PLANS AND INVOLVING THE BOARD

HCCA MANAGED CARE COMPLIANCE CONFERENCE
FEBRUARY 22 – 24, 2009

DANIEL GARCIA
SENIOR VICE PRESIDENT, CHIEF COMPLIANCE OFFICER
KAISER FOUNDATION HEALTH PLAN, INC

www.hcca-info.org / 888-580-8373
Outline

- Overview of Kaiser Permanente and its Compliance Program
- Ensure Board of Directors Knows its Responsibilities
- Board Training and Committee Reporting is Essential
- Demonstrate Approach that Reflects Your Organizational Strategy
- Other Forms of Communication With Your Board
- Other Tips
Who is Kaiser Permanente?

- Kaiser Permanente is an integrated health care provider, health plan, and hospital proprietor.

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>159,766</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Physicians</td>
<td>14,000</td>
</tr>
<tr>
<td>Number of Nurses</td>
<td>31,454</td>
</tr>
<tr>
<td>Members</td>
<td>8.7 Million</td>
</tr>
<tr>
<td>Regions</td>
<td>8 Regions</td>
</tr>
<tr>
<td>States</td>
<td>10 States</td>
</tr>
<tr>
<td>Hospitals</td>
<td>32 Medical Centers</td>
</tr>
<tr>
<td>MOB/Clinics</td>
<td>421</td>
</tr>
<tr>
<td>Medicare Members</td>
<td>850,000</td>
</tr>
</tbody>
</table>

- Massive design and construction and IT capital expenditures
- Multi-billion dollar dispenser of pharmaceuticals

Annual Operating Revenue (2007) | $37.8 Billion
Kaiser Organizational Structure

Kaiser Foundation Hospital (Care Delivery)
- 2007 Annual Operating Revenue ~ $37.8 Billion
- 8.7 Million Members
- 8 Licensed Health Plans

Permanente Medical Groups

Kaiser Foundation Health Plan, Inc. (Health Plan)
- 8 Medical groups
- KFH
- ~14,000 Physicians
- 32 Medical Centers
- 421 MOBs

Compliance
Our Approach to Compliance

Kaiser Permanente Compliance Structure
Relationship to regions and national departments

- National Compliance Office (NCO)
  - Regional Compliance Officers (RCO's)
    - Medical Center Compliance Officers
  - National Department Compliance
    - Operations
      - IT
      - Human Resources
      - National Facilities
      - Services Compliance
      - Marketing, Sales, and Service Administration
      - CA Pharmacy
      - KP HealthConnect
      - National Environmental Health and Safety
      - Community Benefit
## Compliance Teams & Their Work

### Operations
- Trakweb Deployment
- Support and coordinate
- FDCU Data Mining National Deployment

### Training, Communications & Integrity
- General Compliance Training
- Hotline Refresh
- POR, COI Deployment
- Videos, Posters, Website
- Policies & Vendor Integrity

### Audit
- CoMSAT II
- KPHC CAP Validation
- Medicare Audits
- Claims
- Vendor Relationships

### Medicare & Federal Programs
- CMS Audit response/remediation
- List Validation and Reporting
- Medicare Monitoring
- Medicare and MMA Implementation
- Mock CMS Audits

### Privacy / Security
- P&I
- Risk Assessments
- KPIT Security Projects
- Data Security Management

### Care Delivery
- Toolkits
- Standards-Clinical Areas
- Hospital Assessments
- KPHC Assessments
- Scope of Practice
- Care Delivery Compliance Video
- Coding and Medical Record Standards
- Training Programs

### Fraud Control
- Deploy to All Regions/Medical Centers
- Build Medical Center Investigation Skills

### NCO Leadership & Bus Svs
- Board Reports
- Conferences and Forums
- Coordination

---

www.hcca-info.org | 888-580-8373
Ensure Board of Directors Knows its Responsibilities
Board Legal Responsibilities

- Fiduciary Duties (General)
- Health Plan Board Oversight Duties
- Compliance Program Oversight (Sentencing Guidelines)
- Oversight Statutes and Regulations
- Hospital Board Oversight Duties
US Sentencing Guidelines Emphasize Board Accountability to Compliance

Board of Directors’ Accountability:
U.S. Sentencing Guidelines and Case Law

U.S. Sentencing Guideline Amendments
Regulators Raised the Bar for Compliance

• The United States Sentencing Commission (USSC) amended the U.S. Sentencing Guidelines for corporations – effective November 1, 2005.
• Designed to promote good corporate behavior by providing incentives, in the form of reduced criminal sanctions, to organizations that have meaningful and effective compliance and ethics programs in place.
• The amendments raise the standards for compliance and ethics programs.
• The amendments place greater responsibility on Boards of Directors with respect to the “content and operation” of such programs.
• The organization’s governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program.”
• “Companies that seek reduced criminal fines now must demonstrate that they have identified areas of risk … trained high level officials … and given their compliance officers sufficient authority and resources to carry out their responsibilities.”
Review of Board Legal Responsibilities

**General Duties**

- General Fiduciary Duties

- Common Law

- Due Care
  - Director must perform functions:
    - In good faith
    - In a manner she/he believes to be in the best interest of the corporation

- Duty of Loyalty

- Business Judgment Rule
### KP Board Has Fiduciary Duties Regarding Hospitals

**Statutes related to Hospital Governance**

*2004 - 2005 NCQA Standard Quality Improvement (QI)*

**Element A: Quality Improvement Program Structure**

- The governing body is the organization’s board of directors, which is responsible for organizational governance. The governing body must review and approve the QI program description annually.

**Obligations under Title 22, California Code of Regulations, §§ 70701 & 70703:**

- Specifies the hospital governing body’s responsibilities, including the appointment and reappointment of the medical staff; and the medical staff’s responsibility to the governing body for the adequacy and quality of patient care.

**Obligation under Title 42, Code of Federal Regulations, § 482.12**

**Conditions of participation: Governing body**

- “The hospital must have an effective governing body legally responsible for the conduct of the hospital as an institution.” Interpretive Guidelines § 482.12
## Suggested Duties for Hospital Boards

- Approve Professional Staff bylaws
- Approve Professional Staff appointments and clinical privileges
- Appoint Hospital Administrator and Professional Staff leadership
- Review and take action upon management staff reports and medical care evaluation activities
- Perform periodic evaluation of hospital operations and quality systems
  - Annual meetings with hospital representatives and the BOD help to fulfill this requirement.
- Perform additional duties as required by law or external review organizations/agencies
- Summary of new significant events, performance improvement, risk management and safety issues
- Follow-up actions and status of prior periods’ significant events
- Summaries of accreditation and licensing agencies’ reports and findings
## KP Board Has Duties Regarding Health Plan

### Statutes Related to Health Plan Governance

#### Board Obligations Under Sarbanes-Oxley Act of 2002

- Attempts to foster change in the way business organizations act and assign greater responsibility to executives for failures in the accuracy of financial statements.

#### Obligations Under 501(c)(3)

- The Internal Revenue Service believes that governing boards should be composed of persons who are informed and active in overseeing a non-profit’s operations and finances.

- The IRS suggests that organizations’ Boards understand the company’s mission, code of ethics, fiduciary duties, financial audits and compensation practices.
### Suggested Duties for Health Plan Boards

- Establish effective mechanism(s) for review and acting upon performance reports
- Perform periodic evaluations of health care operations and systems
- Ensure activities are directed toward corporate objectives
- Validate management is effective in carrying out responsibilities for quality
- Perform additional duties as required by law or external review organizations / agencies
Board Mandates for KP Compliance Program

| Broaden the vision of the compliance program to embody the concept of excellence and integrity. |
| Integrity and compliance must be understood as integral to providing quality health care. |
| Integrity and compliance must be a fundamental operating requirement of the KP Promise and our social mission. |
| Redesign the National Integrity and Compliance Program Structure. |
| There will be one Chief Compliance Officer with direct access to the Board of Directors and Regional Senior Leadership. |
| There will be one Integrity and Compliance Program. |
| Clarify Key Roles & Relationships to empower National Compliance and the Chief Compliance Officer. |
| The CCO must have the influence and ability to maintain a single programwide integrity and compliance approach. |
| The CCO must establish program-wide policies and principles that must be operationalized by Regional Compliance. |
| The CCO must have the authority to develop uniform metrics to measure performance against compliance standards. |
| Operationalize the Integrity & Compliance Program. |
| Must create standards, accountability, training, policies, monitoring and corrective action. |
| Validate the Performance of the Integrity and Compliance Program. |
| Senior management must be able to validate the performance of the Compliance Program. |
| CCO will develop standards for the development of metrics to evaluate compliance performance. |
Board Training and Committee Reporting is Essential
Board Training is Essential

1. Board Training is Essential

**Suggested Topics for Board Training**
- Orientation for new Board members regarding board duties
- Annual Board compliance training mandated by the OIG
- Annual training has included:
  - Review of Code of Conduct or Principles of Responsibility
  - Interactions with regulatory agencies
  - Quality and compliance overlap
  - Examples of significant compliance issues and work products
  - Review of laws applicable to health care and compliance
Board Reporting is Essential

2. Board Reporting is Essential

CCO report given to
1. Audit and Compliance Committee
2. Governance Committee
3. Quality Health Improvement Committee

Primary purposes of presentations
1. Inform the Board of compliance risks, disclosures, regulatory activity, etc.
2. Help Board to meet its fiduciary obligations
3. Help the Board communicate the compliance message to the enterprise
4. Report on activities of compliance program to ensure effectiveness:
   a. Resources
   b. Investigations
   c. Corrective Action Plans
Committee Reporting Is Essential

- Detailed reporting calendar to Audit and Compliance Committee
- Compliance should provide detailed reports to our Board throughout the year that Highlight Risks and Compliance responses to those risks:

Suggested topics for Committee Meetings

### Compliance Operations Focus
- Significant Regulatory Updates
- Health Plan Update
- MMA Report
- Medicare and Federal Programs
- Privacy and Security Updates
- Health Care Delivery Report
- Specific Topics
  - HIPAA
  - Hospital Compliance
  - Quality Oversight

### Compliance Management System
- Audit Report
- Hotline Report
- Fraud Control and Investigations
- SOX Violations
- Compliance Hotline Reports
Identifying Key Risks for your Board

How might you identify risk for the Board and what are the challenges you might face?

• Delicate balance – too much or too little?
• Easy to err on the side of too much in light of the Boards responsibility for compliance program oversight
• Must facilitate Boards comprehension for complex issues
• Here are some suggestions:
  1. Develop Executive Summaries
  2. Develop Charts, Heat Maps, Scorecards and Diagrams
  3. Create Risk Landscapes
  4. Highlight Work Plan Initiatives and Notable Risks
  5. Emphasize Proactive vs. Reactive Efforts
  6. Pay Attention to What They Ask For
## Develop Executive Summaries

<table>
<thead>
<tr>
<th><strong>Sponsor/Presenter</strong></th>
<th>Indicate who is presenting the information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audience</strong></td>
<td>Identify which committee of the Board is the report being presented to</td>
</tr>
<tr>
<td><strong>Action Requested</strong></td>
<td>Indicate whether the Board is required to take action</td>
</tr>
<tr>
<td><strong>Background</strong></td>
<td>Describe the purpose and reason for the report</td>
</tr>
<tr>
<td><strong>Executive Summary</strong></td>
<td>Add three or four major bullet points that highlight the reports content and objective</td>
</tr>
</tbody>
</table>
## Compliance Accountabilities
- Commitment to compliance program by the Leadership
- Placement, role, visibility and scope of responsibility of Compliance Officer
- Documented role, scope, and responsibility for Compliance Department
- Accountability of department Directors and Managers for compliance
- Accountability of employees for compliance
- Presence, publicity, and enforcement of disciplinary standards

**Compliance Plan**

**Compliance Resources & Support**

**Compliance Committees**

**External Agency Relations**

**Documentation of Compliance Officer’s awareness, review, and approval of all written submissions to regulators**

**Notification of ongoing external investigations or legal proceedings**

**Documented reportable events process**

**Compliance Requirements Identification & Analysis**

**Understanding specific risks related to the changing regulatory environment and role in directing the identification, analysis, and implementation of new compliance requirements**

**Reporting of changes, sales, closures, purchases, or establishment of new business units or locations**

**Compliance Standards & Policies**

**Distribution of Principles of Responsibility**

**Compliance policies and procedures**

**Procedures & Controls**

**Operational policies and procedures with compliance requirements**

**Compliance Training**

**General training**

**Specialized training**

**Monitoring & Metrics**

**Reporting**

**Compliance Risk Assessments**

**Compliance Audits**

---

**Use Risk Assessment Heat Maps**

### Hospital Compliance Assessments - Before and After Picture

**Compliance Management & Systems Status Heatmap**

**Compliance Elements Southern California**

**Before Picture as of September 2006**

**After Picture as of 4/24/2008**

**Legend:**
- **Green** indicates there is evidence that expectations are met.
- **Yellow** indicates there is some evidence that processes are satisfactory, but need improvement.
- **Orange** indicates there is evidence that processes are being put into place but require significant improvement.
- **Red** indicates there is no evidence that expectations are being met.
Use of Balanced Scorecards – ActiveStrategy*

A balanced scorecard through ActiveStrategy is the primary performance display feature where you can view perspectives, objectives, and measures all on one page.

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Strategic Focus Area</th>
<th>Strategic Objective</th>
<th>Critical Measure</th>
<th>Strategic initiative</th>
<th>Actual &amp; Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEST PLACE TO WORK</td>
<td>Date</td>
<td>Actual</td>
<td>Target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Increase Compliance Training and Awareness (NATL)</td>
<td>Oct 08</td>
<td>95.7%</td>
<td>95.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP001 % employees completing Annual Compliance Training (NATL)</td>
<td>Oct 08</td>
<td>95%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP002 % new employees completing New Employee Compliance Training (NATL)</td>
<td>Oct 08</td>
<td>95%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP003 % new supervisors completing New Employee Supervisor Training (NATL)</td>
<td>Oct 08</td>
<td>95%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEST SERVICE</th>
<th>Name</th>
<th>Date</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Meet Part C and D Requirements (NATL)</td>
<td>Oct 08</td>
<td>96%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>HP001 % compliant for all CMS elements - Quarterly (NATL)</td>
<td>Oct 08</td>
<td>96%</td>
<td>95%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BEST QUALITY</th>
<th>Name</th>
<th>Date</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. Manage Care Delivery Risks (NATL)</td>
<td>Oct 08</td>
<td>92%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>CD001 % required employees completing Radiology Training (NATL)</td>
<td>Oct 08</td>
<td>92%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>CD002 % required employees completing Laboratory Training (NATL)</td>
<td>Oct 08</td>
<td>97%</td>
<td>95%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MOST AFFORDABLE</th>
<th>Name</th>
<th>Date</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Minimize Loss From Fraud, Waste, and Abuse (NATL)</td>
<td>Oct 08</td>
<td>95%</td>
<td>(40 - 60)</td>
<td></td>
</tr>
<tr>
<td>CP004 % of PWA investigations substantiated (NATL)</td>
<td>Oct 08</td>
<td>95%</td>
<td>(40 - 60)</td>
<td></td>
</tr>
</tbody>
</table>

*ActiveStrategy Enterprise is a Balanced Scorecard software solution by ActiveStrategy, Inc.
Example: Compliance Uses Active Strategy for Medicare Monitoring

Recognized by CMS as a “Best Practices”

92% overall compliance for Q2-2008: active quarterly metrics

<table>
<thead>
<tr>
<th>%Compliant by Functional Area</th>
<th>%quarterly elements compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims</td>
<td>94%</td>
</tr>
<tr>
<td>Marketing</td>
<td>97%</td>
</tr>
<tr>
<td>Member Services</td>
<td>92%</td>
</tr>
<tr>
<td>Membership Admin</td>
<td>88%</td>
</tr>
</tbody>
</table>

Stoplight Chart Q2-2008
Enrollment C-ER

| C-ER01 Correct enrollment election | Yes | Yes | Yes |
| C-ER02 Enrollment election receipt - dated | Yes | Yes | Yes |
| C-ER03 Enrollment effective date (timeliness) | Yes | Yes | Yes |
| C-ER04 Enrollment election completion process | Yes | Yes | Yes |
| C-ER05 Enrollment acknowledgement (timeliness) | Yes | Yes | Yes |
| C-ER06 Enrollment acknowledgement (notice content) | No | TREND | Yes |
| C-ER07 Denied enroll pre CMS transmission (time) | Yes | Yes | n/a |
| C-ER08 Denied enroll pre CMS transmission (content) | Yes | TREND | n/a |
| C-ER11 Submission of enrollment transaction to CMS | Yes | Yes | Yes |
| C-ER12 Retro enrollment requests | Yes | TREND | Yes |
| C-ER13 EGHP - employer group retro enrollment | No | No | Yes |
| C-ER15 Approp follow-up - state/county code change | No | TREND | Yes |
Create Compliance Risk Landscapes

Engage in risk assessments for both Health Plan areas and Care Delivery areas to develop risk landscapes to share with your Board

• Create Care Delivery & Health Plan Compliance Risk Landscapes that identify the activities that allow you to measure a particular risk:
  – Risk Rating – categorization of risks (high, medium, low) based on established criteria
  – Risk Status - compliance activities implemented to mitigate risks
    • Example: Compliance standard and validation
• Engage a work group to conduct a risk assessment that will feed your work plan with the following information:
  – Existing risks
  – New laws and regulations
  – Work plan initiatives
### Health Plan Risk Landscape – Current compliance risks per major product line

<table>
<thead>
<tr>
<th>LOB</th>
<th>Federal</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medicare Advantage</td>
<td>FEHBP</td>
</tr>
<tr>
<td></td>
<td>CMS</td>
<td>OPM</td>
</tr>
<tr>
<td><strong>For Example</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Functional Area</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Membership</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Sales Operation</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Marketing Communications</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Internet Services Group</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Benefits Administration</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Pricing &amp; Underwriting</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Provider Contracting</td>
<td>National Health Plan Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>Member Services (includes Grievance &amp; Appeals)</td>
<td>Regional Health Plan Compliance Committee</td>
<td></td>
</tr>
</tbody>
</table>

- **Risk & Compliance**
  - Current Mitigation Activity
  - National vs. Regional Oversight
  - Risk Categories

**Appropriate Products vs. Functional Area categorization?**

**Rescissions**

**Inappropriate Breach Access**

**Inaccurate Benefit Loading**
# Care Delivery Risk Landscape by Functional Area

## FOR EXAMPLE

<table>
<thead>
<tr>
<th>Functional Area / Initiative</th>
<th>Compliance Oversight</th>
<th>Agency</th>
<th>Scheduling, Registration &amp; Admitting</th>
<th>HR, Staff Licensing &amp; Certification</th>
<th>Delivery of Care</th>
<th>Documentation</th>
<th>Coding</th>
<th>Billing</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Departmental Risk Areas By Subject</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anesthesia</td>
<td>Hospital Council / NCO / RCO / MCCO</td>
<td>CMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioral Health</td>
<td>NCO / RCO / MCCO</td>
<td>CMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardiology</td>
<td>NCO / RCO / MCCO</td>
<td>CMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dermatology</td>
<td>NCO / RCO / MCCO</td>
<td>CMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ED</td>
<td>NCO / RCO / MCCO</td>
<td>CMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBD</td>
<td>NCO / RCO / MCCO</td>
<td>CMS / Medicaid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor &amp; Delivery</td>
<td>NCO / RCO / MCCO</td>
<td>CMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Highlight any audits or assessments**
- **Highlight any training**
- **Highlight any monitoring being done**
Highlight Work Plan Initiatives and Notable Risks: Medicare Monitoring

**Description:** Maintain and enhance Medicare monitoring program

**Accountable Executives:** –

**Progress Made**
- User training/reporting for remaining metrics underway this month

**Measures**
- % of implemented metrics that are reporting
- Metrics additions and revisions necessitated by regulatory changes are implemented
- % of red “trend” metrics changing to green metrics

**Milestone Timeline**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1 ‘10</th>
<th>Q2 ‘10</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Prepare and lead quarterly business reviews Q1-Q4</td>
<td>● Implement revised structure/report - Q4</td>
<td>● Begin Reporting on remaining metrics - Q1</td>
<td>● Begin reporting on Part C reporting requirements – Q3</td>
<td>●</td>
<td></td>
</tr>
</tbody>
</table>

**Compliance Objective** – Maintain and enhance Medicare monitoring program to ensure timely and effective monitoring of Medicare compliance

**Risk Assessment Findings**

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>Risk Name</th>
<th>Risk Description</th>
<th>National Risk Status &amp; Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims, Membership Administration, Member Services, Marketing and Pharmacy</td>
<td>Medicare Monitoring</td>
<td>HIGH (G)</td>
<td></td>
</tr>
<tr>
<td>Provider Contracting, UM, NMF</td>
<td>Medicare Monitoring</td>
<td>HIGH (G)</td>
<td></td>
</tr>
<tr>
<td>Provider Contracting, UM, NMF</td>
<td>Medicare Monitoring</td>
<td>HIGH (G)</td>
<td></td>
</tr>
<tr>
<td>Claims, Membership Administration, Member Services, Marketing and Pharmacy</td>
<td>Part C reporting requirements Compliance Metrics</td>
<td>MED (Y)</td>
<td></td>
</tr>
</tbody>
</table>

- R = Risk assessment in development
- D = Risk assessment due diligence
- (RE) = No focused risk mitigation activity
- (O) = In development
- (Y) = Implementation
- (G) = Validation
- (M) = Monitoring
Highlight Work Plan Initiatives and Notable Risks: Laboratory

**Laboratory**
- Maintain a Compliance Program that identifies and mitigates risk at the functional area level

**Progress Made**
- National Subject Matter Experts (SME) Group established
- Published comprehensive risk assessment toolkit and training

**NCO Planned Work**
- Maintain a National Compliance Infrastructure & Strategy
- Review systems and processes related to billing
- Review systems and processes for SOSA
- Review POC testing processes

**RCO Accountability**
- Regional / SME Participation
- Implement Training
- Status Report
- Support CAP development

**Measures**
- Process Measure: Status report on Implementation of Toolkit
- Outcome Measure: (TBD)

**Milestones Timeline**

<table>
<thead>
<tr>
<th>Milestones Timeline</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME workgroup meetings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of toolkit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metric TBD</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EXAMPLE**

**Milestone Timelines:** Boards love to see progress over time
Pay Attention to What the Board is Asking

2008: Oversight Priorities and “Top Concerns”

Audit Committee members were surveyed at KPMG’s annual Audit Committee Issues Conference on which issues would pose the greatest concern for audit committees in the year ahead.

Top Priorities for 2008
1. Risk Management
2. Accounting judgments and estimates
3. IT risk and data security
4. Internal controls/404 compliance

Top Concerns for 2008
1. Recession-related risks
2. Risk intelligence
3. Increases risk of earnings management
4. Tone at the top, culture, and incentives
Demonstrate Approach that Reflects Your Organizational Strategy
## Compliance Objectives Should Align with Organizational Strategy

<table>
<thead>
<tr>
<th>Best Service</th>
<th>Best Quality</th>
<th>Best Place to Work</th>
<th>Most Affordable</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase Privacy and Security</td>
<td>• Support a Compliant Revenue Cycle</td>
<td>• Provide Safe Interactions with Supervisors &amp; Others</td>
<td></td>
</tr>
<tr>
<td>• Meet Medicare Part C &amp; D Requirements</td>
<td>• Manage Care Delivery Risks</td>
<td>• Increase General Compliance Training &amp; Awareness</td>
<td></td>
</tr>
<tr>
<td>• Identify Risk of Health Plan Products</td>
<td></td>
<td>• Ensure a Prompt Response to Concerns</td>
<td></td>
</tr>
<tr>
<td>• Act on New Regulations</td>
<td></td>
<td>• Include Expectations in Performance Evaluations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sustain Effective Compliance Organization</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Minimize Loss from FW&amp;A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Maximize Recoveries</td>
</tr>
</tbody>
</table>

*Best Service*

- Increase Privacy and Security
- Meet Medicare Part C & D Requirements
- Identify Risk of Health Plan Products
- Act on New Regulations

*Best Quality*

- Support a Compliant Revenue Cycle
- Manage Care Delivery Risks

*Best Place to Work*

- Provide Safe Interactions with Supervisors & Others
- Increase General Compliance Training & Awareness
- Ensure a Prompt Response to Concerns
- Include Expectations in Performance Evaluations
- Sustain Effective Compliance Organization

*Most Affordable*

- Minimize Loss from FW&A
- Maximize Recoveries
Integrate Compliance into Organizational Initiatives

Workforce-wide survey used to benchmark against other companies’ responses

<table>
<thead>
<tr>
<th>Question</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel comfortable raising ethical concerns to immediate supervisors or management</td>
<td>77%</td>
</tr>
<tr>
<td>I feel business activities at KP are conducted with honesty and integrity</td>
<td>77%</td>
</tr>
<tr>
<td>I am encouraged to speak up about errors and mistakes</td>
<td>76%*</td>
</tr>
</tbody>
</table>

Question

In my department or work unit, I feel comfortable voicing my opinions, even when they are different from others?

In my department or work unit, I am encouraged to speak up about errors and mistakes?

Would I feel comfortable raising an ethical concern or compliance-related issue to my immediate supervisor or someone else in management?

Business activities are conducted with honesty and integrity at Kaiser Permanente?

If management were informed of unethical behavior or a compliance-related issue, I have confidence they would respond appropriately?
Other Forums of Communication With Board and Organization
Other Forms of Communication With Your Board

- Annual Compliance Report
  - Create an Annual Report that reflects objectives, measures and initiatives of your compliance program to share with the Board and the organization

- Work Plan
  - Develop and roll out an integrated work planning process to the greater Compliance community
  - Identify the universe of risks facing your organization
  - Develop an integrated Compliance Work Plan to mitigate risks
Other Tips
### Other Tips

- Try to engage in closed session for the most important compliance topics.
- Ask for feedback.
- Align yourself with other departments (e.g., Internal Audit, Legal, Quality).
- Always strive to identify no more than two or three teaching points you want the Board to remember.
- Convince them YOU ARE THEIR eyes and ears.
- Let them meet key staff within your department:
  - Training Director
  - Investigative Lead
QUESTIONS ?