Appendix 3

Delegation

Note: The intent of presenting this appendix is to inform CVOs of the NCQA requirements for delegation. CVOs may not delegate NCQA standards to other organizations.
APPENDIX 3
DELEGATION

The following section is excerpted from the 2011 HP Standards and Guidelines. It provides clarification on delegation issues from the perspective of the health plan, not from the CVO. CVOs may find the concepts in this section useful for understanding health plan oversight.

Summary of Changes

- Revised the definition of “Delegation” (7/25/11)
- Revised the second sentence under Use of vendors (7/25/11)

What Is Delegation?

Delegation occurs when an organization gives another entity the authority to carry out a function that it would otherwise perform. In general, when an organization being reviewed for NCQA Accreditation or NCQA Certification delegates to another organization in order to meet NCQA standards, NCQA requires that the organization under review conduct specific oversight activities of the delegate. NCQA reviews the organization’s documentation to confirm that these oversight activities are performed according to the standards.

For some delegation relationships (e.g., when one organization owns another) or some delegated functions, NCQA waives the review of oversight. These relationships and functions (and the associated standards) are stated in the Standards and Guidelines and in the appendices. In all cases—even when review of oversight is not conducted—the organization must maintain a mutually agreed-upon document that specifically describes the functions of the organization and of all delegates and subdelegates.

The organization’s responsibility

The organization is ultimately accountable for all functions performed within its purview, whether they are performed by the organization, by a delegate or by a subdelegate. An organization that delegates activities associated with any of the five categories of NCQA standards must demonstrate that it can evaluate performance and implement improvements, as needed, across its network and membership.

What Is Subdelegation?

Subdelegation occurs when the organization’s delegate gives a third entity the authority to carry out a delegated function. For example, the organization may delegate credentialing (CR) activities to a provider hospital organization (PHO), which then delegates some of those activities to a hospital. In this case, the hospital is the subdelegate.

Oversight of subdelegates

Subdelegation is acceptable if either the delegate or the organization oversees the work performed by the subdelegate to ensure that it meets the organization and NCQA standards. The organization may oversee the subdelegate directly. If the delegate oversees the subdelegate, it must report to the organization regarding subdelegate’s performance. NCQA confirms that oversight of the subdelegate is performed according to NCQA standards. The organization is ultimately accountable for all activities performed by both the delegate and subdelegate on its behalf.
Authority vs. Accountability

Authority In this context, the delegate has been given the power to carry out a specific function under its own direction, within the parameters agreed to.

Accountability In this context, the organization cannot abdicate responsibility for ensuring that the delegated function is performed according to NCQA standards. The organization has ultimate accountability for the quality of the work performed and for the end product. The organization gives a delegate the authority to act on its behalf, but it remains accountable for a particular NCQA function to be carried out properly.

Determining Delegation

What NCQA looks for To ascertain whether the organization has explicitly or implicitly granted another entity the authority to perform functions on its behalf, NCQA looks for collaborative arrangements and asks:

If the other entity were not performing the activity, would the organization have to perform it to meet the intent of NCQA standards?

If the answer to this question is “yes,” NCQA considers the activity a delegated function—whether or not there is a formal agreement. NCQA terms it de facto delegation when there is no formal agreement but delegation exists.

De facto delegation There may be instances in which NCQA concludes that de facto delegation exists in the absence of a formal agreement, as in the following examples.

- When a medical group performs utilization review activities that, if performed by the organization, would be subject to NCQA standards, NCQA assesses the activities as delegation, even if the organization does not have an agreement in place with the medical group
- If the utilization management (UM) function affects patient care, it is delegation, even if the organization does not know it is being performed

Delegation often occurs with the transfer of financial risk, but there may be transfer of risk without delegation, and vice versa. Delegation is often associated with services that could be carved out, such as behavioral health or specialty services; however, the presence of an exclusive contract between the organization and another entity does not automatically mean that the organization delegates activities.

Mutual benefits of delegation Organizations are often inclined to delegate if the arrangement potentially allows better use of resources or if it may result in better care and service for members. Medical groups, IPAs and provider organizations that assume risk through capitation or other risk-sharing arrangements often independently perform many functions required to meet the intent of NCQA standards. Many of these entities seek to have organizations delegate functions to them so that they can retain control over services that affect their patients and practitioners and to reduce redundancy of effort and oversight.

Medical groups, IPAs and provider organizations may continue to perform any number of concurrent activities regardless of whether the organization has delegated these functions to them. NCQA reviews the organization’s oversight and the entity’s performance of such activities only if it determines that delegation exists. For example, a medical group may perform quality activities of its own choice and under its own direction, in addition to those performed by the
organization. In this case, NCQA does not review the medical group’s concurrent quality improvement efforts, but evaluates only the organization’s ability to meet the standards.

### Typical Delegation Arrangements

<table>
<thead>
<tr>
<th>Most common delegation arrangements</th>
<th>The most common delegation arrangements are between organizations and primary, specialty and multispecialty medical groups, IPAs, managed behavioral healthcare organizations (MBHO), hospitals, credentialing verification organizations (CVO) and disease management (DM) organizations.</th>
</tr>
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<tbody>
<tr>
<td>Most frequently delegated functions</td>
<td>The most frequently delegated functions to medical groups and IPAs are UM and CR. Organizations frequently delegate member services functions, such as handling of complaints and appeals. These are areas for which the organization can outline clear performance goals and oversight guidelines for delegates.</td>
</tr>
<tr>
<td>Less frequently delegated functions</td>
<td>QI functions may also be delegated, although the coordination required makes this situation less common. Some organizations delegate quality functions to behavioral health organizations, which typically have authority for managing care for a sizable portion of the health plan’s population. Delegation of quality functions to other types of medical organizations, including medical groups and IPAs, usually involves subsets of the organization’s population. Because the organization must demonstrate accountability for quality activities that cover relevant topics for major portions of its overall membership, coordination of multiple QI programs poses unique challenges.</td>
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### Identifying Delegation

It is impossible to describe all potentially delegated and nondelegated arrangements. The diagrams on the following two pages illustrate key questions asked when determining whether delegation exists.
Credentialing Delegation Example

Does an entity other than the organization perform primary source verification, or decide whom to include/exclude from the organization’s practitioner network?

If yes, proceed to Delegation. If no, proceed to the next question.

Does an entity other than the organization create the assessment tools without the involvement of the organization to assess performance?

If no, proceed to the next question. If yes, proceed to Delegation.

Does an entity other than the organization make decisions about the assessment results?

If yes, proceed to Delegation. If no, proceed to No Delegation.
Utilization Management Delegation Example

Does someone other than the treating physician make decisions about what care the organization pays for or what care a patient may have, including precertifying services (e.g., inpatient care, procedures, pharmaceuticals)?

Y

No Delegation

Does an entity other than the organization have the authority to perform some, or all, UM functions (e.g., another entity provides communication or pharmaceutical services for members and practitioners, etc.)?

Y

Delegation

E

S

N

O

The Scope of an NCQA Evaluation

Evaluation limits

NCQA currently limits the scope of its evaluation of delegation oversight to the following.

- Delegates that perform functions needed to meet NCQA standards or who provide services covered under the organization’s benefit plans—with particular emphasis on primary care, specialty care and behavioral healthcare
- CVOs (includes medical record and site review services)
- Pharmacy benefits management (PBM) organizations
- DM organizations

Exceptions

NCQA does not evaluate delegation arrangements between organizations and home health services or laboratory organizations, but the organization is encouraged to build collaborative relationships with all practitioners and providers.
Corporate Families

**For-profit model**  Corporate families present unique challenges in evaluating delegation. Because parent corporations have control over wholly owned subsidiaries, NCQA does not consider activities performed by the subsidiary, parent or a wholly owned sister organization to be delegation; however, activities performed by partial owners within corporate families are considered to be delegation.

**Not-for-profit model**  A not-for-profit corporation does not own other not-for-profit corporations in a conventional sense (i.e., ownership of stock or assets). By definition, a not-for-profit corporation does not have stock or assets; instead it controls related not-for-profits through a membership agreement that details the relationship among the companies, particularly with respect to control. The concept of "control" in the not-for-profit world is akin to the "wholly owned" concept in the for profit world. In this instance, the not-for-profit parent controls the other not-for-profit companies through membership agreements.

NCQA does not consider it delegation if activities of the entities in a not-for-profit corporate family are controlled by a single parent through membership agreements.

**Documentation**  When an entity in the organization performs NCQA-required activities for another NCQA accredited entity in the same wholly-owned subsidiary or not-for-profit entity, there must be written acknowledgement or an official document that specifies the NCQA requirements that each is performing.

**Delegation Decisions**
Activities that may not be delegated

There are a number of activities for which authority may not be delegated:

- QI 12: QI Delegation Oversight
- UM 15: UM Delegation Oversight
- CR 12: CR Delegation Oversight
- RR 1: Statement of Members’ Rights and Responsibilities
- RR 4: Subscriber Information
- RR 6: Privacy and Confidentiality
- RR 7: Marketing Information
- RR 8: RR Delegation Oversight
- MEM 9: MEM Delegation Oversight.

Structural requirements

The organization remains accountable for following procedural or structural components of the standards and guidelines even if it delegates 100 percent of allowable activities.

- QI 1: Program Structure
- QI 2: Program Operations
- QI 3: Health Services Contracting
- QI 5: Accessibility of Services
- QI 7: Case Management Process (Element D)
- UM 1: Utilization Management Structure
- UM 2: Clinical Criteria for UM Decisions
- UM 8: Policies for Appeals
- UM 9: Appropriate Handling of Appeals
- UM 11: Satisfaction With the UM Process
- CR 1: Credentialing Policies
- CR 10: Notification to Authorities; Practitioner Appeal Rights
- RR 3: Policies for Complaints and Appeals

NCQA assesses the organization on the cited structural requirements in the standards specified above. The organization must provide its own materials, processes and other data sources as evidence that it meets each structural component of the standard.

The organization must require its delegates to adhere to the same standard as it does, and must provide evidence that its delegates conduct delegated activities in accordance with organization procedures. Evidence includes summary documentation and descriptions of delegated activities, as well as the standards to which delegates are held.
If there is 100% delegation of allowable QI, UM or CR activities, the organization must annually review and approve the delegates’ QI program description, complex case management process, UM program description and credentialing policies and procedures, as appropriate. NCQA reviews evidence of appropriate organization staff or committee evaluation and approval of delegates’ programs and procedures, and assesses these activities in the delegation oversight standards.

Non-structural requirements

With the exception of file-review requirements, NCQA does not directly evaluate delegate performance unless the organization delegates 100% of a nonstructural component of the standards or QI functions (other than to an MBHO, PBM or DM organization) affecting 30 percent or more of its membership.

If there is 100% delegation of a nonstructural component of the standard (e.g., UM 13: Procedures for Pharmaceutical Management or MEM 4: Pharmacy Benefit Information), NCQA treats the delegate’s documentation as the organization’s documentation and evaluates it against the standard. The organization must have access to the delegate’s materials, processes and other data sources that are relevant to the delegated activity, and must submit the required documentation at the time of the survey.

If the organization delegates QI functions (other than to an MBHO, PBM or DM organization) affecting 30 percent or more of its membership, NCQA evaluates applicable non-file-review elements for a sample of up to four delegates. The delegate's documentation to meet delegated functions should be included in the appropriate non-file-review elements. The organization may present the delegate’s activities as evidence of performance.

NCQA reviews the organization’s oversight of its delegates, except for NCQA Accredited or NCQA Certified delegates.

File-review elements

If the organization delegates case management, CR or UM file-review elements, NCQA selects a random sample of delegate files for the file-review portion of the survey. The organization must have access to the delegate’s files and must make them available at the time of the onsite survey. NCQA reserves the right to request site visits to delegates and additional file review, and makes arrangements in advance of the organization’s survey if such action is necessary.

Approval of policies and procedures select activities

An organization that only delegates selected activities in the standard category, as opposed to the entire function, must approve the policies and procedures that the delegate follows to perform the selected activities.

Written delegation agreement

The organization is responsible for clear delineation of its responsibilities and the responsibilities of its delegate with regard to performance of specific NCQA-required activities. There must be a mutually agreed-upon delegation document that meets the following criteria.

- Describes the responsibilities of the organization and the delegated entity
- Describes the delegated activities
- Requires at least semiannual reporting to the organization
• Describes the process the organization uses to evaluate the delegated entity's performance
• Includes provisions to safeguard members PHI, as applicable
• Describes the remedies available to the organization if the delegated entity does not fulfill its obligations, including revocation of the delegation agreement

Evidence of mutual agreement is usually a signature and date on an agreement, but it may also be found in a letter, meeting minutes or other form of communication.

Predelegation evaluation

The organization must evaluate the delegate's capacity to perform the specific NCQA-required activities before entering into a delegation agreement. Evaluation usually involves a site visit and a written review of the delegate's understanding of the standards and the delegated tasks, staffing capabilities and performance record, but it may be accomplished through an exchange of documents or through predelegation meetings.

Reports from delegates

The organization must receive reports from its delegates at least semiannually. NCQA reviews the organization's evaluation of regular reports, and each report must show evidence of substantive evaluation, thorough review and analysis. The organization must receive at least semiannual reports from all delegates, including NCQA Accredited and NCQA Certified delegates.

Annual audits and evaluation

The organization must conduct an annual evaluation of all delegates, including a review of applicable policies and procedures and an audit of how the delegate processes case management, CR and UM files, if delegated. The organization must implement a Corrective Action Plan (CAP) to improve performance if findings warrant.

NCQA does not specify the exact methodology the organization must use when auditing a delegate. For CR file audits, the organization may use the NCQA "8/30 methodology," available at http://www.ncqa.org/tabid/125/Default.aspx, or 5 percent or 50 of its practitioner files, whichever is less. This rule is described in CR 12: Delegation of CR, Element E in the Standards and Guidelines.

Improvement actions

The organization uses the findings from the predelegation evaluation, annual evaluations, file audits and reports to identify areas of improvement and take action when findings warrant.

Use of vendors

The organization may contract with vendors to provide health appraisals, self-management tools, claims processing, innovative technology or usability testing for physician and hospital directories. NCQA does not consider the vendor relationship to be delegation, but accepts the vendor's documentation for evaluation against the following standards and elements:

• MEM 1: Health Appraisals
• MEM 2: Self-Management Tools
• MEM 3, Element A: Functionality: Web Site
• MEM 6, Element A: Innovative Technology
• RR 5, Element I: Usability Testing.
Delegating to an NCQA Accredited or NCQA Certified Entity

Delegation oversight relief

When an organization delegates defined activities to an NCQA Accredited or NCQA Certified organization, the expectation of a formal predelegation evaluation, annual evaluation and annual audit, as applicable, and the determination of meeting NCQA standards are satisfied for activities covered within the delegate’s NCQA Accreditation Survey or NCQA Certification Survey.

NCQA waives the predelegation assessment and annual oversight requirements of NCQA Accredited or NCQA Certified delegates. Oversight relief is not available for activities that are not covered—including NA activities—in the scope of a delegate’s NCQA Accreditation Survey or NCQA Certification Survey.

NCQA Accreditation Programs

- Health Plan (HP) Accreditation
- New Health Plan (NHP) Accreditation
- Managed Behavioral Health Organization (MBHO) Accreditation
- Disease Management (DM) Accreditation
- Wellness and Health Promotion

NCQA Certification Programs

- Credentials Verification Organization (CVO) Certification
- Health Information Products (HIP) Certification
- Physician Hospital Quality (PHQ) Certification
- Physician Organization (PO) Certification
- Organization Certification in Utilization Management (UM)
- Organization Certification in Credentialing (CR)
- Disease Management (DM) Certification

Oversight relief is only available for elements and Categories (certification options) in which an NCQA Certified organization received certification. For example, a CVO may elect not to seek or may not receive Certification for Ongoing Monitoring of Sanction Information. If the CVO is certified in all other certification options and an organization delegates ongoing monitoring to the CVO, it does not receive oversight relief for delegated ongoing monitoring activities and is required to conduct predelegation and annual evaluations of the delegate.

NCQA gives the organization credit on specific delegation oversight elements for NCQA Accredited or NCQA Certified delegates selected for review during the organization’s survey. The organization receives a 100% score for specified delegation oversight elements if all potential delegates are NCQA Accredited or NCQA Certified. The restrictions noted above apply.
### Automatic credit

Under certain conditions, NCQA offers automatic credit for selected elements if the organization delegates to an NCQA Accredited or NCQA Certified organization. The delegating organization must meet the following criteria to receive automatic credit.

- A signed delegation agreement must be in effect before the submission of the Survey Tool.
- The delegated entity must be NCQA Accredited or NCQA Certified on or before the onsite survey.
- The delegate's Accreditation Survey or Certification Survey must have included the specific elements for which the organization seeks automatic credit.
- For non-file review elements, at least 70 percent of the organization's membership is covered by the NCQA Accredited or NCQA Certified delegate's services.

### Sister organizations

For the organization to receive automatic credit for specified delegated activities conducted by a NCQA Accredited "sister" entity, there must be a form of written acknowledgement between the two entities specifying responsibilities of the sister entity.

### Terminated delegates

For non-file-review elements, an organization that terminated its delegation agreement with an NCQA Accredited or NCQA Certified organization within the three months prior to the organization's survey remains eligible for automatic credit for the relevant standard, element or element factors covered in the prior delegation agreement. The organization must provide documentation that it meets the requirements. The organization does not receive automatic credit for non-file-review delegated activities for delegation arrangements terminated more than three months prior to the survey.

For file review elements performed by terminated NCQA Accredited delegates, the organization receives automatic credit if it meets the following criteria for the period during which the file was processed.

- There was a delegation agreement between the organization and the delegate for the activity.
- The delegate had an NCQA Accredited status at the time of delegation.

### Delegates that lose accreditation or certification status

When an organization continues to delegate functions after the delegate loses NCQA Accreditation or NCQA Certification status, it is no longer eligible to receive delegation oversight relief and must meet requirements in the delegation standard for the appropriate category or categories.

### File-review elements

#### Case management files (QI)

NCQA scores all delegated file-review elements as present if the organization delegates to NCQA Accredited health plans. NCQA does not review the delegate’s files during the survey.

The following CM file review elements are eligible for automatic credit.

- QI 7, Elements F, G
Appendix 3—Delegation

**UM files**  
NCQA scores all delegated file-review elements as present if the organization delegates UM to an organization that is NCQA Accredited or NCQA Certified in UM. NCQA does not review the delegate’s files during the survey. The following UM file-review elements are eligible for automatic credit.

- UM 4, Elements C, D  
- UM 5, Elements A–D  
- UM 6, Elements C, D  
- UM 7, Elements B–G  
- UM 9, Elements A–E  
- UM 12, Elements B, C

Only the HP program separates medical and behavioral UM file-review elements; therefore, other accreditation and certification programs have fewer UM file-review elements within the UM standards.

**CR files**  
NCQA scores all delegated file-review elements as present if the organization delegates both primary-source verification and decision making to an organization that is NCQA Accredited or NCQA Certified in CR. NCQA does not review the delegate’s files during the survey.

NCQA reviews the delegate’s files to determine whether time-sensitive elements meet the time limits if the organization does not delegate CR decision making, or if the organization delegates to a CVO that is NCQA Certified. The following CR file review elements are eligible for automatic credit.

- CR 3, Elements A, B  
- CR 4, Element A  
- CR 5, Element A  
- CR 7, Elements A–D  
- CR 8, Element A

**Variation or exclusion**  
NCQA does not grant automatic credit for delegated activities that vary significantly or are excluded from the delegate’s accreditation or certification requirements. Oversight relief is not available when an HP delegates certain UM standards and elements to an organization with NCQA Certification in UM:

- UM 8  
- UM 9, Elements F, G  
- UM 12  
- UM 13

Oversight relief is not available when an HP delegates certain standards and elements to an organization with NCQA Certification in CR:

- CR 6  
- CR 9

The organization is responsible for determining if delegated activities are covered in the scope of the delegate’s NCQA review.

**Note**

- Refer to Appendix 4: Automatic Credit for Delegating to an NCQA Accredited MBHO for additional information on MBHO automatic credit.
- Refer to Appendix 5: Automatic Credit for Delegating to an NCQA Accredited or NCQA Certified DM Organization for additional information on DM organization automatic credit.
- Refer to Appendix 6: Automatic Credit for Delegating to an NCQA Certified HIP Organization for additional information on HIP organization automatic credit.
- Refer to Appendix 7: Automatic Credit for Delegating to an NCQA Certified WHP Organization for additional information on WHP organization automatic credit.
## Surveying, Scoring and Reporting Delegation

| Delegation oversight scoring | If the organization delegates functions to another organization for QI, UM, CR, RR or MEM, NCQA evaluates the organization's oversight of the delegate under the delegation oversight standards (QI 12, UM 15, CR 12, RR 8, MEM 9).

*Appendix 1: Points and Reporting Categories for 2010* provides point values for all elements and standards for delegation and no delegation. 10 percent of the points for each standard in the category are allocated to the delegation oversight standard. |
| --- | --- |
| Selection of delegates | For each standard category, if PPO product lines and products have the same delegates as HMO or POS, NCQA selects and reviews a sample of four delegates for all product lines and products. For organizations with fewer than four delegates, NCQA reviews all delegates.

If PPO product lines and products have different delegates from HMO or POS, NCQA requires the PPO to be scored separately using a separate Survey Tool. NCQA selects and reviews a sample of four PPO delegates and four HMO/POS delegates. For product lines and products with fewer than four delegates, NCQA reviews all delegates.

Approximately four weeks prior to the onsite survey, NCQA notifies the organization which delegates have been selected for review.

NCQA evaluates delegation oversight during the onsite survey. The organization should select “NA” for each delegation element before submitting its completed Survey Tool and should not attach documentation relating to delegation oversight. |
| Delegation of file-review elements | If the organization delegates case management, CR or UM file-review elements, NCQA includes delegates’ files selected at random in the file-review portion of the NCQA survey. NCQA reserves the right to request site visits to delegates, and additional file review, and makes arrangements in advance of the organization’s survey if such action is necessary. |
| Delegation of non-file-review elements | If the organization delegates QI (with the exception of complex case management) to an MBHO, DM or PBM organization, NCQA does not directly evaluate delegate performance because the scope of services provided by each delegate is limited; however, the organization may present the delegate’s activities as evidence of performance, as necessary. NCQA continues to evaluate the organization’s oversight of the delegates.

If the organization delegates QI functions (other than to an MBHO, PBM or DM organization) affecting 30 percent or more of its membership, NCQA also evaluates applicable non-file-review elements for a sample of up to four delegates. The delegate's documentation to meet delegated functions should be included in the appropriate non-file review elements. |