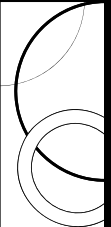


# Developing a Meaningful Compliance Work Plan


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## Agenda

- Work Plan Objectives
- Elements used to develop a Work Plan
  - Awareness Survey
  - Effectiveness Evaluation
  - Risk Assessment
- Coordinating with audit, education, policy, and other activities
- Stakeholder engagement




## Work Plan Objectives

- To direct compliance and operations staff efforts in the work most critical to eliminate potential areas of vulnerability and to improve compliance program effectiveness
- To determine the adequacy of resources (staff, technology, services) used to address areas of vulnerability
- To ensure structural and substantive assessment of the compliance program




## The Work Plan is Not...

- The OIG's Work Plan
- Vendor developed plans
- Results of your Risk Assessment alone
- Static
- Developed in a vacuum



## The Work Plan Is...

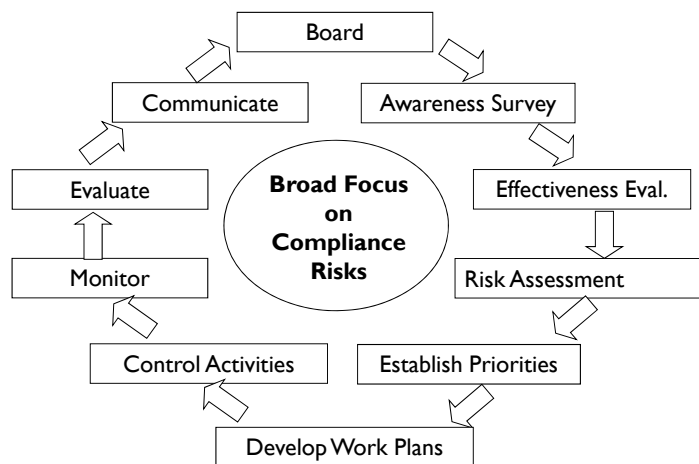
- Reflection of the Organization
  - Mission
  - Strategy
  - Operations
  - Risk Tolerance
- Dynamic
- Engaging



## Work Plan Components

- Awareness Survey
- Effectiveness Evaluation
- Risk Assessment
  - Internal and External Risk Identification
  - Assessment
  - Prioritization
  - Approval
  - Implementation and Tracking
- Strategy and Operational Alignment

## The Work Plan Development Process



## Awareness Survey

- Helps address structural elements of your compliance program
- Companion to Effectiveness Evaluation
- Provides helpful information about dissemination of your program to staff



## Awareness Survey

- Short and Simple
- Consider multiple deployment methods
- Typical areas of inquiry
  - Do employees know who the Compliance Officer and Compliance Staff are?
  - Do employees know how to find the Standards of Conduct and Compliance Policies?
  - Do employees know how to report Compliance concerns?
  - Do employees trust that if they report a concern it will be addressed?
  - Do employees think their co-workers, supervisor, and organization leaders act with integrity



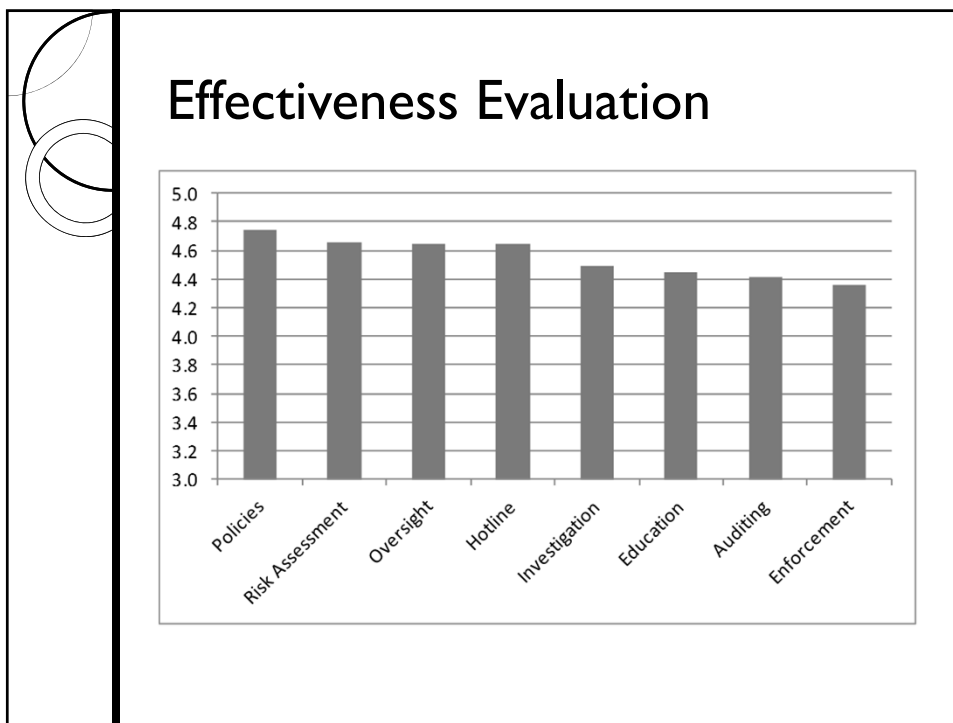
## Effectiveness Evaluations

- What do you measure?
  - Eight elements (including risk assessment)
    - Authority
    - Policy and Procedures (including Standards of Conduct)
    - Training and Education
    - Reporting
    - Auditing and Monitoring
    - Response and Prevention
    - Enforcement
    - Risk Assessment and Work Plan Development

## Effectiveness Evaluation

• How do you measure effectiveness?

	Issue to be Scored	Description	Score	Score Basis	Comments
1.00	Annual Risk Assessment and Evaluation				
1.01	Has an annual compliance risk assessment been performed by the SJHS Compliance Department in the last two years in order to identify the relevant compliance risk areas?	Formal mechanism exists to evaluate organizational compliance risks. Process for evaluation is documented, the assessment is completed in accordance with established process, and communicated to the Board and other stakeholders.			
1.02	Have the results of the prior year compliance risk assessment been communicated to the Board and other stakeholders?	Documentation in the form of minutes, memoranda or other documentation reflect that the risk assessment is communicated to the Board and other stakeholders along with sufficient detail for the Board to evaluate the adequacy of the assessment and to prioritize resources based on identified risks.			
1.03	Was a compliance effectiveness evaluation developed in the last year by the SJHS Compliance Department to identify opportunities to improve the effectiveness of the SJHS Ministry Integrity Program?	Formal mechanism exists to evaluate compliance program effectiveness. Process for evaluation is documented and the assessment is completed in accordance with established process.			
1.04	Does the compliance office communicate the results of prior annual compliance effectiveness evaluations to the Board and other stakeholders?	Documentation in the form of minutes, memoranda or other documentation reflect that the effectiveness assessment is communicated to the Board and other stakeholders along with sufficient detail for the Board to evaluate the effectiveness of the compliance program and determine program improvements necessary to improve effectiveness.			



## Effectiveness Evaluation

FACTORS	YES	NO	COMMENTS
<b>COMPLIANCE OFFICER AND COMMITTEE</b>			
Does the compliance program have a clear, well-crafted mission?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the compliance program have sufficient resources (staff/budget), training, authority and autonomy to carry out its mission?	<input type="checkbox"/>	<input type="checkbox"/>	
Is the relationship between the compliance function and general counsel function appropriate to achieve the purpose of each?	<input type="checkbox"/>	<input type="checkbox"/>	
Is there an active compliance committee, comprised of trained representatives of each relevant function department as well as senior management?	<input type="checkbox"/>	<input type="checkbox"/>	
Are ad hoc groups or task forces assigned to carry out special missions, such as conducting an investigation or evaluating a proposed enhancement to the compliance program?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the compliance officer have direct access to the governing body, the Director, all senior management, and legal counsel?	<input type="checkbox"/>	<input type="checkbox"/>	

## Effectiveness Evaluation

• How do you measure effectiveness?

### Ministry Integrity Dashboard Report

SJO Ministry Integrity

90% 100% 110%

Actual: 103.21%  
Baseline: N/A

Goal: Ministry Integrity  
 Owner/Executive Sponsor(s):  
 Implementor(s):

Baseline	Begins	Ends	Start Value	Target	Actual	% of Target	Status
N/A	Jul 1, 08	Jun 30, 09	0%	100%	103.21%	103%	●

Name:	Weight:	Status:	Baseline:	Target:	Actual:	% of Target:	Data Through:
S.JHS: MI 01 - Compliance Orientation	N/A	●	N/A	95%	100%	105.26%	12-31-08
S.JHS: MI 02 - Compliance Policies	N/A	●	N/A	85%	100%	117.65%	12-31-08
S.JHS: MI 03 - Compliance Education	N/A	●	N/A	95%	77%	81.05%	09-30-08
S.JHS: MI 04 - Exclusion Screening	N/A	●	N/A	97%	100%	103.09%	12-31-08
S.JHS: MI 07 - Physician Agreements	N/A	○	N/A	95%	95%	98.96%	12-31-08
S.JHS: MI 08 - TimeLogs Supporting Physician Agreements	N/A	○	N/A	96%	95%	98.96%	12-31-08
S.JHS: MI 09 - Compliance Oversight	N/A	●	N/A	90%	100%	111.11%	09-30-08
S.JHS: MI 10 - Hotline	N/A	●	N/A	94%	100%	106.38%	12-31-08
S.JHS: MI 11 - Voluntary Refunds	N/A	●	N/A	94%	100%	106.38%	12-31-08

# Effectiveness Evaluation

## • How do you measure effectiveness?

**Dignity Health Service Area Leaders / Hospital President / Facility Compliance Liaison  
COMPLIANCE PROGRAM OBJECTIVES FY2015**

Hospital: \_\_\_\_\_  
 President: \_\_\_\_\_  
 FCL: \_\_\_\_\_

Compliance is critical to the success of Dignity Health. It is the expectation of Dignity Health's Board and Management that each Service Area Leader, Hospital President, Facility Compliance Liaison, and Facility Privacy Officer ensure that Dignity Health's annual Compliance Work plan is properly implemented within her/his sphere of accountability. These objectives generally, and most of the categories below, contain objectives relating to the elements of an effective compliance program as described in the Federal Sentencing Guidelines (Source column). In most cases, the substantive elements also address common issues identified by the OIG and/or areas determined to be high risk. The Service Area Leader, President and Facility Compliance Liaison will not be deemed to have met their performance objectives unless you obtain a score equal to or greater than 75% of possible points which can be earned below. These are fiscal year objectives.

Source	Scoring	Possible Points	Total Points
<b>01. New Employees and Applicable Physicians</b>			
FSG (b) (3)	A New hires checked against the OIG/GSA exclusion list and criminal background checks per Dignity Health policy. B mandatory Compliance education within 120 days of hire or promotion into a management role.	90% and above = % Complete Under 90% = 0	100
FSG (b) (1)&(4)	A All new or revised Compliance and Privacy policies and procedures are communicated to affected employees and applicable physicians within 60 days.	Above 85% = % Complete Under 85% = 0	100
<b>03. Education</b>			
FSG (b) (4)&(5)	A All employees and applicable physicians required to complete Annual Compliance Education have satisfactorily completed these requirements by May 31, 2015.	80% and above = % Complete Under 80% = 0	200
FSG (b) (2)&(4)	B All new hospital Executives (VP's and Presidents) will participate in a Physician Transaction training class within 6 months of date of hire or promotion.	75% and above = % Complete Under 75% = 0	100
<b>04. High Level Oversight</b>			
FSG (b) (2)	A 25 points for Hospital President attending either a compliance meeting or audit exit conference each quarter.	25 for each meeting Maximum 100 awarded	100

# Other Methods of Measurement

- Employee Surveys
- Interviews or Focus Groups
- Document Reviews
- Benchmarking against other providers
- Denial Management
- Existing Measures
- Compliance Training Quizzes






## Risk Assessment

- Eighth element of an effective compliance program
- Government guidance
  - Federal Sentencing Guidelines
    - “Organizations shall periodically assess the risk of criminal conduct and shall take appropriate steps...”
  - OIG Program Guidance
    - “Institutions should consider conducting risk assessments to determine where to devote audit resources...”




## Definitions

- Risks – Observable events or conditions that may occur and, if they do occur, would have a harmful effect. The impact of a risk should be measurable or definable in specific observable terms (i.e. financial, legal, reputational, etc.)
- Inherent Risk – The risk of an event occurring without consideration for internal controls
- Residual Risk – The risk that remains after considering current controls




## Definitions

- Risk Identification – The process by which the universe of risks is identified
  - Audits
  - Literature
  - Enforcement/regulatory
  - Impressions of individuals engaged in the process
- Risk Assessment – The process by which identified risks are evaluated and prioritized




## Definitions

- Risk Tolerance – The amount/type of risk the organization is willing accept
  - Cultural considerations – the organizations mission and values
  - Strategic considerations
  - Capacity considerations




## Why Conduct a Risk Assessment

- Proactive versus reactive
- Supports enterprise risk management
- Cultural integration
- Raises awareness of program value
- Mitigation of penalties
- Continuous program improvement
- Basis for annual work plan
- Identifies needed resources




## Risk Identification

- Surveys
- Interviews
- Prior audit findings
- Prior compliance investigations
- Exit Interviews with separating employees
- External sources




## Risk Identification

- Exposures now and in the next 3-5 years
- Key process or functions
- Key strategic initiatives
- Complex studies, processes or functions with multiple stakeholders, hand-offs, control, and authority




## Risk Identification

- Open ended surveys or interviews
  - Rely on the expertise of the individual being surveyed
  - Supports a wide range of potential risks
  - Can be difficult to adequately define and compare risks
  - One-on-one interviews allow for additional probing




## Risk Identification

- Risk ranking
  - Pre-defined listing of potential risks
  - Surveys readily available in the market
  - Quick and easy for participants
  - Be aware – this is not a true risk assessment (although it may be sold as one)
  - Be careful not to confuse controls with risks




## Risk Identification Controls vs. Risks

- Controls:
  - Policies, procedures, audits, education, management approvals, quality reviews, automation, program structure, etc.
  - Examples:
    - Does the organization have a policy on conflict of interest?
    - Does the organization update the standards of conduct periodically?
    - Are Compliance Committee minutes reviewed?
    - Are procedures in place to identify and address billing misconduct?
    - Who is responsible for monitoring and enforcing adherence to these policies?



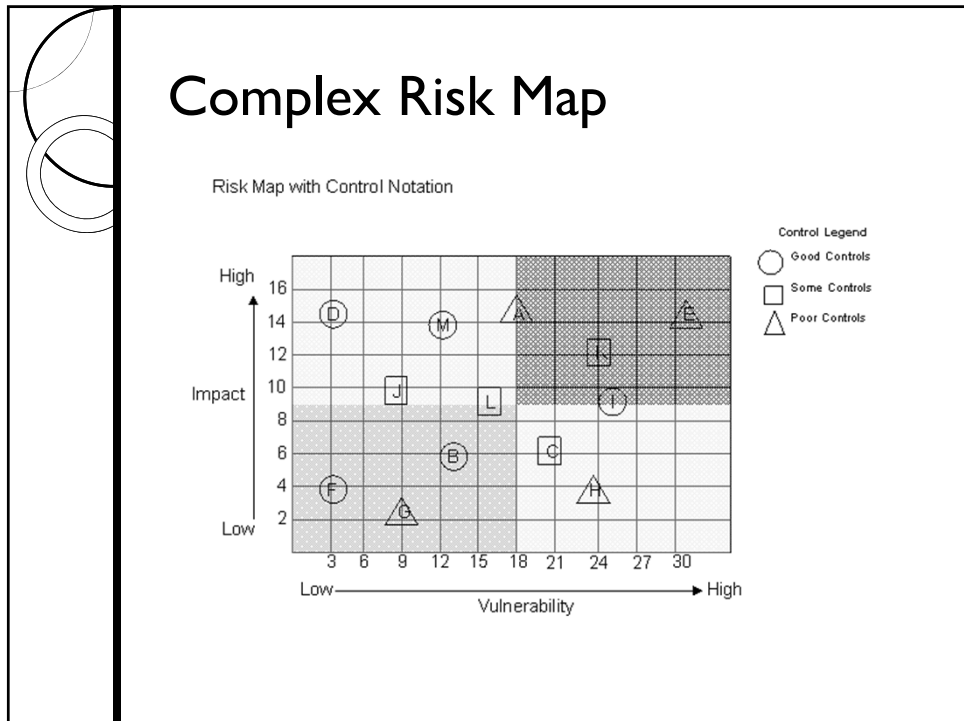
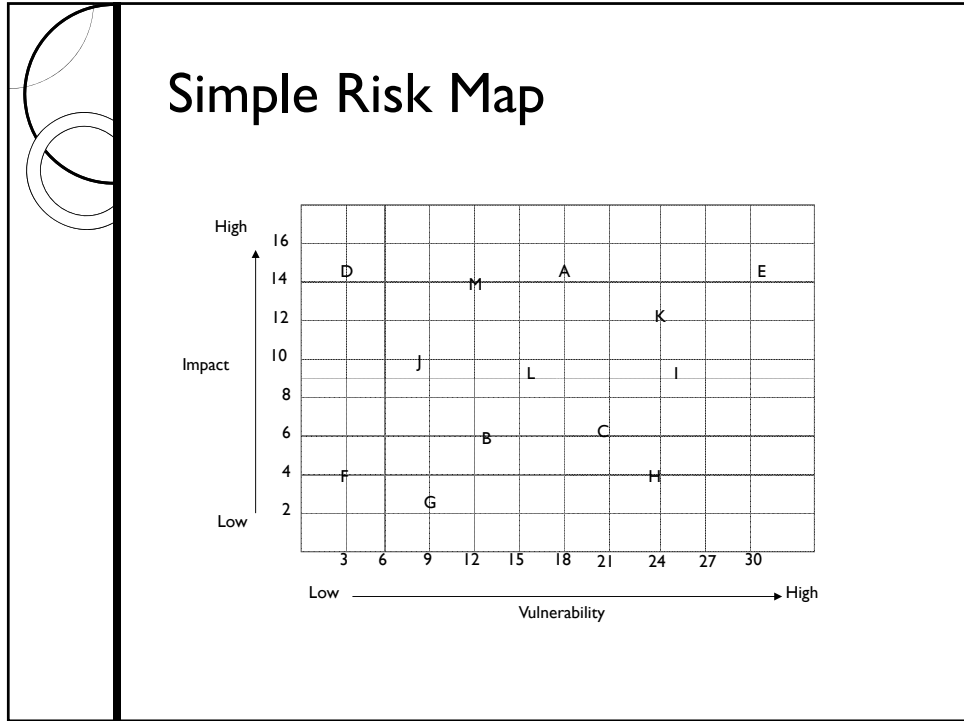
## Risk Assessment

- Impact (Severity)
  - Financial
  - Legal
  - Reputation
  - Operations
  - Strategic
- Vulnerability
  - Likelihood/Frequency/History
  - Complexity
  - Rate of Change
- Controls

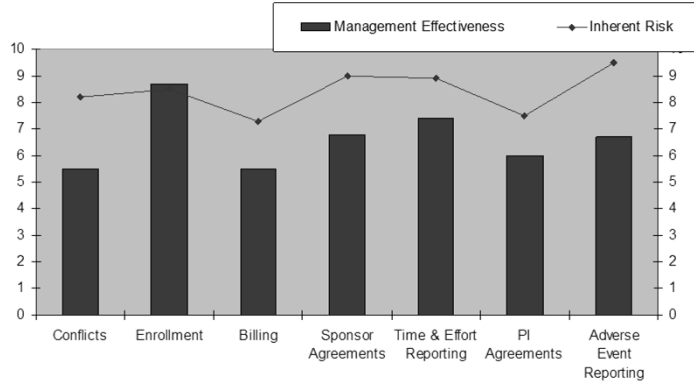


## Assessment Tools

- Risk Map
- Gap Analysis
- Risk Prioritization Scoring



# Gap Analysis



# Risk Prioritization Scoring

Compliance Risk Assessment - FY15														
Risks	Impact							Vulnerability				Prioritization		
	Financial	Reputation	Regulatory	Stakeholders	Operational	Strategic	Impact Score	Likelihood / History	Complexity	Rate of Change	% Uncontrolled	Total Vulnerability	Risk Priority Score	Comments
Risk Category														
Risk 1	5	5	4	3	3	4	24	4	4	2	75%	7.5	<b>180.0</b>	
Risk 2	5	4	5	3	4	4	25	2	2	2	25%	1.5	37.5	
Risk 3	1	2	3	4	3	2	15	4	5	5	95%	<b>13.3</b>	<b>199.5</b>	
Risk 4	3	3	3	4	3	3	19	4	5	4	50%	6.5	123.5	
							0					0.0	0.0	
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## Risk Impact

- Severity measure
- Define scoring terms in very specific terms
  - Numeric scoring
  - High – Low
  - Example: High=Loss or additional expense greater than 1% of gross revenue (financial impact)




## Vulnerability Scoring

- Consider without controls to understand the inherent risk
- Specific definition of terms (scores)
- Vulnerability may include:
  - Likelihood of failure
  - History of failure
  - Rate of change
  - Complexity of process
  - Detectability of failure




## Evaluating the Control Environments

- Extent of variation
- Routine review or audit of process
- Human factors
  - Standard work
  - Communication, hand-offs, redundancy, work around, reliance on memory, etc.




## Risk Tolerance

- Continuum ranging from total avoidance of risk to total acceptance
- Tied to mission and organizational governance and leadership
- Understand that you probably can not address all risks identified



## Work Plan Development

- Identifying and prioritizing risks creates risk if nothing will be done with the information
- Audits are not corrective action!
- Understand the root cause
- Resources available



## Work Plan Development

- Involve stakeholders
- Communicate
- Monitoring and ongoing periodic assessment
- Re-evaluate and reprioritize at next risk assessment



## Planning Each Element

- Definable goal (By 12/31/15 testing will demonstrate 100% billing accuracy consistent with the 2-Midnight Rule)
  - S – Specific
  - M – Measurable
  - A – Attainable
  - R – Relevant
  - T – Time-Based
- Milestones/Scheduling
- Resources
- Tracking



## Coordination

- One work plan or many?
  - Compliance Work Plan
  - Education Plan
  - Compliance Audit/Review Plan
  - Internal Audit Plan
  - Others (ERM, Risk, Security, Privacy, etc.)
- Who owns the plan?

**Stakeholder Engagement**

- Include key stakeholders in Effectiveness Evaluation and Risk Assessment process
- Alignment with operational priorities and strategy
- Consider burden and benefit
- Use your experts
- Communicate Plan and Progress
  - Governing Body
  - Executive Leaders
  - Compliance Committees
  - Departments helping you or doing the work

**Questions/Discussion**

