Regulatory Compliance Monitoring

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Compliance Monitoring

Focus on Regulatory Oversight of Government Programs

- Medicare Advantage – approximately 90,000 members
- Managed Medicaid – approximately 480,000 members
- CHIP – approximately 71,000 members
- Marketplace – approximately 130,000 members
Format

+ Compliance Structure
+ Compliance Functions
+ Culture of Compliance

Compliance Structure

BCBST Organizational Structure

+ Compliance and Audit Departments are separate but work closely together
+ Regulatory Compliance has three teams that focus on monitoring operational areas for regulatory compliance
+ Corporate Compliance has three additional teams that focus on training/communication, investigations/FWA and commercial contract compliance
Compliance Structure

Compliance Monitoring Teams reside within Operations, assigned based on high-risk areas

- Medicare Advantage
  - 7 Consultants, Business Analyst and Manager
- Managed Medicaid
  - 5 Consultants, Business Analyst and Manager
- Marketplace
  - 3 Consultants, Business Analyst and Manager

Compliance Structure

Embedded Consultant Concept

- Live and work within Operations
- Work alongside Operations as partner, not police
- New model; intent is to find ways to communicate better, change culture
- Stay cohesive by meeting often as compliance groups and monthly as a whole team
- Informal, relaxed atmosphere
Compliance Structure
Medicare Advantage
(HMO, PPO, DSNP)

- Business Analyst
  - Change management
  - Monthly and quarterly reporting
  - Database maintenance
- Consultants
  - Enrollment, Member Reconciliation
  - Appeals, Grievances, Complaints, Customer Service
  - Pharmacy
  - Sales, Marketing, Provider Network
  - Medical Management, Quality, Claims
- Areas not assigned specific consultant receive input from all
  - STARS Program
  - Finance

Compliance Structure
MarketPlace

- Business Analyst
  - Change management
  - Monthly and quarterly reporting
  - Database maintenance
- Consultants
  - Enrollment, Billing, Configuration, Claims
  - Sales, Appeals, Grievances, Complaints, Customer Service, Provider Network
  - Product Development, Project Management, Marketing
- Areas not assigned specific consultant receive input from all
  - Fulfillment
Compliance Structure

Managed Medicaid
(TennCare, Child Health Plus, Long Term Service/Support)

+ Business Analyst
  • Change management
  • Monthly and quarterly reporting
  • Database maintenance

+ Consultants
  • Medical Management, Quality
  • Claims, Appeals, Grievances, Complaints, Customer Service
  • Behavioral Health, Child Health Plus
  • Vendor Management, Provider Network
  • Long Term Service and Support

Areas not assigned specific consultant receive input from all
  • Finance
  • Member Education

Compliance Structure

Effectiveness Survey

+ Surveyed sample of employees to determine reaction to new model
+ 10 questions asking whether consultant was knowledgeable, professional, helpful, listens and communicates timely, able to identify risks within area
+ Overall ratings were “strongly agree” with positive feedback
  • “Heather is not only overseeing to make sure we are staying compliant, she actually gets involved to try and stay in front of potential issues that may put our operation at risk of not being compliant. If and when an issue is identified, she takes the time to help our team get to the root cause and put the corrective actions in place to rectify. All in all, I could not have asked for a better Compliance Consultant to work with. Heather is a joy to work with.”
  • “Deanna is a great asset to our division and the company. She has the knowledge and skills to perform her job. We are very pleased to have her assigned to us!!! Thank you!”
Compliance Structure

Compliance Program based on Seven Elements and Three Lines of Defense*

+ 1st Line of Defense – Operations
+ 2nd Line of Defense – Compliance
+ 3rd Line of Defense – Internal Audit

* 3 Lines of Defense adapted from IIA Position Paper, Institute of Internal Auditors, January 2013

Three Lines of Defense

Senior Management

1st Line of Defense
Risk Owners / Managers
- Operations Management

2nd Line of Defense
Compliance
- Limited Independence
- Reports Primarily to Management

3rd Line of Defense
Internal Audit
- Internal Audit
- Strict Independence
- Reports to Audit Committee

Audit Committee / Board of Directors

Regulator

External Audit
1st Line of Defense

Operations Management

- Develops & Implements Policies & Procedures
- Provides Quality Assurance to Monitor Results
- Collaborates with Corporate Compliance

2nd Line of Defense

Compliance

- Monitors Corporation for Compliance with Laws, Regulations and Contractual Obligations
- Serves as a Resource for Operations Areas with Embedded Compliance Functions
- Collaborates with Internal Audit during Risk Assessments
Collaborates with Compliance on Risk Assessments
Audits Areas of High Risk Based On Results of Risk Assessments
Reports Results of Audits to Senior Management & Audit Committee

Internal Audit

Compliance Structure
Monitoring vs. Auditing
What is the Difference?

Auditing – Examining for purposes of verification
Monitoring – Observing, recording or detecting
Compliance Structure

Auditing

- Formal retrospective review with a methodical approach and sampling of cases
- More comprehensive than monitoring, performed less often
- Auditors review against a set of standards used as a base measure

Monitoring

- Ongoing daily event which includes analysis and tracking of trends to correct issues at the lowest level of detection
- Continuously validate risk assessments
- Record and report instances of non-compliance
- Inform executives about current and potential risks
- Oversee change management – implementation of new requirements
Compliance Structure

Monitoring vs. Auditing

How Does it Work?

+ We are NOT the control – Operations is
+ Monitoring reads the temperature on an ongoing basis … feeds Audit
+ Isolated “one-off” issues are mitigated through monitoring relationships
+ Enterprise wide, systemic issues are referred to Audit for deep dive
+ Audit validates that controls are in place for specific issues

The Cycle of an Identified Issue

+ Review existing department monitoring reports
+ Review policies & procedures and updated regulations
+ Meet with staff performing the work
  • Obtain firsthand knowledge of problem areas
+ Conduct root cause analysis with Operations
+ Escalate needs and concerns to Senior Management
  • If necessary, immediate action can be required
+ Inform regulatory bodies, if needed
+ Track the Corrective Action Plan (CAP)
+ Collaborate with Audit on findings and progress
Questions?

Compliance Monitoring Functions
The Role of the Compliance Monitoring Consultant

- Act as a Subject Matter Expert (SME)
- Analyze data and interpret risk
- Monitor change management and product implementation
- Validate controls for reasonableness
- Develop and execute risk-based monitoring work plans
- Track the Corrective Action Plan(s) and Audit Findings
- Oversee First Tier, Downstream, Related Entities (FDR)
- Be a Compliance Resource
Compliance Monitoring Functions

Subject Matter Expert (SME)

- Read and understand contractual and regulatory requirements
- Reference documentation from agencies to determine the scope of monitored requirements
  - (i.e.: Readiness checklist)
- Maintain knowledge base and self-educate
- Understand the business processes and operational controls
- Review member materials for compliance with the requirements

Compliance Monitoring Functions

Analyze Data and Interpret Risk

- Know the high risk areas and the vulnerabilities
- Participate in Operation’s team meetings and implementation projects to identify real-time issues
- Provide comprehensive reporting
- Prioritize and rate risk levels
## Compliance Monitoring Functions

### Analyze Data and Interpret Risk

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## Compliance Monitoring Functions

### Monitor Change Management and Product Implementations

- Review Policies & Procedures regularly
- Provide oversight of new and updated rule changes
- Participate in annual renewal projects
- Participate in completion of new applications
Compliance Monitoring Functions

Validate Controls for Reasonableness

- Ensure Policies & Procedures address all requirements
- Review external reporting against a checklist for outliers and risk level(s)
- Conduct risk-based compliance monitoring reviews of critical processes
- Conduct root cause analysis of process failures

Compliance does NOT validate technical specifications.

Compliance Monitoring Functions

Develop and Execute Risk-Based Monitoring Work Plans

- Collect data from internal and external sources
- Partner with the Audit Department to coordinate what requires an audit and what needs monitoring
- Be specific regarding procedures noted in work plan
Compliance Monitoring Functions

Track Corrective Action Plans (CAPs) and Audit Findings

- Assist in the creation and implementation of CAPs required by audit findings
- Include non-compliant issues without a CAP
  - Self reporting
- Conduct a follow-up review to ensure CAP was successful
- Conduct mock audits

Compliance Monitoring Functions

First Tier, Downstream, Related Entities (FDRs)

- You are the body, they are the arms and legs
- Whatever you do for internal functions must be done for vendors performing work for you
- Include vendor data in monitoring oversight
- Consider risk assessments of FDRs if you have several
  - Focus on the highest risks
## Compliance Monitoring Functions

### Compliance Resource
- Answer compliance questions
- Connect employees with appropriate contact
- Be an advocate!
- Promote compliance culture and the corporate mission

## Compliance Monitoring Functions

### Auditing Functions
- Coordinates Enterprise quarterly risk assessment in collaboration with Compliance
- Develops and executes Annual Audit Plan
- Oversees coordination of external audits
  - Financial Audits
  - Federal Employee Program Claims Audits
  - Bid Audits
- Performs annual audit of Compliance Program
Questions?

Compliance Culture

- Humor
- Compassion
- Relationships
- Mistake-based learning
- Commitment from the top
Compliance Culture

Humor

- Eases tensions
- Makes a dry subject more interesting

It’s okay to be goofy sometimes!

Case Study - Humor
Case Study - Humor

MEDICARE COMPLIANCE

Your Compliance Resource
ASK HIM

Case Study - Humor

MARKETPLACE

2014
WE DID IT TOGETHER.
Case Study - Humor

Compliance Culture

Compassion

You are not the boss of me!
Case Study – Compassion

+ Business Unit received notification from the state regulator of a $5,500 fine predicated on a “number of days calculation”
+ Compliance Consultant questioned the amount of damages citing for both the governing program rules and the applicable appeals processes
+ Business Unit leveraged the Compliance Consultant’s findings to appeal the amount of the fine with the regulator
+ State regulator reviewed the appeal details, agreed and reduced the amount of the fine to $1,500
+ Total Savings = $4,000

Case Study – Compassion

+ Compliance Consultant brought coffee and donuts to Marketplace Call Center staff during Open Enrollment for 2014
+ Compliance facilitated 5-way call with prospective member, sales agent, CMS account manager, Healthcare.gov to help individual get enrolled
+ Compliance Consultant overheard Call Center Representative getting frustrated with angry member, gave guidance and encouragement
Compliance Culture

Relationships

- It’s all about trust
- Camaraderie
- Sharing the load

Compliance Carnival 2014
Compliance Carl

Compliance Carnival 2014
Compliance Carnival 2014

Case Study - Camaraderie

- Compliance Consultant assisted with Wellness Fairs
- Did research and gave advice on regulatory requirements/challenges/opportunities
- All in – helped to plan and provided assistance with setup and cleanup
- Participated in fair
- Met members and bonded with other BlueCross BlueShield of Tennessee employees
Case Study – Sharing the Load

- Compliance Consultant assigned to Enrollment Department
- Heavily involved in new system implementation and rollout
  • Learned the system along with Operations
- Performed Quality Control of multiple processes during the setup and implementation
- Worked nights and weekends along with Operations staff

Compliance Culture

Mistake-Based Learning

- Don’t shoot the source
- We’re in this together
- We all learn, grow, succeed (or not)
Case Study
Mistake-Based Learning

“If we learn from our mistakes, shouldn’t I try to make as many mistakes as possible?”

Compliance Culture

Commitment from the Top

- Energy and support have to flow down
- Work with a purpose
- This is important!
Why is Compliance Important to You?

Questions?