audit period, and Audit deliverables that shall be required to complete the focused Audit.
3. CalOptima Health's Office of Compliance may continue to Monitor and/or Audit an internal department or FDR for performance of issues and/or functions related to the ICAP or CAP request.

F. Monitoring Period

1. CalOptima Health's Office of Compliance may conduct Monitoring of the internal department's or FDR's resolution to confirm implementation of the accepted ICAP or CAP response.
2. CalOptima Health's Office of Compliance shall Monitor the resolution for a predetermined time frame for example, not more than 90 days after a "cure" has been affected to ensure ongoing compliance, as established by CalOptima Health's Office of Compliance.
3. CalOptima Health's Office of Compliance shall notify the internal department, or FDR, of the scope, Monitoring period, and deliverables that shall be required to complete the Monitoring.
4. CalOptima Health's Office of Compliance may continue to Monitor and/or Audit an internal department's or FDR's performance of issues and/or functions related to the ICAP or CAP request.

G. Failure to Maintain Adequate Resolution

1. If during the Monitoring period or the focused Audit the internal department or FDR fails to maintain the remedies in place, CalOptima Health's Office of Compliance may issue the internal department or FDR an ICAP or CAP request, as appropriate.
2. If an ICAP request is issued, the internal department or FDR shall be required to resolve the issue within two (2) business days from the re-issuance of the finding.
 - a. Extensions to this timeline may be authorized on a case-by-case basis by the Chief Compliance Officer, or Designee.
3. The ICAP request shall require the information as described in Section III.B.4. of this Policy.

H. ICAP and CAP Tracking and Reporting

1. CalOptima Health's Office of Compliance shall track all CAP and ICAP requests issued utilizing a standardized tool.
2. CalOptima Health's Office of Compliance shall report the status of all CAP/ICAP requests to the DOC and the Compliance Committee.
3. In the event that CalOptima Health's Office of Compliance makes a determination to self-disclose the ICAP or significant incident of noncompliance with respect to the CalOptima Health Medi-Cal or Medicare Program, the Regulatory Affairs & Compliance Department shall report the issue to CalOptima Health's DHCS Contract Manager and/or CMS Account Manager.
 - a. The Office of Compliance will submit the Self-Disclosure report to the Chief Compliance Officer for review and sign off.
 - b. Once the above step has been completed, and an accepted CAP (if applicable) has been submitted, the Chief Compliance Officer, or Designee, will submit the non-compliance incident to DHCS and/or CMS, including any steps taken to correct the non-compliance, immediately, but no later than the referenced time frame for Medicare in accordance with CalOptima Health Policy MA.9124: CMS Self-Disclosure, and three (3) business days for Medi-Cal ICAPs.

- c. CalOptima shall report the incident to DHCS and/or CMS as soon as possible after its discovery.
- 4. If CalOptima Health's internal department, or FDR, has repeated deficiencies, the issue(s) shall be reported to the DOC and the Compliance Committee by the Office of Compliance for further action.
- I. On a quarterly basis, CalOptima Health's Office of Compliance shall make publicly available, a report containing CAP status and actions taken to close out the findings.

IV. ATTACHMENT(S)

- A. ICAP/CAP Request Template

V. REFERENCE(S)

- A. CalOptima Health Compliance Plan
- B. CalOptima Health Contract with the Centers for Medicare & Medicaid Services (CMS) for Medicare Advantage
- C. CalOptima Health Contract with the Department of Health Care Services (DHCS) for Medi-Cal
- D. CalOptima Health PACE Program Agreement
- E. CalOptima Health Policy GG.1615: Corrective Action Plan for Practitioners and Organizational Providers
- F. CalOptima Health Policy HH.2002: Sanctions
- G. Department of Health Care Services (DHCS) All Plan Letter (APL) 23-006: Delegation and Subcontractor Network Certification (Supersedes APL 17-004)
- H. Medicare Managed Care Manual, Chapter 21
- I. Medicare Prescription Drug Benefit Manual, Chapter 9
- J. Title 22, California Code of Regulations (CCR), §51301 et. seq.

VI. REGULATORY AGENCY APPROVAL(S)

Date	Regulatory Agency	Response
06/08/2022	Department of Health Care Services (DHCS)	File and Use
10/23/2023	Department of Health Care Services (DHCS)	File and Use
02/21/2024	Department of Health Care Services (DHCS)	File and Use

VII. BOARD ACTION(S)

Date	Meeting
12/01/2016	Regular Meeting of the CalOptima Board of Directors
12/07/2017	Regular Meeting of the CalOptima Board of Directors
08/02/2018	Regular Meeting of the CalOptima Board of Directors
12/06/2018	Regular Meeting of the CalOptima Board of Directors
12/05/2019	Regular Meeting of the CalOptima Board of Directors
12/03/2020	Regular Meeting of the CalOptima Board of Directors
12/20/2021	Special Meeting of the CalOptima Board of Directors
05/05/2022	Regular Meeting of the CalOptima Board of Directors
12/01/2022	Regular Meeting of the CalOptima Health Board of Directors
10/05/2023	Regular Meeting of the CalOptima Health Board of Directors
11/07/2024	Regular Meeting of the CalOptima Health Board of Directors

VIII. REVISION HISTORY

Action	Date	Policy	Policy Title	Program(s)
Effective	11/01/1998	HH.2005	Health Network Corrective Action Plan	Medi-Cal
Revised	10/01/2002	HH.2005	Health Network Corrective Action Plan	Medi-Cal
Revised	06/01/2007	HH.2005	Health Network Corrective Action Plan	Medi-Cal
Revised	04/01/2013	HH.2005	Corrective Action Plan	Medi-Cal OneCare
Revised	09/01/2015	HH.2005	Corrective Action Plan	Medi-Cal
Revised	12/01/2016	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	12/07/2017	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	08/02/2018	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	12/06/2018	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	12/05/2019	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	12/03/2020	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	12/20/2021	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	05/05/2022	HH.2005	Corrective Action Plan	Medi-Cal OneCare OneCare Connect PACE
Revised	12/31/2022	HH.2005	Corrective Action Plan	Medi-Cal OneCare PACE
Revised	09/01/2023	HH.2005	Corrective Action Plan	Medi-Cal OneCare PACE
Revised	02/01/2024	HH.2005	Corrective Action Plan	Medi-Cal OneCare PACE
Revised	11/07/2024	HH.2005	Corrective Action Plan	Medi-Cal OneCare PACE

IX. GLOSSARY

Term	Definition
Audit	A formal, systematic, and disciplined approach designed to review, evaluate, and improve the effectiveness of processes and related controls using a particular set of standards (e.g., policies and procedures, laws and regulations) used as base measures. Auditing is governed by professional standards and completed by individuals independent of the process being audited and normally performed by individuals with one of several acknowledged certifications.
Corrective Action Plan (CAP)	A plan delineating specific identifiable activities or undertakings that address and are designed to correct program deficiencies or problems identified by formal audits or monitoring activities by CalOptima Health, the Centers for Medicare & Medicaid Services (CMS), or designated representatives. First Tier Entities and/or CalOptima Health departments may be required to complete CAPs to ensure compliance with statutory, regulatory, or contractual obligations and any other requirements identified by CalOptima Health and its regulators.
Delegation Oversight Committee (DOC)	<p><u>Medi-Cal</u>: A subcommittee of the Compliance Committee chaired by the Director(s) of Delegation Oversight to oversee CalOptima Health's delegated functions. The composition of the DOC includes representatives from CalOptima Health's departments as provided for in CalOptima Health Policy HH.4001: Delegation Oversight Committee.</p> <p><u>OneCare</u>: A subcommittee of the Compliance Committee chaired by the Director of the Delegation Oversight department to oversee CalOptima Health's delegated functions. The composition of the DOC includes representatives from CalOptima Health's operational departments.</p>
Designee	A person selected or designated to carry out a duty or role. The assigned designee is required to be in management or hold the appropriate qualifications or certifications related to the duty or role.
Downstream Entity	<p><u>Medi-Cal</u>: Any party that enters into a written arrangement, acceptable to DHCS and/or CMS, with persons or entities involved with a CalOptima Health Program benefit, below the level of arrangement between CalOptima Health and a First Tier Entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.</p> <p><u>OneCare</u>: Any party that enters into an acceptable written arrangement below the level of the arrangement between a Medicare Advantage (MA) organization (and contract applicant) and a First Tier Entity. These written arrangements continue down to the level of the ultimate provider of health and/or administrative services.</p>
Employee	For purposes of this policy, any and all employees of CalOptima Health, including all senior management, officers, managers, supervisors and other employed personnel, as well as temporary employees and volunteers.
First Tier, Downstream, and Related Entities (FDRs)	Means First Tier, Downstream or Related Entity, as separately defined herein.

Term	Definition
First Tier Entity	<p>Medi-Cal: Any party that enters into a written arrangement, acceptable to DHCS and/or CMS, with CalOptima Health to provide administrative services or health care services to a Member under a CalOptima Health Program.</p> <p>OneCare: Any party that enters into a written arrangement, acceptable to CMS, with an MAO or Part D plan sponsor or applicant to provide administrative services or health care services to a Medicare eligible individual under the MA program or Part D program.</p>
Immediate Corrective Action Plan (ICAP)	An ICAP is the result of non-compliance with specific requirements that has the potential to cause significant member harm. Significant member harm exists if the non-compliance resulted in the failure to provide medical items, services or prescription drugs, causing financial distress, or posing a threat to member's health and safety due to non-existent or inadequate policies and procedures, systems, operations or staffing.
Immediate Corrective Action Plan (ICAP) Request	The result of non-compliance with specific requirements that has the potential to cause significant Member harm. Significant Member harm exists if the noncompliance resulted in the failure to provide medical services or prescription drugs, causing financial distress, or posing a threat to Member's health and safety due to non-existent or inadequate policies and procedures, systems, operations or staffing.
Member	A beneficiary enrolled in a CalOptima Health program.
Monitoring	Regular reviews directed by management and performed as part of normal operations to confirm ongoing compliance and to ensure that corrective actions are undertaken and effective.
Related Entity	<p>Any entity that is related to the Medicare Advantage organization by common ownership or control and:</p> <ol style="list-style-type: none"> 1. Performs some of the Medicare Advantage organization'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 materials to the Medicare Advantage organization at a cost of more than two thousand five hundred dollars (\$2,500) during a contract period.
Sanction	An action taken by CalOptima Health, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on a First Tier Entity's or its agent's failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Health Programs.