Compliance Program Risk Assessment & Planning Strategies

HCCA 2005 Compliance Institute
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Suzie Draper  
Intermountain Health Care

Mike Holper  
Trinity Health
Overview

• Introductions and Background
• Risk Assessments in Compliance Programs
• Conducting Compliance Program Risk Assessments
• Developing Work Plans Based on Risk Assessments
• Reporting Risk Assessment and Work Plan to Senior Management and Governance
• Enterprise Risk Management
• Q&A
Intermountain Health Care

- Gross Revenues: $2.6 Billion
- Hospitals: 20
- Licensed Beds: 2,533
- Staffed Beds: 1,997
- Acute Admissions: 118,000
- Employees: 25,000
- Employed Physicians: 440
- Affiliated Physicians: 2,400
- Direct Membership: 478,000
- Affiliated Membership: 530,000
• Created in 2000 through merger of Holy Cross Health System and Mercy Health Services
• 4th largest Catholic health system in U.S.
• 44,000 FTEs and 7,600 physicians
• 45 hospitals (29 owned, 16 managed)
• 384 outpatient clinics/facilities
• LTC, home health, hospice services
• Operations in 7 states
• Revenues of $5.3 billion
• $478 million in community benefits

Source: Trinity Health 2004 Annual Report
Trinity Health OIP Structure

- Local Integrity Officer
  - Senior management member responsible for OIP in local organization
- Local Integrity Committee
  - Organization compliance committee chaired by LIO
- Trinity Health OIC
  - Meets quarterly
  - Promotes knowledge sharing and communication
  - Provides input, direction and feedback to OIAS
  - Input and review to OIP policy development in Trinity Health
  - Coordination of OIP activities
- Trinity Health Legal Counsel
  - Provides dedicated attorney to support OIP and compliance activities
Trinity Health OIAS Staffing

• OIAS Resources
  – Organizational Integrity – 13 professionals
  – Audit Services – 23 professionals
  – HIPAA – 2 professionals

• Distributed staffing model
  – 20 OIAS personnel located at Corporate Office in MI
  – 18 personnel located at various Member Organization sites
Trinity Health OIAS Staffing

• Organizational Integrity
  – Director –20+ years health care clinical operations experience (radiology, CDM)
  – 7 Managers with diverse specialty backgrounds and experience
    • HIM/coding
    • Physician services (professional services, all settings)
    • Post-acute care (home care, hospice, SNF, rehab, HME)
    • Lab/Legal
    • CDM/Financial
    • PFS/Regulatory/Research
Trinity Health OIAS Staffing

- Organizational Integrity
  - 5 OI Specialists support managers with on-site audits
  - OI Managers responsible for:
    - Risk assessments
    - Audits
    - Education and program development in areas of expertise
    - Assigned to Member Organizations to support Local Integrity Officer (LIO) and local OIP activities
    - Serve on various Trinity Health functional councils and work teams
Risk Assessments in Compliance Programs

• Regulators Perspective
  – Emphasized in 2004 OIG Supplemental Compliance Program Guidance for Hospitals
    • Key to supporting compliance program effectiveness
    • Use of risk assessment tool, re-evaluated regularly
    • Consideration of Federal requirements, OIG Work Plans, compliance program guidance, Special Advisory Bulletins, Special Fraud Alerts
    • Audit and monitoring plans driven by risk assessment results
Risk Assessments in Compliance Programs

• Regulators Perspective
  – Addressed in 2004 revisions to Federal Sentencing Guidelines
    • New requirement to perform ongoing risk assessments – 8\textsuperscript{th} Element?
    • Described as “an essential component of the design, implementation and modification of an effective program”
    • Compliance program must demonstrate actions taken in response to prioritized risks
Risk Assessments in Compliance Programs

• Internal Perspective
  – Formally assess and prioritize risks – smart business practice
  – Focus time and resources on greatest risks to organization
  – Align resources to organization’s strategic/business plan
  – Use as an education/communication tool for senior management and governance
  – Reduce exposure to greater government scrutiny
Conducting Risk Assessments

- Intermountain Health Care
- Trinity Health
Enterprise-Wide Risk Analysis

• Scope and Objective
  – Identify processes and activities in IHC companies and affiliated foundations
  – Identify factors relating to these processes and activities that could present risk to IHC
  – Review with appropriate personnel to evaluate and rank the identified risk factors
    • Review with Legal, Compliance, Information Systems, etc.
    • 31 IHC executives provided comments and identified areas of concern
Enterprise-Wide Risk Analysis (cont.)

- Risk Factors
  - *Dollars* – Amount spent or potentially impacted
  - *Regulatory* – Level of external regulations
    - Ranked primarily by Legal and Compliance personnel
  - *Mission* – Impact on direct patient care
  - *Reputation*
    - Ranked primarily by Public Relations personnel
  - *Likelihood* – New system or personnel, Lack of standard policies/procedures, Not a mainstream IHC activity, etc.
Enterprise-Wide Risk Analysis (cont.)

• Planned Use
  – Review with Management Committee
  – Identify areas for Internal Audit review
  – Identify resources needed to perform reviews
  – Use as starting point for ongoing IHC risk assessment (review and update annually)
IHC Risk Assessment Programs

- Internal Audit Committee
- Control Assessment Form
- Compliance Issue Risk Assessment (CIRA)
Purpose of CIRA

- Focus Compliance efforts on the most important risk issues
- Proactively assess potential risk issues
- Meet our obligations for OIG Guidance
- Enhance and support other IHC risk assessment programs
Risk Assessment Triggers

- Audits of CMS Initiatives
- OIG Guidance Work Plan risk areas
- Priorities identified by IHC Senior Management
- CMS coverage, billing, or coding issues
- Hotline call or other notification to Compliance Department
Benefits of Risk Assessment

- Process will yield an exhaustive list of risk issues
- Show measurable risk savings to corporation
- Process will identify risk issues as high, medium or low
Risk Assessment Process

Step 1: Gather Initial Relevant Information

Step 2: Validate Risk Issues

Step 3: Analysis and Action Planning
Risk Assessment Database

• Tracks and measures the following:
  – Description and classification of the issue
  – Answers to questions about the issue’s impact on operations and public opinion
  – Quantifies the potential financial impact of the issue
Examples of High Risk Areas Identified

- Surgical Services
  - Single Use Devices
- Emergency Department
  - EMTALA
- Care Management
  - Health Insight Medical Necessity
  - Same Day Discharge and Readmission
- Patient Account Services
  - Off Label Use of Devices/Drugs
  - Medicaid Billing
  - Non-physician Providers
Conducting Risk Assessments

- Intermountain Health Care
- Trinity Health
Where Should We direct our time and resources next year?
OIAS Department Charter

The responsibilities of the OIAS department are:

Through coordination with and input of the Organizational Integrity Corporate Committee and the Organizational Integrity and Audit Committee of the Board of Directors, identify and assess risks and management activities to reduce such risks which impact Trinity Health operations. Based on an assessment of such risks and activities, develop a system-wide Annual Organizational Integrity and Audit Services Work Plan. The Work Plan will be approved annually by the OI Corporate Committee and the OI and Audit Committee of the Board of Directors and will prioritize areas for departmental activities, including audit and monitoring, education and policy development.
HOW do we identify risks?
Identifying Risks

- Trinity Health strategic plan
- Our collective knowledge and experience
- Industry information and resources
- Ask key stakeholders
  - Governance
  - Corporate management
  - Member and Service Organization management
- Ask others with knowledge of Trinity Health and the industry
Strategic Plan

• Review of Strategic Plan
  – Good practice to start with system-level evaluation of risks
  – Ensures risk assessment and planning is properly aligned with organization’s strategic objectives
  – Goal is to identify areas representing key strategic as well as compliance risks
  – Common examples
    • New or expanded programs and services
    • Revenue management initiatives
    • Significant information technology implementations
    • Mission initiatives
Develop Risk Assessment Tool

- Organizational Integrity risk assessment tool updated annually based on:
  - OIG Work Plan, compliance guidance
  - Current enforcement activities
  - OIAS experience within Trinity Health
Obtain Stakeholder Input
Stakeholder Input

• OIAS Management
• System Functional Leadership
  – Revenue Management
  – Clinical & Physician Services
  – General Counsel’s Office
  – Project Genesis Leadership
• Member Organization (Operating Units)
  – Local Integrity Officers
  – Local Integrity Committees
Stakeholder Input

• Questions for Local Integrity Committees:
  – Is the risk area applicable to your operations?
  – Are operating systems, policies and procedures effective in addressing identified risks? Do all Committee members agree?
  – Are there monitoring systems/procedures to confirm effectiveness of systems, policies and procedures?
  – Has internal audit, external consultants, regulatory agencies or others performed audits of risk area? If yes, when and what were the findings?
Stakeholder Input

• Currently use low, moderate and high risk ratings
• Risk assessment process is necessarily subjective
  – At end of day, do outcomes make sense?
  – Can you logically explain how risks have been prioritized
  – “Is the ladder on the right wall?”
• Goal is to use risk assessment to both educate and focus on areas of highest priority
There are too many risks! We can't do everything!!!
Risk Assessment and Planning

Projects identified through risk assessment are summarized in internal database for further evaluation.
Risk Assessment and Planning Timing

• Development of risk assessment tool – November/December
• Stakeholder meetings January – March
• Organizational Integrity Council – April
• Draft Work Plans distributed for comment – May
• Final approval of Work Plan by Trinity Health Organizational Integrity & Audit Committee - June
Develop Work Plan

• Determine best approach to address prioritized risks given available resources
  – Education
    • On-site education
    • Audio-conferences
    • Newsletters
  – Program Development
    • Communications
    • Policies and procedures
    • Compliance guidance, toolkits, systems
  – Auditing and Monitoring
    • On-site audits
    • Data analysis
Work Plan – Education Examples

Office of the General Counsel and Organizational Integrity & Audit Services present
Best Practices for Ambulance Restocking and Billing Arrangements

Audio Conference
November 5, 2003
11:00 am EST

A 1.5 hour audio conference to answer your questions on ambulance restocking and billing arrangements.

- What are the allowable reimbursable costs?
- Who must the facility reimburse the hospital or the ambulance provider?
- What CPT codes are available for the authors and ambulance provider?

Sponsored by:
Organizational Integrity
TRINITY HEALTH

October 19 & 20, 2004
Marriott Courtyard Ballroom
Farmington Hills, Michigan

Important Error Rate Climbs
Report on Medicare Compliance April 8, 2004

Most important programs are already necessary, but there is a trend. Commercial BHCs are managing CMI with increased "Coding Profit Monitoring Programs" (CPP). CPP is an analysis of the percent and increase of CMI to the face value. In 2000 and 2001, it was 1.3% nationally. Medicare adds new factors to the analysis in 2002. CPP is calculated as a ratio of the total amount of CMI to the percentage of the face value. CPP is calculated as a ratio of the total amount of CMI to the percentage of the face value.

Best practices for Ambulance Restocking and Billing Arrangements

School's out – School's in
A mixed mess

COUNTER COLUMN

WHAT YOU DISCOVER ON YOUR OWN IS ALWAYS MORE EXCITING THAN WHAT SOMEONE ELSE DISCOVERS FOR YOU – IT'S LIKE THE DIFFERENCE BETWEEN ROMANTIC LOVE AND AN ARRANGED MARRIAGE. 

- Trissie Rafferty
Work Plan – Program Development
Examples

Captain Integrity™

I have qualified these claims. It appears we need to take a small exception. Since the amount is small, we will not repay. Besides, it’s only a problem if we get caught.

All overpayments, regardless of the amount, should be repaid. It is against the law to retain payment that you know you are not entitled to keep.

Remember, as an employee, it’s your responsibility to seek answers to your questions. THANK YOU for supporting our commitment to ethical relationships.

http://www.trinityhealth.org

nexus

Standards of Conduct

To help you better understand your role in the overall success of our OIP, we have developed these Standards of Conduct. The Standards provide general guidance to assist you in handling various legal, ethical and professional matters you may encounter in your daily work. Please take time to familiarize yourself with the sections that appear most relevant to your job. Then, in the near future, read the rest of the Standards in their entirety.
Final Work Plan presented for approval includes Executive Summary, description of projects, and allocation of resources.
**Reporting Results of Risk Assessment and Work Plan**

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Objective/Scope</th>
<th>Primary Risk Area</th>
<th>Organization(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Necessity Documentation</td>
<td>Evaluate medical record to validate documentation exists to support medical necessity for services rendered and billed. Ensure codes (ICD-9) that support medical necessity get to the claim.</td>
<td>☑ ☐ ☐</td>
<td>CL, COL, FR, MC, TH</td>
</tr>
<tr>
<td>Medicare DRG Payment Window Review</td>
<td>Assess compliance with the Medicare DRG Payment Window Regulations.</td>
<td>☑ ☐ ☐</td>
<td>FR</td>
</tr>
<tr>
<td>MediGold Claims Review</td>
<td>Assess internal procedures used to verify accuracy of physician claims to determine that they are functioning properly and meeting management expectations. Determine whether non-MCH claims are processed/paid through the system appropriately.</td>
<td>☐ ☑ ☐</td>
<td>COL</td>
</tr>
<tr>
<td>Mental Health Services</td>
<td>Accuracy of coding and documentation to substantiate coding; Inpatient and Outpatient Departments.</td>
<td>☑ ☐ ☐</td>
<td>SC</td>
</tr>
</tbody>
</table>
Reporting Results of Risk Assessment and Work Plan

- Final Work Plan includes graphical presentation of risk assessment results
- Risks graphed based on impact and probability/frequency
- Areas to be addressed in Work Plan are highlighted in color
- Graphical presentation promotes discussion and understanding with senior management and governance
Reporting Results of Risk Assessment and Work Plan

- Work Plan includes a cross-walk of projects to Trinity Health’s Strategic Plan
- Assists in promoting value of compliance program by connecting activities to organization’s strategic goals
Enterprise Risk Management

• What is it? Formal definition:

“Enterprise risk management is a process, effected by an entity’s board of directors, management and other personnel, applied in a strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding achievement of entity objectives”

Source: Committee on Sponsoring Organizations of the Treadway Commission- 2004
Enterprise Risk Management

• Why Should I (Compliance Officer) Care About ERM?
  – What is the scope of your compliance program?
    • Medicare and Medicaid regulatory compliance?
    • Fraud and abuse laws (Anti-Kickback Statute, Stark)?
    • Tax compliance (Intermediate Sanctions for TEOs)
    • Anti-Trust
    • JCAHO requirements
    • Health and safety
    • Labor laws and regulations
    • Environmental
    • Etc., etc., etc.,

• Who in your organization is responsible for these risks?
Enterprise Risk Management

- ERM extends beyond compliance with laws and regulations to include all risks affecting an organization
  - Financial/Reporting
  - Operational
  - Strategic
- Sarbanes-Oxley Sec. 404 – management assessment of internal controls includes ERM concepts for controls over financial reporting
- Boards of Directors - frequently asking more questions as to how organizations identify and manage risks
- Among other benefits, ERM assists in identifying and sharing cross-functional risks
Enterprise Risk Management

- ERM Framework for Health Care Organizations
  - Strategic
  - Operational
  - Financial
  - Human Capital
  - Legal and Regulatory
  - Technology

Enterprise Risk Management

• Strategic
  – M&A
  – Public relations
  – Organization and governance

• Operational
  – Quality
  – Patient safety
  – Efficiency/Productivity

• Financial
  – Financial reporting
  – General accounting
  – Financial transaction systems

• Human Capital
  – Labor relations
  – Employment practices
  – Education, training and development

• Legal and Regulatory
  – Fraud and abuse laws
  – Anti-trust
  – Employment law (EEOC, ADA, wage & hour)
  – Licensing and Accreditation (COPS, CLIA, JCAHO)

• Technology
  – Integration of technology in strategic plan
  – IT investments, ROI
  – IT operations
  – Security and business continuity
ERM – Where To Start?

• Not a compliance officer’s responsibility – requires support of senior leadership
• Identify ERM risks for your organization using framework for health care
• Survey senior leadership
  – Rank risks (high, medium, low)
  – Identify risk owners
• Identify 2-3 areas based on survey results for further review and evaluation
  – Goal: improved management of risks consistent with organization’s objectives
Questions/Discussion

• Thank-You for Your Attendance and Participation!
• Follow-up questions can be directed to:

  Suzie Draper
  Chief Compliance and Privacy Officer
  Intermountain Health Care
  (801) 442-6516
  suzie.draper@ihc.com

  Mike Holper
  VP, Org. Integrity & Audit Services
  Trinity Health
  (248)324-8009
  holperm@trinity-health.org