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DOCUMENT HISTORY LOG

STATUS ¹	DOCUMENT REVISION ²	EFFECTIVE DATE	DESCRIPTION ³
Baseline	N/A	September 1, 2008	Initial version Uniform Managed Care Manual Chapter 5.8, "Report of Legal and Other Proceedings, and Related Events."
Revision	1.1	June 1, 2010	Chapter 5.8 is revised to update the "Applicability" section to include the CHIP Dental Program, delete the ICM Program, and clarify the term "MCO."
Revision	2.0	September 1, 2012	Applicability is updated to include Medicaid Dental and to remove the CHIP Perinatal Program. Section VIII "Notice Requirements" is modified to change the due date for the cumulative annual report from August 31 to September 1.
Revision	2.1	October 15, 2014	Revision 2.1 applies to contracts issued as a result of HHSC RFP numbers 529-06-0293, 529-08-0001, 529-10-0020, 529-12-0002, 529-12-0003, and 529-13-0042; and to Medicare-Medicaid Plans (MMPs) in the Dual Demonstration. "Applicability of Chapter 5.8" is modified to add the Medicare-Medicaid Dual Demonstration.
Revision	2.2	November 15, 2015	Revision 2.2 applies to contracts issued as a result of HHSC RFP numbers 529-08-0001, 529-10-0020, 529-12-0002, 529-12-0003, 529-13-0042, 529-13-0071, and 529-15-0001; and to Medicare-Medicaid Plans (MMPs) in the Dual Demonstration. "Applicability of Chapter 5.8" is modified to add the STAR Kids Program.

¹ Status should be represented as "Baseline" for initial issuances, "Revision" for changes to the Baseline version, and "Cancellation" for withdrawn versions.
² Revisions should be numbered according to the version of the issuance and sequential numbering of the revision—e.g., "1.2" refers to the first version of the document and the second revision.
³ Brief description of the changes to the document made in the revision.



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Applicability of Chapter 5.8

Applicability modified by Versions 1.1, 2.0, 2.1, and 2.2

This chapter applies to Managed Care Organizations (MCOs) participating in the STAR, STAR+PLUS (including the Medicare-Medicaid Dual Demonstration), CHIP, STAR Kids, and STAR Health Programs, and the Dental Contractors providing Children's Medicaid and CHIP Dental Services to Members through dental health plans. In this chapter, references to "CHIP" or the "CHIP Managed Care Program(s)" apply to the CHIP Program and the CHIP Dental Contractors. References to "Medicaid" or the "Medicaid Managed Care Program(s)" apply to the STAR, STAR+PLUS, STAR Kids, and STAR Health Programs, and the Medicaid Dental Contractors. The term "MCO" includes health maintenance organizations (HMOs), exclusive provider organizations (EPOs), insurers, Dental Contractors, Medicare-Medicaid Plans (MMPs), and any other entities licensed or approved by the Texas Department of Insurance. The requirements in this chapter apply to all programs, except where noted.

I. Report Notification Content

The MCO must notify HHSC of all proceedings, actions, and events as specified in this Chapter. The notice required by the following sections must be in writing and should include the:

- (1) parties' names;
- (2) subject matter;
- (3) amount in controversy; relevant dates;
- (4) a description of the general nature of any allegations; and
- (5) if applicable, the case number, court, relief sought, and any known internet links to related information.

II. Matters Pertaining to the MCO or Affiliates

MCO must notify HHSC of the following matters relating to the MCO or its Affiliates, including parent companies:

- (1) whistleblower or *qui tam* actions, complaints, or litigation;
- (2) criminal actions brought against the MCO, or its Affiliates or officers;
- (3) class-action complaints or lawsuits, or petitions for class-action status, filed against the MCO or its Affiliates;
- (4) legal actions or governmental investigations, alleging fraud or the possibility of fraud; and
- (5) bankruptcy proceedings or petitions where either the MCO or an Affiliate is named as debtor.

III. Medicaid or CHIP Managed Care Matters Pertaining to the MCO or Affiliates

MCO must notify HHSC of the following matters relating to the MCO or its Affiliates, including parent companies, if the MCO knows about the matters and they pertain to the CHIP or Medicaid managed care programs:

- (1) all known media reports involving actual, potential, or perceived misreporting of costs or profit levels;



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- (2) all governmental actions or proceedings involving actual, potential, or perceived misreporting of costs or profit levels;
- (3) subject to the exclusions listed in Section VII, other governmental actions or proceedings involving the assessment of sanctions, remedies, fines, or penalties, including Liquidated Damages, in excess of \$500,000.

For purposes of this Section, the MCO is not required to notify HHSC of governmental actions or proceedings initiated by HHSC.

IV. Matters Pertaining to the MCO or Parent Company

MCO must notify HHSC of any legal proceedings that could have an adverse material effect on the financial condition or results of operations of the MCO or its parent company.

For purposes of this Section, "material effect" means an impact that could rise to the level of:

- (1) requiring or warranting disclosure in:
 - (A) an audited financial statement submitted to a state Department of Insurance (such as TDI);
 - (B) financial statements filed with the Securities and Exchange Commission; or
 - (C) reports distributed to shareholders, owners, or prospective investors;
- (2) anything that a reasonable person knowledgeable in the managed care industry would consider relevant to the entity's operations or financial position, or any development that reasonable person would want to know in order to stay fully apprised of the information relevant to the industry and its operations; or
- (3) anything that an independent financial auditor would consider material.

V. Matters Pertaining to the MCO, its Parent Company, or Material Subcontractors

MCO must notify HHSC of any known event that could threaten solvency, or the ability to continue operations of the MCO, its parent company, or any Material Subcontractor.

VI. Other Matters Pertaining to the MCO

Subject to the exclusions listed in Section VII, MCO must notify HHSC of the following matters pertaining to the MCO:

- (1) litigation, mediation, arbitration, and dispute resolution proceedings; and
- (2) governmental complaints, investigations, and corrective actions.

VII. Exclusions

The following matters related to the MCO or its Affiliates are excluded from the requirements of Section III, Subsection (3). In addition, the following matters related to the MCO are excluded from the requirements of Section VI, provided the worst-case outcome would not have an adverse material effect on the financial condition or results of operations of the MCO, as defined in Section IV:

- (1) personnel actions, including wrongful discharge, discrimination, or harassment, if the actions do not involve whistleblower claims;
- (2) property damage;
- (3) personal injury claims, where there is no related issue involving the provision of medical services or coverage;
- (4) landlord/tenant issues;



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- (5) equipment vendor issues;
- (6) lease issues;
- (7) mechanic's liens;
- (8) provider claims adjudication appeals;
- (9) complaints, actions, litigation, or disputes with HHSC;
- (10) trademark, patent, or other intellectual property disputes; and
- (11) any other matter, which is not required for disclosure under Sections II–VI and where the amount claimed and at stake continues to be less than \$500,000 or its value in non-cash components, including the total of alleged or potential damages, relief, penalties, costs, fines, interest, legal fees, arbitration fees, court costs, and all components.

VIII. Notice Requirements

The MCO must provide written notification within 30 calendar days after becoming aware of a matter. In addition, by September 1 of each year, the MCO must submit a cumulative annual report listing all current or pending matters, and all matters resolved or dismissed during the past 12 months.

The initial and annual notices must include a signed certification by the MCO's Chief Executive Officer or President that all required items are listed in the written notice, or that no matters have transpired.

The knowledge and information of an MCO, its parent, Affiliates, and Material Subcontractors is not required to exceed knowledge or information normally possessed by a prudent person in the ordinary course of business dealings.

IX. Additional Information

HHSC may require that the MCO provide appropriate supplementary information or keep HHSC informed of further developments and related activities.

X. Confidentiality

If the MCO believes that all or a portion of the notification information or supplementary information provided in this report is confidential under applicable state or federal law, it should follow the applicable procedures set forth in the Contract and mark or otherwise identify the information as "confidential." To the extent authorized by Texas law, HHSC will treat the marked information as confidential, and limit access to personnel HHSC deems necessary for the administration of this Agreement.

If a court order or confidentiality agreement restricts the disclosure of all or part of the information described in this Chapter, then the MCO may request a written exception to this required report form.

VIII Notice Requirements modified by Version 2.0