

Sandhills Center

Corporate Compliance & Internal Audit Plan

FY 2017-2018

Shod Alley

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Sandhills Center LME-MCO implements this Corporate Compliance and Internal Audit Program to demonstrate its commitment to comply with and monitor all requirements and standards under its contract with the State of North Carolina and all applicable local, state, and federal laws and regulations and to communicate effectively the expected code of conduct to all responsible parties including staff, Sandhills Center Board of Directors, delegated entities, and contract network providers and to ensure adherence to it.

I. Introduction

Sandhills Center LME-MCO adheres to high ethical principles and strict compliance with applicable local, state and federal laws/regulations as required by the North Carolina Division of Medical Assistance, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services and other state/federal regulatory bodies. Sandhills Center ensures its staff, delegated entities and contract network providers are informed of applicable laws/regulations so that they do not inadvertently engage in conduct that may raise compliance issues or concerns. Sandhills Center recognizes its business relationships with contractors, providers, vendors and members are subject to legal requirements and accountability standards.

Sandhills Center strives for the provision of high quality behavioral health care and ethical business practices throughout the organization and its contracted system of care. We continuously monitor, improve and build upon such practices. The Corporate Compliance and Internal Audit Program provides for:

- Written policies, procedures, and standards of conduct that articulate Sandhills Center's commitment to comply with all applicable requirements and standards under the contract, and all applicable Federal and State requirements;
- The designation of a Compliance Officer who is responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements of the DMA contract and who reports directly to the Chief Executive Officer and the Board of Directors;
- The establishment of a Corporate Compliance and Internal Audit Committee consisting of both members of the Board of Directors and senior management charged with overseeing Sandhills Center's compliance and internal audit program;
- A system for training and education for the Compliance Officer, Sandhills Center's senior management and employees, subcontractors and providers for the Federal and State standards and requirements under the DMA contract, including but not limited to fraud and abuse;
- Effective lines of communication between the Compliance Officer and Sandhills Center's employees, subcontractors and providers;
- Enforcement of standards through well-publicized disciplinary guidelines;
- Establishment and implementation of procedures and a system with dedicated staff for internal and external monitoring and auditing of compliance risks, prompt response to compliance issues as they are raised, investigation of potential compliance problems as identified in the course of self-evaluation and audit, including internal audits, correction of such problems promptly and thoroughly (or coordination of suspected criminal acts with law enforcement agencies) to reduce the potential for recurrence, and ongoing compliance with the requirements under the contract;
- A provision for prompt response to detected offenses, and for development of corrective action initiatives and detailed information to employees and subcontractors, including

providers, regarding fraud and abuse policies and procedures and the False Claims Act as identified in Section 1902(a)(68) of the Social Security Act;

- Full cooperation with any investigation conducted by federal or state authorities, including DMA or the State of North Carolina Medicaid Fraud Control Unit (MFCU) investigation, including promptly supplying all data and information requested for their investigation.

Sandhills Center continually seeks to improve its Corporate Compliance Program and in doing so, has added an internal audit function to its oversight procedures. The agency has instituted policies and procedures to detect and investigate fraud and abuse both externally and internally. These processes have been so well communicated to staff and contract providers it has become second nature for them to consider whether their behavior, conduct, and actions meet required standards. These policies and procedures include, but are not limited to:

- Policies and procedures for detecting and investigating fraud and abuse;
- Process for capturing and tracking complaints;
- A detailed workflow of the Sandhills Center's process for taking a complaint from inception through closure. This process includes procedures for logging the complaint, determining if the complaint is valid, assigning the complaint, investigating, appeal, recoupment and closure. The detailed workflow differentiates the steps taken for fraud versus abuse.
- Process for tracking overpayments and collections and reporting to the State;
- Process for handling self-audits and challenge audits;
- Process for using data mining to determine leads;
- Process for informing employees, subcontractors and providers regarding the False Claims Act;
- Verification that services billed by providers were actually provided to Sandhills Center's members using an audit tool that contains DMA-standardized elements or a DMA approved template; and
- Process for obtaining financial information on potential and current network providers enrolled in Sandhills Center's provider network regarding outstanding overpayments, assessments, penalties, or fees due to DMA or any other State or Federal agency.

To further its commitment to compliance, Sandhills Center places emphasis on issues likely to be of most consequence to Sandhills Center's operations. The Corporate Compliance Program establishes the following framework for the Sandhills Center Board, staff and network providers:

- Designation of a Corporate Compliance Officer and a Corporate Compliance and Internal Audit Committee consisting of both members from senior management and the Board of Directors charged with directing efforts to ensure compliance and implement the Corporate Compliance Program;
- Development, implementation, annual evaluation, and annual review/approval of a Sandhills Center Corporate Compliance and Internal Audit Plan;
- Incorporation of accreditation standards, applicable state, federal and local laws/regulations, Department of Health and Human Services contractual obligations, and sound ethical business practices in directing the Sandhills Center Board, staff, delegated entities, network providers and others involved with operational practices;
- Ongoing identification, tracking and response to federal, state and local laws/regulations

- Promotion of organizational culture to encourage and support ethical conduct and ongoing commitment to compliance with all applicable local, state and federal requirements;
- Reasonable oversight by Sandhills Center Board of Directors for the development/implementation of an annually reviewed and approved Corporate Compliance and Internal Audit Plan;
- Development and implementation of ongoing education and training for Board members, staff, delegated entities, advisory committees, network providers and members to address obligations for adherence and consequences of non-adherence to applicable compliance requirements;
- Development and implementation of standards/procedures for ongoing monitoring to identify potential risk areas, operational issues, non-compliant conduct by staff, delegated entities, or contract providers, including and independent and objective internal audit review, as well as mechanism(s) to respond to identified issues;
- Development and implement of a process for all persons to report alleged compliance issues directly or anonymously;
- Enforcement of standards through documented disciplinary mechanisms, guidelines and policies/procedures;
- Analyses of any misconduct to identify systemic issues and formulation of plans for corrective action to address identified areas of noncompliance;
- Coordination with contract providers to ensure effective compliance in areas where activities of Sandhills Center and contract providers overlap;
- Provision for full cooperation with any federal, DMA or Attorney General Medicaid Fraud Control Unit (MFCU) investigation including promptly supplying all data and information requested for their investigation;
- Implementation of regular reviews (minimally annually) of the overall compliance efforts of Sandhills Center to ensure that operational practices reflect current compliance requirements and address goals for improving organizational operations;
- Ongoing independent review/tracking of corporate compliance activities;
- Development and implementation of investigative external and internal workflow for fraud, waste and abuse; and
- Provision for prompt response to detected offenses, and for development of corrective action initiatives.

While the Corporate Compliance and Internal Audit Plan is not intended to include all the substantive programs or practices of Sandhills Center designed to achieve corporate compliance, the Sandhills Center's policies/procedures direct overall compliance efforts.

The Corporate Compliance Officer and Corporate Compliance and Internal Audit Committee performs periodic evaluations of the Corporate Compliance and Internal Audit Plan, review monitoring/auditing efforts for effectiveness, identify and follow up on additional areas of risk and respond to potential compliance issues. The Sandhills Center Corporate Compliance and Internal Audit Committee and Board of Directors monitor and evaluate the implementation and effectiveness of the Corporate Compliance Program and plan at least annually.

II. Scope

The Corporate Compliance and Internal Audit Program applies to all Sandhills Center operational activities and administrative actions including those activities defined in federal/state regulations and URAC Accreditation standards. Areas of focus include the following:

- Ongoing identification/tracking of applicable laws/regulations;
- Adherence to requirements relating to the quantitative/qualitative documentation of professional services and associated billing practices;
- Evaluating and managing over/underutilization of services;
- Ensuring delivery of medically necessary behavioral health services that provide the best value for members and communities served by Sandhills Center;
- Compliance with regulatory guidelines for data collection and submission processes;
- Development, implementation and adherence to policies/procedures relating to high risk activities;
- Development/implementation of policies/procedures for credentialing clinical staff, including a process for suspension or revocation of professional privileges
- Assessing risk and development of an Internal Audit Charter and annual internal auditing plan;
- Addressing other areas identified by Sandhills Center; and
- Ongoing review/tracking of compliance activities.

Sandhills Center aims for all compliance activities to promote integrity, ensure objectivity, foster trust and support high quality behavioral health care and ethical/business practices.

III. Administrative Responsibility

Although the primary responsibility for implementing, managing, and monitoring Sandhills Center's compliance effort is assigned to the Corporate Compliance Officer and Corporate Compliance Committee, oversight of compliance and monitoring is also the responsibility of Sandhills Center leadership/management staff.

Sandhills Center leadership/management staff set the tone for the actions of their staff to ensure staff understand and apply established ethical standards. This effort is accomplished through training, supervision, communication, openness to questions and diligent response to any concern. All Sandhills Center staff have an obligation to know and comply with applicable laws/regulations and to be honest in all dealings with service providers, members, third parties, and each other. Sandhills Center does not tolerate claims of ignorance, good intentions, or use of poor judgment as excuses for non-compliance. Maintaining ethical standards is everyone's responsibility. Any staff member with knowledge of a problem or issue has a responsibility to step forward to help solve it.

The Board of Directors has ultimate responsibility for corporate compliance; the Board delegates responsibility to the Chief Executive Officer. The Chief Executive Officer and Board delegate day-to-day oversight to the Corporate Compliance Officer and the Corporate Compliance Committee. The Corporate Compliance Officer and Committee are responsible for the development/implementation of the Corporate Compliance and Internal Audit Plan. The Board governs the organization as a knowledgeable body regarding compliance expectations, practices, identified risk issues and plans for corrective action.

With the oversight of the Chief Executive Officer and the assistance of outside legal counsel, when appropriate, the Corporate Compliance Officer's responsibilities include:

- Implementation of a system-wide program for compliance with all relevant federal/state laws;

- Assuring the use of system-wide audits to investigate and monitor compliance with required laws/regulations;
- Facilitating the Compliance Committee's review/oversight of appropriate policies/procedures to guide activities and functions of Sandhills Center that involve issues of compliance and ensure that they are in compliance with applicable laws/regulations;
- Overseeing and facilitating relevant corporate compliance education/training for staff, Board, contract providers, delegated entities, and members;
- Performing the necessary research to obtain, and subsequently track applicable new local, state, and federal laws/regulations;
- Maintaining a system for the reporting of violations by staff, Board, contract providers, and delegated entities;
- Protecting the confidentiality, to as great a degree as practical, of persons who make inquiries or report violations;
- Ensuring the existence of provisions for prompt responses to detected offenses, including corrective action initiatives;
- Ensuring that an annual assessment of the functioning of the corporate compliance and internal program is completed to identify alterations, actions, and updates that need to be incorporated in the program/plan;
- Ensuring that an annual report is made available to the Board;
- Ensuring appropriate corrective action occurs for persons/entities who violate federal or state law, compliance program mandates, or the code of ethics;
- Ensuring appropriate reports of suspected fraud/abuse are investigated promptly and thoroughly and reported to DMA Program Integrity and other applicable oversight agencies;
- Ensuring the development and implementation of a process for tracking overpayments, collections and reporting as required by the DMA contract;
- Receiving, reviewing and responding to instances of suspected corporate compliance issues; and
- Providing assistance with initiatives regarding corporate compliance, as directed by the Board and Chief Executive Officer and reporting back to the Chief Executive Officer and to the Board of Directors.

IV. Corporate Compliance and Internal Audit Committee

Sandhills Center's Corporate Compliance and Internal Audit Committee consist of members of the Board of Directors, as well as the Chief Executive Officer, Chief Operating Officer/Deputy Director and Corporate Compliance Officer. This Committee oversees the agency's internal compliance program and its compliance with the requirements under the DMA contract.

Members of the Corporate Compliance Committee provide oversight and support of the corporate compliance efforts of Sandhills Center. Committee members assess compliance, fraud risks, and provide strategic direction/guidance in regard to monitoring and managing these risks as well as the effectiveness of the Compliance Program. The Committee serves an active role in the implementation of the Corporate Compliance and Internal Audit Program.

Key topics may include, but are not limited to:

- System-wide risk management, corporate compliance, integrity
- Board of Director's role/responsibilities

- State/MCO Contract – Requirements of the North Carolina Department of Health and Human Services Division of Medical Assistance and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
- State & Federal Laws
- Provider Contracts;
- Monitoring Regulations
- Utilization Management
- Best Practices
- Code of Business Conduct/Ethics
- Financial/Billing Integrity
- Fraud/abuse
- Medicare conditions of participation
- Medicaid conditions of participation
- Other third-party payer conditions of participation
- Internal lines of communication
- Corrective action & performance improvement projects
- Accreditation standards
- Policy/procedure management
- Conformance with federal health care fraud/abuse legislation
- HIPAA privacy/security regulations
- Quality and utilization reviews
- Clinical/quality of care
- Staff orientation
- Staff training
- Drug-free workplace
- Staff relations, rights, protection
- Labor/Employment Laws
- ADA and Family Medical Leave Act
- Professional credentialing
- Environmental risks: monitoring system to assure that facilities are environmentally safe and healthy
- OSHA
- Information systems reliability and integrity
- Consumer rights and protections
- Limited English proficiency standards (Title VI)

The Committee members' responsibilities include, but are not be limited to:

- Analyzing Sandhills Center's regulatory obligations necessary to meet all applicable federal and state laws/regulations;
- Assessing current policies/procedures to ensure they are consistent with compliance requirements, recommending revisions, modifications and/or development of new policies/procedures where applicable;
- Reviewing reports of monitoring, complaints, auditing activities to identify possible compliance related concerns;
- Reviewing provider issues that are potentially fraud or abuse and determining the appropriate provider sanction(s);
- Identifying compliance issues requiring resolution and communicating them to the relevant authority;

- Developing/implementing procedures which encourage staff to report potential problems without fear of retaliation;
- Monitoring the development of preventative and corrective action plans both within its provider network and internally among staff;
- Developing a system to solicit, evaluate and respond to complaints and problems; and
- Monitoring findings of internal/external reviewing bodies for the purpose of identifying risk areas or deficiencies requiring preventative and corrective action.

The Board Committee will provide oversight of these functions.

Potential Agenda Items

- Development/review of Corporate Compliance and Internal Program/Plan
- Progress toward implementation/development/revision of policies/procedures associated with compliance
- Identification/tracking of applicable local/state/federal laws
- Review of related policies/procedures for needed updates or revisions
- Review of any compliance issues at hand
- Review of previously discussed remediation items
- Review of new and/or revised policies/procedures for adoption/approval
- Review of on-going monitoring/internal audit activities
- Review of new laws, issues, guidelines, etc. which affect compliance of Sandhills Center staff, service contractors, and Board members
- Development of the Corporate Compliance Action and Internal Audit Plan/Goals for the following year based on trends or identified areas of vulnerability

Meeting Minutes and Frequency

Meetings are held quarterly beginning in July with ad hoc meetings being held as necessary. The Corporate Compliance Officer is charged with calling ad hoc meetings or telephone/electronic communication to address issues requiring immediate attention.

Meeting minutes are provided to each member of the committee in writing and/or electronically within one (1) week of the meeting.

V. Policy Guidelines

Sandhills Center adopts policies/procedures specific to its operational standards, rules, and regulations. Department directors, and other staff, review these policies/procedures at least annually with revisions being made as necessary. The policies/procedures specific to compliance efforts support and further define the operational practices and responsibilities and, where possible, are integrated within existing policies/procedures.

Sandhills Center maintains compliance policies/procedures governing such topics as, among others, Confidentiality, Grievance Procedures, Reporting Suspected Criminal Activity, and Reporting of Child Abuse and Neglect, as well as human resources and specific program policies/procedures.

Sandhills Center's mission and vision statements, working principles, and business code of ethics provide a guide to all business activity. These guidelines reflect a common-sense approach to ensuring appropriate and ethical behavior. All new staff and contract providers

receive initial training regarding these guidelines with review/acknowledgement annually thereafter.

VI. Education and Training

The Corporate Compliance Officer ensures policies/procedures regarding compliance are disseminated and understood by staff and the Board of Directors. In addition, the Compliance Officer assists with the development of ongoing training to enhance and maintain contract providers, delegated entities, committee members, and members' awareness of requirements relevant to them. Sandhills Center's initial and annual orientation and education program includes an overview of corporate compliance.

Board of Directors' Orientation, Education, Training

Board members review their corporate compliance obligations as well as the responsibility and conditions of Board membership upon becoming members. Training includes Board member orientation, ongoing review of compliance laws, standards, policies/procedures, and updates of rules and regulations.

Staff Orientation, Education, Training

Sandhills Center staff training educates new staff members of their compliance obligations as a condition of employment. Every Sandhills Center staff member participates in corporate compliance training. This training includes how to recognize and report compliance issues. Staff can access the Corporate Compliance Program and Internal Audit Plan and related policies/procedures on the Sandhills Center electronic shared document system.

Sandhills Center's new staff orientation, ongoing training programs, and provider contracts stress the adherence to corporate compliance policies/procedures. All staff must demonstrate a sufficient level of understanding as a result of compliance training for continued employment. If a particular compliance issue or risk develops, the Corporate Compliance Officer and Committee may recommend that identified person(s) attend additional training addressing a particular risk issue.

All staff shall know the standards of conduct that apply to themselves and act accordingly.

Contract Provider Orientation, Education, Training

Contracts with providers require that providers understand and adhere to their compliance obligations as a condition of their contract. All contract providers must demonstrate a sufficient level of understanding as a result of compliance training. Contract provider training includes:

- Provider orientation and orientation updates;
- Provider forums;
- Provider Manual content;
- Electronic notification of updated information;
- Corporate Compliance and Internal Audit Plan available on the Sandhills Center website; and
- On-site monitoring activities.

Delegated Entities Orientation, Education, Training

Delegated entities learn of their compliance obligations as a condition of their delegated service per their individual contract. In addition, the Corporate Compliance and Internal Audit Plan is available on the Sandhills Center website.

Consumer Orientation, Education, Training

Sandhills Center staff working directly with consumers notify the consumers of Sandhills Center's strict compliance obligations and provide them with contact information of person(s) available to respond to their concerns or complaints. The "Member Rights and Responsibilities" handbook contains information explaining consumer rights and expectations.

VII. Key Compliance Laws/Regulations and Processes for Compliance

Sandhills Center recognizes all applicable federal, state, and local laws/regulations regarding business and clinical practices pertaining to staff, contract providers, and other entities under its purview. This section highlights key laws of compliance referenced in educating staff and others. These laws/regulations provide a foundation of the compliance program.

The laws and regulations described here are representative, however, not inclusive.

Accounting, Billing, Payment, Business Practices

- **False Claims and Fraudulent Billing**

Congress enacted the False Claims Act in 1863 to prevent fraud practices of defense contractors. The False Claims Act allows private individuals to bring action against parties who have defrauded the government. This Act protects individuals who in good faith initiate claims, testify about violations, or otherwise assist in investigations. Federal Sentencing Guidelines determine sentences based primarily on two factors: conduct associated with the offense and the defendant's criminal history.

- **Whistleblower Provisions and Protections**

The False Claims Act includes a "qui tam" or whistle-blower provision which allows any person with actual knowledge of false claims activity to file a lawsuit on behalf of the U.S. Government. The Act also protects an individual who in good faith reports false claims activity.

- **Sarbanes Oxley Act**

Sarbanes Oxley Law refers to the federal law related to controls and procedures for finance reporting. This Law impacts the department that oversees activities or processes that influence Sandhills Center financial statements.

- **Anti-Kickback**

The Anti-Kickback statute prohibits the offer, solicitation, payment, or receipt of compensation in return for or to induce the referral of a consumer for any service that may be paid for by federal health programs or federally supported state health care programs. The statute also prohibits reimbursement for purchasing, ordering, leasing of goods or services (or arranging to do so) that will be paid for by these federal or federally supported health care programs. The **Stark Law** is related to, but not the same as the federal anti-kickback law. It addresses physician referral of members to facilities in which the referring physician has a financial interest, investment, or a structured compensation arrangement.

- **Software Copyright Infringement**

Unauthorized copying of software programs may expose Sandhills Center to litigation and result in damage claims from software vendors. All Sandhills Center staff members are prohibited from making copies of copyrighted software for personal and/or business use if such reproduction is not permitted by written license agreement.

- **The Deficit Reduction Act (DRA)**, passed in 2005, is designed to restrict federal spending through the prevention, early detection and reduction of fraud/waste/abuse while maintaining commitment to the federal program beneficiaries. Per this Act, Sandhills Center has policies/procedures and training which includes regulations relating to false claims, whistleblower protections and detecting and preventing fraud/abuse.

- **Health Insurance Portability and Accountability Act of 1996 (HIPAA)**

Key provisions of HIPAA relating to health care compliance include the following:

- a. Broadening the definition of knowing and willful conduct in regard to the civil provision of the Social Security Act to include acts of deliberate ignorance by providers in respect to information and regulation (e.g., a provider could be accused of deliberate ignorance if they do not thoroughly know and apply the up-to-date billing coding rules for submitting claims for payment).
- b. Establishment of programs to detect fraud/abuse and encourage the public to report it (including the issuance of Fraud Alerts by the Office of the Inspector General).
- c. Mandatory exclusion from Medicare and Medicaid of providers who violate fraud/abuse provisions.
- d. Standardization of electronic transmission of certain administrative and financial transactions.
- e. Standards for privacy of individually identifiable health information.

Key compliance issues in regard to this law include:

- a. Recognition of the need for enhanced training and compliance mechanisms to prevent violations of the law due to ignorance.
- b. Development of plans for ensuring compliance with financial transaction standardization requirements between provider organizations and Sandhills Center and between the Sandhills Center and the State of North Carolina.
- c. Development of plans for ensuring that information systems and policies/procedures meet HIPAA privacy requirements for protecting consumer individually identifiable health information.

Exclusion Statute

This law explains that the Office of Inspector General (OIG) is legally required to exclude individuals/entities from participation in all federal health care programs if convicted of certain offenses.

Contract between North Carolina Department of Health and Human Services and Sandhills Center

In addition to federal laws and national accreditation regulations, Sandhills Center is subject to performance standards of its contract with North Carolina Department of Health and Human Services Division of Medical Assistance and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Labor and Human Resources Regulations and Practices

The Human Resources Director maintains a compilation of copies or references to rules and regulations relating to labor and human resources that are relevant to Sandhills Center such as:

- **United States Department of Labor Employment Standards**
The United States Department of Labor Employment Standards include: Americans with Disabilities Act, Equal Employment Opportunities, Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FMLA)
- **North Carolina Office of State Personnel**
Local government Human Resource Services program policies for Local Government Employees

The Human Resources Director and the Finance Director ensure that Finance Department staff members utilize the most current information found in state/federal rules and regulations pertaining to wage and hour standards.

The Human Resources Director monitors all Sandhills Center sites to ensure that they are in compliance with federal and state posting requirements. The Human Resources Director also notifies appropriate management personnel of new information regarding labor laws, as it becomes available.

The Human Resources Director maintains Federal and State Guidelines such as information pertaining to Worker's Compensation, Short-term and Long-term Disability, the Family Medical Leave Act, and other information required of a Human Resources Department.

Sandhills Center requires background checks for all staff hired by Sandhills Center. The Human Resources Director and the Director of the Program/Department doing the hiring jointly see that all staff files are maintained in accordance with federal, state, licensure, and accreditation regulations and standards.

The Human Resources Director and the Corporate Compliance Officer monitor to ensure compliance with applicable Federal Occupational Safety and Health Administration (OSHA) regulations.

All new staff attend a required orientation, which includes an overview of Sandhills Center and its programs, selected trainings and discussion regarding the Human Resources policies/procedures, Corporate Compliance, and the Business Code of Ethics. All staff can access the Corporate Compliance Plan and employment related policies/procedures on the electronic shared document system.

The Human Resources Director distributes an exit interview form to each staff member that voluntarily terminates employment with Sandhills Center. Staff can use this opportunity to address any areas of concern they may have regarding the agency. The staff member completes the Exit Interview Form and returns it directly to the Human Resources Director. The Human Resources Director reports concerns or trends identified by staff to the Chief Executive Officer and Chief Legal Officer.

License Requirements

All Licensed Professionals must obtain and maintain their licenses in good standing. Staff must provide copies of their most recent licenses/certifications, which are maintained by the Human Resources Department, in each individual Credentialing Folder.

The Corporate Compliance Officer maintains copies of the Professional Standards and Codes of Ethics from the various professional associations represented by Sandhills Center staff.

Contracting

Sandhills Center enters into contracts in accordance with its Mission Statement and Purpose. Contracts define parameters regarding re-negotiation, renewal and termination. Sandhills Center network providers receive training as to their regulatory compliance responsibilities under each contract. Health Network staff review contracts to ensure compliance and to avoid having Sandhills Center engage in business arrangements in which any Board member or staff member has an ownership, investment or compensation relationship or interest.

The Finance Director maintains all documents relating to contracts entered into by Sandhills Center including revisions, amendments and updates, and retains outdated versions as per agency policy and in accordance with General Accounting Principles.

An outside auditing firm conducts annual audits, which includes auditing contracts, as well as other required documents. The audit of these documents includes review for corporate/regulatory compliance, which is shared with Leadership and Management staff.

VIII. Identification of Compliance Issues

In coordination with the monitoring practices outlined in this Corporate Compliance and Internal Audit Plan, Quality Management and Health Network Plans and the Finance Department protocol, Sandhills Center conducts ongoing reviews of all program and contract operations using both internal and external methods to detect non-compliance.

Identification of compliance issues include, but are not limited to:

- Provider monitoring and/or investigations
- Provider Financial Coordination of Benefits audits
- Paid claims audits
- Provider usage of sliding fee scale audit
- Review/analysis of claims data and billing patterns or trends through data mining and other processes
- Review/analysis of utilization management data
- Questionnaires to assess knowledge/adherence to the Corporate Compliance Program and Plan
- Staff reporting
- Surveys to evaluate marketing and access to Sandhills Center programs and contract services
- Needs assessments to assess adequacy of services
- Concern/Complaint reporting
- Special focus groups
- Provider credentialing and re-credentialing activities
- Tentative Notice of Overpayments

- Receipt and/or investigation of quality of care issues
- Independent Financial Audits
- Independent Compliance Audits
- Accreditation Surveys

Staff and network providers shall report any activity they believe to be inconsistent with policies or legal requirements to the Sandhills Center Corporate Compliance Officer or any Sandhills Center staff who are in an authoritative role. The Corporate Compliance Officer tracks compliance issues and reports them to the Chief Executive Officer. The Corporate Compliance Committee reviews the issues and recommendations, which are reported to the operational area reviewed, as indicated, and summarized for the Board.

Internal Audit

Sandhills Center has created an Internal Audit Charter outlining the function's mission to serve as an independent, objective assurance and consulting activity with the objective to add value and improve the internal operations of the Sandhills Center. It will operate in a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Corporate Compliance and Internal Audit Committee will meet quarterly to identify and manage specific areas of concerns. Senior staff will propose to the committee areas of exposure to various types of risk, including financial, reputation, safety, and regulatory/control/process. The Committee will assess and prioritize each area of concern selecting two (2) or three (3) projects to be tracked by the Committee throughout the fiscal year. Any issues will be immediately addressed and result in a correction plan.

Each project will be monitored and reviewed by an internal auditor in conjunction with the Chief Compliance Officer. At the end of the fiscal year, results will be reported out by the Committee to the Board of Directors and senior management staff and new risk-based areas will be identified.

Potential project areas include:

- Sandhills Center Automobile Usage
- TCLI Consumer transaction expenses
- Differences in Business Intelligence numbers
- IT inventory
- Customer Service staffing levels on calls
- Provider credentialing
- Monitoring Care Coordination in the field
- Website back-up verification
- Comp time for non-exempt employees
- ADA building access and equipment
- Pay equity

IX. Reporting Compliance Issues

As a general practice, staff and contract providers direct questions about operational issues to the person(s) having supervisory responsibility for the service area(s). Sandhills Center's policies and procedures advise that activity believed to be inconsistent with legal compliance issues are to be reported to the Sandhills Center Chief Legal Officer/Corporate Compliance

Officer, the Chief Executive Officer, Chief Operating Officer/Deputy Director or Human Resources Director. Sandhills Center protects staff and contract providers reporting possible compliance issues in good faith from retaliation or harassment as a result of the report. Those persons with concerns about possible retaliation or harassment should report them to the Corporate Compliance Officer, the Chief Executive Officer, or Human Resource Director.

The Corporate Compliance Officer will communicate with staff or others in any manner in which s/he feels comfortable, including but not limited to telephone/voice mail, written communications, email and/or face-to-face communication. This flexibility ensures effective lines of communication.

The Corporate Compliance Officer maintains a log of any reported compliance concerns. This log includes an assigned number of the complaint; the date received; the source of information obtained; the general issue; the corrective action necessary; and outcome of the matter.

To the extent practical and appropriate, the process supports efforts to maintain confidentiality, including the coding of the log. Senior management uses the log to manage the development and resolution of action plans to improve the quality of services provided by Sandhills Center and its contracted providers.

Sandhills Center

For staff who wish to report suspected violations anonymously, Sandhills Center retains a contract with an anonymous regulatory compliance hotline known as **Report It**. The hotline number is **1-877-778-5463**. Trained professionals operate **Report It** 24 hours a day. These professionals relay any information regarding possible legal or compliance violations on the part of Sandhills Center or staff reported anonymously to **Report It** to Sandhills Center senior management, where the proper course of action will be determined.

Network Providers

If a provider prefers to report the suspected violation to someone other than their supervisor or the Sandhills Center's Corporate Compliance Officer, they may also contact the State through the DMA toll-free number for fraud and abuse or through the NC DHHS Care-Line. The Sandhills Center web-site and the Provider Manual include information and contact numbers for doing so.

X. Investigating Compliance Issues

Sandhills Center staff receiving either an oral or written report of an alleged violation of Sandhills Center's operating policies/procedures forwards the matter to the Corporate Compliance Officer for review of the nature, seriousness and extent of the violation. Sandhills Center policies and procedures require staff and contract providers to cooperate fully with any inquiry. To the extent practical and appropriate, the investigation will include efforts to maintain the confidentiality of the information gathered. Applicable Human Resources policies or network provider contracts address consequences for conduct inconsistent with Sandhills Center's operating policies.

Sandhills Center Staff

If the alleged violation involves internal staff of Sandhills Center, the Corporate Compliance Officer refers the complaint to the Human Resources Director immediately. The Human

Resources Director reports the allegation to the Chief Executive Officer and conducts an investigation. Upon completion of the investigation, the Human Resources Director reports the findings to the Chief Executive Officer and takes appropriate action. The investigative process adheres to applicable Sandhills Center policies regarding personnel action. The Human Resources Director sends a report of findings indicating the outcome of the investigation to the Corporate Compliance Officer upon conclusion. The Corporate Compliance Officer reviews the investigative findings and conveys the results to the Corporate Compliance Committee and Sandhills Center outside legal counsel, as applicable. The Corporate Compliance Officer shall also notify DMA Program Integrity when the investigation results in potentially fraudulent activity.

Network Providers

When the preliminary review by the Corporate Compliance Officer reveals that the allegation does not involve internal staff, but rather a network provider, and reasonable cause exists that further investigation is indicated, the Corporate Compliance Officer reports the risk issue to the Chief Executive Officer and the Program Integrity Director and begins, or designates a person to begin, to inquire into the matter. This inquiry includes appropriate assistance from relevant program/department directors and the Sandhills Center outside legal counsel, if necessary.

The Corporate Compliance Officer reviews the investigative findings and conveys the results to the Chief Executive Officer, the Corporate Compliance Committee, and Sandhills Center outside legal counsel, as applicable. The Corporate Compliance Officer shall also notify DMA-Program Integrity when the investigation results in potentially fraudulent activity.

Sandhills Center Staff and Network Providers

Sandhills Center reserves the right to subject physicians and other licensed practitioners who are sanctioned by their licensing board to further disciplinary action and/or termination as outlined in the Sandhills Center Provider Credentialing Plan and Human Resources policies/procedures. Sandhills Center will immediately terminate any provider debarred by their licensing board upon notification. Additionally, Sandhills Center does not affiliate with providers who have been debarred from participating in federal programs.

XI. Corrective Action Initiatives and Sanctions

Sandhills Center strives for any investigation or violation of a compliance matter to result in correction of the problem and, more importantly, the modification or replacement of any processes or systemic dynamics responsible for the problem. These changes shall improve the performance of Sandhills Center's operations, its staff, and contracted service providers who serve the needs of our members.

Sandhills Center

The Corporate Compliance Officer requests a plan of correction whenever an internal compliance issue within Sandhills Center has been substantiated. The program director/supervisor or other identified person must develop an action plan and report information about the preventative and corrective action plans to the Compliance Committee, which monitor the process.

Action plans must ensure not only correction of the specific issue but also, where appropriate, preventative measures to avoid recurrence. The Corporate Compliance Officer maintains the

action plans in a secured file consistent with the retention of records policy. Supervisory staff use the action plans to review processes and provider quality management processes.

The nature, frequency and severity of the violation determine the precise action taken, which may result in any of the following:

- Provision of training
- Reassignment of duties or functions
- Personnel action including:
 - Written warning
 - Suspension
 - Termination
- Restitution
- External disclosure, upon advice of outside legal counsel

If the investigation results in a finding that any non-compliance act has been willful, the Corporate Compliance Officer will report that finding to the Chief Executive Officer and Corporate Compliance Committee. Staff who have engaged in willful misconduct are subject to disciplinary action, including termination of employment.

Network Providers

The Corporate Compliance Committee or Network Committee will issue sanctions against a provider where the outcome of a review or audit necessitates such actions as defined in the Provider Sanction Policy/Procedure.

XII. Annual Compliance Review and Plan

The Corporate Compliance Officer ensures a review of the organization’s status with current compliance laws, accreditation standards and regulatory requirements. The Corporate Compliance Officer prepares an annual compliance report, with review and discussion provided by the compliance committee, which is a part of self-assessment. This report includes a plan addressing maintenance and improving Sandhills Center’s compliance efforts. Goals for the current fiscal year continue with additional goals added as needed.

XIII. Revisions to the Corporate Compliance and Internal Audit Program

The Corporate Compliance and Internal Audit Program and Plan are intended to be flexible and readily adaptable to changes in regulatory requirements as well as the mental health, intellectual developmental disabilities, and substance abuse system as a whole. The Corporate Compliance Officer and Committee review the Program and Plan at least annually to assess its viability and the inclusion of appropriate Sandhills Center policies and regulatory requirements and revise the Plan as change(s) is/are indicated. The Corporate Compliance and Internal Audit Committee have the authority to revise or amend the Plan with the approval of the Chief Executive Officer and adoption by the Board of Directors.

XIV. Corporate Compliance Committee Review/Accomplishments FY 2016-2017

Goal	Accomplishment
1. Identify and respond to potential areas of risk within Sandhills Center’s	<ul style="list-style-type: none"> • Annual Review of Policies and Procedures: Sandhills Center completed its annual review of policies and procedures required by URAC in February 2017. The

<p>operations.</p>	<p>process consisted of review of all policies and procedures with updates/revisions completed as needed.</p> <ul style="list-style-type: none"> • Review of Regulations: Ongoing tracking and review of regulations, rules, bulletins, policies, procedures and notifications from oversight and regulatory bodies. Revisions and implementation of new policies and procedures were made as required. • Hotline Calls: Periodic tests of the independent hotline service for Sandhills Center staff to report suspected fraud, waste, or abuse were conducted to ensure the system is working. No hotline calls were received. • Privacy and Security Checks: As required by Sandhills Center procedure, privacy/security checks were completed at each Sandhills Center location to monitor compliance with HIPAA policies and procedures. All sites were in compliance with HIPAA. • Program Integrity (PI): In 2016, Sandhills Center's Program Integrity (PI) received 81 referrals and 61 of those referrals were accepted for investigation. Two providers were referred to the Division of Medical Assistance (DMA) and one of these was referred to the Medicaid Investigations Division (MID). The PI team expanded by adding another Clinical Analyst and promoting the Data Analyst to an investigative role. PI staff continue to seek training in areas of interest and to work towards the requirements of an Accredited Healthcare Fraud Investigator. Sandhills Center collected \$23,766.77 in repayments due to abusive billing practices identified by Program Integrity. • Health and Safety Committee: This Committee provides oversight and monitoring to ensure a safe workplace for LME-MCO staff that is in compliance with all applicable federal and state regulations. The Committee is chaired by the Regulatory Affairs Officer/Medicaid Contract Director and the Chief Clinical Officer/Medical Director. • Corporate Compliance and Internal Audit Plan: Review of the Corporate Compliance Plan to reflect FY 16-17 accomplishments and additional goals for FY 17-18. • Internal Compliance: Completion of reviews and investigations of internal functions and internal compliance to regulatory standards by internal auditor. • Internal Departmental Case Staffing: Weekly clinical case staffing with Chief Clinical Officer/Medical Director, and staff from Regulatory Affairs, Network, Finance, Program Integrity, Quality Management and Utilization Management.
<p>2. Provide ongoing regulatory compliance communication for staff and others under the</p>	<ul style="list-style-type: none"> • Compliance Communication: Provided ongoing communication and training related to regulatory matters through staff/Board member training, email, Sandhills Center website and Provider Forums.

<p>purview of Sandhills Center.</p>	
<p>3. Increase use of data and outcome measures in regulatory compliance and risk management oversight.</p>	<ul style="list-style-type: none"> • Data Use and Collection: Utilized data to collect and manage regulatory compliance reports, activities and trends. • Report Tracking: Tracked reports made to and received from oversight agencies (DHSR, DMA, and DMH). • Internal Reviews: Data integrity reviews and internal monitoring were completed throughout the year to improve and ensure compliance with requirements. • Fraud and Abuse Management System (FAMS): Program Integrity identified areas of investigation and supplemented referrals utilizing this software package that includes pre-built algorithms and analytic models to detect aberrant billing practices.
<p>4. Respond to federal, state and local requirements specific to accreditation audits, surveys and reviews</p>	<ul style="list-style-type: none"> • Block Grant Review: The Division of MH/DD/SAS completed an annual compliance monitoring review at Sandhills Center in June 2016. • Sandhills Center Finance Audit FY 15-16: The accounting firm Dixon Hughes Goodman completed the Sandhills Center annual audit. It was reported to the Board of Directors that there were no significant issues identified and noted it was the third year in a row that there have been no compliance issues. • Financial Reviews with DMA: Sandhills Center participated in the quarterly reviews with DMA. • Perception of Care Survey: As required by the Division of MH/DD/SAS and the Division of Medical Assistance, Sandhills Center distributed surveys during June and July 2016 to gather information regarding consumer (MH, I/DD and SA) satisfaction with services. • QIO-Like Entity: Sandhills Center submitted its annual assurance statement to the Centers for Medicare and Medicaid Services in July 2016 attesting that Sandhills Center continues to meet all the requirements of a Quality Improvement Organization (QIO)-like entity for the State of North Carolina. This certification allows Sandhills Center to review cases and analyze patterns of care related to medical necessity and quality review. • Mercer Review: Sandhills Center participated in the annual review with minimal recommendations noted. • External Quality Review (EQRO): Participation in The Carolinas Center for Medical Excellence on-site External Quality Review conducted in 2016. Results of the review were very positive. • National Core Indicator Survey: The State participates in a national survey of I/DD members or their guardians to determine satisfaction with services. Sandhills Center gathered information on consumers with I/DD as required by the State, meeting all required submission deadlines.

XV. Corporate Compliance Committee FY 2017-2018 Goals

1. Identify and respond to potential areas of risk within Sandhills Center's operations.
2. Provide ongoing corporate compliance communications and training for the Sandhills Center's Board of Directors and staff and others under the purview of Sandhills Center, including subcontractors and providers.
3. Increase use of data and outcome measures in corporate compliance and risk management oversight.
4. Respond to federal, state and local requirements specific to accreditation, audits, surveys and reviews.

XVI. Appendices

- I. Applicable Laws and Regulations
- II. Corporate Compliance Complaint Log

I. Applicable Laws and Regulations

North Carolina Department of Health and Human Services Rules/Regulations and State Laws ~ North Carolina Division of MH/DD/SAS

Regulation/Regulatory Agency/Laws	Information Contacts/Resources	Application to Sandhills Center's Operations
<p>APSM 30-01 (Rules for MH/DD/SA - Core rules for services, including State-covered services definitions)</p> <p>APSM 45-1 (Confidentiality)</p> <p>APSM 45-2; 2a (Records Management and Documentation Manual)</p> <p>APSM 95-2 (Client Rights Rules)</p> <p>APSM 10-3 (Records Retention and Disposition Schedule)</p> <p>Budget and Financial Reports</p> <p>45 CFR Par & 164 (HIPAA Standards for Privacy and Security of Health Information)</p>	<p>http://www.ncdhhs.gov/mhddsas/statspublications/Manuals/index.htm</p> <p>http://www.ncdhhs.gov/mhddsas/statspublications/Reports/Financialandstatisticalreports/budgetandfinance/index.htm</p> <p>http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/HIPAAGenInfo/PrivacyandSecurityStandards.html</p>	<ul style="list-style-type: none"> ➤ Administration and Board role and responsibilities ➤ Human Resources requirements ➤ Utilization Management parameters ➤ Quality Management ➤ Member Services ➤ Health Network monitoring ➤ Fiscal Management ➤ Privacy and Security of Health Information
<p>General Statutes 122-C Mental Health, Substance Abuse, Developmental Disabilities Act of 1985</p>	<p>www.ncleg.net</p>	<ul style="list-style-type: none"> ➤ Administration and Board role and responsibilities
<p>Innovations Waiver</p>	<p>http://www.ncdhhs.gov/dma/lme/Innovations.html</p>	<ul style="list-style-type: none"> ➤ Care Coordination ➤ Utilization Management parameters
<p>NC DHHS Provider Monitoring</p>	<p>http://www.ncdhhs.gov/mhddsas/provider</p>	<ul style="list-style-type: none"> ➤ Health Network

	s/providermonitoring/info.htm	<ul style="list-style-type: none"> ➤ monitoring ➤ Quality Management
Division of Health Service Regulation - Licensure Requirements	http://www.ncdhhs.gov/dhsr/index.html	<ul style="list-style-type: none"> ➤ Health Network monitoring ➤ Quality Management
DHHS Disaster Preparedness, Response and Recovery Plan	http://www.ncdhhs.gov/mhddsas/services/disasterpreparedness/	<ul style="list-style-type: none"> ➤ Disaster preparedness, response and recovery planning
Contract between NC DHHS DMA and Sandhills Center LME-MCO		<ul style="list-style-type: none"> ➤ Requirements, including reporting requirements for compliance with DMA regulations
Performance Agreement between DHHS and MCO - Contract	http://www.ncdhhs.gov/mhddsas/LMEGovernment/perfcontracts/index.htm	<ul style="list-style-type: none"> ➤ Requirements, including reporting requirements for compliance with DMH/DD/SAS regulations
North Carolina Office of Human Resources	http://www.oshr.nc.gov/	<ul style="list-style-type: none"> ➤ NC Human Resources Policies for Local Government Employees
NC Division of Mental Health, Developmental Disabilities, Substance Abuse Services – Service Definitions Manual	http://www.ncdhhs.gov/mhddsas/provider/servicedefs/index.htm	<ul style="list-style-type: none"> ➤ Reimbursable services in the state's public system of mh/dd/sa services.
NC DMA Clinical Coverage Policy 8a Enhanced MH and SA Services	http://www.ncdhhs.gov/dma/mp/index.htm	<ul style="list-style-type: none"> ➤ Approved services and criteria
DHHS Communication Bulletins	http://www.ncdhhs.gov/mhddsas/communicationbulletins	<ul style="list-style-type: none"> ➤ DMA and/or DMA/ I-DD/SAS information, instructional material, changes in requirements, etc.
NC DMA Medicaid Bulletins	http://www.ncdhhs.gov/dma/bulletin/index.htm	<ul style="list-style-type: none"> ➤ DMA program requirements and updates

Federal Regulations

Regulation/Regulatory Agency/Laws	Information Contacts/Resources	Application to Sandhills Center's Operations
U.S. Department of Labor Laws include: <ul style="list-style-type: none"> ➤ Fair Labor Standards Act (FLSA) ➤ Employee Retirement Income Security Act (ERISA) ➤ Occupational Safety and Health (OSH) Act ➤ Family and Medical Leave Act (FMLA) ➤ Office of Workers' Compensation 	All Federal Department of Labor regulations are located at http://www.dol.gov/ NC Dept of Labor located at http://www.nclabor.com/ http://www.nclabor.com/osha/etta/ind	Human Resources – staff policies and procedures Corporate Compliance – staff and provider guidelines and training

<p>Programs</p> <ul style="list-style-type: none"> ➤ Drug-Free Workplace Act of 1998 ➤ The Rehabilitation Act of 1973, Section 503 ➤ Title VII of the Civil Rights Act of 1964 ➤ Sarbanes-Oxley Act of 2002 	<p>guide/ig4.pdf</p>	
<p>U.S. Department of Health and Human Services, Office of Inspector General (OIG), Public Law 95-452 List of Excluded Individuals/Entities</p>	<p>http://oig.hhs.gov/index.asp http://exclusions.oig.hhs.gov/search.aspx</p>	<p>Bases for exclusion include convictions for program-related fraud and patient abuse, licensing board actions – Ensure no sanctioned personnel or contractors are hired.</p>
<p>Fraud and Abuse – Deficit Reduction Act</p>	<p>http://www.ncdhhs.gov/dma/provider/fraud.htm</p>	<p>LME-MCO and Provider requirements</p>
<p>42 CFR Part 2 Confidentiality Regulations 45 CFR Part 160 & 164 HIPAA Standards for Privacy of Health Information</p>	<p>Federal Regulations search: http://www.gpoaccess.gov/cfr/index.html</p>	<p>Ensure agency-wide compliance with federal confidentiality and HIPAA regulations</p>
<p>Synar Regulation – Federal Substance Abuse Prevention and Treatment (SAPT) funding -1992</p>	<p>http://www.samhsa.gov/synar</p>	<p>Congress enacted legislation aimed at decreasing youth access to tobacco products</p>
<p>Title VI of the Civil Rights Act of 1964 Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency"</p>	<p>http://www.justice.gov/crt/about/cor/coord/titlevi.php</p>	<p>Ensure that programs and activities normally provided in English are accessible to persons with limited English proficiency</p>
<p>42 CFR Part 438 Public Health – Managed Care</p>	<p>http://ecfr.gpoaccess.gov</p>	
<p>CMS Final Rule on Medicaid Managed Care, 81 Fed. Reg. 27,891 (May 6, 2016) (to be codified at 42 C.F.R. 438.608)</p>	<p>https://www.gpo.gov/fdsys/pkg/FR-2016-05-06/pdf/2016-09581.pdf</p>	<p>Modernizes the Medicaid managed care regulations to reflect changes in the usage of managed care delivery systems</p>

Local/Other Regulations

<p>URAC Accreditation Standards</p>	<p>https://www.urac.org</p>	<p>Standards for Sandhills Center LME-MCO accreditation</p>
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II. Corporate Compliance Complaint Log

**CORPORATE COMPLIANCE
COMPLAINT LOG**

# of Complaint	Date Received	Source of Information	General Description	Corrective Action To Be Taken	Outcome
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					