Ensuring Your Vendors Are Ready When You Receive an Audit Notice

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Objectives

› To recognize the importance of due diligence in initial vendor selection

› To understand what should be included in a robust vendor oversight program

› To learn methods to prepare your team and your vendors’ teams for a regulatory audit
Coordinate and Educate:
Logistically Speaking – Protocols and Procedures

Vendor Procurement Process
Due Diligence in Vendor Selection

- Strategies and Goals
- Financial Condition
- Insurance Coverage
- Business Experience and Reputation
- Qualifications, Backgrounds, and Reputations of Company Principals
- Conflicting Contractual Arrangements with Other Parties
Due Diligence in Vendor Selection

- Reliance of Subcontractors
- Human Resource Management
- Information Security
- Physical Security
- Business Continuity & Disaster Recovery
- Compliance with Laws & Regulatory
- Risk Management

Due Diligence in Vendor Selection

- Has the vendor had any reportable violations in the past 3 years?
- Documentation to support an effective compliance program (CPE)
- Date and results of most recent Compliance Program Effectiveness review?
- Date of last regulatory risk assessment.
- Date of last HIPAA privacy/security risk assessment
- Copy of SSAE 16, if applicable
Key Compliance Interests in Contract Negotiation

- Nature and scope of arrangement
- Performance measures or benchmarks
- Responsibilities for providing, receiving and retaining information
- Right to monitor, audit and require remediation
- Responsibility for compliance with applicable laws and regulations
- Oversight and accountability
- Subcontractors
Communicate and Motivate: Pass it on – Inspiring Partnership

Vendor Management & Oversight

Note: Vendors may have vendors
Policies and Procedures

- Vendor Oversight
- Monitoring & Audit of FDRs
- Communication Protocols
- Audit Notification & Coordination

Vendor Oversight Policy

- Ensure OIG/GSA background checks are performed
- Receipt of validation of required training
- Receipt of Code of Conduct
- Assess for effectiveness of compliance program
- Annual assessment of due diligence elements
- CMS Readiness Assessments
Monitoring & Auditing Policy

- Assess vendor review of controls
- Service Level Agreements (SLAs) & performance metrics
- Receipt and review of regular reports
- Compliance and FWA
- Consistent monitoring and follow-up to ensure corrective actions are implemented

Monitoring & Auditing Policy

- Include vendors in annual risk assessment
- Share audit tools with vendors and ensure they clearly understand the elements they are responsible for performing – PRACTICE
- Regular on-site visits
- Mock audits and practice universe pulls
Communication Policy

- Establish an active Delegation Oversight Committee that reports to the Compliance Committee
- Frequent communication with vendors to confirm understanding of CMS regulatory and sub-regulatory requirements
- Inspire your vendors to achieve success!

Audit Notification & Coordination Policy

- Internal notification
- External notification (to vendors)
- Establish expectations
  - Clear timelines
  - Roles & responsibilities
  - Participation and support
  - Communication plan
  - Deliverables
  - Follow-up
You Receive Your AUDIT LETTER

Notify Team AND Vendor(s)

- As soon as possible after notification call
  - Share engagement letter
  - Hold a meeting with Plan team and Vendor team
  - Clarify with vendor what Plan will need from them
  - Identify vendor point of contact and audit team
  - Establish regular touch point meetings
Audit Process with Vendor

- Be sure to include vendor in “testing the webinar” with auditor if vendor will be participating
- Conduct a practice session with vendor prior to universe validation webinar
- Include vendor in universe validation webinar with auditors, if applicable
- Conduct practice sessions for sample reviews
- Include vendor in Entrance Conference

Audit Process with Vendor

- Maintain communication with vendor team during webinar portion of audit
- Include vendor team in applicable daily de-briefs, including document requests
- Include vendor in Preliminary Exit Conference
- 2nd week CPE will be much easier from a vendor oversight perspective if you have implemented a strong vendor oversight program
Post Audit Activities with Vendor

- Prepare with vendor for potential CMS required actions
- Share applicable portions of Draft Audit Report with vendor
- Maintain close communication with vendor contact to ensure timely deliverables
- Submit any CAPs and continue monitoring efforts to ensure corrective actions are effective

Evaluate:
It’s not over ‘til It’s over
On-going Activities

- Conduct a Lesson Learned Session, include vendor where applicable
- Begin preparing for the follow-up audit, if applicable
- Share audit close out audit letter with vendor

3 Key Areas of Vendor Oversight to Ensure Audit Readiness

- Oversight & Accountability
  - Vendor Oversight Committee
  - Ensure vendor risk assessment, monitoring & audit plan
  - Maintain effective communication
  - Ensure continuous audit readiness

- Documentation & Reporting
  - Receipt of routine reports from vendors

- Annual Reviews
  - Of vendors risk management, compliance program and operational processes
Prepare NOW for 2017

- Know your vendors
- Head in the sand is not a defense
- Willful ignorance is not a defense
- Follow your own policies and procedures

Final Thoughts

IT’S NOT DENIAL
I'M JUST VERY
SELECTIVE
ABOUT THE
REALITY
I ACCEPT

Should not be your strategy!
Questions / Discussion