

HIGHMARK SENIOR MARKETS

**PRODUCER
OVERSIGHT
PROGRAM**

EFFECTIVE 8/1/2011

The logo features the word "HIGHMARK." in a serif font. A thin, curved line arches over the letters "H" and "I", starting from the top of the "H" and ending at the top of the "I".

OVERVIEW

Highmark is committed to full compliance with Federal and State regulatory requirements applicable to its Medicare Advantage and Medicare Prescription Drug Plan business. Highmark, its employees, and contractors are expected to meet the contractual obligations set forth in the company's contracts with the Centers for Medicare and Medicaid Services ("CMS"). In order to achieve these objectives, Highmark conducts its business in compliance with – and does not tolerate any violation of - applicable Federal and State health care regulations.

This document will be distributed to all Senior Markets Pennsylvania General Agencies and West Virginia Producers. Highmark Senior Markets requests that the Pennsylvania General Agencies and West Virginia Producers distribute this program information to all of the necessary subproducers.

TRAINING and CERTIFICATION

At the time of contract, the following will be verified:

- Active License
- Annual Certification including the Annual Part D Training and Certification and Annual Integrity Training and Certification
- Appointments to the appropriate Highmark companies

In addition, ongoing training will occur through monthly *Producer News* bulletins, email blasts, webinars, group meetings, and/or one-on-one consultations. Training will reinforce the need for strict compliance and will caution producers that any failure to comply will be documented and may result in disciplinary action.

CORRECTIVE ACTION

The purpose of this oversight is to ensure that all producers representing Highmark Senior Markets comply with all applicable Federal and State standards, including Medicare laws, regulations, reporting requirements, CMS instructions, and Medicare Parts C and D User's Manuals.

Oversight

Highmark employs the following monitoring procedures to ensure that certified producers are complying with all CMS sales and marketing guidelines.

1. **Secret Shopper Evaluations.** Highmark utilizes a vendor to conduct periodic secret shopper evaluations of producers selling Senior Markets products. Highmark provides the vendor with a list of certified producers and the vendor uses the list to conduct secret shopper evaluations on a random sample of the producers on a quarterly basis. Highmark Senior Market Sales reviews the report to verify that the producer is complying with all applicable CMS sales and marketing guidelines. If any compliance deficiencies are identified through the secret shopper evaluations, the producer is subject to the disciplinary process.
2. **Telephone Surveys of Producer-Enrolled Members.** Highmark calls a random sample of members enrolled through producers as part of the "New Member Welcome Call" process and requests that the member complete a survey addressing the producer sales process. Results of the survey are tracked and reports are generated monthly for management review. If any compliance deficiencies are identified through the telephone surveys, the producer is subject to the disciplinary process.
3. **Member Service Complaint Tracking.** Highmark Senior Markets Member Service has a call disposition code designated for producer complaints. If any compliance deficiencies are identified through the member service complaint tracking process, the producer is subject to the disciplinary process.
4. **Scope of Appointment Document Quarterly Audit.** Highmark Senior Markets expects that all Highmark Senior Markets producers maintain complete and separate records of all transactions and documents pertaining to applications submitted to and accepted by Highmark for a period of at least 10 years. To ensure that all Highmark Senior Markets producers are complying with the CMS guidelines that require records to be kept for 10 years, a random sample of producer submitted agreements will be selected and the producer will be required to provide the Scope of Appointment.
5. **Rapid Disenrollment.** Highmark's Producer Agreement (Schedule C, Subparts 3 and 4) stipulates that:
 - Subpart 3:** The total initial or Renewal commission will be charged back (as set forth below) if an enrollee disenrolls in an unreasonably short time frame (i.e. rapid disenrollment). An "unreasonably short time frame" is defined as fewer than 90 days after enrollment.

Subpart 4: Upon receipt of a notice of disenrollment that occurs 90 days or more after enrollment, Highmark will withhold or withdraw (“charge back”) commission payments on a pro-rata monthly basis according to CMS guidelines. Highmark will also retract and pay commissions for rapid disenrollments according to CMS guidelines.

Disciplinary Procedures

Highmark Senior Markets has a progressive disciplinary process in place to address any identified compliance deficiencies by producers. Producer compliance deficiencies are evaluated on a case-by-case basis by the Senior Markets Sales department. The violation categories are Minor Violations and Severe Violations. The Medicare C&D Compliance Department supports this process.

Minor Violations

Minor Violations are not as critical as Severe Violations but may require immediate disciplinary action. Disciplinary action may include, but is not limited to, withholding commissions and/or the retraction of commissions. Violations in this category include, but are not limited to:

- Untimely application submissions
- Mistreatment of Highmark employees and/or contractors

Minor Violations Warnings and Education

- A Minor Violation committed by the producer will result in a notification to the producer and/or his or her General Agency alerting them of the infraction. This notification will act as a warning to not commit the infraction in the future and will include education on Highmark’s policies and procedures.

Persistent Minor Violations

- An appropriate member of the Senior Markets Sales Department will educate Any producer found to have committed three (3) Minor Violations. The agent may be required to repeat the company’s Medicare sales training program before s/he is permitted to resume selling Highmark Senior Markets products.
- Committing three or more Minor Violations may be considered grounds for further action, including but not limited to, suspension, termination and/or retraction of commissions.
- The Senior Markets Sales Department will review the results of each investigation to determine the appropriate disciplinary action.

Severe Violations

Severe Violations are non-compliant activities deemed egregious in nature which may result in immediate contract suspension, termination and/or retraction of commissions.

All allegations of Severe Violations are investigated by the Senior Markets Sales department with support from the Medicare C&D Compliance Department.

Violations in this category include, but are not limited to:

- Dishonesty or theft.
- Threatening, coercing, intimidating or deceiving a member or prospective member, or the use of any other unethical sales tactics.
- Door-to-door solicitation.
- Misrepresentation of the product, the purpose of the producer's visit, or an implication that the visit is in any way connected with the government.
- Forging or knowingly accepting a forged signature on an enrollment form.
- Deliberate or negligent omission or falsification of significant information on any company form.
- Sales of a product by any individual other than the licensed producer who presented the product and signed the enrollment form.
- Accepting any monetary or other rewards, including but not limited to, rewards for influencing the enrollee's choice of physician, medical center, or pharmacy.
- Willful use (with intent to misrepresent) of marketing material not provided by the company, and therefore, not filed with and approved by CMS for our use.
- Rebating or splitting commissions with another person who is not a licensed and contracted agent (i.e., payment of any kind or amount to a member or non-member as reimbursement for a referral name on the condition that the referred person purchases one of our products).
- Any marketing activity that is a violation of the company's, CMS, or DOI regulations.
- Marketing or selling Medicare Advantage or Part D products for the following year prior to the CMS determined Annual Enrollment Period marketing date.
- Marketing or selling Medicare Advantage or Part D products for a contract year prior to taking the annual Highmark specific training on Medicare rules and regulations and passing the test with a score of at least 85 percent.

Severe Violation Warnings:

- A Severe Violation committed by the producer will result in a notification to the producer and/or his or her General Agency alerting them of the infraction. This notification will alert the producer and/or their General Agency that they have been accused of a Severe Violation and that an investigation will be conducted.
- After the investigation is completed, if it is confirmed that the producer committed the infraction, immediate contract suspension, termination, and/or retraction of commissions may result.

Persistent Severe Violations:

- Any producer found to have committed a second Severe Violation will be notified that they have been accused of a Severe Violation and that an investigation will be conducted.
- All allegations of Severe Violations are investigated by the Senior Markets Sales Department with support from the Medicare C&D Compliance Department. The results of each investigation will be reviewed by the Sales Department to determine the appropriate disciplinary action.

All Persistent Severe, Severe, Persistent Minor and Minor Violations will be documented by the Senior Markets Sales Team.

Highmark will report any disciplinary action that results from an investigation of a complaint to CMS in accordance with the CMS Reporting Requirements. Disciplinary action taken could fall within a broad continuum, from coaching, documented verbal warning, re-training, a documented corrective action plan, suspension or termination of employment or contract.

Highmark will report the termination of any producer and the reasons for the termination to the State in which the producer has been appointed in accordance with the State appointment law. Highmark will make the report available upon CMS' request until further guidance has been issued regarding designated reporting dates to CMS.

In addition, Highmark will report incidences of submission of applications by unlicensed producers to the authority in the State where the application was submitted.