

HEALTH PLAN OF SAN JOAQUIN					
<b>Subject:</b> Delegation of Utilization Management					
<b>Department:</b> Medical Management		<b>Unit:</b> Utilization Management		<b>Policy #:</b> UM62	
<b>Effective Date:</b> 07/12/2012	<b>Committee/Approval Date:</b> - ■ QMUM 3/16/16	<b>Review/Revision Dates:</b> 9/15,12/15, 1/16, 5/16			
Applies To:	Medi-Cal	Yes	X	No	
	TPA	Yes		No	X
	MCAP	Yes	X	No	

**PURPOSE**

To provide a systematic method to delegate specific Utilization Management activities to entities that meet HPSJ’s requirements, standards and policies and procedures and to provide a process for HPSJ’s oversight of the delegate and the Delegated Activities.

**DEFINITIONS**

**Delegate:** The entity to which HPSJ has granted authority to perform a function on its behalf.

**Delegated Activity:** The function(s) which the Delegate performs on behalf of HPSJ.

**Delegation:** A formal process by which HPSJ gives another entity the authority to perform certain functions on its behalf.

**Delegation Agreement:** A written document agreed to by HPSJ and the Delegate describing the responsibilities of each party, the Delegated Activities, the reporting process, the evaluation process, remedies and corrective action and other terms and conditions related to the delegation of activities for which HPSJ is responsible.

**NCQA Standards:** The most recent version of the Health Plan Accreditation Standards and Guidelines, as modified from time to time, promulgated by the National Committee for Quality Assurance.

**Program Documents:** Program Description, Work Plan, Policies and Procedures, relevant meeting minutes, files, and other similar documents that describe, and provide evidence of implementation of, an organization’s processes for planning, designing, implementing, evaluating, and improving an organizational function such as utilization management, quality improvement, credentialing and so forth. In this policy and procedure Program

Documents shall refer to Utilization Management Program Documents unless specified otherwise.

**Representative:** An agent, contractor, employee, staff or volunteer acting for, or on behalf of, HPSJ.

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### **POLICY**

- A. HPSJ may at its discretion delegate specific Utilization Management activities to entities that can demonstrate compliance with HPSJ's requirements, standards and policies, and procedures.
- B. HPSJ will submit to DMHC Delegates Associates Agreement for review and approval.

### **PROCEDURE**

#### **A. General Delegation Provisions**

- 1. The Quality Management & Utilization Management Committee (QMUM) is responsible for overseeing all delegation related to Utilization Management including:
  - a. Reviewing the findings of pre-delegation evaluations.
  - b. Reviewing periodic reports submitted by Delegates.
  - c. Annually approving the Utilization Management (UM) Program Description
  - d. Reviewing the findings of annual evaluations.
  - e. Determining corrective action.
  - f. Monitoring Delegates' compliance with HPSJ's Delegation Agreement.
- 2. HPSJ does not delegate oversight of delegation.
- 3. Prior to delegation, HPSJ shall evaluate the capacity of the proposed Delegate to carry out the proposed Delegated Activities as described in the procedure on Pre-Delegation Evaluation.
- 4. All delegation shall be formalized with a written Delegation Agreement, as described in the procedure of the same name, signed by duly authorized representatives of HPSJ and the Delegate, which specifies:
  - a. The responsibilities of the Delegate.
  - b. The responsibilities of HPSJ related to the Delegated Activities and the delegate.
  - c. The activities that are delegated.
  - d. The process that HPSJ uses to evaluate the Delegate's performance.
  - e. The remedies that HPSJ may take if the Delegate does not fulfill its responsibilities.
    - i. Such remedies shall be progressive in nature.

- ii. HPSJ shall always have the option of terminating the delegation arrangement in the event the Delegate does not fulfill its obligations.
- 5. The Delegate may not further delegate to another entity any portion of the Delegated Activities without the written agreement of HPSJ.
- 6. HPSJ will evaluate regular reports enumerated in the Delegation Agreement and submitted by the Delegate as described in the procedure on Periodic Reporting by the Delegate.
- 7. As described in the procedure on Annual Evaluation of Delegation, HPSJ will:
  - a. Review and approve the Delegate's Utilization Management Program Description and relevant Policies and Procedures.
  - b. Evaluate the Delegate's performance according to:
    - i. HPSJ's Utilization Management expectations and program requirements.
    - ii. Relevant NCQA Standards for Utilization Management.

## B. Pre-Delegation Evaluation

1. Prior to delegation of any activities related to Utilization Management, HPSJ evaluates the proposed Delegate's capacity to perform the proposed Delegated Activities in accordance with NCQA Standards.
  - a. At the time of delegation, entities that are accredited by NCQA are deemed to have demonstrated their capacity to perform the proposed Delegated Activities in accordance with NCQA Standards without further evaluation by HPSJ.
  - b. At the time of delegation, entities that are certified by NCQA for Utilization Management are deemed to have demonstrated their capacity to perform the proposed Delegated Activities covered under the scope of the certification in accordance with NCQA Standards without further evaluation by HPSJ.
  - c. At the time of delegation, entities that are not accredited by NCQA or are not certified by NCQA for Utilization Management require a formal evaluation by HPSJ of their capacity to perform the proposed Delegated Activities in accordance with NCQA Standards.
    - i. HPSJ's formal evaluation of the entity's capacity to perform the proposed Delegated Activities in accordance with NCQA Standards includes a structured assessment, which is usually conducted on-site.
    - ii. At HPSJ's discretion and for good cause, the pre-delegation evaluation may be conducted in a manner other than on-site such as, but not limited to, teleconference, off-site document review, or joint meetings.
    - iii. The entity's structures, processes, and outcomes are evaluated against the relevant NCQA Standards using the then currently applicable edition of the Health Plan Accreditation Standards and Guidelines as periodically updated by NCQA and a process as close to that used by the NCQA surveyors as is reasonable.

- iv. Only those scoring elements applicable to the proposed Delegated Activities are evaluated and scored.
2. Prior to delegation, HPSJ evaluates the proposed Delegate's capacity to perform the proposed Delegated Activities in accordance with HPSJ's expectations and program requirements.
  - a. HPSJ evaluates the entity's Utilization Management Program Documents, specifically including the Utilization Management Program Description, Work Plan, Policies and Procedures, and relevant committee minutes and files to determine the degree to which they are consistent with HPSJ's expectations and program requirements.
  - b. If an on-site evaluation is not required as described above, the evaluation of the entity's Utilization Management Program Documents may be conducted off-site at the discretion of HPSJ.
  - c. Relevant portions of the entity's Program Documents are evaluated on a four point scale:
    - i. "Compliant" means that the element fully meets HPSJ's expectations and program requirements.
    - ii. "Acceptable Deviation" means that the element produces a result that is acceptable to HPSJ even though the process or outcome may not exactly match HPSJ's.
    - iii. "Needs Improvement" means that the element does not meet HPSJ's expectations or program requirements but can be rectified with specifically identifiable and reasonable interventions.
    - iv. "Not Compliant" means that the element does not meet HPSJ's expectations or program requirements and rectifying the situation will require extensive effort on the part of the entity.
  - d. HPSJ evaluates the extent to which the proposed Delegate has adequate human resources, information systems and other resources to carry out the proposed Delegated Activities.
    - i. If an on-site evaluation is not required as described above, the evaluation of the adequacy of human resources, information systems and other resources may be conducted off-site at the discretion of HPSJ.
    - ii. The adequacy of the entity's human resources, information systems and other resources is evaluated on a three point scale:
      - (a) "Acceptable" means that the human resources, information systems and other resources fully meet HPSJ's expectations and program requirements.
      - (b) "Needs Improvement" means that the human resources, information systems and other resources do not meet HPSJ's expectations or program requirements but can be rectified with specifically identifiable and reasonable interventions.



- a. Delegation may proceed if human resources, information systems, and/or other resources are evaluated as “Needs Improvement” provided the proposed Delegate agrees and adheres to a plan of correction acceptable to HPSJ.
  - b. Delegation may not proceed if human resources, information systems, and/or other resources are evaluated as “Not Acceptable.”
4. The results of the interview with the individuals responsible for managing and overseeing the proposed Delegate’s Utilization Management activities has resolved any remaining questions about the capability of the proposed Delegate to meet NCQA Standards and HPSJ’s expectations and program requirements.

**F. Delegation Agreement**

1. HPSJ’s Delegation Agreement template shall be used for all Delegation.
2. If appropriate, changes may be approved by a member of HPSJ’s senior management.
3. All blank or gray areas on the Delegation Agreement template shall be completed with the necessary information.
4. The Delegation Agreement shall be revised if necessary and completed including:
  - a. A description of the activities required by NCQA using language substantially similar to the most recent version of NCQA’s Health Plan Accreditation Standards and Guidelines.
  - b. Inserting check marks or other symbols to indicate whether the activities are the responsibility of the Delegate or HPSJ. If the activities in a single row are partially delegated, check marks can be placed as appropriate in the second and third columns to indicate which activities are the responsibility of the Delegate and which are the responsibility of HPSJ. If an explanation is needed to make the division of responsibility clear (for example the Delegate is responsible for the first level of appeal but HPSJ is responsible for the second level), a footnote should be inserted to describe the situation clearly.
  - c. Inserting a check mark or other symbol to indicate that an activity is not applicable, such as an NCQA requirement that does not apply to a particular product line, such as Medi-Cal.
5. The Delegation Agreement shall be completed describing the Delegate’s reporting requirements including
  - i. Content and format of each report.
  - ii. Frequency of each report.
  - iii. Due date for each report.
- b. At a minimum, the delegate is required to report relevant data and information semi-annually to HPSJ though not all data and information

may be appropriate for semi-annual reporting (for example an annual satisfaction survey would not be reported semi-annually).

- c. The required reporting must reasonably cover the entire scope of the Delegated Activities.

#### **G. Periodic Reporting by the Delegate**

1. HPSJ determines what reports are required of the Delegate including:
  - a. Report content, which must reasonably cover the entire scope of Delegated Activities.
  - b. Report format.
  - c. Report frequency, which in no case shall be less frequently than every six months.
  - d. Specific date's reports are due.
2. Reports are used to evaluate the extent to which the Delegate is performing according to HPSJ's expectations and program requirements.
3. A corrective action plan may be required when a delegate's performance is in non-compliance, for example, if clinical decisions are not made within required timeframes.
4. If the Delegate is not accredited by NCQA or not certified by NCQA for Utilization Management, periodic reports are also used by HPSJ to aid in evaluating the extent to which the Delegate is performing according to relevant NCQA Standards.
5. HPSJ will work with the Delegate to minimize the extent to which the delegate must generate customized reports for HPSJ within the constraints that the information must allow HPSJ to assess the Delegate's performance with reasonable certainty and without unreasonable effort.
6. At HPSJ's discretion, reports may include, but not be limited to, any or all of the following:
  - a. Raw data.
  - b. Analyzed data.
  - c. Committee minutes.
  - d. Specifically designed reports.
7. At HPSJ's discretion, reports may be delivered by, but not limited to, any of the following means:
  - a. Electronically.
  - b. In hard copy.
  - c. In joint meetings.
8. Semiannually submitted reports and data from delegate will be presented at the Delegation and Oversight Committee Meeting.

## H. Annual Evaluation of Delegation

1. Annually, HPSJ evaluates the extent to which the Delegate performs the Delegated Activities in accordance with NCQA Standards.
  - a. At the time of the annual evaluation, entities that are accredited by NCQA are deemed to have demonstrated that they perform the Delegated Activities in accordance with NCQA Standards without further evaluation by HPSJ.
  - b. At the time of the annual evaluation, entities that are certified by NCQA for Utilization Management are deemed to have demonstrated that they perform those Delegated Activities covered under the scope of their certification in accordance with NCQA Standards without further evaluation by HPSJ.
  - c. At the time of the annual evaluation, entities that are not accredited by NCQA or are not certified by NCQA for Utilization Management require a formal evaluation by HPSJ of the extent to which they perform the Delegated Activities in accordance with NCQA Standards.
    - i. HPSJ's formal evaluation of the extent to which the entity performs the Delegated Activities in accordance with NCQA Standards includes a structured assessment, which is usually conducted on-site.
      - a. At HPSJ's discretion and for good cause, the annual evaluation may be conducted in a manner other than on-site such as, but not limited to, teleconference, off-site document review, or joint meetings.
    - ii. The entity's structures, processes, and outcomes are evaluated against the relevant NCQA Standards using the then currently applicable edition of the Health Plan Accreditation Standards and Guidelines as periodically updated by NCQA and a process as close to that used by the NCQA surveyors as is reasonable.
      - a. Only those scoring elements applicable to the Delegated Activities are evaluated and scored.
2. Annually, HPSJ evaluates the extent to which the delegate performs the Delegated Activities in accordance with HPSJ's expectations and program requirements.
  - a. HPSJ evaluates the Delegate's Utilization Management Program Documents, specifically including the Utilization Management Program Description, Work Plan, Policies and Procedures, and relevant committee minutes and files to determine the degree to which they are consistent with HPSJ's expectations and program requirements.

- i. If an on-site evaluation is not conducted as described above, the evaluation of the Delegate's Utilization Management Program Documents may be conducted off-site at the discretion of HPSJ.
  - ii. Relevant portions of the Delegate's Program Documents are evaluated on a four point scale:
    - a. "Compliant" means that the element fully meets HPSJ's expectations and program requirements.
    - b. "Acceptable Deviation" means that the element produces a result that is acceptable to HPSJ even though the process or outcome may not exactly match HPSJ's.
    - c. "Needs Improvement" means that the element does not meet HPSJ's expectations or program requirements but can be rectified with identifiable interventions.
    - d. "Not Compliant" means that the element does not meet HPSJ's expectations or program requirements and rectifying the situation will require extensive effort on the part of the entity.
- b. HPSJ evaluates the extent to which the Delegate's human resources, information systems, and other resources are adequate to carry out the Delegated Activities.
- i. If an on-site evaluation is not required as described above, the evaluation of the adequacy of human resources, information systems, and other resources may be conducted off-site at the discretion of HPSJ.
  - ii. The adequacy of the entity's human resources, information systems, and other resources is evaluated on a three point scale:
    - a. "Acceptable" means that the human resources, information systems, and other resources fully meet HPSJ's expectations and program requirements.
    - b. "Needs Improvement" means that the human resources, information systems, and other resources do not meet HPSJ's expectations or program requirements but can be rectified with specifically identifiable and reasonable interventions.
    - c. "Not Acceptable" means that the human resources, information systems, and other resources do not meet HPSJ's expectations or program requirements and rectifying the situation will require extensive effort on the part of the entity.

- c. HPSJ interviews the individual(s) responsible for managing and overseeing the proposed Delegate's Utilization Management activities.
  - i. If an on-site evaluation is not conducted as described above, the interview may be conducted by telephone at the discretion of HPSJ.
- 3. The annual evaluation is conducted by a representative(s) of HPSJ with appropriate knowledge, skill, and expertise in Utilization Management, understanding of relevant NCQA Standards and their interpretation and application, and knowledge of HPSJ's requirements and program requirements.
- 4. The representative(s) conducting the annual evaluation prepare a written report of their findings and specific recommendations.
- 5. Delegation may continue under the following circumstances:
  - a. The Delegate's score on the NCQA Standards relevant to the Delegated Activities is 50% or higher.
    - i. If the Delegate's score for any relevant NCQA standard is less than 50%, at its sole discretion HPSJ may discontinue that portion of the delegation related to that NCQA standard and all or any other part of the delegation.
      - (a) If discontinued, delegation will not resume until the Delegate's score reaches 50% or higher.
      - (b) If HPSJ's on-site reviewer determines that the Delegate's current performance is acceptable even though the score is less than 50%, HPSJ may, at its sole discretion, continue to delegate the related activity(ies).
    - ii. If the Delegate's score for any relevant NCQA standard is less than 100%, at its sole discretion HPSJ may require that the delegate agree and adhere to a plan of correction acceptable to HPSJ.
  - b. Relevant portions of the Delegate's Program Documents are evaluated as either "Compliant" or "Acceptable Deviation."
    - i. Delegation may continue if portions of the Delegate's Program Documents are evaluated as "Needs Improvement" provided the delegate agrees and adheres to a plan of correction acceptable to HPSJ.

- ii. If any relevant portion of the Delegate’s Program Documents is evaluated as “Not Compliant,” at its sole discretion HPSJ may:
  - a. That the delegate agree and adhere to a plan of correction acceptable to HPSJ, or
  - b. Discontinue the affected part of the delegation and all or any other part of the delegation.
    - i. If discontinued, delegation will not resume until the Delegate’s Program Documents are evaluated as either “Compliant” or “Acceptable Deviation.”
    - ii. If discontinued, HPSJ, at its sole discretion, may decide to not resume all or any part of the delegation.
- c. The human resources, information systems, and other resources of the delegate are evaluated as “Acceptable.”
  - i. Delegation may continue if human resources, information systems, and/or other resources are evaluated as “Needs Improvement” provided the delegate agrees and adheres to a plan of correction acceptable to HPSJ.
  - ii. If the Delegate’s Delegation human resources, information systems, and/or other resources are evaluated as “Not Acceptable,” at its sole discretion HPSJ may:
    - a. Require that the delegate agree and adhere to a plan of correction acceptable to HPSJ, or
    - b. Discontinue the affected part of the delegation and all or any other part of the delegation.
      - i. If discontinued, delegation will not resume until the Delegate’s human resources, information systems, and other resources are evaluated as “Acceptable.”
      - ii. If discontinued, HPSJ, at its sole discretion, may decide to not resume all or any part of the delegation.
- d. The results of the interview with the individuals responsible for managing and overseeing the proposed Delegate’s Utilization Management activities has resolved any remaining questions about the capability of the entity to meet NCQA Standards and HPSJ’s expectations and program requirements.

**I. Personal Health Information (PHI)**

1. The Delegated maintains policies that protect the confidentiality of personal and health information, including Social Security numbers, obtained from its members and associates in the course of its regular business function.
2. Breaches for personal health information must be reported to
3. Breaches of personal health information must be reported to HPSJ compliance Department. Example of breaches:
  - a. Provider office attaching incorrect documentation to a request.
  - b. Faxes sent to incorrect numbers.

**REFERENCE**

- A. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule
- B. The Privacy Protection Act of 1980
- C. National Committee for Quality Assurance (NCQA), UM 14: Delegation of UM, 2016

<b>Health Plan of San</b>
<b>Joaquin DHCS Contract</b>

<i>Contract Reference</i>	<i>Date of Approval</i>	<i>DHCS Unit</i>		<i>Contract Reference</i>	<i>Date of Approval</i>	<i>DHCS Unit</i>

