I AM YOUR BOARD MEMBER
Please listen to me as to what Compliance education I need in order to serve as an effective Board Member.

Speakers

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From the Viewpoint of a Board Member

One
What initial and continuing education is needed?

Two
What degree of transparency do I need from the MCO regarding compliance issues?

Three
What do I need when a major compliance storm rolls in, including a DOJ investigation or CIA?
CONCEPTS
3 Ts

1. TRUST
   Of Management
   Must be earned

2. TRANSPARENCY
   By Management

3. Tone at the TOP

AGENDA

I. INTRODUCTION

II. CORPORATE GOVERNANCE BASICS

III. THE VIEW FROM THE BOARDROOM

IV. Q & A

We are all responsible for compliance.

The Board is ultimately responsible for the organization’s Effective Compliance Program.

Proper education for a Board Member is critical for an organization to have an Effective Compliance Program.

1. Medicare – CMS Issued Manual for Medicare Managed Care Organizations – 50.2.3


CORPORATE GOVERNANCE BASICS

Duty of Care
- How informed do I need to be? How much of an inquiry do I need to make?
- Relying on management
- Relying on advisors

Duty of Loyalty
- Conflicts of interest
- Corporate opportunities

Duty of Good Faith?

Sources of Duties and Responsibilities

Who cares about fiduciary duties?
DUTIES ON WHICH WE WANT TO FOCUS TODAY

TWO PARTICULAR ASPECTS OF THE DUTY OF CARE


THE DUTY TO BE INFORMED – SMITH v. van GORKUM – 488 A. 2d 858 (Del. 1985)

DISCHARGE OF THESE DUTIES AS AN MCO BOARD MEMBER

FUNDAMENTAL UNDERSTANDING OF THE INDUSTRY

FUNDAMENTAL UNDERSTANDING OF THE INDUSTRY’S REGULATORY FRAMEWORK

DISCHARGE OF THESE DUTIES AS AN MCO BOARD MEMBER

FUNDAMENTAL UNDERSTANDING OF THE EXPERTS ON WHOM THE DIRECTOR IS ENTITLED TO RELY

• IN-HOUSE: GENERAL COUNSEL AND LEGAL STAFF
• IN-HOUSE: COMPLIANCE/ETHICS OFFICER AND STAFF
• IN-HOUSE: INTERNAL AUDIT FUNCTION
• IN-HOUSE: RISK MANAGEMENT FUNCTION
• OUTSIDE COUNSEL
• INDEPENDENT OUTSIDE AUDITORS
• COMPLIANCE EXPERTS AND CONSULTANTS
**THE VIEW FROM THE BOARDROOM**

- Expertise & Qualifications
- Roles on Compliance & other Committees
- Training Opportunities
- Interactions with Management
- Investigations & Audits – Level of Detail
- Asking the Right Questions
- Seeking the Right Advisors
- Trends & Tracking

**TONE AT THE TOP**

**COMPLIANCE EVENT LIFE-CYCLE**

- Potential Red Flags
- Factors Informing Decision to Retain Outside Counsel
- Ultimate Decisions

**MANAGING AND RESPONDING APPROPRIATELY TO AN IRO**

**Education Regarding:**

- Organization’s reporting system is adequate to ensure the Board has appropriate information with respect to compliance with applicable laws.
- Opportunity to discuss issues which encourage conversations.
- Protect the Compliance Officer’s Independence.
- The Board exercises leadership by defining expectations, performance, and culture: Compliance is a way of your daily life.
- Building a culture that encourages self-identification of problems within the organization.
Educational Opportunities

- **Best Practices for Audit Committee Seminar**
  - Source: Corporate Compliance Seminars (several locations and dates)
  - Location: Indianapolis, IN / September 26, 2016, 8:45 – 12:30
  - Topics: Impact of recent and pending legislation resulting from the economic crisis and what's expected of audit committees in the current environment.

- **Board Audit and Compliance Committee Conference**
  - Source: Society of Corporate Compliance and Ethics
  - Location: Scottsdale, AZ / November 7-8, 2016
  - Topics: The latest on regulatory risk and compliance obligations, how to fulfill your fiduciary obligations as a board member, and how to help improve your board performance.

- **Managed Care Compliance Conference**
  - Source: Health Care Compliance Association
  - Location: Scottsdale, AZ / January 29 – February 1, 2017
  - Topics: Learn essential information for those involved with the management of compliance at health plans.

- **Board Audit Committee Compliance Conference**
  - Source: Health Care Compliance Association
  - Location: Scottsdale, AZ / February 27-28, 2017
  - Topics: Fraud, Abuse & Compliance for 2017, what it takes to be a good board member and Enterprise Risk Management.

Resource Materials


- **Catherine A. Martin and Amy Dilcher, The Role of Health Care Directors in Compliance: A Practical Approach to Compliance Oversight and Responsibilities**

- **Center for Healthcare Governance, Competency-Based Governance: A Foundation for Board and Organizational Effectiveness (2009)**


- **HEAT and OIG, A Toolkit for Health Care Boards (last visited Dec. 19, 2016)**

Resource Materials

- **Jeffrey E. McFadden, AHLA Executive Summary: Factors to Consider When Thinking About Retaining Outside Counsel on a Compliance Matter (2016).**
  - [Link](https://oig.hhs.gov/fraud/docs/complianceguidance/040203CorpRespRsceGuide.pdf).

  - [Link](https://oig.hhs.gov/fraud/docs/complianceguidance/CorporateResponsibilityFinal%209-4-07.pdf).

- **OIG and AHLA, Practical Guidance for Health Care Governing Boards on Compliance Oversight (2015)**
RESOURCES MATERIALS


Questions

APPENDIX
Board Responsibility for Compliance

Medicare
CMS Issued Manual for Medicare Managed Care Organizations – 50.2.3

The governing body (i.e., Board of Directors, Board of Trustees etc.) may delegate compliance program oversight to a specific committee of the governing body (e.g., Board Audit Committee or Board compliance committee), but the governing body as a whole remains accountable for reviewing the status of the compliance program. The scope of the delegation from the full governing body to the governing body committee must be clear in the committee’s charter and reporting.

Board Responsibility for Compliance

Medicaid
Title 42, Chapter IV, Subchapter C, Part 438
§438.608 Program integrity requirements under the contract.

(a) Administrative and management arrangements or procedures to detect and prevent fraud, waste and abuse.

• The State, through its contract with the MCO, PIHP or PAHP, must require that the MCO, PIHP, or PAHP, or subcontractor to the extent that the subcontractor is delegated responsibility by the MCO, PIHP, or PAHP for coverage of services and payment of claims under the contract between the State and the MCO, PIHP, or PAHP, implement and maintain arrangements or procedures that are designed to detect and prevent fraud, waste, and abuse. The arrangements or procedures must include the following:

(i) A compliance program that includes, at a minimum, all of the following elements:

   i. Written policies, procedures, and standards of conduct that articulate the organization’s commitment to comply with all applicable requirements and standards under the contract, and all applicable Federal and State requirements.
   
   ii. The designation of a Compliance Officer who is responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements of the contract and who reports directly to the Chief Executive Officer and the board of directors.
   
   iii. The establishment of a Regulatory Compliance Committee on the Board of Directors and at the senior management level charged with overseeing the organization’s compliance program and its compliance with the requirements under the contract.
Board Responsibility for Compliance
Health Care Entities
OIG and AHWA

The health care entity governing board plays an important role in reconciling differing views (e.g., legislative, OIG, American Bar Association) regarding the proper role of the general counsel in health care compliance. The governing board should monitor the roles of the general counsel and the chief compliance officer in supporting the board's compliance oversight responsibilities.

Courts have consistently upheld the distinction between the duties of Boards of Directors and the duties of management. The responsibility of directors is to provide oversight, not manage day-to-day affairs.

Board Responsibility for Compliance
Organizational Sentencing Guidelines

The Organizational Sentencing Guidelines (OSG) makes it clear that the board plays a pivotal role in compliance. Among other things, the OSG require that "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."

Board Responsibility for Compliance
Association of Corporate Counsel

The organization's governing authority should be knowledgeable about the content and operation of the Compliance Program and exercise reasonable oversight over its implementation and effectiveness. Specific individuals among high-level management should be assigned overall responsibility for the Program. One or more individuals should be assigned responsibility for the "day-to-day" operations of the program. Those individual(s) should have direct access to the governing authority and report to it periodically. This direct access is necessary to ensure that compliance information is channeled to those with the ultimate accountability for the organization. Those responsible for running the program should have adequate resources to operate the program effectively. What is deemed adequate will vary depending on the size and operations of the organization.