



Policy: GG.1619
Title: **Delegation Oversight**
Department: Office of Compliance
Section: Delegation Oversight

CEO Approval: /s/ Michael Hunn 12/07/2023

Effective Date: 04/01/1996
Revised Date: 11/01/2023

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

I. PURPOSE

This policy defines the process for oversight of a Delegated Entity, including but not limited to Health Networks, Pharmacy Benefit Manager (PBM), and Managed Behavioral Health Organizations (MBHO), to ensure compliance with statutory, regulatory, and contractual requirements, and CalOptima Health policies and procedures to ensure continuous improvement of Member care, management, and administrative processes.

II. POLICY

- A. CalOptima Health shall provide oversight of the functions and responsibilities, processes, and performance of a Delegated Entity and its Delegated Services.
- B. CalOptima Health's oversight activities include review of compliance with regulatory requirements, contractual requirements, accreditation standards, and CalOptima Health policies and procedures. CalOptima Health's Delegation Oversight Department identifies whether a Delegated Entity's performance is adequate or inadequate and collaborates with the functional (Utilization Management, Quality Improvement, Claims, etc.) business owners to monitor a Delegated Entity's performance to ensure that improvement occurs where performance is inadequate.
- C. CalOptima Health shall continually assess a Delegated Entity's ability to perform delegated functions through initial reviews, ongoing monitoring, performance reviews, analysis of data, and utilization of benchmarks, if available. The Delegated Entity shall provide requested information in accordance with the timeframes for book or record keeping and as required in Section II.J. of this Policy.
- D. At a minimum, audits of Delegated Entities will be conducted annually by desktop review, on-site review, and/or webinar. CalOptima Health shall ensure audits are conducted at reasonable times via a mutually agreed upon format (on-site versus webinar).
- E. Successful completion of a Readiness Assessment and resolution of any corrective actions will be required prior to delegating any function to a Delegated Entity, except as provided in this Policy. This includes Delegation to a new Delegated Entity, a Delegated Entity that changes its Management Services Organization (MSO), or a request to change a capitated hospital partner.

- F. If CalOptima Health or any authorized representative including, but not limited to, the State or Federal government, Department of Health Care Services (DHCS), Centers for Medicare & Medicaid Services (CMS), or the Department of Health and Human Services (DHHS) Inspector General, determines there is a reasonable possibility of Fraud or similar risk, the aforementioned agencies may inspect, evaluate, and audit the Delegated Entity at any time.
- G. CalOptima Health shall revoke the delegation of activities or obligations or specify other remedies in instances where DHCS or CalOptima Health determine that the Delegated Entity has not performed satisfactorily.
- H. To the extent that the Delegated Entity is responsible for the coordination of care for Members, CalOptima Health shall provide any utilization data required by the Delegated Entity for the purpose of Member care coordination.
- I. CalOptima Health shall inform the Delegated Entity of prospective requirements to be met before the effective agreement date. The Delegated Entity shall comply with the new requirements within thirty (30) days of the effective date, unless otherwise instructed by CalOptima Health.
- J. The Delegated Entities shall maintain contracts, books, documents, records, encounter data and financial statements for a minimum of ten (10) years from the final date of the contract period or from completion of any audit or investigation, whichever is later and shall be available for inspection, evaluation, monitoring, and auditing to:
 - 1. CalOptima Health or its Designee;
 - 2. Any authorized representative of the state or federal government, including the DHCS, CMS, the U.S. Health and Human Services Office of Inspector General, the Comptroller General, the U.S. Department of Justice, and the Department of Managed Health Care (DMHC); and
 - 3. Any quality improvement organization, accrediting organization (e.g., National Committee for Quality Assurance [NCQA]), their Designees, and other representatives of regulatory or accrediting organizations.
- K. Upon request, CalOptima Health or its designated representatives shall have the right to inspect, review, and make copies of such records, at the Delegated Entity's expense, to facilitate CalOptima Health's obligation to conduct oversight activities.
- L. CalOptima Health retains the right to publish data obtained from audits and performance reviews and may distribute such data to Members or the general public without further notice to, or consent from, a Delegated Entity.
- M. CalOptima Health's Delegation Oversight Department shall maintain documentation of Delegated Entity oversight activities described herein.
- N. Notwithstanding the processes described in this Policy, CalOptima Health's Delegation of activities and responsibilities to Delegated Entity is subject to CalOptima Health Board of Directors' approval of the underlying business relationship/contract.

III. PROCEDURE

- A. CalOptima Health delegates activities to its Delegated Entities through the Contract for Healthcare Services and the Delegation Agreement, which incorporate DHCS and CMS contract requirements, regulations, and guidance, as well as NCQA standards and factors.
- B. CalOptima Health shall provide oversight of all Delegated Entities, including proposed Delegated Entities. Such oversight shall be conducted using any or all, without limitation, the following actions:
 - 1. Engagement Letter;
 - 2. Readiness Assessment (desktop, webinar, and on-site reviews);
 - 3. Annual audit (desktop, webinar, and on-site reviews);
 - 4. Focused and ad hoc reviews, audits and monitoring;
 - 5. Periodic reviews and audits; and
 - 6. On-going monitoring.
- C. The Delegated Entity shall:
 - 1. Cooperate by furnishing information in response to performance reviews, the Corrective Action Plan (CAP) process, and validation reviews; and
 - 2. Make staff available during the performance review to answer questions and provide the information necessary to complete the review.
- D. CalOptima Health's Delegation Oversight Department shall develop audit (or other review) tools for oversight of the focus areas as described in Section III.C of this Policy, in consultation with subject matter experts including CalOptima Health operational departments, Regulatory Affairs & Compliance, and Legal Counsel, as necessary. Such audit tools are reviewed and updated by the Delegation Oversight Department in collaboration with the respective subject matter experts annually, or more often, based upon regulatory, contractual and accreditation changes.
- E. Pre-Delegation and Annual Review Communication/Notices
 - 1. CalOptima Health Delegation Oversight may, at its discretion, provide a Delegated Entity with advance notice of a performance review.
 - 2. Each proposed Delegated Entity and each individual proposed Delegated Service shall be subject to a Readiness Assessment.
 - 3. Prior to the date of the review, CalOptima Health Delegation Oversight may notify a Delegated Entity, in writing, of the following:
 - a. Date and time of the performance review;
 - b. Proposed agenda;
 - c. Areas to be reviewed;

- d. Review team members;
 - e. Audit items and files selected to be reviewed; and
 - f. Documents that must be available on-site or submitted to CalOptima Health Delegation Oversight prior to the review.
4. If CalOptima Health Delegation Oversight furnishes a document requirement list to the Delegated Entity prior to the scheduled date of the review, the Delegated Entity shall perform the following:
- a. The Delegated Entity shall compile and furnish all documents identified on the document requirement list to CalOptima Health Delegation Oversight by the prescribed due date of the performance review. All documents must be organized to correspond and crosswalk to the categories.
 - i. If the Delegated Entity produces the documents at the time of the review, the Delegated Entity shall ensure that all responsive documents are available at the commencement of the review and organized to correspond to the categories identified on the required document list.
 - b. If the Delegated Entity is unable to furnish all required documents requested by CalOptima Health Delegation Oversight, CalOptima Health may impose Sanctions, including, but not limited to, payment for additional expenses incurred by CalOptima Health for independent audit vendors.
5. CalOptima Health shall take the following actions related to Readiness Assessment scores:
- a. A score of less than one hundred percent (100%) on any individual Readiness Assessment will result in a Corrective Action Plan (CAP) request for each non-passing proposed Delegated Service in accordance with CalOptima Health Policy HH.2005: Corrective Action Plan.
 - b. Final Scores on Readiness Assessment for each Delegated Service shall not be combined to determine whether all proposed Delegated Services are to commence. Each delegated functional area audited will be evaluated separately.

F. Readiness Assessment Process

- 1. Prior to granting Delegation to a proposed Delegated Entity, CalOptima Health shall conduct a Readiness Assessment to determine the Delegated Entity's ability to implement proposed delegated activities.
- 2. Preliminary notification of prospective Delegation:
 - a. The CalOptima Health Contract Owner shall notify the Delegation Oversight Department of the prospective Delegation by completing the pre-Delegation application form, which can be requested by submitting an email to DelegationOversight@caloptima.org. The notification must include the following and be submitted at least ninety (90) calendar days prior to potential "go live" of the delegated function:
 - i. Services and/or functions to be performed by the proposed Delegated Entity;

- ii. Contact information (phone, facsimile, address and email address) for the proposed Delegated Entity;
 - iii. Mailing address of the proposed Delegated Entity, along with the addresses of all site locations;
 - iv. Lines of business proposed for Delegation;
 - v. Name and contact information of the CalOptima Health Contract Owner;
 - vi. Date of anticipated contract implementation; proposed service levels (performance standards) and reporting responsibilities of the proposed Delegated Entity; and
 - vii. Sub-delegate information, where applicable.
- 3. The CalOptima Health Delegation Oversight auditor shall conduct the Readiness Assessment and evaluation of the proposed Delegated Entity's ability to perform the Delegated Services.
- 4. Each proposed Delegated Entity and each individual proposed Delegated Service shall be subject to a Readiness Assessment.
 - a. A score of less than one hundred percent (100%) on any individual Readiness Assessment will result in a Corrective Action Plan (CAP) request for each non-passing proposed Delegated Service in accordance with CalOptima Health Policy HH.2005: Corrective Action Plan.
 - b. Final Scores on Readiness Assessment for each Delegated Service shall not be combined to determine whether all proposed Delegated Services are to commence. Each delegated functional area audited will be evaluated separately.
- 5. The Delegation Oversight Department will schedule and conduct a Readiness Assessment for all proposed Delegated Services sixty (60) calendar days in advance of the effective date of Delegation based on business needs.
 - a. New Delegated Entity: Desktop, on-site audit, and/or webinar
 - b. Expansion of service: Desktop audit
- 6. It is the responsibility of the Delegation Oversight Department to facilitate audit material submissions in partnership with the auditor. All Delegation materials shall be submitted to the Delegation Oversight Department within thirty (30) calendar days from the engagement letter date.
- 7. The auditor shall complete the applicable audit tool, document any deficiencies and request CAP(s) for any area receiving a score of less than one hundred percent (100%).
- 8. The auditor shall notify the Contract Owner of all findings and CAPs.
- 9. The audit manager and/or auditor shall report to the Delegation Oversight Committee (DOC) the audit findings and CAPs, if any, and the successful and timely resolution of the CAP. Contingencies, if applicable, will be noted by the DOC. The audit manager and/or auditor may recommend the DOC request approval by the Compliance Committee of the proposed Delegation, if the proposed Delegated Entity:

- a. Meets ninety- five percent (95% of the elements of the Readiness Assessment; or
 - b. Meets one hundred percent (100%) of essential elements and eighty percent (80%) or more of the non-essential elements and the proposed Delegated Entity developed a CAP and/or is set for implementation for the remaining non-essential elements.
 - c. Notwithstanding the above, recommendation for approval may not be made if there are any findings of significant deficiencies.
10. The DOC shall make a recommendation to the Compliance Committee to approve or deny Delegation based on the reports from the Readiness Assessment.
- a. If the proposed Delegated Entity's request is denied:
 - i. The Delegation Oversight Department shall send a denial notice letter to the Delegated Entity. The denial notice letter shall include the deficiency acquired during the Readiness Assessment.
 - ii. The proposed Delegated Entity may appeal the decision by submitting an appeal in accordance with CalOptima Health Policies MA.9006: Provider Complaint Process, and HH.1101: CalOptima Health Provider Complaint.
 - b. If the proposed Delegated Entity's request is approved:
 - i. The Delegation Oversight Department shall notify the proposed Delegated Entity of the DOC approval.
 - ii. The Delegation Oversight Department shall coordinate implementation of any corrective actions and transitional activities with respective functional areas to ensure the appropriate level of expertise is exercised in determining compliance with program and implementation activities.
11. The DOC shall pend consideration of the proposed Delegated Entity if less than ninety- five percent (95%) of essential or eighty percent (80%) of non-essential elements are met. If there are contingencies, the auditor shall issue the CAP(s) and the Delegation Oversight designee will notify the proposed Delegated Entity via email.
12. After DOC consideration, the Delegation Oversight Department shall send the proposed Delegated Entity the results of the assessment, findings and any request for CAP(s) within thirty (30) calendar days after completing a review.
13. All CAPs must be satisfactorily resolved within the timeframe approved by the DOC in accordance with CalOptima Health Policy HH.2005: Corrective Action Plan.
14. Once the CAP(s) have been remediated to the satisfaction of the auditor, the results will be presented to DOC by the audit manager for review and recommendation.
15. The Director of Delegation Oversight shall report the DOC's recommendations on Readiness Assessment results to the Compliance Committee for approval.
16. Following DOC approval, and any other required approvals, of the Delegation Agreement and prior to the Delegated Entity's commencement of Delegated Service, the Delegation Oversight Department shall:

- a. Facilitate execution of the Delegation Agreement by the appropriate CalOptima Health Designee and the Delegated Entity; and
 - b. Upon completion of the above, the Delegated Entity is considered approved to “go live.”
- G. Request to change capitated hospital partner
 - 1. If CalOptima Health allows for a change in delegated capitated partners, then both existing physician and hospital partners shall submit the request to the Health Network Relations Department.
 - 2. The Health Network Relations Department shall forward all documents to the Delegation Oversight Department.
 - 3. The Delegation Oversight Department shall review the request submitted by the Delegated Entity to determine if a Readiness Assessment is necessary. The Delegation Oversight Department may conduct a desk review, webinar, and/or an on-site assessment based on its review of the hospital partner’s current financial statements, programs, plans or policies and procedures, and other documentation. CalOptima Health Delegation Oversight may forgo a desk review, webinar, and/or an on-site assessment if it determines that the requesting hospital partner has demonstrated its capacity to implement CalOptima Health’s program standards based on review of the request submitted for the assessment or based on CalOptima Health’s current business relationship with the hospital partner.
 - a. If it is determined that a Readiness Assessment is not required, the Delegation Oversight Department shall present the request to change hospital partner to the DOC for a recommendation.
 - i. Upon approval by the Compliance Committee of a recommendation by the DOC to deny a Delegated Entity’s request to change hospital partner:
 - a) The Delegation Oversight Department shall send a denial notice letter to the delegate.
 - b) The Delegated Entity may appeal the decision by submitting an appeal in accordance with CalOptima Health Policies MA.9006: Provider Complaint Process and HH.1101: CalOptima Health Provider Complaint.
 - ii. Upon approval by the Compliance Committee of a recommendation by the DOC to approve a Delegated Entity’s request to change hospital partner, the Delegation Oversight Department shall notify the Delegated Entity of the DOC approval.
 - b. If it is determined that a Readiness Assessment is required, the Delegation Oversight Department shall coordinate the assessment with internal staff, the Delegated Entity and the potential hospital partner in accordance with this Policy.
 - i. The Delegation Oversight Department shall present the results of the Readiness Assessment to the DOC for a recommendation to approve or deny the request.
 - a) Upon approval by the Compliance Committee of a recommendation by the DOC to deny the Delegated Entity’s request to change hospital partner, the Delegation Oversight Department shall send a denial notice letter to the Delegated Entity. The Delegated Entity may appeal the decision by submitting an appeal in accordance

with CalOptima Health Policy MA.9006: Provider Complaint Process and HH.1101: CalOptima Health Provider Complaint.

- b) Upon approval by the Compliance Committee of a recommendation by the DOC to approve of the Delegated Entity's request to change hospital partner, the Delegation Oversight Department shall notify the delegate of the DOC decision within thirty (30) calendar days after completing a review.
- ii. The Delegation Oversight Department shall coordinate implementation of any corrective actions and transitional activities with respective functional areas to ensure the appropriate level of expertise is exercised in determining compliance with program and implementation activities.

H. Request to Change Management Services Organization (MSO)

1. A Delegated Entity may request to change its MSO by submitting a request to the Health Network Relations Department.
2. The Health Network Relations Department shall forward all documents to the Delegation Oversight Department.
3. The Delegation Oversight Department shall review the request submitted by the Delegated Entity to determine if a Readiness Assessment is necessary. The Delegation Oversight Department may conduct a desk review, webinar, and/or an on-site assessment based on its review of the MSO's current financial statements, programs, plans or policies and procedures and other documentation. CalOptima Health may forgo a desk review, webinar, and/or an on-site assessment if it determines that the requesting MSO has demonstrated its capacity to implement CalOptima Health's program standards based on review of the request submitted for the assessment or based on CalOptima Health's current business relationship with the MSO.
 - a. If it is determined that a Readiness Assessment is not required, the Delegation Oversight Department shall present the request to change MSO to the DOC for a recommendation.
 - i. Upon approval by the Compliance Committee of a recommendation by the DOC to deny the Delegated Entity's request to change MSO:
 - (a) The Delegation Oversight Department shall send a denial notice letter to the Delegated Entity.
 - (b) The Delegated Entity may appeal the decision by submitting an Appeal in accordance with CalOptima Health Policies MA.9006: Provider Complaint Process and HH.1101: CalOptima Health Provider Complaint.
 - ii. Upon approval by the Compliance Committee of a recommendation by the DOC to approve the Delegated Entity's request to change MSO, the Delegation Oversight Department shall notify the Delegated Entity of the DOC approval.
 - b. If it is determined that a Readiness Assessment is required, the Delegation Oversight Department shall coordinate the assessment with internal staff, the Delegated Entity and the MSO in accordance with this Policy.
 - i. The Delegation Oversight Department shall present the results of the assessment to the DOC for a recommendation to approve or deny the request.

- c. Upon approval by the Compliance Committee of a recommendation by the DOC to deny the Delegated Entity's request to change MSO, the Delegation Oversight Department shall send a denial notice letter to the Delegated Entity. The Delegated Entity may appeal the decision by submitting an Appeal in accordance with CalOptima Health Policies MA.9006: Provider Complaint Process and HH.1101: Provider Complaint Process.
- i. Upon approval by the Compliance Committee of the recommendation of the DOC to approve the Delegated Entity's request to change MSO, the Audit & Oversight Department shall notify the delegate of the DOC decision within thirty (30) calendar days after completing a review.
- ii. The Delegation Oversight Department shall coordinate implementation of any corrective actions and transitional activities with respective functional areas to ensure the appropriate level of expertise is exercised in determining compliance with program and implementation activities.

I. Annual Audit Process:

- 1. At least annually, the Delegation Oversight Department shall schedule an audit with the Delegated Entity. Oversight audits are required annually and shall be conducted as desktop, on-site, and/or webinar audits. The Delegation Oversight Department or the DOC may determine to conduct more frequent audits and/or targeted audits.
- 2. Using an audit tool developed, the audit will evaluate, at a minimum, the Delegated Entity's performance of delegated activities and responsibilities, as evidenced by the Delegation Agreement, and compliance with applicable legal requirements, and CalOptima Health policies and procedures.
- 3. The audit will include validation based on documentation (e.g., policies & procedures, training, reports, systems) and file review(s) based on percentages for elements assessed and passed.
- 4. If the Delegated Entity receives a score of less than ninety-five percent (95%) on any audit element of the Delegation standards, the Delegated Entity shall be required to develop a CAP.
 - a. The auditor shall have ultimate responsibility for the CAP remediation and for monitoring and reporting the CAP to the DOC. The audit manager shall report the findings of the audit, the CAPs, if any, and the timeline for CAP remediation to the DOC.
- 5. Annual audit findings will be presented to the DOC, and the DOC shall determine the following based upon the Delegation Oversight Department's recommendations:
 - a. Continued Delegation without interruption if ninety-five percent (95%) of the annual Audit elements are met;
 - b. Continued Delegation without interruption under a CAP in accordance with CalOptima Health Policy HH.2005: Corrective Action Plan, if scores are less than ninety-five percent (95%); or
 - c. Any Sanction that shall be imposed, such as suspension, revocation or termination, suspension of enrollment or other action in accordance with CalOptima Health Policy HH.2002: Sanctions, if less than eighty percent (80%) of the annual Audit elements are met.

6. CalOptima Health shall provide a Delegated Entity with a written report within thirty (30) calendar days after completing a review.
7. The elements of the CAP must be resolved in accordance with CalOptima Health Policy HH.2005: Corrective Action Plan.
 - a. In the event the elements of the CAP are not successfully completed within ninety (90) calendar days, the Director of Delegation Oversight shall report to the DOC following the CAP period. DOC will review the outstanding CAP items to determine, at its discretion, whether the CAP deadline should be extended or whether the Delegated Services should be revoked or terminated.
 - i. The Delegation Oversight Department must demonstrate to the reasonable satisfaction of the DOC the reason for such an extension and provide a detailed, step action plan to ensure that the items for correction are being addressed in a timely manner.
8. In accordance with CalOptima Health Policy HH.2002: Sanctions, CalOptima Health may impose progressive disciplinary actions on Delegated Entity with consistent performance issues or findings regarding significant complaints. The Director of Delegation Oversight shall refer all incidents to the Compliance Committee for further action.
 - a. If the Delegation Oversight Department recommends de-Delegation, the DOC will be notified and make the recommendation to Compliance Committee, and the Compliance Committee will make the final recommendation from the review.
 - b. If the Compliance Committee recommends de-Delegation, the Contract Owner will be notified by the Delegation Oversight Department.
9. If, at any time during the term of the Delegation Agreement, a non-compliance of Delegation issue arises, it should be referred immediately to the Delegation Oversight Department, who will alert the DOC. The DOC shall determine whether ad hoc audits, reviews, and or other remediation are necessary to resolve any identified issues. Issues escalated will be reviewed by the Delegation Oversight Department, DOC, and Compliance Committee, as applicable.

J. Ongoing Monitoring Process

1. The Delegation Oversight Department, in conjunction with CalOptima Health Contract Owners, and functional business owners are responsible for reviewing and preparing monthly reports for each assigned Delegated Entity and each Delegated Service. These reports shall detail the on-going monitoring conducted by CalOptima Health related to the Delegated Entity and the Delegated Services in accordance with CalOptima Health Policies HH.2015: Health Networks Claims Processing, and GG.1605: Delegation & Oversight of Credentialing & Recredentialing.
2. CalOptima Health shall monitor a Delegated Entity through reports, communication materials, and continuous improvement activities submitted by the delegates on a periodic basis, including, but not limited to, those reports specified in the CalOptima Health, Health Network Service Agreement and CalOptima Health Policy HH.2003: Health Network and Delegated Entity Reporting.
3. Delegated Entity Dashboard Reporting: On a monthly basis, data submitted by the Delegated Entities shall be used to monitor areas of timeliness and accuracy.

- a. The DOC shall monitor the dashboards and may make recommendations for Corrective Action should metrics fall below the threshold.
- b. If there is a consistent pattern of noncompliance by the Delegated Entity, the Delegation Oversight Department will conduct a focused review.
 - i. If the results of the focused review are unfavorable, the auditor and/or audit manager will escalate to the DOC for further actions.
4. The Delegation Oversight Department will conduct monitoring and oversight of the business areas as outlined in CalOptima Health Policy HH.4002: CalOptima Health Internal Oversight.

K. Corrective Action Plan

1. If any area of deficiency or non-compliance is identified through any internal or external sources, including but not limited to, Member or provider complaints, Readiness Assessment reviews, regulatory audits, regular reports, oversight reviews, and ongoing monitoring, the Delegation Oversight Department may require a Delegated Entity to respond to a CAP and submit a CAP response.
2. A Delegated Entity shall comply with CAP requirements as set forth in CalOptima Health Policy HH.2005: Corrective Action Plan.
3. In accordance with CalOptima Health Policy HH.2002: Sanctions, CalOptima Health may impose progressive disciplinary actions on Delegated Entity with consistent performance issues or findings regarding significant compliance issues.

L. Sub-Delegation Oversight Process

1. To ensure the Delegation Oversight Department has oversight of all sub-delegate arrangements and sub-delegate(s) are compliant with regulatory requirements, the Delegation Oversight Department shall monitor sub-Delegation through the Readiness Assessment and annual Audit of the Delegated Entities. The sub-Delegation attestation will be reviewed and signed during the Delegated Entity Readiness Assessment and annual Audit and more frequently, if required by CalOptima Health.
2. Each Delegated Entity shall attest if they use sub-delegates to perform Delegated Services.
 - a. Delegated Entities that sub-delegate Delegated Services shall provide a list of all sub-delegates and their functions.
 - b. Delegated Entities that have sub-delegates must provide evidence of a Business Associates Agreement (BAA) holding the sub-delegate to all contractual obligations as outlined in the BAA between the Delegated Entity and CalOptima Health.
 - c. Delegated Entities that have sub-delegates shall have contract provisions with the sub-delegate that require that sub-delegate to make all premises, facilities, equipment, applicable books, records, contracts, computer, or other electronic systems related to this Contract, available at all reasonable times for audit, inspection, examination, or copying by DHCS, CMS, or the DHHS Inspector General, the Comptroller General, and DOJ, or their designees.

- d. Delegated Entities that have sub-delegates shall retain all records and documents for a minimum of ten (10) years from the final date of the Contract period or from the date of completion of any audit, whichever is later.

M. Revocation of Delegation

1. Delegation may be revoked in instances where CalOptima Health or a regulatory agency determines that the Delegated Entity has not performed satisfactorily, including, but not limited to, failing to implement a CAP or quality improvement plan and or upon determination of Fraud.
2. CalOptima Health may also terminate the Delegation Agreement at any time for cause related to findings of significant deficiencies including a full investigation of Fraud. DHCS reserves the right to suspend or terminate the Delegated Entity from participation in the Medi-Cal program, seek recovery of payments made to the Delegated Entity, impose other sanctions provided under the State Plan, and direct CalOptima Health to terminate their Delegation Agreement with the Delegated Entity due to Fraud.
3. The DOC may recommend to the Compliance Committee to approve complete or partial de-Delegation of activities to a Delegated Entity.
4. Upon revocation or termination of Delegation, performed Delegated Services shall be conducted by CalOptima Health or will be delegated to another party.
5. If the Compliance Committee approves de-Delegation of activities from the Delegated Entity, CalOptima Health Delegation Oversight shall:
 - a. Provide the Delegated Entity with a thirty (30) calendar day written notice of CalOptima Health's intent to de-delegate;
 - b. Inform Members and providers of the de-Delegation, and provide instructions for continued services;
 - c. Adjust the Delegated Entity's payments as appropriate to the Delegated Entity activity; and
 - d. Prepare appropriate CalOptima Health departments to provide the de-delegated activities.
6. A Delegated Entity shall cooperate with CalOptima Health to ensure smooth transition and continuous care for Members during the de-Delegation transition period.
7. In the event CalOptima Health determines, in its sole discretion, that the circumstances warrant re-evaluation of a Delegated Entity's ability to perform delegated activities that were previously de-delegated, CalOptima Health shall conduct such re-evaluation no earlier than twelve (12) months after the effective date of the de-Delegation.
 - a. CalOptima Health shall utilize the Readiness Assessment process as described in Section III.G of this Policy.
 - b. CalOptima Health shall delegate activities to the Delegated Entity based on the Readiness Assessment results.

- c. If the DOC approves Delegation of activities to the Delegated Entity, CalOptima Health shall re-delegate such activities, and adjust the Delegated Entity's payment accordingly.
 - d. If the DOC denies re-Delegation of activities to the Delegated Entity, it may recommend additional Sanctions on the Delegated Entity, up to and including termination of the CalOptima Health, Health Network Service Agreement.
8. CalOptima Health shall inform Providers of Providers' right to file Grievances in accordance with CalOptima Health Policy MA.9006: Provider Complaint Process and HH.1101: CalOptima Health Provider Complaint.

IV. ATTACHMENT(S)

Not Applicable

V. REFERENCE(S)

- A. CalOptima Health Compliance Plan
- B. CalOptima Health Contract for Health Care Services
- C. CalOptima Health Contract with the Centers for Medicare & Medicaid Services (CMS) for Medicare Advantage
- D. CalOptima Health Contract with Department of Health Care Services (DHCS) for Medi-Cal
- E. Health Network Service Agreement
- F. CalOptima Health Policy HH.1101: CalOptima Health Provider Complaint
- G. CalOptima Health Policy HH.2002: Sanctions
- H. CalOptima Health Policy HH.2003: Health Network and Delegated Entity Reporting
- I. CalOptima Health Policy HH.2005: Corrective Action Plan
- J. CalOptima Health Policy HH.2015: Health Networks Claims Processing
- K. CalOptima Health Policy HH.4002: CalOptima Health Internal Oversight
- L. CalOptima Health Policy MA.9006: Provider Complaint Process
- M. Delegation and Responsibility Agreement
- N. Department of Health Care Services All-Plan Letter (APL) 23-006: Delegation and Subcontractor Network Certification (Supersedes APL 17-004)
- O. Title 42, Code of Federal Regulations (C.F.R.), §438.230

VI. REGULATORY AGENCY APPROVAL(S)

Date	Regulatory Agency	Response
07/03/2017	Department of Health Care Services (DHCS)	Approved as Submitted
02/28/2019	Department of Health Care Services (DHCS)	Approved as Submitted
01/19/2022	Department of Health Care Services (DHCS)	File and Use

VII. BOARD ACTION(S)

Date	Meeting
12/07/2017	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

VIII. REVISION HISTORY

Action	Date	Policy	Policy Title	Program(s)
Effective	04/01/1996	GG.1619	Health Network Delegation Oversight	Medi-Cal
Effective	04/01/1999	HH.2004	Health Network Performance Review	Medi-Cal
Revised	05/01/1999	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	12/01/1999	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	10/01/2002	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	10/01/2002	HH.2004	Health Network Performance Review	Medi-Cal
Revised	10/01/2003	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	11/01/2004	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	11/01/2004	HH.2004	Health Network Performance Review	Medi-Cal
Effective	08/01/2005	MA.7014	Physician Medical Group Delegation Oversight	OneCare
Effective	08/01/2005	MA.9103	Physician Group Performance Review	OneCare
Revised	03/01/2007	MA.7014	Physician Medical Group Delegation Oversight	OneCare
Revised	04/01/2007	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	07/01/2007	HH.2004	Health Network Performance Review	Medi-Cal
Revised	01/01/2010	HH.2004	Health Network Performance Review	Medi-Cal
Effective	04/01/2010	MA.9111	Readiness Assessment	OneCare
Effective	08/01/2010	HH.2016	Readiness Assessment	Medi-Cal
Revised	09/01/2011	GG.1619	Health Network Delegation Oversight	Medi-Cal
Revised	02/01/2013	HH.2004	Performance Reviews	Medi-Cal OneCare
Revised	04/01/2014	HH.2004	Health Network Performance Review	Medi-Cal
Revised	10/01/2014	GG.1619	Delegation Oversight	Medi-Cal
Revised	09/01/2015	GG.1619	Delegation Oversight	Medi-Cal
Revised	09/01/2015	HH.2004	Health Network Performance Review	Medi-Cal
Revised	09/01/2015	HH.2016	Readiness Assessment	Medi-Cal

Action	Date	Policy	Policy Title	Program(s)
Revised	09/01/2015	MA.7014	Physician Medical Group Delegation Oversight	OneCare OneCare Connect PACE
Revised	09/01/2015	MA.9103	Health Network Performance Review	OneCare OneCare Connect
Revised	09/01/2015	MA.9111	Readiness Assessment	OneCare OneCare Connect
Revised	07/01/2017	GG.1619	Delegation Oversight	Medi-Cal OneCare OneCare Connect
Retired	09/28/2017	HH.2004	Health Network Performance Review	Medi-Cal
Retired	09/28/2017	HH.2016	Readiness Assessment	Medi-Cal
Retired	09/28/2017	MA.7014	Physician Medical Group Delegation Oversight	OneCare OneCare Connect PACE
Retired	09/28/2017	MA.9103	Health Network Performance Review	OneCare OneCare Connect
Retired	09/28/2017	MA.9111	Readiness Assessment	OneCare OneCare Connect
Revised	12/07/2017	GG.1619	Delegation Oversight	Medi-Cal OneCare OneCare Connect
Revised	12/06/2018	GG.1619	Delegation Oversight	Medi-Cal OneCare OneCare Connect
Revised	12/05/2019	GG.1619	Delegation Oversight	Medi-Cal OneCare OneCare Connect
Revised	12/03/2020	GG.1619	Delegation Oversight	Medi-Cal OneCare OneCare Connect
Revised	12/20/2021	GG.1619	Delegation Oversight	Medi-Cal OneCare OneCare Connect
Revised	12/31/2022	GG.1619	Delegation Oversight	Medi-Cal OneCare
Revised	11/01/2023	GG.1619	Delegation Oversight	Medi-Cal OneCare

IX. GLOSSARY

Term	Definition
Contract Owner	The one individual within CalOptima Health with ultimate responsibility for the relationship between CalOptima Health and the Delegated Entity. Contract Owner responsibilities include, but are not limited to, initial contact, procurement, negotiation of contract terms, compliance remediation, on-going entity relations, site closings, hours of operations, etc. The Contract Owner is the individual with responsibility for ensuring that the documentation regarding the relationship between CalOptima Health and the Delegated Entity is complete and accurate.
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), Department of Health Care Services (DHCS), or designated representatives. FDRs 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.
Delegated Entity	Any party that enters into an acceptable written arrangement below the level of the arrangement between CalOptima Health and a First Tier Entity. These written arrangements continue down to the level of the ultimate provider of health and/or administrative services
Delegated Services	Services delegated to a Delegated Entity through a Delegation Agreement, which may include, but are not limited to, administration and management services, marketing, utilization management, quality assurance, case management, claims processing, claims payment, credentialing, network management, provider claim appeals, customer service, enrollment, disenrollment, billing, sales and adjudicating organization determinations and appeals.
Delegation Agreement	Mutually agreed upon document, signed by both parties, which includes, without limit: <ol style="list-style-type: none"> 1. CalOptima Health responsibilities; 2. Duration of the agreement; 3. Termination of the agreement; 4. Delegated Entity responsibilities and Delegated Services; 5. Types and frequency of reporting to the Delegated Entity; 6. Process by which the CalOptima Health evaluates the Delegated Entity's performance (Performance Measurements); 7. Use of confidential CalOptima Health information including Member Protected Health Information (PHI) by the Delegated Entity; and 8. Remedies available to the CalOptima Health if the Delegated Entity does not fulfill its obligations.
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.

Term	Definition
Fraud	An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State law, in accordance with Title 42 Code of Federal Regulations section 455.2, Welfare and Institutions Code section 14043.1(i).
Health Network	For purposes of this policy, the contracted health networks of CalOptima Health, including Physician Hospital Consortia (“PHCs”), Shared Risk Medical Groups (“SRGs”), and Health Maintenance Organizations (“HMOs”).
Management Services Organization (MSO)	For purposes of this policy, an entity that provides management and administrative support services on behalf of a Delegated Entity.
Medical Record	<p><u>Medi-Cal</u>: Any single, complete record kept or required to be kept by any Provider that documents all the medical services received by the Member, including, but not limited to, inpatient, outpatient, and emergency care, referral requests, authorizations, or other documentation as indicated by CalOptima Health policy.</p> <p><u>OneCare</u>: A medical record, health record, or medical chart in general is a systematic documentation of a single individual’s medical history and care over time. The term 'Medical Record' is used both for the physical folder for each individual patient and for the body of information which comprises the total of each patient's health history. Medical records are intensely personal documents and there are many ethical and legal issues surrounding them such as the degree of third-party access and appropriate storage and disposal.</p>
Member	A beneficiary enrolled in a CalOptima Health program.
National Committee for Quality Assurance (NCQA)	An independent, not-for-profit organization dedicated to assessing and reporting on the quality of managed care plans, managed behavioral healthcare organizations, preferred provider organizations, new health plans, physician organizations, credentials verification organizations, disease management programs and other health-related programs.
Readiness Assessment	An assessment conducted by a review team prior to the effective date of a Delegated Entity’s or other contracted entity’s contract with CalOptima Health of the Delegated Entity’s or contracted entity’s compliance with all or a specified number of operational functional areas as determined by CalOptima Health.
Sanction	An action taken by CalOptima Health, including, but not limited to, restrictions, limitations, monetary fines, termination, or a combination thereof, based on an FDR’s or its agent’s failure to comply with statutory, regulatory, contractual, and/or other requirements related to CalOptima Health Programs.