COSMOS
Navigate the Compliance Universe

Compliance Today - July 2020
Medicare Advantage downstream compliance: What physician practices should know

By Raj Shah and Susannah J. Gleason

Raj Shah (rshah@magmutual.com) is Senior Regulatory Attorney and **Susannah J. Gleason** (sgleason3@student.gsu.edu) is Risk Intern (JD expected 2021) at MagMutual Insurance Company in Atlanta, GA.

Medicare Advantage (MA) and Part D (PD) plan sponsors are responsible for meeting the Centers for Medicare & Medicaid Services (CMS) requirements in place for all Medicare programs.[1] MA and PD sponsors contract administrative and healthcare services out to different first-tier, downstream, and related entities (FDRs). All first-tier entities that contract with a Medicare Advantage organization (MAO) or PD sponsor are then also obligated to meet the CMS requirements; additionally, any downstream entities that first-tier entities contract with for their administrative or healthcare services must meet the CMS requirements. Because MAOs and PD sponsors are ultimately responsible for the compliance of their FDRs, they retain the right to audit any organizations that fall into these categories to ensure compliance with the CMS requirements.[2] CMS also has the right to audit, or may request the records of, FDRs if they are auditing the MAO or PD sponsor.[3] Therefore, FDRs need to be aware of the compliance requirements that they must satisfy.

Are you a first-tier or downstream entity?

The requirements that must be met for an organization to be CMS compliant are similar for both first-tier and downstream entities. But it can be important to identify where your organization falls because first-tier entities can be responsible for their downstream entities as well. First-tier entities are those parties that have agreements with MAOs to provide either administrative or healthcare services to Medicare-eligible individuals.[4] Some of these administrative services can include marketing, claims administration or processing, patient management, and credentialing.[5] Downstream entities, on the other hand, do not have agreements with MAOs directly, but rather, they have contracts with the first-tier entities themselves to provide administrative or healthcare services to Medicare-eligible individuals.[6] This typically includes contracts for providers such as physicians, nurses, pharmacists, and radiologists.[7] Physician practices will often be downstream entities and need to be aware of the CMS requirements for providing services to Medicare Advantage–eligible individuals. A related entity performs management functions for a MAO or PD sponsor, furnishes services to Medicare enrollees, or leases property to a MAO or PD sponsor for more than $2,500.[8]

This document is only available to members. Please log in or become a member.

Become a Member Login

Copyright © 2024 by Society of Corporate Compliance and Ethics (SCCE) & Health Care Compliance Association (HCCA). No claim to original US Government works. All rights reserved. Usage is governed under this website's Terms of Use.