

From: [DMHC Licensing eFiling](#)
Subject: APL 18-005 - Administrative Services Agreement (ASA) Checklist
Date: Tuesday, January 30, 2018 9:04:55 AM
Attachments: [APL18-005 - ASA Checklist.pdf](#)
[ASA Checklist \(1.30.18\).pdf](#)

Dear Health Plan Representative,

Please find the attached All Plan Letter regarding the Administrative Services Agreement (ASA) Checklist.

Thank you.



Edmund G. Brown Jr., Governor
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ALL PLAN LETTER

DATE: January 30, 2018

TO: All Health Care Services Plans

FROM: Sarah Ream, Deputy Director
Office of Plan Licensing

SUBJECT: APL 18-005 (OPL) Administrative Services Agreement Checklist

Attached for your convenience is an Administrative Services Agreement (ASA) Checklist you may use as a reference when preparing and filing ASAs with the Department of Managed Health Care (DMHC). The DMHC will update and amend the ASA Checklist as necessary to ensure it stays current with new statutes and regulations and to address evolving issues.

If you have questions or concerns regarding this APL please contact your assigned OPL reviewer.

Attachment: Administrative Services Agreement Checklist

**CHECKLIST FOR HEALTH CARE SERVICE PLAN ADMINISTRATIVE SERVICES
AGREEMENTS
(January 30, 2018)**

This checklist is not intended to be all-inclusive; it only represents what issues, at a minimum, the Health Care Service Plan (Plan) must address when proposing a new or amended Administrative Service Agreement (ASA). The Department of Managed Health Care (Department) may request additional information as necessary during its review, to make a finding under the Knox-Keene Health Care Service Plan Act of 1975, as amended.¹

Background

Pursuant to Sections 1351(d) and 1352, and Rule 1300.51(d)(N)(1), the Plan must file all administrative, management, or consulting contracts and any other contract or amendment thereto, wherein the Plan delegates or assumes any Knox-Keene Act regulated or required non-clinical/health function (ASA), for review and approval by the Department. Questions as to whether a particular ASA involves delegation or assumption of such a function should be addressed to the Plan's assigned counsel in the Office of Plan Licensing prior to submission of the ASA.

General Filing Information

- File all ASAs as either a Notice of Material Modification (Notice) or Amendment Filing:
 - Notice of Material Modification: Submit a Notice of Material Modification to the Plan's license when the ASA, or amendment to an existing ASA, has a material effect on the Plan's operations, in accordance with Rule 1300.52.4(d), or when the records of, and resulting from, the ASA are maintained or moved outside of California, in accordance with Rule 1300.81.
 - **TIMING**: Submit a Notice of Material Modification **as early as possible, prior to the ASA going into effect**. ASAs filed in a Notice Material Modification may not go into effect until approved by the Department. See Rule 1300.52.4(d).

¹ California Health and Safety Code Sections 1340 et seq. (Act). References herein to "Section" are to Sections of the Act. References to "Rule" refer to the regulations promulgated by the Department, the California Code of Regulations, title 28.

- Amendment Filing: Submit an Amendment Filing to the Plan's license when the ASA does not have a material effect on the Plan's operations and the records of, and resulting from, the ASA are maintained in California, in accordance with Section 1352, and Rules 1300.52 and 1300.52.4(a) or (b). The Plan must file all changes to information previously provided to the Department, including new ASAs, amendments to existing ASAs, termination of ASAs, and changes to policies and procedures governing oversight of ASAs. Plans may submit template or boilerplate ASAs as an Amendment Filing for the Department's review.
 - **TIMING**: If possible, submit an Amendment Filings prior to the ASA going into effect. Amendment Filings must be submitted within 30 days of going into effect. See Rule 1300.52.4(b)(i)(A).
- Revised Exhibits: If the Plan has revised documents previously approved by the Department, file the revised document as the proper Exhibit type, and identify in the Exhibit E-1 the eFile number affiliated with the previously approved document. Changes to the approved document should be identified via highlight or strikeout, in accordance with Rule 1300.52(d). Also submit a clean copy of the revised Exhibit in the filing.
- Improperly Filed Documents: The Department will not review improperly filed Notices, Amendments, and Exhibits. The Plan will be required to re-file and/or withdraw improperly filed Notices, Amendments, and Exhibits prior to review by the Department.
- Duration of Department Review: The duration of the Department's review will vary on a case by case basis. Duration of review depends on the quality of the documents and information provided by the Plan, and the complexity of the filing.

MINIMUM REQUIRED INFORMATION: ASA FILING

Exhibit E-1: eFiling Narrative

The Plan must have the organizational and administrative capacity to provide services to subscribers and enrollees. See Section 1367(g). The Plan's obligation to comply with the provisions of the Act is not waived when the Plan delegates any service it is required to perform. See Section 1367(j).

To allow the Department to conduct an effective review, the Plan must provide a summary description of the filing, covering the highlights and essential features of the information provided by the Plan in the filing. See Rule 1300.51(d)(E)(1). The Plan must also provide all information necessary for the Department to make a finding under the Act that the proposed Amendment or Notice of Material Modification is in the public interest and consistent with the intent and purposes of the Act. See Rule

1300.52.4(a)(ii). Therefore, in the Exhibit E-1 provide a detailed narrative description of the filing including a response to each item below:

1. Purpose of Filing: Describe the purpose of the filing.

- Examples:

- The purpose of this filing is to inform the Department of an ASA between the Plan and Vendor X, with a proposed effective date of xx/xx/xx.
- The purpose of this filing is to respond to Survey/Exam No. 2018xxx.
- The purpose of this filing is to respond to a Corrective Action Plan (CAP) dated xx/xx/xx, Filing No. 2018xxxx.

2. Delegated Functions: Identify the function(s) delegated to the administrative service provider (Vendor) and/or assumed by the Plan through the ASA, and the location of performance of the delegates' functions. The Plan may choose to use the attached [Operational Responsibility Matrix](#) to identify all delegated or assumed functions; if so, include this matrix in the Exhibit E-1.

3. Pre-Existing Relationships: Describe any pre-existing relationship, such as affiliate, parent, or prior/existing contractor, between the Plan and the Vendor. Include the duration of such pre-existing relationship in the description.

4. Sub-Delegation: Indicate if the Vendor is permitted to, or shall, sub-delegate any function delegated to the Vendor by the Plan. If so, describe how the Plan will maintain oversight of sub-delegated functions. Provide citations to provisions of the ASA to support the Plan's assertions.

5. Previously Approved Documents: If the Plan's filing includes an amendment to an ASA or ASA template previously approved by the Department, provide the eFile number(s) associated with the original document and any subsequent amendments.

6. Impact on Plan: Describe the impact and benefit, if any, the ASA will have on the Plan's operations, administrative capacity, and financial viability.

7. Plan's Administrative Capacity to Oversee and Monitor Vendor: Describe the Plan's administrative capacity to oversee and monitor the Vendor. Include the name and position of the key Plan personnel responsible for oversight and monitoring of the Vendor.

8. Vendor's Administrative Capacity: Describe the Vendor's administrative capacity to perform each delegated function.

9. Compliance with Knox-Keene Act and Regulations:

9.a. Describe how the ASA complies, and ensures compliance, with the Sections and Rules identified below. Specify the provisions of the ASA that support the Plan's assertions. If a particular Section or Rule identified below does not apply to the ASA, identify the Section or Rule as "Not Applicable," and explain why it does not apply.

- Books and Records
 - Section 1381
 - Section 1382(a)
 - Section 1385
 - Rule 1300.81
 - Rule 1300.85
 - Rule 1300.85.1
- Confidentiality of Medical Information Act, Cal. Civ. Code § 56.107
 - Section 1348.5
- Liability
 - Section 1371.25
- Proper licensure/certification of contracted personnel
 - 1367(b)
- Proper registration or licensure of equipment of contracted personnel
 - 1367(c)

9.b. Describe how the ASA complies, and ensure compliance, with all Sections and Rules applicable to the delegated function(s). Specify the provisions of the ASA that support the Plan's assertions.

- For example, if the Plan delegates claims payment to the Vendor, explain how the Plan, through the ASA, ensures compliance with Sections 1371 and 1371.35, and Rule 1300.77.4, etc., and identify the provisions of the ASA that support the Plan's explanation.

10. Plan's Oversight Policies and Procedures: Describe how the Plan will inform the Vendor of the Plan's oversight policies and procedures, identified in Exhibits N-2 and N-5.

11. Exhibits Included in Filing: Describe and identify by name and Exhibit type all documents submitted as part of the ASA filing for consideration by the Department.

12. Other Information: Include any other information the Plan thinks would help the Department in its review of this filing.

Exhibit N-1 or N-3: Administrative Service Agreement

The Plan must file all ASAs wherein the Plan delegates or assumes any Knox-Keene Act regulated or required non-clinical/health care function. See Section 1352(d) and Rule 1300.51(d)(N)(1).

- Submit the ASA or the amendment to an existing ASA as either an Exhibit N-1 or an Exhibit N-3. Exhibits N-1 and N-3 should not include compensation terms.
 - Exhibit N-1: Submit the ASA wherein the Plan delegates or assumes any Knox-Keene Act regulated non-clinical/health care function other than claims processing activities as an Exhibit N-1. If claims processing activities are one of several Knox-Keene regulated functions delegated through the ASA, Plans should submit an Exhibit N-1.
 - Exhibit N-3: Submit the ASA as an Exhibit N-3 if the Plan delegates or assumes only claims processing functions through the ASA.

Exhibit N-6: Administrative Service Agreement Compensation Terms

The Plan must provide a copy of the ASA compensation provisions. See Section 1352(d) and Rule 1300.51(d)(N)(1). The Plan's administrative costs must be reasonable and necessary (See Rule 1300.78(b)) and the Department may consider the administrative expenses of the Plan to determine the Plan's fiscal soundness. See Rule 1300.75.1.

- Exhibit N-6: Submit the compensation terms of the ASA as an Exhibit N-6. Exhibit N-6 should include only compensation terms.

Exhibits N-2, N-5: Monitoring and Oversight Arrangements

The Plan must provide a description of its administrative arrangements to monitor the performance of ASAs, and identify the provisions in the ASA included to protect the Plan, its business, enrollees, and providers in the event the contracted Vendor fails to perform, or the ASA is terminated. See Rule 1300.51(d)(N)(2). The Plan must also have sufficient administrative services staff to effectively conduct the Plan's business, and written procedures that provide effective controls for the conduct of the Plan's business. See Rule 1300.67.3(a).

- Exhibit N-2: Submit a description of the administrative arrangements for monitoring the performance, and resolving performance issues, of the specific ASA provided in the filing. Include monitoring, reporting, and auditing schedules, and pinpoint citations to the provisions of the ASA that permit oversight and corrective action by the Plan and otherwise protect the Plan, its business, its enrollees and providers if there is a failure or termination of performance. The

Plan may use the attached [Operational Responsibility Matrix](#) to describe and pinpoint all monitoring and oversight provisions in the ASA and Plan policies, applicable to the delegated function(s).

- ❑ Exhibit N-5: Submit *new* or *revised* ASA monitoring policies and procedures as Exhibit N-5. If the Plan will use existing monitoring policies and procedures, without revision, identify in the Exhibit E-1 the eFile number associated with the existing policy and/or procedure.
 - Monitoring policies and procedures should include:
 - The key plan personnel responsible for oversight of the ASA.
 - Procedures, mechanisms, and schedules for monitoring the Vendor's performance of each delegated function.
 - Procedures, mechanisms, and schedules for monitoring the Vendor's compliance with the applicable provisions of the Act associated with each delegated function.
 - Procedures, mechanisms, and schedules for monitoring the Vendor's financial condition.
 - Procedures, mechanisms, and schedules for resolving performance issues, such as the development and implementation of a CAP.
 - Procedures, mechanisms, and schedules to ensure resumption of delegated functions, on a long- and short-term basis, if the Vendor fails to perform appropriately.

Operational Responsibilities Matrix

In the column “Function/Activity” identify the functions impacted by the ASA. In the columns “Vendor” and “Plan” include a brief narrative description of how such functions will be carried out, as appropriate. In the column “Plan Oversight” summarize the Plan’s oversight activities for the vendor function, and identify applicable monitoring and oversight provisions in the ASA and Plan policies.

| Function/Activity | Vendor | Plan <i>[If a report is being sent to the Plan, state who or what position at the Plan will be reviewing that report]</i> | Plan Oversight |
|--|---|--|---|
| <i>Example: Claim Scanning</i> | <i>Vendor scans all Plan claims into the secure FileShare Software at Vendor Headquarters</i> | | <i>Vendor submits quarterly reports to Plan’s Claims Director, detailing activities completed during reporting period. See the ASA at Provision 2.8, and ASA Monitoring Policy Provision 5.3.</i> |
| <i>Example: Claim Payment (Clean Claims)</i> | N/A | <i>Plan issues payment for all clean claims.</i> | N/A |
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