

North Shore – LIJ Health System, Inc.

POLICY TITLE: Risk Assessment and Annual Work Plan Development	OFFICE OF CORPORATE COMPLIANCE DEPARTMENT POLICY Section: Compliance and Ethics
POLICY #: 800.13	DEPARTMENT: Office of Corporate Compliance
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Prepared by: Office of Corporate Compliance	Superseded Policy(s)/#:

GENERAL STATEMENT of PURPOSE

The purpose of this policy is to define the method in which the Office of Corporate Compliance (Compliance) assesses and re-assesses risk.

POLICY

Compliance risk is mitigated through internal review processes. Monitoring and auditing provide early identification of program or operational weaknesses and substantially reduce exposure to regulatory risk and government related lawsuits. This policy outlines the method in which Compliance assesses and re-assesses risk.

SCOPE

This policy applies to all members of the Health System workforce including, but not limited to, employees, medical staff, medical students, and other persons performing work for or at Health System.

DEFINITIONS

1. **Payment for Evaluating Payment Patterns Electronic Report (PEPPER)** an electronic report from the federal government containing hospital-specific data for target areas that have been identified as high risk for payment areas (i.e., specific diagnosis-related groups [“DRGs”] and discharges).
2. **Risk Assessment** an objective assessment of risk that may be present for the Health System.
3. **Data Mining** the analysis of Health System data to determine trends and potential aberrant billing practices from many information sources.
4. **Risk Matrix** tool that allows the severity of risk to be determined.
5. **Work Plan** listing of the planned audit initiatives throughout the Health System in a given year.

PROCEDURE/GUIDELINES

RISK ASSESSMENT RESOURCE GUIDE

1. The Health System's Risk Assessment Resource Guide is compiled semi-annually and briefly describes the various sources utilized by Compliance to identify and assess potential risk areas for the Annual Corporate Compliance Work Plan. The areas covered include:
 - The status of ongoing Compliance initiatives;
 - Key changes and updates to pertinent rules and regulations;
 - Risk profile chart;
 - Health System financial data including, inpatient and outpatient payor mix, inpatient case mix index, and inpatient and outpatient net patient service revenue as well as national comparison of Health System inpatient data (PEPPER);
 - Government audit data trends and Health System government audits;
 - Internal audits conducted;
 - Health System voluntary disclosures;
 - Health System developments; and
 - Compliance HelpLine trend analysis.

DETERMINING POTENTIAL RISK AREAS

2. Interviews of key personnel including but not limited to: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Administrative Officer, Chief Risk Officer, Facility Executive Directors, Chief Medical Officer, Chief Audit Officer and the Office of Legal Affairs to gather information about areas of the Health System that may be of possible interest. These areas are placed on a "potential audit" list.
3. External work plans from the Office of Inspector General for the United States Department of Health and Human Services (OIG) and the New York State Office of the Medicaid Inspector General (OMIG) are reviewed. Audit items that pertain to the Health System are placed on a "potential audit" list.
4. Prevalent industry topics are also reviewed and items that are considered to be relevant to the Health System are placed on a "potential audit" list.
5. Data mining, through third party software and service vendors are conducted to assess potential risk areas for facility claims. Audit items that pertain to the Health System are placed on a "potential audit" list.
6. Financial data is assessed to evaluate reimbursement trends.

7. Areas that have been audited in previous years and were determined to contain ongoing risk are also considered for re-audit in the coming year and placed on a “potential audit” list.

RISK MATRIX AND WORK PLAN DEVELOPMENT

8. All items identified through the process of determining risk, are placed on a matrix divided by topic (facility or professional fee) to be scored (high risk to low risk) since all items cannot be audited and/or developed due to resources.
9. The risk scores are based upon the Risk Impact to the Organization (mission, financial and legal) and Vulnerability of the Organization (likelihood of risk, detectability and controls).
10. The scores for “Risk Impact” and “Vulnerability” are added together for the total score which will determine the topic’s relevance for audit.
11. A Risk Profile chart is developed to demonstrate where the identified risks for the Health System rank based upon “Risk Impact” and “Vulnerability.”
12. The items that are determined to be the most relevant for audit, based upon scoring and resource availability, will be placed on the Corporate Compliance Work Plan.
13. The planning process for this Work Plan is ongoing and dynamic; therefore, Compliance continually evaluates new data throughout the year to identify and reassess the likelihood of any potential risk to the Health System.

REPORTING RISK ASSESSMENT AND WORK PLAN RESULTS

14. The Risk Assessment Resource Guides and Work Plan are provided to the Executive Audit and Compliance Committee, Chief Executive Officer and the Board of Trustee’s Audit and Corporate Compliance Committee for review and approval. The Risk Assessment Resource Guides and Work Plan are also shared with members of senior management and other Board Committees as applicable.
15. Material compliance developments and audit findings from the Work Plan are reported to the Board of Trustee’s Audit and Corporate Compliance Committee, the Executive Committee of the Board of the Trustees and the full Board of Trustees (as appropriate), the Executive Audit and Compliance Committee, and other members of Senior Management periodically.

REFERENCES to REGULATIONS and/or OTHER RELATED POLICIES:

- Office of the Inspector General for the United States Department of Health and Human Services’ (OIG) Work Plan
- New York State Office of Medicaid Inspector General’s (OMIG) Work Plan