

NORTHCARE NETWORK

POLICY TITLE: Sanction Policy	EFFECTIVE DATE: August 5, 2004
DATE OF LAST REVIEW: (Reviewed with no changes or minimal text revisions.) January 25, 2007	DATE OF LAST POLICY REVISION: (Revision to policy statement.) December 13, 2010

POLICY

NorthCare Network requires all CMHSP/SA Providers/Contract Providers to comply with all statutes, regulations, and guidelines applicable to federal and State of Michigan health care programs; and, to adhere to all legal, regulatory, fiscal and program requirements.

All provider contracts shall contain provisions permitting the contractor to impose sanctions on network providers that are in breach of any contractual requirement or standard or in violation of any applicable healthcare statute or regulation. At a minimum provider contracts shall reserve to the contractor the authority to:

- Withhold all or part of a payment to a provider;
- Recoup from payments currently due to the provider any amount previously paid to the provider for claims determined on retroactive review to be ineligible for reimbursement;
- Require providers to consent to and implement the terms of Corrective Action Plans (including compliance audits and monitoring procedures) designed to address errors and/or noncompliance;
- Terminate the contract for breach of any contractual requirement or standard or violation of any applicable healthcare statute or regulation.

Depending on the degree of non-compliance, NorthCare may require a written plan of correction within 30 days of written notification to the CMHSP/SA Provider/Contract Provider of non-compliance. If a CMHSP/SA Provider/Contract Provider disagrees with a finding(s) of non-compliance, a written response is to be included in the plan of correction stating the CMHSP/SA Provider/Contract Provider's position for each finding in question. Upon receipt of the written plan of correction, NorthCare will evaluate and monitor the plan of correction for 60 days. NorthCare will also evaluate any finding(s) in question and schedule a hearing with the CMHSP/SA Provider/Contract Provider within the 60 day monitoring period. NorthCare will provide a written response to any finding in question within 14 days following the hearing. NorthCare's Compliance Officer and/or Chief Operating Officer may also, or alternatively, make recommendation to the Pathways/NorthCare CEO who will make recommendation(s) to the Pathways/NorthCare Board of Directors for action that may include sanctions up to and including contract termination.

NorthCare may invoke sanctions if it makes a determination that a CMHSP/SA Provider/Contract Provider:

- is not in substantial compliance with published standards and with established local, state and federal regulations;
- that the CMHSP/SA Provider/Contract Provider has misrepresented or falsified information reported to NorthCare, the State or to the federal government;

- or that the CMHSP/SA Provider/Contract Provider has failed substantially to provide necessary covered services to recipients or failed substantially to follow the terms of the contract with the PIHP.

Sanctions may involve actions including:

- Withhold all or part of a payment to a provider;
- Recoup from payments currently due to the provider any amount previously paid to the provider for claims determined on retroactive review to be ineligible for reimbursement;
- Require providers to consent to and implement the terms of Corrective Action Plans (including compliance audits and monitoring procedures) designed to address errors and/or noncompliance;
- Terminate the contract for breach of any contractual requirement or standard or violation of any applicable healthcare statute or regulation.

(but not limited to a monetary penalty imposed on the administrative and management operation of the CMHSP/SA Provider/Contract Provider; imposition of temporary regional management of a CMHSPs services program; or termination of NorthCare's sub-contract with the CMHSP/SA Provider/Contract Provider.)

Before imposing a sanction on an CMHSP/SA Provider/Contract Provider, NorthCare shall provide the CMHSP/SA Provider/Contract Provider with timely written notice that explains both of the following:

- a. The basis and nature of the sanction.
- b. The opportunity for a hearing to contest or dispute NorthCare's finding and intended sanction, prior to the imposition of the sanction. A hearing under this section is subject to the provisions governing a contested case under the Administrative Procedures Act of 1969, 1969 P.A. 306, MCL 24.201 to 24.328, unless otherwise agreed to in the sub-contract between NorthCare and the CMHSP/SA Provider/Contract Provider.

PURPOSE

To address non-compliance with statutes, regulations, and guidelines applicable to federal and State of Michigan health care programs as well as legal, regulatory, fiscal and program requirements.

APPLIES TO

This policy applies to all CMHSPs/SA Providers/Contract Providers.

REFERENCES

- ✓ NorthCare Regulatory Compliance Policy
- ✓ NorthCare Regulatory Compliance Plan
- ✓ NorthCare Code of Conduct

BOARD ADOPTED/REVIEWED DATE

8/4/04, 3/2/11

COO APPROVAL

1/13/11

HISTORY

REVIEW DATES: 6/7/04; 1/25/07; 12/13/10;

REVISION DATES: 12/13/10