

NORTHCARE NETWORK

POLICY TITLE: Sanctions	CATEGORY: Compliance	
EFFECTIVE DATE: 8/5/04	BOARD APPROVAL DATE: 3/6/13	
REVIEW DATE: 6/10/22	REVISION(S) TO POLICY STATEMENT: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	OTHER REVISION(S): <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
RESPONSIBLE PARTY: Compliance Officer	CEO APPROVAL DATE: 7/12/22 Dr. Tim Kangas, CEO	

APPLIES TO

NorthCare Network Personnel
Network Providers

POLICY

NorthCare Network utilizes a variety of means to assure compliance with applicable requirements. Remedial action and possible sanctions, including intermediate sanctions as described in 42 CFR 438.700 and Michigan Mental Health Code Section 330.1232b, as needed to resolve outstanding contract violations and performance concerns will be imposed. The use of remedies and sanctions typically follows a progressive approach, but NorthCare Network reserves the right to deviate from the progression, as needed, to seek correction of serious, repeated or patterns of substantial non-compliance or performance problems. The application of remedies and sanctions shall be a matter of public record.

PURPOSE

To outline a process for addressing outstanding contract violations and performance concerns of network providers to assure compliance with Contract requirements and the provisions of 42 CFR 438.700 and Section 330.1232b of Michigan's Mental Health Code.

DEFINITIONS

N/A

REFERENCES

- 42 CFR §438.700, §438.702, §438.704, §438.706
- PIHP/MDHHS Contract
- MDCH 2013 Application for Participation for Specialty Prepaid Inpatient Health Plans
- NorthCare Network Compliance Plan and Policies
- NorthCare Network Code of Conduct
- Network Provider Grievance and Appeal Process Administrative Policy

HISTORY

REVISION DATE: 12/13/10, 12/18/13, 7/27/16, 3/13/18, 8/26/21, 6/10/22

REVIEW DATE: 1/25/07 (NorthCare Network Review), 1/13/11, 2/27/13, 12/18/13, 12/3/14, 9/23/15, 7/27/16, 5/24/17, 3/13/18, 12/18/18, 1/21/20, 11/18/20, 8/26/21, 6/10/22

CEO APPROVAL DATE: 2/27/13, 12/18/13, 12/3/14, 10/6/15, 8/2/16, 6/6/17, 3/27/18, 1/7/19, 2/4/20, 12/1/20, 10/5/21, 7/12/22

BOARD APPROVAL DATE: 8/4/04, 3/2/11, 3/6/13

PROCEDURES

Sanctions may be invoked if the PIHP makes a determination that a Provider is not in substantial compliance with promulgated standards and with established federal or state regulations, that the Provider has misrepresented or falsified information reported to the PIHP, state or to the federal government, or that the Provider has failed substantially to provide necessary covered services to recipients under the terms of the contract.

Sanctions may include intermediate actions including, but not limited to, a monetary penalty imposed on the administrative and management operation of the Provider, imposition of temporary state management of a Member CMHSP, or termination of the PIHP/Provider contract. Additional sanctions may be imposed as outlined in the PIHP/Provider contract.

A. A range of contract remedies and sanctions NorthCare Network may utilize include:

1. Issuing a notice of the contract violation and conditions to the network provider with copies to the Board and/or CEO.
2. Requiring a plan of correction and status reports that becomes a contract performance objective.
3. Imposing a monetary penalty on the administrative and management operation of the network provider.
4. Imposing intermediate sanctions as described in 42 CFR 438.700 and Section 330.1232b of the Michigan Mental Health Code that may include civil monetary penalties.
5. Delay up to 25% of scheduled payment amount to the Contractor until compliance is achieved. NorthCare may apply this sanction in a subsequent payment cycle and will give prior written notice to the Contractor.
6. Initiate contract termination.

B. The implementation of any of these actions does not require a contract amendment to implement. The sanction notice to the Network Provider is sufficient authority.

C. Before imposing a sanction on a Network Provider, NorthCare Network shall provide the Network Provider with timely written notice that explains both of the following:

1. The basis and nature of the sanction along with its statutory/regulatory/contractual basis and the objective evidence upon which the finding of fault is based.
2. The opportunity for a hearing to contest or dispute NorthCare Network'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 contract with the Network Provider.

- D. Following are examples of compliance or performance problems for which remedial actions, including sanctions, can be applied to address repeated or substantial breaches, or reflect a pattern of non-compliance or substantial poor performance. This listing is not meant to be exhaustive, but only representative.
1. Reporting timeliness, quality and accuracy.
 2. Performance Indicator Standards.
 3. Repeated Site Review non-compliance (repeated failure on same item).
 4. Failure to complete or achieve contractual performance objectives.
 5. Substantial inappropriate denial of services required by this contract or substantial services not corresponding to condition. Substantial can be a pattern, large volume or small volume but severe impact.
 6. Repeated failure to honor appeals/grievance assurances.
 7. Substantial or repeated health and/or safety negligence.
- E. Network Providers shall have access to NorthCare Network's grievance and appeal process as outlined in NorthCare Network's *Network Provider Grievance and Appeal Process Administrative Policy*.