



Fraud, Waste and Abuse

**Network Medical Management
Fraud, Waste, and Abuse Training**

February 2019



Network Medical Management

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ACRONYMS

The following acronyms are used throughout the course

ACRONYM	DEFINITION
CFR	Code of Federal Regulations
CMS	Centers for Medicare & Medicaid Services
EPLS	Excluded Parties List System
FCA	False Claims Act
FDRs	First-tier, Downstream, and Related Entities
FWA	Fraud, Waste, and Abuse
HIPAA	Health Insurance Portability and Accountability Act
LEIE	List of Excluded Individuals and Entities
MA	Medicare Advantage
MAC	Medicare Administrative Contractor
MLN	Medicare Learning Network®
NPI	National Provider Identifier
OIG	Office of Inspector General
PBM	Pharmacy Benefits Manager
WBT	Web-Based Training

Network Medical Management/Combating Medicare Parts C and D Fraud, Waste, and Abuse Training

INTRODUCTION

Welcome to the **Network Medical Management (NMM) Combating Medicare Parts C and D Fraud, Waste, and Abuse Training (FWA)**. This training models the training developed by CMS and incorporates additional information specific to NMM.

The training developed by CMS can be found in the Medicare Learning Network® (MLN).



Network Medical Management/Combating Medicare Parts C and D Fraud, Waste, and Abuse Training

INTRODUCTION

Publications & Multimedia

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts>

Events & Training

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNGenInfo/Events-and-Training.html>

Newsletters & Social Media

<https://www.cms.gov/Outreach-and-Education/Outreach/FFSProvPartProg>

Continuing Education

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNGenInfo/Continuing-Education.html>

Network Medical Management Combating Medicare Parts C and D Fraud, Waste, and Abuse Training

INTRODUCTION

This training assists Medicare Parts C and D plan Sponsors' employees, governing body members, and their first-tier, downstream, and related entities (FDRs) to satisfy their annual fraud, waste, and abuse (FWA) training requirements in the regulations and sub-regulatory guidance at:

- [42 Code of Federal Regulations \(CFR\) Section 422.503 \(b\) \(4\) \(vi\) \(C\)](#)
- [42 CFR Section 423.504 \(b\) \(4\) \(vi\) \(C\)](#)
- [CMS-4159-F, Medicare Program Contract Year 2015 Policy and Technical Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Programs](#)
- Section 50.3.2 of the Compliance Program Guidelines ([Chapter 9 of the Medicare Prescription Drug Benefit Manual](#)) and [Chapter 21 of the Medicare Managed Care Manual](#))

Sponsors and their FDRs are responsible for providing additional specialized or refresher training on issues posing FWA risks based on the employee's job function or business setting.

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INTRODUCTION

42 Code of Federal Regulations (CFR)
Section 422.503

https://www.ecfr.gov/cgi-bin/text-idx?SID=c66a16ad53319af00580ab00f12c5572&mc=true&node=pt42.3.422&gran=pt42.3.422_1503

42 CFR Section 423.504

https://www.ecfr.gov/cgi-bin/text-idx?SID=c66a16ad53319af00580ab00f12c5572&mc=true&gran=pt42.3.423&gran=pt42.3.423_1504

CMS-4159-F, Medicare Program; Contract Year 2015 Policy and Technical Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Programs

<https://www.gpo.gov/fdsys/pkg/FR-2014-05-23/pdf/2014-11734.pdf>

Chapter 9 of the Medicare Prescription Drug Benefit Manual

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/chapter9.pdf>

Chapter 21 of the Medicare Managed Care Manual

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc88c21.pdf>

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

INTRODUCTION

Why Do I Need Training?

- Every year billions of dollars are improperly spent because of FWA. It affects everyone—including you. This training will help you detect, correct, and prevent FWA. You are part of the solution.
- Combating FWA is everyone's responsibility! As an individual who provides health or administrative services for Medicare enrollees, every action you take potentially affects Medicare enrollees, the Medicare Program, or the Medicare Trust Fund.

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INTRODUCTION

Training Requirements: Plan Employees, Governing Body Members, and First-Tier, Downstream, or Related Entity (FDR) Employees

- Certain training requirements apply to people involved in Medicare Parts C and D. All employees of Medicare Advantage Organizations (MAOs) and Prescription Drug Plans (PDPs) (collectively referred to in this course as "Sponsors") must receive training for preventing, detecting, and correcting FWA.
- FWA training must occur within 90 days of initial hire and at least annually thereafter.
- More information on other [Medicare Parts C and D compliance trainings and answers to common questions](#) is available on the CMS website.

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INTRODUCTION

FWA Training Requirements Exception

There is one exception to the FWA training and education requirement. FDRs meet the FWA training and education requirements if they met the FWA certification requirement through either:

- **Accreditation as a supplier of Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)**
- **Enrollment in Medicare Part A (hospital) or B (medical) Program**

If you are unsure if this exception applies to you, contact your management team for more information.

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Navigating and Completing This Course

- Anyone providing health or administrative services to Medicare enrollees must satisfy general compliance and FWA training requirements. You may use this WBT course to satisfy the FWA requirements.
- This course consists of two lessons and a Post-Assessment. Successfully completing the course requires completing all lessons and scoring 70 percent or higher on the Post-Assessment. After successfully completing the Post-Assessment, you'll get instructions to print your certificate. If you do not successfully complete the course, you can review the course material and retake the Post-Assessment.
- You do not have to complete the course in one session; however, you must complete at least one lesson before exiting the course. You can complete the entire course in about 30 minutes. After you successfully complete this course, you receive instructions on how to print your certificate.

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INTRODUCTION

Course Objectives

When you complete this course, you should correctly:

- Recognize FWA in the Medicare Program
- Identify the major laws and regulations pertaining to FWA
- Recognize potential consequences and penalties associated with violations
- Identify methods of preventing FWA
- Identify how to report FWA
- Recognize how to correct FWA

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

Lesson 1: Introduction and Learning Objectives

This lesson describes fraud, waste, and abuse (FWA) and the laws that prohibit it. It should take about 10 minutes to complete. Upon completing the lesson, you should be able to correctly:

- Recognize FWA in the Medicare Program
- Identify the major laws and regulations pertaining to FWA
- Recognize potential consequences and penalties associated with violations

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

Fraud

Fraud is **knowingly and willfully** executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any health care benefit program.

The Health Care Fraud Statute makes it a criminal offense to knowingly and willfully execute a scheme to defraud a health care benefit program. Health care fraud is punishable by imprisonment up to 10 years. It is also subject to criminal fines up to \$250,000

In other words, fraud is **intentionally** submitting false information to the Government or a Government contractor to get money or a benefit.

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LESSON 1: WHAT IS FWA?

Waste and Abuse

- Waste includes practices that, directly or indirectly, result in unnecessary costs to the Medicare Program, such as overusing services. Waste is generally not considered to be caused by criminally negligent actions but rather by the **misuse of resources**.
- Abuse includes actions that may, directly or indirectly, result in unnecessary costs to the Medicare Program. Abuse involves paying for items or services when there is **no legal entitlement to that payment**, and the provider has not knowingly or intentionally misrepresented facts to obtain payment.

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LESSON 1: WHAT IS FWA?

For the definitions of fraud, waste, and abuse, refer to Section 20, [Chapter 21 of the Medicare Managed Care Manual](#), and [Chapter 9 of the Prescription Drug Benefit Manual](#) on the Centers for Medicare & Medicaid Services (CMS) website.

Chapter 21 of the Medicare Managed Care Manual

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c21.pdf>

Chapter 9 of the Prescription Drug Benefit Manual

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter9.pdf>

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LESSON 1: WHAT IS FWA?

Examples of FWA

Examples of actions that may constitute Medicare fraud include:

- Knowingly billing for services not furnished or supplies not provided, including billing Medicare for appointments the patient failed to keep
- Billing for nonexistent prescriptions
- Knowingly altering claim forms, medical records, or receipts to receive a higher payment
- Examples of actions that may constitute Medicare waste include:
 - Conducting excessive office visits or writing excessive prescriptions
 - Prescribing more medications than necessary for treating a specific condition.

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LESSON 1: WHAT IS FWA?

Examples of FWA, Continued...

- Ordering excessive laboratory tests
- Examples of actions that may constitute Medicare abuse include:
 - Unknowingly billing for unnecessary medical services
 - Unknowingly billing for brand name drugs when generics are dispensed
 - Unknowingly excessively charging for services or supplies
 - Unknowingly misusing codes on a claim, such as upcoding or unbundling codes

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LESSON 1: WHAT IS FWA?

Differences Among Fraud, Waste, and Abuse

- There are differences among fraud, waste, and abuse. One of the primary differences is **intent and knowledge**. Fraud requires intent to obtain payment and the knowledge the actions are wrong. Waste and abuse may involve obtaining an improper payment or creating an unnecessary cost to the Medicare Program but do not require the same intent and knowledge.

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LESSON 1: WHAT IS FWA?

Understanding FWA

To detect FWA, you need to know the **law**.

The following pages provide high-level information about the following laws:

- Civil False Claims Act, Health Care Fraud Statute, and Criminal Fraud
- Anti-Kickback Statute
- Stark Statute (Physician Self-Referral Law)
- Exclusion from all Federal health care programs
- Health Insurance Portability and Accountability Act (HIPAA)

For details about specific laws, such as safe harbor provisions, consult the applicable statute and regulations.

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LESSON 1: WHAT IS FWA?

Civil False Claims Act (FCA)

The civil provisions of the FCA make a person liable to pay damages to the Government if he or she knowingly:

- Conspires to violate the FCA
- Carries out other acts to obtain property from the Government by misrepresentation
- Conceals or improperly avoids or decreases an obligation to pay the Government
- Makes or uses a false record or statement supporting a false claim
- Presents a false claim for payment or approval

For more information, refer to 31 United States Code (USC) Sections 3729–3733

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title31/pdf/USCODE-2016-title31-subtitle1-chap37-subchap111.pdf>

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LESSON 1: WHAT IS FWA?

Damages and Penalties

Any person who knowingly submits false claims to the Government is liable for three times the Government's damages caused by the violator plus a penalty.

EXAMPLES

A Medicare Part C plan in Florida:

- Hired an outside company to review medical records to find additional diagnosis codes it could submit to increase risk capitation payments from CMS
- Was informed by the outside company that certain diagnosis codes previously submitted to Medicare were undocumented or unsupported
- Failed to report the unsupported diagnosis codes to Medicare
- Agreed to pay \$22.6 million to settle FCA allegations

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LESSON 1: WHAT IS FWA?

Civil FCA (continued)

Whistleblowers

A **whistleblower** is a person who exposes information or activity that is deemed illegal, dishonest, or violates professional or clinical standards.

- **Protected:** Persons who report false claims or bring legal actions to recover money paid on false claims are protected from retaliation.
- **Rewarded:** Persons who bring a successful whistleblower lawsuit receive at least 15 percent, but not more than 30 percent, of the money collected.

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LESSON 1: WHAT IS FWA?

Health Care Fraud Statute

- The Health Care Fraud Statute states, "Whoever knowingly and willfully executes, or attempts to execute, a scheme or artifice to defraud any health care benefit program ... shall be fined under this title or imprisoned not more than 10 years, or both."
- Conviction under the statute does not require proof the violator had knowledge of the law or specific intent to violate the law. For more information, refer to [18 USC Sections 1346–1347](https://www.gpo.gov/fdsys/pkg/USCODE-2016-title18/pdf/USCODE-2016-title18-part1-chap63-sec1346.pdf).

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title18/pdf/USCODE-2016-title18-part1-chap63-sec1346.pdf>

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LESSON 1: WHAT IS FWA?

Health Care Fraud Statute Examples

A Pennsylvania pharmacist:

- Submitted claims to a Medicare Part D plan for non-existent prescriptions and drugs not dispensed
- Pleaded guilty to health care fraud
- Received a 15-month prison sentence and was ordered to pay more than \$166,000 in restitution to the plan

The owner of multiple Durable Medical Equipment (DME) companies in New York:

- Falsely represented themselves as one of a nonprofit health maintenance organization's (that administered a Medicare Advantage plan) authorized vendors
- Provided no DME to any beneficiaries as claimed
- Submitted almost \$1 million in false claims to the nonprofit; \$300,000 was paid
- Pleaded guilty to one count of conspiracy to commit health care fraud

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LESSON 1: WHAT IS FWA?

Criminal Health Care Fraud

Persons who knowingly make a false claim may be subject to:

- Criminal fines up to \$250,000
- Imprisonment for up to 20 years
- If the violations resulted in death, the individual may be imprisoned for any term of years or for life. For more information, refer to [18 USC Section 1347](https://www.gpo.gov/fdsys/pkg/USCODE-2016-title18/pdf/USCODE-2016-title18-part1-chap63-sec1347.pdf). <https://www.gpo.gov/fdsys/pkg/USCODE-2016-title18/pdf/USCODE-2016-title18-part1-chap63-sec1347.pdf>

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LESSON 1: WHAT IS FWA?

Anti-Kickback Statute

The Anti-Kickback Statute prohibits knowingly and willfully soliciting, receiving, offering, or paying remuneration (including any kickback, bribe, or rebate) for referrals for services that are paid, in whole or in part, under a Federal health care program (including the Medicare Program).

For more information, refer to [42 USC Section 1320a-7b\(b\)](#).

42 USC Section 1395nn

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title42/pdf/USCODE-2016-title42-chap/subchapXVIII-partE-sec1395nn.pdf>

Physician Self-Referral webpage

<https://www.cms.gov/Medicare/Fraud-and-Abuse/PhysicianSelfReferral>

the Act, Section 1877

https://www.ssa.gov/OP_Home/ssact/title18/1877.htm

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LESSON 1: WHAT IS FWA?

Damages and Penalties

Violations are punishable by:

- A fine up to \$25,000
- Imprisonment up to 5 years

For more information, refer to the [Social Security Act \(the Act\), Section 11288\(b\)](#).

Example

From 2012 through 2015, a physician operating a pain management practice in Rhode Island:

- Conspired to solicit and receive kickbacks for prescribing a highly addictive version of the opioid Fentanyl
- Reported patients had breakthrough cancer pain to secure insurance payments
- Received \$188,000 in speaker fee kickbacks from the drug manufacturer
- Admitted the kickback scheme cost Medicare and other payers more than \$750,000
- The physician must pay more than \$750,000 restitution and is awaiting sentencing.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

Stark Statute (Physician Self-Referral Law)

The Stark Statute prohibits a physician from making referrals for certain designated health services to an entity when the physician (or a member of his or her family) has:

- An ownership/investment interest or
- A compensation arrangement

Exceptions may apply. For more information, refer to [42 USC Section 1395nn](#).

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

Stark Statute (Physician Self-Referral Law), Continued...

Damages and Penalties

Medicare claims tainted by an arrangement that does not comply with the Stark Statute are not payable. A penalty of around \$24,250 can be imposed for each service provided. There may also be around a \$161,000 fine for entering into an unlawful arrangement or scheme. For more information, visit the [Physician Self-Referral webpage](#) and refer to [the Act, Section 1877](#).

Example

A California hospital was ordered to pay more than \$3.2 million to settle Stark Law violations for maintaining 97 financial relationships with physicians and physician groups outside the fair market value standards or that were improperly documented as exceptions.

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LESSON 1: WHAT IS FWA?

Civil Monetary Penalties (CMP) Law

The Office of Inspector General (OIG) may impose civil penalties for several reasons, including:

- Arranging for services or items from an excluded individual or entity
- Providing services or items while excluded
- Failing to grant OIG timely access to records
- Knowing of and failing to report and return an overpayment
- Making false claims
- Paying to influence referrals

For more information, refer to [42 USC 1320a-7a](#) and [the Act, Section 1128A\(a\)](#).

42 USC 1320a-7a

<https://www.gpo.gov/fdsys/pkg/USCODE-2014-title42/pdf/USCODE-2014-title42-chap7-subchapXI-partA-sec1320a-7a.pdf>

the Act, Section 1128A(a)

https://www.ssa.gov/OP_Home/ssact/title11/1128A.htm

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LESSON 1: WHAT IS FWA?

Damages and Penalties

The penalties can be around \$15,000 to \$70,000 depending on the specific violation. Violators are also subject to three times the amount:

- Claimed for each service or item or
- Of remuneration offered, paid, solicited, or received

Example:

A California pharmacy and its owner agreed to pay over \$1.3 million to settle allegations they submitted unsubstantiated claims to Medicare Part D for brand name prescription drugs the pharmacy could not have dispensed based on inventory records.

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

Exclusion

- No Federal health care program payment may be made for any item or service furnished, ordered, or prescribed by an individual or entity excluded by the OIG. The OIG has authority to exclude individuals and entities from federally funded health care programs and maintains the List of Excluded Individuals and Entities (LEIE).
- The U.S. General Services Administration (GSA) administers the Excluded Parties List System (EPLS), which contains debarment actions taken by various Federal agencies, including the OIG. You may access the [EPLS](#) on the System for Award Management (SAM) website.
- When looking for excluded individuals or entities, check both the LEIE and the EPLS since the lists are not the same. For more information, refer to [42 USC Section 1320a-7](#) and [42 Code of Federal Regulations \(CFR\) Section 1001.1901](#).

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LEIE

<https://exclusions.oig.hhs.gov>

EPLS

<https://www.sam.gov>

42 USC Section 1320a-7

<https://www.gpo.gov/fdsys/pkg/USCODE-E-2016-title42/pdf/USCODE-2016-title42-chap7-subchapXI-partA-sec1320a-7.pdf>

42 Code of Federal Regulations (CFR) Section 1001.1901

<https://www.gpo.gov/fdsys/pkg/CFR-2016-title42-vol5/pdf/CFR-2016-title42-vol5-sec1001-1901.pdf>

LESSON 1: WHAT IS FWA?

Example:

A pharmaceutical company pleaded guilty to two felony counts of criminal fraud related to failure to file required reports with the U.S. Food and Drug Administration concerning oversized morphine sulfate tablets. The pharmaceutical firm executive was excluded based on the company's guilty plea. At the time the convicted executive was excluded, there was evidence he was involved in misconduct leading to the company's conviction.

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LESSON 1: WHAT IS FWA?

Health Insurance Portability and Accountability Act (HIPAA)

- HIPAA created greater access to health care insurance, strengthened the protection of privacy of health care data, and promoted standardization and efficiency in the health care industry.
- HIPAA safeguards deter unauthorized access to protected health care information. As an individual with access to protected health care information, you must comply with HIPAA.
- For more information, visit the [HIPAA webpage](https://www.hhs.gov/hipaa).
<https://www.hhs.gov/hipaa>

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LESSON 1: WHAT IS FWA?

Damages and Penalties

Violations may result in Civil Monetary Penalties. In some cases, criminal penalties may apply.

Example:

A former hospital employee pleaded guilty to criminal HIPAA charges after obtaining protected health information with the intent to use it for personal gain. He was sentenced to 12 months and 1 day in prison.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

Lesson 1 Summary

There are differences among fraud, waste, and abuse (FWA). One of the primary differences is intent and knowledge. Fraud requires the person have intent to obtain payment, and the knowledge his or her actions are wrong. Waste and abuse may involve obtaining an improper payment but the same intent and knowledge.

Laws and regulations exist that prohibit FWA. Penalties for violating these laws may include:

- Civil Monetary Penalties
- Civil prosecution
- Criminal conviction, fines, or both
- Exclusion from all Federal health care program participation
- Imprisonment
- Loss of professional license

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 1: WHAT IS FWA?

You completed Lesson 1: What Is FWA?

Now that you have learned about FWA and the laws and regulations prohibiting it, let's look closer at your role in the fight against FWA.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Lesson 2: Introduction and Learning Objectives

This lesson explains the role you can play in fighting against fraud, waste, and abuse (FWA), including your responsibilities for preventing, reporting, and correcting FWA. It should take about 10 minutes to complete. Upon completing the lesson, you should correctly:

- Identify methods of preventing FWA
- Identify how to report FWA
- Recognize how to correct FWA

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Where Do I Fit In?

As a person providing health or administrative services to a Medicare Part C or Part D enrollee, you are likely an employee of a:

- Sponsor (Medicare Advantage Organization [MAO] or a Prescription Drug Plan [PDP])
- First-tier entity (Examples: Pharmacy Benefit Management [PBM]; hospital or health care facility; provider group; doctor's office; clinical laboratory; customer service provider; claims processing and adjudication company; a company that handles enrollment, disenrollment, and membership functions; and contracted sales agents)
- Downstream entity (Examples: pharmacies, doctor's office, firms providing agent/broker services, marketing firms, and call centers)
- Related entity (Examples: Entity with common ownership or control of a Sponsor, health promotion provider, or SilverSneakers®)

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Where Do I Fit In? (continued)

I am an employee of a Part D Plan Sponsor or an employee of a Part D Plan Sponsor's first-tier or downstream entity.

The Part D Plan Sponsor is a CMS Contractor. Part D Plan Sponsors may enter into contracts with FDRs. This stakeholder relationship flow chart shows examples of functions that relate to the Sponsor's Medicare Part D contracts. First-tier and related entities of the Part D Plan Sponsor may contract with downstream entities to fulfill their contractual obligations to the Sponsor.

Examples of first-tier entities include call centers, PBMs, and field marketing organizations. If the first-tier entity is a PBM, then the pharmacy, marketing firm, quality assurance firm, and claims processing firm could be downstream entities. If the first-tier entity is a field marketing organization, then agents could be a downstream entity.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Where Do I Fit In? (continued)

I am an employee of a Part C Plan Sponsor or an employee of a Part C Plan Sponsor's first-tier or downstream entity.

The Part C Plan Sponsor is a CMS Contractor. Part C Plan Sponsors may enter into contracts with FDRs. This stakeholder relationship flow chart shows examples of functions relating to the Sponsor's Medicare Part C contracts. First-tier and related entities of the Medicare Part C Plan Sponsor may contract with downstream entities to fulfill their contractual obligations to the Sponsor.

Examples of first-tier entities may be independent practices, call centers, health services/hospital groups, fulfillment vendors, field marketing organizations, and credentialing organizations. If the first-tier entity is an independent practice, then a provider could be a downstream entity. If the first-tier entity is a health service/hospital group, then radiology, hospital, or mental health facilities may be the downstream entity. If the first-tier entity is a field marketing organization, then agents may be the downstream entity. Downstream entities may contract with other downstream entities. Hospitals and mental health facilities may contract with providers.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

What Are Your Responsibilities?

- You play a vital part in preventing, detecting, and reporting potential FWA, as well as Medicare noncompliance.
- **FIRST**, you must comply with all applicable statutory, regulatory, and other Medicare Part C or Part D requirements, including adopting and using an effective compliance program.
- **SECOND**, you have a duty to the Medicare Program to report any compliance concerns and suspected or actual violations of which you may be aware.
- **THIRD**, you have a duty to follow your organization's Code of Conduct that articulates your and your organization's commitment to standards of conduct and ethical rules of behavior.

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

How Do You Prevent FWA?

- Look for suspicious activity
- Conduct yourself in an ethical manner
- Ensure accurate and timely data and billing
- Ensure coordination with other payers
- Know FWA policies and procedures, standards of conduct, laws, regulations, and CMS' guidance
- Verify all received information

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Stay Informed About Policies and Procedures

- Know your entity's policies and procedures.
- Every Sponsor and First-Tier, Downstream, and Related Entity (FDR) must have policies and procedures that address FWA. These procedures should help you detect, prevent, report, and correct FWA.
- Standards of Conduct should describe the Sponsor's expectations that:
 - All employees conduct themselves in an ethical manner
 - Appropriate mechanisms are in place for anyone to report noncompliance and potential FWA
 - Reported issues will be addressed and corrected
 - Standards of Conduct communicate to employees and FDRs compliance is everyone's responsibility, from the top of the organization to the bottom.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Report FWA

- Everyone must report suspected instances of FWA. NMM's Code of Conduct clearly states this obligation. Sponsors may not retaliate against you for making a good faith effort in reporting.
- Report any potential FWA concerns you have to your compliance department or NMM's compliance department. NMM's compliance department will investigate and make the proper determination. NMM has a Special Investigations Unit (SIU) dedicated to investigating FWA and utilizes the Compliance Hotline and reporting mechanisms for reporting FWA.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Report FWA

Every Sponsor must have a mechanism for reporting potential FWA by employees and FDRs. Each Sponsor must accept anonymous reports and cannot retaliate against you for reporting.

- Review your organization's materials for the ways to report FWA.
- When in doubt, call your Compliance Department or FWA Hotline.

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

How to Report Potential FWA

NMM Employees:

Call NMM's Compliance Officer:
Rus Billimoria 626-943-6280

Compliance Hotline: 626-943-6288
24 hours a day/7 days a week
You may report anonymously and
confidentially

Email: fwacompliance@nmm.cc

Drop Box

First-Tier, Downstream, or Related Entity (FDR) Employees

- Talk to a Manager or Supervisor
- Call your Ethics/Compliance Help Line
- Report to NMM or Sponsor

Beneficiaries

- Call NMM or Sponsor's Compliance Hotline or Customer Service
- Call 1-800-Medicare

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Reporting FWA Outside Your Organization

- If warranted, Sponsors and FDRs must report potentially fraudulent conduct to Government authorities, such as the Office of Inspector General (OIG), the U.S. Department of Justice (DOJ), or CMS.
- Individuals or entities who wish to voluntarily disclose self-discovered potential fraud to OIG may do so under the Self-Disclosure Protocol (SDP). Self-disclosure gives providers the opportunity to avoid the costs and disruptions associated with a Government-directed investigation and civil or administrative litigation.

Details to Include When Reporting FWA

When reporting suspected FWA, include:

- Contact information for the information source, suspects, and witnesses
- Alleged FWA details
- Alleged Medicare rules violated
- The suspect's history of compliance, education, training, and communication with your organization or other entities

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

WHERE TO REPORT FWA

HHS Office of Inspector General:

- Phone: 1-800-HHS-TIPS (1-800-447-8477) or TTY 1-800-377-4950
- Fax: 1-800-223-8164
- Email: HHStips@oig.hhs.gov
- Online: [Forms.OIG.hhs.gov/hotlineoperations/index.aspx](https://www.oig.hhs.gov/hotlineoperations/index.aspx)

For Medicare Parts C and D:

- National Benefit Integrity Medicare Drug Integrity Contractor (NBI MEDIC) at 1-877-7safeRx (1-877-772-3379)

For all other Federal health care programs:

- CMS Hotline at 1-800-MEDICARE (1-800-633-4227) or TTY 1-877-486-2048

Medicare beneficiary website: [Medicare.gov/forms-help-and-resources/report-fraud-and-abuse/fraud-and-abuse.html](https://www.medicare.gov/forms-help-and-resources/report-fraud-and-abuse/fraud-and-abuse.html)

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Correction

Once fraud, waste, or abuse is detected, promptly correct it. Correcting the problem saves the Government money and ensures your compliance with CMS requirements.

Develop a plan to correct the issue. Ask your organization's compliance officer about the development process for the corrective action plan. The actual plan is going to vary, depending on the specific circumstances. In general:

- Design the corrective action to correct the underlying problem that results in FWA program violations and to prevent future noncompliance.
- Tailor the corrective action to address the particular FWA, problem, or deficiency identified. Include timeframes for specific actions.
- Document corrective actions addressing noncompliance or FWA committed by a sponsor's employee or FDR's employee, and include consequences for failure to satisfactorily complete the corrective action.
- Monitor corrective actions continuously to ensure effectiveness.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Corrective Action Examples

Corrective actions may include:

- Adopting new prepayment edits or document review requirements
- Conducting mandated training
- Providing educational materials
- Revising policies or procedures
- Sending warning letters
- Taking disciplinary action, such as suspension of marketing, enrollment, or payment
- Terminating an employee or provider

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Indicators of Potential FWA

Now that you know about your role in preventing, reporting, and correcting FWA, let's review some key indicators to help you recognize the signs of someone committing FWA.

The following pages present potential FWA issues. Each page provides questions to ask yourself about different areas, depending on your role as an employee of a Sponsor, pharmacy, or other entity involved in delivering Medicare Parts C and D benefits to enrollees.

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Key Indicators: Potential Beneficiary Issues

- Does the prescription, medical record, or laboratory test look altered or possibly forged?
- Does the beneficiary's medical history support the services requested?
- Have you filled numerous identical prescriptions for this beneficiary, possibly from different doctors?
- Is the person receiving the medical service the beneficiary (identity theft)?
- Is the prescription appropriate based on the beneficiary's other prescriptions?

Network Medical Management/Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Key Indicators: Potential Provider Issues

- Are the provider's prescriptions appropriate for the member's health condition (medically necessary)?
- Does the provider bill the Sponsor for services not provided?
- Does the provider write prescriptions for diverse drugs or primarily for controlled substances?
- Is the provider performing medically unnecessary services for the member?
- Is the provider prescribing a higher quantity than medically necessary for the condition?
- Does the provider's prescription have their active and valid National Provider Identifier on it?
- Is the provider's diagnosis for the member supported in the medical record?

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Key Indicators: Potential Pharmacy Issues

- Are drugs being diverted (drugs meant for nursing homes, hospice, and other entities being sent elsewhere)?
- Are the dispensed drugs expired, fake, diluted, or illegal?
- Are generic drugs provided when the prescription requires dispensing brand drugs?
- Are PBMs billed for unfilled or never picked up prescriptions?
- Are proper provisions made if the entire prescription is not filled (no additional dispensing fees for split prescriptions)?
- Do you see prescriptions being altered (changing quantities or Dispense As Written)?

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Key Indicators: Potential Wholesaler Issues

- Is the wholesaler distributing fake, diluted, expired, or illegally imported drugs?
- Is the wholesaler diverting drugs meant for nursing homes, hospices, and Acquired Immune Deficiency Syndrome (AIDS) clinics, marking up the prices, and sending to other smaller wholesalers or pharmacies?

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Key Indicators: Potential Manufacturer Issues

- Does the manufacturer promote off-label drug usage?
- Does the manufacturer knowingly provide samples to entities that bill Federal health care programs for them?

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Key Indicators: Potential Sponsor Issues

- Does the Sponsor encourage or support inappropriate risk adjustment submissions?
- Does the Sponsor lead the beneficiary to believe the cost of benefits is one price, when the actual cost is higher?
- Does the Sponsor offer beneficiaries cash inducements to join the plan?
- Does the Sponsor use unlicensed agents?

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

LESSON 2: YOUR ROLE IN THE FIGHT AGAINST FWA

Lesson 2 Summary

- As a person providing health or administrative services to a Medicare Part C or D enrollee, you play a vital role in preventing fraud, waste, and abuse (FWA). Conduct yourself ethically, stay informed of your organization's policies and procedures, and keep an eye out for key indicators of potential FWA.
- Report potential FWA. Every Sponsor must have a mechanism for reporting potential FWA. Each Sponsor must accept anonymous reports and cannot retaliate against you for reporting.
- Promptly correct identified FWA with an effective corrective action plan.

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

APPENDIX A: RESOURCES

Glossary

For glossary terms, visit the [Centers for Medicare & Medicaid Services Glossary](#).

<https://www.cms.gov/apps/glossary>

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

APPENDIX B: JOB AIDS

Job Aid A: Applicable Laws for Reference

Anti-Kickback Statute [42 USC Section 1320a-7b\(b\)](#)

Civil False Claims Act [31 USC Sections 3729-3733](#)

Civil Monetary Penalties Law [42 USC Section 1320a-7a](#)

Criminal False Claims Act [18 USC Section 287](#)

Exclusion [42 USC Section 1320a-7](#)

Criminal Health Care Fraud Statute [18 USC Section 1347](#)

Physician Self-Referral Law [42 USC Section 1395nn](#)

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

APPENDIX B: JOB AIDS

42 USC Section 1320a-7b(b)

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title42/pdf/USCODE-2016-title42-chap7-subchapXI-partA-sec1320a-7b.pdf>

31 USC Sections 3729-3733

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title31/pdf/USCODE-2016-title31-subtitleIII-chap37-subchapIII.pdf>

42 USC Section 1320a-7a

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title42/pdf/USCODE-2016-title42-chap7-subchapXI-partA-sec1320a-7a.pdf>

18 USC Section 287

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title18/pdf/USCODE-2016-title18-partI-chap15-sec287.pdf>

42 USC Section 1320a-7

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title42/pdf/USCODE-2016-title42-chap7-subchapXI-partA-sec1320a-7.pdf>

18 USC Section 1347

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title18/pdf/USCODE-2016-title18-partI-chap63-sec1347.pdf>

42 USC Section 1395nn

<https://www.gpo.gov/fdsys/pkg/USCODE-2016-title42/pdf/USCODE-2016-title42-chap7-subchapXVII-partE-sec1395nn.pdf>

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

APPENDIX B: JOB AIDS

Job Aid B: Resources

[Health Care Fraud Prevention and Enforcement Action Team
Provider Compliance Training](#)

[OIG's Provider Self-Disclosure Protocol](#)

[Physician Self-Referral](#)

[Avoiding Medicare Fraud & Abuse: A Roadmap for Physicians](#)

[Safe Harbor Regulations](#)

Network Medical Management Combating Medicare Part C and D Fraud, Waste, and Abuse Training

APPENDIX B: JOB AIDS

Health Care Fraud Prevention and Enforcement Action Team Provider Compliance Training

<https://oig.hhs.gov/compliance/provider-compliance-training>

OIG's Provider Self-Disclosure Protocol

<https://oig.hhs.gov/compliance/self-disclosure-info/files/Provider-Self-Disclosure-Protocol.pdf>

Physician Self-Referral

<https://www.cms.gov/Medicare/Fraud-and-Abuse/PhysicianSelfReferral>

Avoiding Medicare Fraud & Abuse: A Roadmap for Physicians

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1254524.html>

Safe Harbor Regulations

<https://oig.hhs.gov/compliance/safe-harbor-regulations>

Network Medical Management Combating Medicare Parts C and D Fraud, Waste, and Abuse Training

APPENDIX B: JOB AIDS

Job Aid C: Where to Report Fraud, Waste, and Abuse (FWA)

HHS Office of Inspector General:

- Phone: 1-800-HHS-TIPS (1-800-447-8477) or TTY 1-800-377-4950
- Fax: 1-800-223-8164
- Email: HHStips@oig.hhs.gov
- Online: [Forms_OIG.hhs.gov/hotlineoperations/index.aspx](https://forms.oig.hhs.gov/hotlineoperations/index.aspx)

For Medicare Parts C and D:

- National Benefit Integrity Medicare Drug Integrity Contractor (NBI MEDIC) at 1-877-7SafeRx (1-877-772-3379)

For all other Federal health care programs:

- CMS Hotline at 1-800-MEDICARE (1-800-633-4227) or TTY 1-877-486-2048

HHS and U.S. Department of Justice (DOJ): [Medicare.gov/forms-help-and-resources/report-fraud-and-abuse/fraud-and-abuse.html](https://www.medicare.gov/forms-help-and-resources/report-fraud-and-abuse/fraud-and-abuse.html)

Network Medical Management Combating Medicare Parts C and D Fraud, Waste, and Abuse Training

Network Medical Management General Compliance Training

February 2019



Network Medical Management

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ACRONYMS

The following acronyms are used throughout the course.

ACRONYM	TITLE TEXT
CFR	Code of Federal Regulations
CMS	Centers for Medicare & Medicaid Services
FDR	First-tier, Downstream, and Related Entity
FWA	Fraud, Waste, and Abuse
HHS	U.S. Department of Health & Human Services
MA	Medicare Advantage
MAO	Medicare Advantage Organization
MA-PD	MA Prescription Drug
MLN	Medicare Learning Network®
OIG	Office of Inspector General
PDP	Prescription Drug Plan

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Welcome to the Network Medical Management (NMM) Medicare Parts C and D General Compliance Training. This training models the training developed by CMS and incorporates additional information specific to NMM's compliance program.

The training developed by CMS can be found in the Medicare Learning Network® (MLN).

The Medicare Learning Network® (MLN) offers free educational materials for health care professionals on the Centers for Medicare & Medicaid Services (CMS) programs, policies, and initiatives. Get quick access to the information you need.



Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Publications & Multimedia

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts>

Events & Training

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNGenInfo/Events-and-Training.html>

Newsletters & Social Media

<https://www.cms.gov/Outreach-and-Education/Outreach/FFSProvPartProg>

Continuing Education

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNGenInfo/Continuing-Education.html>

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

This training assists NMM employees, governing body members, and their first-tier, downstream, and related entities (FDRs) to satisfy their annual general compliance training requirements in the regulations and sub-regulatory guidance at:

- [42 Code of Federal Regulations \(CFR\) Section 422.503\(b\)\(4\)\(M\)\(C\)](#)
- [42 CFR Section 423.504\(b\)\(4\)\(M\)\(C\)](#)
- Section 50.3 of the Compliance Program Guidelines ([Chapter 9 of the Medicare Prescription Drug Benefit Manual](#) and [Chapter 21 of the Medicare Managed Care Manual](#))
- The "Downloads" section of the [CMS Compliance Program Policy and Guidance webpage](#)

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Completing this training in and of itself does not ensure that NMM has an “effective Compliance Program.”

NMM and their FDRs are responsible for establishing and executing an effective compliance program according to the CMS regulations and program guidelines.

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Why Do I Need Training?

- Every year, billions of dollars are improperly spent because of fraud, waste, and abuse (FWA). It affects everyone—including you. This training helps you detect, correct, and prevent FWA. You are part of the solution.
- Compliance is everyone's responsibility! As an individual who provides health or administrative services for Medicare enrollees, every action you take potentially affects Medicare enrollees, the Medicare Program, or the Medicare Trust Fund.

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Training Requirements: NMM Employees, Governing Body Members, and First-Tier, Downstream, or Related Entity (FDR) Employees

- Certain training requirements apply to people involved in Medicare Parts C and D. All employees of Medicare Advantage Organizations (MAOs) and Prescription Drug Plans (PDPs) (collectively referred to in this course as "Sponsors") must receive training about compliance with CMS program rules.
- You may need to complete FWA training within 90 days of your initial hire. More information on other [Medicare Parts C and D compliance trainings and answers to common questions](#) is available on the CMS website. Please contact your management team for more information.

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Learn more about Medicare Part C

Medicare Part C, or Medicare Advantage (MA), is a health insurance option available to Medicare beneficiaries. Private, Medicare-approved insurance companies run MA programs. These companies arrange for, or directly provide, health care services to the beneficiaries who enroll in an MA plan.

MA plans must cover all services Medicare covers with the exception of hospice care. They provide Part A and Part B benefits and may also include prescription drug coverage and other supplemental benefits.

Learn more about Medicare Part D

Medicare Part D, the Prescription Drug Benefit, provides prescription drug coverage to Medicare beneficiaries enrolled in Part A and/or Part B who enroll in a Medicare Prescription Drug Plan (PDP) or an MA Prescription Drug (MA-PD) plan. Medicare-approved insurance and other companies provide prescription drug coverage to individuals living in a plan's service area.

Medicare Parts C and D compliance trainings and answers to common questions

https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLEN/Downloads/ma-pd-wash_waive-training_12-13-11.pdf

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Navigating and Completing This Course

- Anyone who provides health or administrative services to Medicare enrollees must satisfy general compliance and FWA training requirements. You may use this course to satisfy the general compliance training requirements.
- This course consists of one lesson and a Post-Assessment. Successfully completing the course requires completing the lesson and scoring 70 percent or higher on the Post-Assessment.
- You do not have to complete this course in one session; however, you must complete the lesson before exiting the course. You can complete the entire course in about 25 minutes. After you successfully complete this course, you receive instructions on how to print your certificate.

Network Medical Management Medicare Parts C and D General Compliance Training

INTRODUCTION

Course Objectives

After completing this course, you should correctly:

- Recognize how a compliance program operates
- Recognize how compliance program violations should be reported

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Introduction and Learning Objectives

- This lesson outlines effective compliance programs. It should take about 45 minutes to complete. After completing this lesson, you should correctly:
 - Recognize how a compliance program operates
 - Recognize how compliance program violations should be reported

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Compliance Program Requirement

- The Centers for Medicare & Medicaid Services (CMS) requires Sponsors to implement and maintain an effective compliance program for its Medicare Parts C and D plans. An effective compliance program must:
 - Articulate and demonstrate an organization's commitment to **legal and ethical conduct**
 - Provide guidance on how to handle compliance questions and concerns
 - Provide guidance on how to identify and report compliance violations

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

What Is an Effective Compliance Program?

An effective compliance program fosters a culture of compliance within an organization and, at a minimum:

- Prevents, detects, and corrects non-compliance
- Is fully implemented and is tailored to an organization's unique operations and circumstances
- Has adequate resources
- Promotes the organization's Standards of Conduct
- Establishes clear lines of communication for reporting non-compliance
- An effective compliance program is essential to prevent, detect, and correct Medicare non-compliance as well as fraud, waste, and abuse (FWA). It must, at a minimum, include the seven core compliance program requirements.

Network Medical Management Medicare Part C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Seven Core Compliance Program Requirements

CMS requires an effective compliance program to include seven core requirements:

1. **Written Policies, Procedures, and Standards of Conduct**
 - These articulate the sponsor's commitment to comply with all applicable Federal and State standards and describe compliance expectations according to the Standards of Conduct.
2. **Compliance Officer, Compliance Committee, and High-Level Oversight**
 - The sponsor must designate a compliance officer and a compliance committee accountable and responsible for the activities and status of the compliance program, including issues identified, investigated, and resolved by the compliance program.
 - The sponsor's senior management and governing body must be engaged and exercise reasonable oversight of the sponsor's compliance program.
3. **Effective Training and Education**
 - This covers the elements of the compliance plan as well as preventing, detecting, and reporting FWA. Tailor this training and education to the different employees and their responsibilities and job functions.

Network Medical Management Medicare Part C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Seven Core Compliance Program Requirements (continued)

4. **Effective Lines of Communication**
 - Make effective lines of communication accessible to all, ensure confidentiality, and provide methods for anonymous and good-faith compliance issues reporting at Sponsor and first-tier, downstream, or related entity (FDR) levels.
5. **Well-Publicized Disciplinary Standards**
 - Sponsor must enforce standards through well-publicized disciplinary guidelines.
6. **Effective System for Routine Monitoring, Auditing, and Identifying Compliance Risks**
 - Conduct routine monitoring and auditing of Sponsor's and FDR's operations to evaluate compliance with CMS requirements as well as the overall effectiveness of the compliance program.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Seven Core Compliance Program Requirements (continued)

7. **Procedures and System for Prompt Response to Compliance Issues**
 - The Sponsor must use effective measures to respond promptly to non-compliance and undertake appropriate corrective action.
 - Note: Sponsors must ensure that FDRs performing delegated administrative or health care service functions concerning the Sponsor's Medicare Parts C and D program comply with Medicare Program requirements.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Compliance Training: Sponsors and Their FDRs

- CMS expects all Sponsors will apply their training requirements and "effective lines of communication" to their FDRs. Having "effective lines of communication" means employees of the Sponsor and the Sponsor's FDRs have several avenues to report compliance concerns.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Ethics: Do the Right Thing!

- As part of the Medicare Program, you must conduct yourself in an **ethical and legal manner**. It's about doing the right thing!
- Act fairly and honestly
- Adhere to high ethical standards in all you do
- Comply with all applicable laws, regulations, and CMS requirements
- Report suspected violations

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

How Do You Know What Is Expected of You?

Now that you've read the general ethical guidelines on the previous page, how do you know what is expected of you in a specific situation?

- Standards of Conduct (or Code of Conduct) state the organization's compliance expectations and their operational principles and values. Organizational Standards of Conduct vary. The organization should tailor the Standards of Conduct content to their individual organization's culture and business operations. Ask management where to locate your organization's Standards of Conduct. This training includes information specific to NMM's Code of Conduct later in the slides.
 - Reporting Standards of Conduct violations and suspected non-compliance is everyone's responsibility.
 - An organization's Standards of Conduct and Policies and Procedures should identify this obligation and tell you how to report suspected non-compliance.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

What Is Non-Compliance?

Non-compliance is conduct that does not conform to the law, Federal health care program requirements, or an organization's ethical and business policies. CMS identified the following Medicare Parts C and D high risk areas:

- Agent/broker misrepresentation
- Appeals and grievance review (for example, coverage and organization determinations)
- Beneficiary notices
- Conflicts of interest
- Claims processing
- Credentialing and provider networks
- Documentation and timeliness requirements
- Ethics
- FDR oversight and monitoring
- Health Insurance Portability and Accountability Act (HIPAA)
- Marketing and enrollment
- Pharmacy, formulary, and benefit administration
- Quality of care

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Know the Consequences of Non-Compliance

- Failure to follow Medicare Program requirements and CMS guidance can lead to serious consequences, including:
 - Contract termination
 - Criminal penalties
 - Exclusion from participating in all Federal health care programs
 - Civil monetary penalties
- Additionally, your organization must have disciplinary standards for non-compliant behavior. Those who engage in non-compliant behavior may be subject to any of the following:
 - Mandatory training or re-training
 - Disciplinary action
 - Termination

For more information, refer to the Compliance Program Guidelines in the [Medicare Prescription Drug Benefit Manual](#) and [Medicare Managed Care Manual](#).

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Medicare Prescription Drug Benefit Manual

<https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter9.pdf>

Medicare Managed Care Manual

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c21.pdf>

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Network Medical Management (NMM) Compliance Policy and Code of Conduct

- NMM has implemented a Compliance Policy and Code of Conduct that articulates its commitment to complying with applicable laws and regulations and describes the structure of NMM's compliance program.
- A copy of NMM's Compliance Policy and Code of Conduct can be found at http://www.nmm.cc/nmm/en/docs/compliance_program/NMFWACompliancePolicyAndProgram.pdf.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

NMM Code of Conduct

NMM is committed to:

1. Conducting its business in accordance with the highest standards of ethical conduct
2. Conducting its business activities with integrity and in full compliance with the federal, state and local laws governing its business; and
3. Complying with all federal and state regulatory requirements related to the CMS requirements including the detection, correction and prevention of FWA.

This commitment applies to relationships with its members, enrollees, federal, state and local governments, vendors, competitors, auditors and all public and government bodies. Most importantly, it applies to all Covered Persons.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Possible disciplinary action for non-compliance with the NMM Compliance Policy and Code of Conduct shall depend on the degree of severity of noncompliance and may include, but shall not be limited to:

1. Warnings (oral)
2. Reprimands (written)
3. Probation
4. Demotion
5. Suspension without pay
6. Referral to counseling
7. Withholding of a promotion or salary increase or other financial penalties
8. Termination
9. Failure to renew agreements
10. Contract termination
11. Restitution of damages
12. Referral for criminal prosecution to law enforcement agencies, CMS as appropriate

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

- NMM's disciplinary action will be pursued on a fair and equitable basis, and employees at all levels of NMM shall be subject to the same disciplinary action for the commission of similar offenses, including management. NMM's Human Resources Director, in conjunction with the Compliance Officer and Compliance Committee, will serve as the appropriate body to ensure that the imposed discipline is proportionate and administered fairly and consistently in compliance with NMM's policies and procedures.
- NMM's disciplinary standards shall be well-publicized and shall be disseminated and available. Enforcement of disciplinary standards will require an effective working relationship between the Compliance Officer, Human Resources and other areas of NMM maintaining primary responsibility for administering discipline.

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

NON-COMPLIANCE AFFECTS EVERYBODY

Without programs to prevent, detect, and correct non-compliance, we all risk:

- Harm to beneficiaries, such as:
 - Delayed services
 - Denial of benefits
 - Difficulty in using providers of choice
- Other hurdles to care Less money for everyone, due to:
 - High insurance copayments
 - Higher premiums
 - Lower benefits for individuals and employers
 - Lower Star ratings
 - Lower profits

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

How to Report Potential FWA

NMM Employees:

Call NMM's Compliance Officer:
Rus Billimoria 626-943-6280

Compliance Hotline: 626-943-6286
24 hours a day/7 days a week
You may report anonymously and confidentially

Email: fwacompliance@nmm.co

Drop Box

First-Tier, Downstream, or Related Entity (FDR) Employees

- Talk to a Manager or Supervisor
- Call your Ethics/Compliance Help Line
- Report to NMM or Sponsor

Beneficiaries

- Call NMM or Sponsor's Compliance Hotline or Customer Service
- Call 1-800-Medicare

Network Medical Management Medicare Parts C and D General Compliance Training

LESSON: NMM COMPLIANCE PROGRAM TRAINING

Don't Hesitate to Report Non-Compliance

- When you report suspected non-compliance in good faith, the Sponsor can't retaliate against you.

Each Sponsor must offer reporting methods that are:

- Anonymous
- Confidential
- Non-retaliatory

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LESSON: NMM COMPLIANCE PROGRAM TRAINING

What Happens After Non-Compliance Is Detected?

Non-compliance must be investigated immediately and corrected promptly. Internal monitoring should ensure:

- No recurrence of the same non-compliance
- Ongoing CMS requirements compliance
- Efficient and effective internal controls
- Protected enrollees

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LESSON: NMM COMPLIANCE PROGRAM TRAINING

What Are Internal Monitoring and Audits?

- Internal monitoring activities include regular reviews confirming ongoing compliance and taking effective corrective actions.
- Internal auditing is a formal review of compliance with a particular set of standards (for example, policies, procedures, laws, and regulations) used as base measures.

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LESSON: NMM COMPLIANCE PROGRAM TRAINING

Lesson Summary

- Organizations must create and maintain compliance programs that, at a minimum, meet the seven core requirements. An effective compliance program fosters a culture of compliance.
- To help ensure compliance, behave ethically and follow your organization's Standards of Conduct. Watch for common instances of non-compliance, and report suspected non-compliance.
- Know the consequences of non-compliance, and help correct any non-compliance with a corrective action plan that includes ongoing monitoring and auditing.

Network Medical Management Medicare Parts C and D General Compliance Training

Compliance Is **Everyone's** Responsibility!

Prevent: Operate within your organization's ethical expectations to prevent non-compliance!

Detect & Report: Report detected potential non-compliance!

Correct: Correct non-compliance to protect beneficiaries and save money!

LESSON: NMM COMPLIANCE PROGRAM TRAINING

You've completed the lesson!

You have now learned about compliance programs and NMM's Code of Conduct.

Network Medical Management Medicare Parts C and D General Compliance Training

APPENDIX A: RESOURCES

Glossary

For glossary terms, visit the [Centers for Medicare & Medicaid Services Glossary](https://www.cms.gov/apps/glossary).

<https://www.cms.gov/apps/glossary>

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APPENDIX B: JOB AIDS

Job Aid A: Seven Core Compliance Program Requirements

The Centers for Medicare & Medicaid Services (CMS) requires that an effective compliance program must include seven core requirements:

1. **Written Policies, Procedures, and Standards of Conduct**
 - These articulate the Sponsor's commitment to comply with all applicable Federal and State standards and describe compliance expectations according to the Standards of Conduct.
2. **Compliance Officer, Compliance Committee, and High-Level Oversight**
 - The Sponsor must designate a compliance officer and a compliance committee accountable and responsible for the activities and status of the compliance program, including issues identified, investigated, and resolved by the compliance program.
 - The Sponsor's senior management and governing body must be engaged and exercise reasonable oversight of the Sponsor's compliance program.
3. **Effective Training and Education**
 - This covers the elements of the compliance plan as well as preventing, detecting, and reporting FWA. Tailor this training and education to the different employees and their responsibilities and job functions.

Network Medical Management Medicare Parts C and D General Compliance Training

APPENDIX B: JOB AIDS

Seven Core Compliance Program Requirements (continued)

4. **Effective Lines of Communication**
 - Make effective lines of communication accessible to all, ensure confidentiality, and provide methods for anonymous and good-faith compliance issues reporting at Sponsor and first-tier, downstream, or related entity (FDR) levels.
5. **Well-Publicized Disciplinary Standards**
 - Sponsor must enforce standards through well-publicized disciplinary guidelines.
6. **Effective System for Routine Monitoring, Auditing, and Identifying Compliance Risks**
 - Conduct routine monitoring and auditing of Sponsor's and FDR's operations to evaluate compliance with CMS requirements as well as the overall effectiveness of the compliance program.

Network Medical Management Medicare Parts C and D General Compliance Training

APPENDIX B: JOB AIDS

Seven Core Compliance Program Requirements (continued)

7. Procedures and System for Prompt Response to Compliance Issues

- The Sponsor must use effective measures to respond promptly to non-compliance and undertake appropriate corrective action.
- Note: Sponsors must ensure that FDRs performing delegated administrative or health care service functions concerning the Sponsor's Medicare Parts C and D program comply with Medicare Program requirements.

Network Medical Management Medicare Parts C and D General Compliance Training

JOB AID B: RESOURCES

Compliance Education Materials: Compliance 101

<https://oig.hhs.gov/compliance/101>

Health Care Fraud Prevention and Enforcement Action Team Provider Compliance Training

<https://oig.hhs.gov/compliance/provider-compliance-training>

Office of Inspector General's (OIG's) Provider Self-Disclosure Protocol

<https://oig.hhs.gov/compliance/self-disclosure-info/protocol.asp>

Part C and Part D Compliance and Audits - Overview

<https://www.cms.gov/medicare/compliance-and-audit/part-c-and-part-d-compliance-and-audit>

Physician Self-Referral

<https://www.cms.gov/medicare/fraud-and-abuse/PhysicianSelfReferral>

Avoiding Medicare Fraud & Abuse: A Roadmap for Physicians

<https://www.cms.gov/Outreach-and-education/medicare-training-network/ILN/ILNProducts/ILNPublications/Items/CLY151254524.html>

Safe Harbor Regulations

<https://oig.hhs.gov/compliance/safe-harbor-regulations>

Network Medical Management Medicare Parts C and D General Compliance Training

**Section 27
Standards of Conduct**



2019 Standards of Conduct

I. Mission

Network Medical Management (NMM) is committed to conducting its business operations with the highest ethical standards and in full compliance with all applicable Federal and State laws, rules and regulations. NMM expects its employees and first-tier, downstream, and related entities (FDRs) to perform their job duties and represent the organization in a manner that reflects and upholds this commitment. The NMM Standards of Conduct is designed to clearly communicate the organization's expectations and provide guidance to its employees and FDRs in carrying out their daily activities within appropriate ethical and legal standards.

II. Purpose and Scope

All NMM employees and FDRs must comply fully with the standards set forth in the NMM Standards of Conduct as well as any additional parameters documented in department-specific policies and procedures. Employees and FDRs who violate the Standards of Conduct will be subject to disciplinary action.

The standards and requirements in these Standards of Conduct apply to all NMM employees, including directors, officers, managers, and staff at all levels, and all NMM FDRs, including but not limited to providers, brokers, agents and enrollers.

These Standards of Conduct are not intended to and shall not be deemed or construed to provide any rights, contractual or otherwise, to any employees of NMM or to any third parties.

III. Standards of Conduct

General Principles

All NMM employees and FDRs shall conduct their daily activities in accordance with the following general principles of conduct:

1. Job duties must be performed in full compliance with both the letter and the spirit of Federal and State law. No employee shall take any action that he or she believes is in violation of any statute, rule or regulation. All employees are expected to have a practical working knowledge of Federal and State laws and regulations affecting their job responsibilities, and to inquire of their immediate supervisor when related questions arise.
2. Conduct activities with integrity and honesty. NMM employees shall strive for excellence in performing their duties.
3. Avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of the company, its officers, directors or other employees.
4. Be a positive influence and good corporate citizens in the communities where the company provides services. Treat members, providers, vendors, and fellow employees fairly and with respect.
5. Report to their supervisors or to the NMM Compliance Officer any illegal or unethical practices of NMM employees, FDRs or agents.
6. Abide by the NMM Compliance Program, Anti-Fraud Plan, Conflict of Interest Policy, and all other applicable Policies and Procedures.

Avoiding Conflicts of Interest

NMM employees and FDRs shall:

1. Understand and abide by NMM's Conflict of Interest policy.
2. Avoid situations that could create, or appear to create, a conflict of interest unless such a situation has been reported to management, approved and properly disclosed as required by the Conflict of Interest policy.
3. Avoid any financial, business, or other activity that competes with NMM's business interests, interferes or appears to interfere with the performance of their duties,

involves the use of NMM property, facilities, or resources, except to the extent consistent with the Conflict of Interest policy.

4. Not have a financial or other personal interest, other than compensation provided by NMM, in a transaction between NMM or any of its business units and vendors, suppliers, providers, or customers.

Business and Financial Practices

NMM employees and FDRs shall:

1. Conduct all NMM business transactions in accordance with management's general or specific directives, as specified by applicable NMM policies and procedures, and in full compliance with governing Federal and State laws, rules and regulations.
2. Avoid offering or accepting any form of bribe, payment, gift, or item of more than a nominal value to or from any person or entity with which NMM has or is seeking a business or regulatory relationship.
3. Avoid unfair competition or deceptive trade practices, including misrepresentation of NMM's products or operations. NMM employees and FDRs shall not make false or disparaging statements about competitors or their products.
4. Comply with applicable antitrust laws. There shall be no discussions or agreements with competitors regarding price or other terms for products, prices paid to suppliers or providers, dividing up customers or geographic markets, or joint action to boycott or coerce certain customers, suppliers, or providers.

Preventing, Detecting and Correcting Fraud, Waste and Abuse

NMM is strongly committed to the detection and prevention of FWA. NMM maintains ultimate responsibility for adhering to and fully complying with all applicable State and Federal statutory and regulatory requirements. NMM will work in an ongoing manner with the appropriate entities to detect and prevent FWA as required by the CMS Compliance Program Guidelines.

NMM employees and FDRs shall:

1. Comply with applicable laws, regulations, guidelines and NMM policy, including NMM's Anti-Fraud Plan.
2. Immediately report suspected FWA conduct to the NMM Compliance Department.
3. Cooperate fully with, and disclose all pertinent information with regard to any NMM investigation of suspected FWA conduct.

Marketing and Sales / Enrollment Activities

NMM will take all appropriate steps to ensure that its marketing personnel present clear, complete and accurate information to potential enrollees. This includes ensuring that the marketing information has been approved by, and complies with all requirements of, the Department of Managed Health Care, in the case of commercial business, or the Centers for Medicare and Medicaid Services, in the case of Medicare business.

NMM employees and FDRs shall:

1. Comply with applicable Federal and State laws, regulations, guidelines and NMM policy, including the Medicare Marketing Guidelines, with respect to all marketing, sales and enrollment activities.
2. Always place the best interests of potential enrollees and NMM above personal financial interests.
3. Present clear, complete, accurate information, and ensure that potential enrollees have the opportunity to make a well informed enrollment decision. This includes utilizing only marketing materials and information that have been approved by, and comply with all requirements of, NMM and CMS.
4. Avoid providing any information or engaging in conduct that might in any way misrepresent NMM or its programs, or mislead, confuse, coerce or pressure potential enrollees. An example of misrepresentation by an agent would be to tell potential enrollees that the agent works for or is contracted with Social Security Administration or CMS.
5. Never offer cash payments, gifts, bribes or kickbacks to any person or entity to induce enrollment in NMM plans or programs.
6. Never engage in door-to-door solicitation of Medicare contracted products or

programs. **Quality and Accessibility of Health Care**

NMM employees and FDRs shall:

1. Comply with applicable Federal and State laws, regulations, guidelines and NMM policy with respect to provision of quality health care to NMM members.
2. Make every effort to ensure that all covered services are available, accessible, and appropriately delivered to NMM members, and that NMM:
 - a. Contracts with providers in sufficient number and geographic location to service all NMM members;
 - b. Maintains reasonable, understandable utilization review procedures that facilitate rather than discourage access to covered services; and

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- Provides access to emergently needed services (according to the reasonable person standard) without prior authorization, and timely coordination of appropriate maintenance and post-stabilization stabilization care.
3. Make all decisions regarding provision of care or payment for services in a timely manner and in accordance with professionally recognized standards, without regard for fiscal concerns. Inappropriate delay or withholding of services is a violation of NMM policy and will not be tolerated.
 4. Never create or contribute to situations, either through action or failure to act, that could promote underutilization or poor quality of care, and immediately report any such situation or circumstance to the appropriate manager.
 5. Ensure that contracts with providers meet all NMM and regulatory requirements, and that incentives to promote efficient utilization of services do not include payments to reduce or limit medically necessary services to any particular enrollee.
 6. Ensure at all times that providers are properly licensed and credentialed prior to providing services to NMM members.
 7. Avoid interference with health care providers' advice to their patients, including advice regarding health status, care and treatment options, risks, benefits and consequences of treatment vs. non-treatment, or the opportunity for the patient to refuse treatment and express a preference for future treatment options.
 8. Ensure that NMM members who are high utilizers of care continue to receive appropriate access to services are not in any way encouraged to disenroll from NMM.

Confidentiality, Privacy, and Maintenance of

Records NMM employees and FDRs

shall:

1. Ensure timely and appropriate creation, distribution, retention, storage, retrieval and destruction of records and documents, in any form (paper or electronic), in accordance with generally accepted accounting standards and other applicable Federal and State laws, regulations and policies, including but not limited to the Health Insurance Portability & Accountability Act (HIPAA) and the Confidentiality of Medical Information Act (CMIA).
2. Maintain the confidentiality and security of financial, medical, personnel, and other sensitive or proprietary information belonging to NMM, and/or information belonging or related to NMM's suppliers, FDRs, regulators, or customers.
3. Maintain the privacy and security of protected health information covered by HIPAA or other applicable patient/consumer privacy laws and regulations.

Workplace Conduct and Safety

NMM employees and FDRs shall, at all times while on the job or otherwise representing

NMM:

1. Conduct themselves professionally and treat all fellow employees, members, FDRs, or other individuals they encounter in the course of their duties, with appropriate courtesy, dignity, and respect.
2. Avoid any type of behavior or conduct that could be construed as discrimination or harassment due to age, ethnicity, gender, religion, national origin, disability, sexual orientation, or covered veteran status. Any form of harassment, sexual or otherwise, including the creation of a hostile working environment, is completely prohibited.
3. Follow safe work practices and comply with all applicable safety standards and health regulations.

Department-Specific Compliance Standards and Operational Policies and Procedures

In addition to the standards and requirements described in these Standards of Conduct, compliance standards and operational policies and procedures specific to each NMM department will continue to be incorporated into department-specific manuals (and/or other appropriate media), and kept current with applicable Federal and State laws and regulations. The department-specific policies and procedures are a resource for the employees of each department, designed to enhance their ability to perform their duties in accordance with NMM's policies and applicable Federal and State laws and other requirements. Each department has defined and assigned responsibility for (i) the timely updating of the policies and procedures, (ii) the necessary training and education of affected personnel, and (iii) the completion of monitoring and audit work plans as designated by the Compliance Officer to ensure ongoing compliance.

IV. Reporting and Investigation

NMM considers adherence to these Standards of Conduct to be of paramount importance, because establishing and maintaining a reputation for honest, ethical business practices is a key NMM corporate value. Furthermore, engaging in illegal activity or improper conduct may subject NMM to severe civil and criminal penalties, including large fines and exclusion from certain types of business. It is therefore crucial that any suspected illegal activity or improper conduct, including violation of these Standards or any other NMM policy, be promptly reported and thoroughly investigated.

Duty to Report

1. NMM employees and FDRs who become aware of any suspected illegal activity or improper conduct are required to immediately report the illegal activity or improper conduct through appropriate channels.
2. NMM employees should report suspected illegal activity or improper conduct to their supervisor, or directly to the NMM Compliance Department.
3. NMM FDRs should report suspected illegal activity or improper conduct directly to the NMM Compliance Department.
4. Suspected illegal activity or improper conduct may be reported to the NMM Compliance Department by sending an email [to FVA@nmm.cc](mailto:FVA@nmm.cc) calling the Compliance Hotline at 626-943 6286.
5. Failure to report suspected illegal activity or improper conduct is a violation of these Standards, and may be a violation of Federal and/or State law.
6. NMM has developed detailed reporting and investigation policies: Compliance Policy #5 – Reporting Possible Misconduct, Compliance Policy #7 – Internal Investigations of Alleged Violations, Compliance Policy #15 – Reporting Marketing Misrepresentation,

and Compliance Policy #17 – Reporting FWA. All NMM employees and FDRs are expected to be aware of and abide by the requirements of these reporting and investigation policies.

Anonymous Reporting

NMM employees and FDRs may report suspected illegal activity or improper conduct anonymously.

1. To the extent permitted by Federal and State law, NMM will take reasonable precautions to maintain the confidentiality of those individuals who report illegal activity or improper conduct, and of those individuals involved in the alleged violation, whether or not it turns out that improper acts occurred.
2. Failure to abide by this confidentiality obligation is a violation of these Standards.

Investigations and Duty to Cooperate

It is NMM's policy to promptly and thoroughly investigate all reports of illegal activity or improper conduct. Detection of potential or actual issues related to compliance, ethical conduct, or other measurable areas of performance shall result in the initiation of appropriate corrective action. Any action, or lack of action, that prevents, hinders, or delays discovery and full investigation of suspected illegal activity or improper conduct is a violation of these Standards, and may be a violation of Federal and/or State law.

1. Internal investigations will include interviews and review of relevant documents. NMM employees and FDRs are required to cooperate fully with, and disclose all pertinent information with regard to any NMM investigation of suspected illegal activity or improper conduct.
2. NMM, its employees and FDRs shall cooperate with appropriate government investigations into possible civil and criminal violations of Federal and/or State law. It is important, however, that in this process NMM is able to protect the legal rights of the Company and its personnel. **To accomplish these objectives, any governmental inquiries or requests for information, documents, or interviews must be promptly referred to the NMM Compliance Officer.**

Protection from Retaliation

NMM ensures that employees and FDRs may report or assist investigation of suspected illegal acts or improper conduct without threat of negative consequences.

1. No retaliation, reprisals or disciplinary action will be taken or permitted against NMM employees or FDRs for good faith participation in the Compliance Program, including but not limited to reporting potential issues to appropriate authorities, cooperating in the investigation of suspected illegal activities or improper conduct, and conducting self-evaluations, audits and remedial actions.
2. Failure to abide by this prohibition against retaliation or reprisals is a violation of these

Standards, and may be a violation of Federal and/or State law.

V. Disciplinary Action

NMM employees and FDRs who engage in illegal activity or improper conduct, including violation of these Standards or any other NMM policy, are subject to disciplinary action including oral or written warnings or reprimands, suspensions, termination, financial penalties and potential reporting of the conduct to law enforcement. If employees or FDRs self-report their own illegal actions or improper conduct, NMM will take such self-reporting into account in determining appropriate disciplinary action.
