Simplifying Healthcare Compliance

Agenda

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<th>Introduction and Overview</th>
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<tr>
<td>Governance, Risk and Compliance</td>
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<tr>
<td>Getting Organized</td>
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<tr>
<td>Implementation and Beyond</td>
</tr>
<tr>
<td>Lesson Learned</td>
</tr>
</tbody>
</table>

CareSource
Who is CareSource?

- A nonprofit health plan and national leader in Managed Care
- 27-year history of serving the low-income populations across multiple states and insurance products
- Currently serving over 1.5 million members in Kentucky, Ohio, Indiana, West Virginia
- Preparing to serve Indiana and Georgia Medicaid members in 2017

Our MISSION

To make a lasting difference in our members' lives by improving their health and well-being.

CARESOURCE

- A nonprofit health plan and national leader in Managed Care
- 27-year history of serving the low-income populations across multiple states and insurance products
- Currently serving over 1.5 million members in Kentucky, Ohio, Indiana, West Virginia
- Preparing to serve Indiana and Georgia Medicaid members in 2017

1.52M members
Our COMMITMENT

We will always put people over profit.

- Best-in-class administrative cost ratio delivers maximum benefits to members while being responsible stewards of government funds
- Serving members across the continuum of government programs, coordinating care as their eligibility changes
- Comprehensive, member-centric models of care to address our entire population’s health and social needs
- Help members navigate through daily life challenges and obstacles

As a non-profit, member-centric company, we are accountable to our members and the communities we serve - not shareholders.

90-92% Medical Cost Ratio

6% Administrative Costs

Confidential & Proprietary

Why Governance Risk and Control Automation?
OBJECTIVES
*Governance Risk & Compliance*

With the highly evolving regulatory landscape, healthcare payers are facing numerous compliance challenges and stringent regulatory scrutiny. Mitigating risks of non-compliance with evolving regulations is a top priority in the industry today, making healthcare organizations move towards adopting GRC solutions.

**Governance Risk and Control (GRC) solutions offer benefits for successfully managing regulatory and compliance elements**

- Get a single source of truth for all compliance, risk, and quality data
- Streamline and automate GRC processes
- Improve collaboration and coordination across GRC activities
- Transform real-time risk data into valuable business intelligence
- Simplify compliance with regulations, corporate policies, and quality standards through a common compliance framework

INTEGRATED GRC
*Second Level*

**THE GOAL**
*Bring people together by coordinating efforts and sharing resources.*

**GRC TERMINOLOGY**
- Compliance And Controls
- Enterprise Risk Management
- Integrated Assurance

**ORGANIZATIONAL FOUNDATION**
- Compliance And Controls
- Enterprise Risk Management
- Integrated Assurance

**START WITH THE END IN MIND**
- Reporting Expectations
- Executive Level Rollup
- Agility When There Are Changes
GRC AUTOMATION
Our Journey

Build Capabilities
Build Process Capabilities in Excel
Test Business Software

Evaluate Solutions
Develop Requirements for the Automated Solution
Develop RFP for Solution
Onsite Demonstrations by Selected Vendors
Collaborative Decision on Solution

GRC Realization
Plan for Modules and Timing
Onsite Testing
Training and Go-Live

Planning and Strategy
PLANNING

Develop your plan **BEFORE** starting GRC implementation.

ROADMAPS
Technology Implementation and Foundation First

FOUNDATIONAL ELEMENTS
Determine Scope of Implementation Process, Controls, Metrics, Risk, etc.

HIERARCHY
Determine Reporting Capability Segment Tie to Financial or HR Systems

HIGH LEVEL PROCESS
Understand Critical Steps Evaluate Process Be Flexible

FOUNDATION ELEMENT

*Basics*

Diagram showing the GRC Foundation with interconnected elements:
- Compliance Audits
- Internal Audits
- ERM Risk Assessments
- Vendor Risk Analysis
- Delegation Oversight

CareSource Confidential & Proprietary
### FOUNDATION ELEMENT

#### Example Controls

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<thead>
<tr>
<th>Control ID</th>
<th>Control Name</th>
<th>Key Control</th>
<th>Control Purpose</th>
<th>Control Type</th>
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**Confidential & Proprietary**
### FOUNDATION ELEMENT

**Example Risks**

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<th>Status</th>
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<td>RFS-0020-0015</td>
<td>FF VI Lack of Strategic Plan</td>
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<td>RFS-0020-0013</td>
<td>FF VI Monitoring of Financial Condition</td>
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<td>RFS-0020-0017</td>
<td>FF VI Lack of Governance Processes and Monitoring</td>
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HIGH LEVEL PROCESS

- Business Process (i.e. enrollment PCF 3.1.5.5.3.8)
- Regulatory Requirements (i.e. ID card mailing stds, OH MDCD App C, item 24b)
- Risk (i.e. Cards are not received and member can’t access care)
- Controls (i.e. exception report created if batch doesn’t run)

PLANNING

Support Model

- DEDICATED STAFF
  - Internal Staff
  - Vendors

- PARTNER WITH ANOTHER ORGANIZATION

- UNDERSTAND THE TOOL
  - Understand Functionality

- WORK WITH END USERS
  - Understand Functionality

- PARTNER WITH THE VENDOR
  - Frequent Connection Points
  - Develop Escalation Paths
  - Determine Willingness to Modify the Product Roadmap
CONSIDERATIONS FOR ROLE ASSIGNMENTS

- Security
- Reporting Needs
- Activity Input vs. Supervisor Approval
- Executive
- Same for all modules or can vary by module
- Multiple roles per user
- Place primary and backup people in each role

ROLE ASSIGNMENTS

Example

<table>
<thead>
<tr>
<th>Activities</th>
<th>Chief Risk Officer</th>
<th>Risk Program Manager</th>
<th>Risk Assessor</th>
<th>Business Unit Head</th>
<th>ERM Admin</th>
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# PLANNING

## Governance Model

### STEERING COMMITTEE
- Review and monitor overall program progress
- Specifically oversee any customization decisions
- Monitor budget and implementation timelines
- Includes executive sponsor, senior leaders and key stakeholders

### WORKGROUP COMMITTEE
- Discuss and decide on implementation needs
- Collaborate on central functions
- Benchmark and share best practices
- Includes business owners from all departments using system

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**Implementation Steps & Outcomes**
IMPLEMENTATION STEPS
Rollout Strategy

Phase 1
- Governing structure & hierarchy
- Issue management
- Compliance management

Phase 2
- Internal Audit
- Enterprise Risk Management

Phase 3
- Vendor Management
- Regulation Change Management

BACKGROUND
Case Study - Complaints

Complaints received from State Regulators require formal and comprehensive responses according to the regulator specified timelines. The expectation is 100% on-time response rate and greater than 90% “first-response” resolution.

During 2015, response rates performed at 92% on-time and first-response resolution performed at 65%.

Previous system for managing complaints did not allow simultaneous interactions from multiple business owners impacting the thoroughness of the response and causing delays in timely responses.
IMPLEMENTATION ACTIONS
Case Study - Complaints

IMPLEMENTATION ACTIONS
Determined requirements for successful management of complaint activity
Cross business collaboration
Identification of SMEs across business areas
Tracking of business owner activities
Tracking of response activities
Ability to report trends and themes

Engaged business in developing the solution

RESULTS
Case Study - Complaints

Through the implementation of our new GRC tool, we improved on-time response rates to regulators from 67% to 99.9% for complaints.

Through business owner engagement and collaboration in the solution, the response rates improved internally.

First-response resolution also improved from 55% to over 90%.
SAMPLE REPORTING
Case Study - Complaints

Lessons Learned
BEST PRACTICES

Do The Foundation Work First
Learn The Capabilities Of The Tool
Establish Change Control Structure
Configuration Vs. Customization
Consultants Onsite For Key Milestones To Ensure Engagement
Readiness Checklist
Plan For Reporting

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