Tools for Documenting Compliance: Tracking Systems and Scorecards
2005 OIG Supplemental Compliance Guidance for Hospitals

- **Focus on Culture & Leadership**
  - “Hospitals with an organizational culture that values compliance are more likely to have effective compliance programs . . .”
  - Evidence of the formal commitment to compliance by the hospitals government body and senior management should include active involvement by these leaders in fostering an “organizational culture that values, and even rewards, the prevention, detection, and resolution of problems.”
2005 OIG Supplemental Compliance Guidance for Hospitals

- Annual assessment of implementation and operation of program
  - Outcomes measures (billing & coding, amount of overpayments, audit results, etc.)
  - Focus is on efforts measures
2005 OIG Supplemental Compliance Guidance for Hospitals

LEADERSHIP

• Compliance Officer – well qualified, member of senior management?

• Compliance department – sufficient resources (staff, funding), authority and autonomy?

• Does CO have direct access to senior management and board?

• Does CO make regular reports to board?
2005 OIG Supplemental Compliance Guidance for Hospitals

POLICIES & PROCEDURES/CODE

- Have code of conduct and policies been distributed to Board, all officers, managers, employees, contractors, medical staff?
- Is compliance with internal policies monitored?
2005 OIG Supplemental Compliance Guidance for Hospitals

OPEN LINES OF COMMUNICATION

• How well is hotline publicized? How are calls logged and tracked? Does the caller have some way to be informed about the hospital’s actions?

• Are all instances of potential fraud investigated?

• Are results of investigations shared with governing body?
2005 OIG Supplemental Compliance Guidance for Hospitals

TRAINING AND EDUCATION

• Does the hospital have qualified trainers, conduct annual training inclu. both general and specific training pertinent to staff’s responsibility

• Has governing body been trained?

• Has hospital documented who completed required training?

• Are sanctions imposed for failing to attend?
2005 OIG Supplemental Compliance Guidance for Hospitals

AUDITING AND MONITORING

• Is audit plan re-evaluated annually? Does it address proper areas of concern?
• Is audit department available for unscheduled reviews?
• If error rate is not decreasing, has hospital conducted a further investigation to determine hidden weaknesses and deficiencies?
ENFORCEMENT AND DISCIPLINE

- Is each instance involving the enforcement and disciplinary standards thoroughly documented?
- Are employees, contractors and medical staff checked routinely against sanction lists?
Compliance Program Maturity Determination: Tool in Determining Applicable Risks

- **Mature**
  - "Planning" mentality
  - Technical and business tools are used to enhance competitive advantage
  - Maximizes budgeted resources because tasks are better planned and coordinated
  - Maximum flexibility: "Anticipatory"
  - Participates with government regulators setting standards and policies

- **Evolving**
  - "Put out fires" mentality
  - Minimum level of compliance
  - Inflexible
  - "Planning" mentality
  - Adopting more open approach with government regulators
  - Flexible enough to withstand and learn from regulatory situations
  - More integrated with other operational units

- **Emerging**
  - No corporate-wide compliance process and systems
Evaluating Compliance Program Effectiveness

Why Evaluate?

- OIG & FSC expect program evaluations as noted in Federal Sentencing Guideline, Model Guidances, CIAs, etc.

Why Use Auditing as Evaluation Technique?

- Auditing and monitoring provides a basis for determining if process-related activities have been incorporated into daily operations.
## Compliance Risk Profile - Example

<table>
<thead>
<tr>
<th>Identified Risks</th>
<th>Risk Ranking*</th>
<th>Type of Compliance Risk</th>
<th>Outcome Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standards of Conduct and Policies and Procedures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Stark/Anti-Kickback Violations                        | 4             | Regulatory              | 1) Decrease in incidents of non-approved payments to physicians  
2) Increased compliance with contract approval processes  
3) Decrease incidents of excess or inappropriate NMC  
4) Decrease in bill holds/lost revenue for incidents of non-compliance |
| Data privacy and security breaches                     | 2             | Regulatory              | 1) Decrease in number of reportable breaches  
- Regulatory Fines  
- Notification and remediation costs  
2) Decrease in costs for remediation of breach |
| **Oversight (Governing Body, Compliance Structure and Compliance Officer)** |               |                         |                                                                                                                                                      |
| No Governing Body oversight and knowledge of compliance risks and mitigation activities | 2             | Regulatory              | 1) Governing Body Committee minutes reflect regular discussion of compliance program activities |
| **Education and Training**                             |               |                         |                                                                                                                                                      |
| Unresolved Conflicts of Interest (AMCs)                | 3             | Regulatory              | 1) Increase in conflict of interest reporting and resolution  
2) Decrease in attorney fees related to resolution of conflict issues |
| Inaccurate Bills Submitted to Government Payors         | 3             | Regulatory              | 1) Decrease in denials and government reimbursement payback |
### Compliance Risk Profile - Example

<table>
<thead>
<tr>
<th>Identified Risks</th>
<th>Risk Ranking*</th>
<th>Type of Compliance Risk</th>
<th>Outcome Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication/Anonymous Reporting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>inadequate of hotline to report concerns</td>
<td>3</td>
<td>Regulatory</td>
<td>1) Increased awareness of hotline mechanism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reputation Financial</td>
<td>2) Employee satisfaction survey shows increased confidence that company will do the right thing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3) Increased frequency of hotline calls</td>
</tr>
<tr>
<td><strong>Screening</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracting without controls for appropriate pre-service</td>
<td>2</td>
<td>Regulatory</td>
<td>1) Increase in percentage of new providers and vendors screening prior to initiating services who have been either debarred or sanctioned by the government.</td>
</tr>
<tr>
<td>screening</td>
<td></td>
<td>Reputation Financial</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Audit and Monitoring Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient resources to monitor and address high risk</td>
<td>4</td>
<td>Regulatory</td>
<td>1) Approved audit plan activities have been conducted by appropriately trained resources</td>
</tr>
<tr>
<td>regulatory requirements</td>
<td></td>
<td>Reputation Financial</td>
<td>2) Additional audits, as needed, have been conducted without constraint to overall audit plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Response and Prevention</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeliness of remediation – corrective action plan</td>
<td>3</td>
<td>Regulatory</td>
<td>1) CAP implementation timelines are met</td>
</tr>
<tr>
<td>implementation</td>
<td></td>
<td>Reputation Financial</td>
<td>2) Subsequent audit(s) or external reviews of identified risk areas show remediation has occurred and is sustained</td>
</tr>
</tbody>
</table>

* Risk Ranking is derived by a quantifiable measure determined by each organization. It includes the prevalence and gravity of the risk to the organization, as well as the presence or lack of controls to mitigate the risk.
Models for Measuring Effectiveness
Efforts and Outcomes

Effort – the time, money and resources that an organization puts into building and improving a compliance program.

Outcomes – the impact that compliance efforts have on an organization’s level of compliance.
Efforts: Working the Elements

- Standards & procedures
- Oversight & leadership
- Screening & delegation
- Education & training
- Auditing & monitoring
- Reporting mechanisms
- Corrective action, enforcement & discipline
- Risk assessment
Outcomes: Achieving Results

- Employee awareness and understanding of compliance program
- Employee awareness and understanding of laws, regulations, policy requirements
- Improving culture
- Decrease in incidents of non-compliance
- Reduction of fines & penalties
• Literature review: Measuring Compliance Effectiveness 2007, Australian Taxation Office, NAT 71078-05.2007

• Summarizes multiple models for measuring the effectiveness of compliance structures
Model: National Association of Councils for Voluntary Service (AUS)

STEP 1: Clarify aims, objectives & target groups

STEP 2: Identify outcomes or outputs for aims and objectives

STEP 3: Identify indicators to measure outcomes and outputs

STEP 4: Prioritize and plan monitoring and evaluation

STEP 5: Collect the information

STEP 6: Collate, present and use the findings
Definitions

- **AIMS**: the purpose of the project
- **OBJECTIVES**: the activities undertaken—the methods by which the organization achieves its aims
- **OUTCOMES** (imagine successfully completing an aim—what would be involved?)
- **OUTPUTS**: sub-objectives or components of an objective
- **INDICATORS**: signs, clues or markers of progress or success
Example

• AIM: Compliance with the Stark Regulations
• OBJECTIVE 1: Training on non-monetary compensation
• OUTCOME: Non-monetary tracking log is utilized for all required transactions
• OUTPUTS: 100% of management completes training
• INDICATOR: Pre and post training quiz show improvement in understanding
Definitions

- **Measures** – correspond to expected direct results at any particular performance level (e.g., number of clients served)
- **Indicators** – less direct measures used where direct measures are too difficult or costly to obtain (e.g., fewer insurance claims = safer car design)
  - **NOTE:** A single indicator is usually not enough to demonstrate performance comprehensively, however, the number of indicators should be limited to assure completion, tracking and success.
## Compliance Program Objectives Measurement Tool

<table>
<thead>
<tr>
<th>Possible Points</th>
<th>Total Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Written Standards of Conduct</td>
<td></td>
</tr>
<tr>
<td>New compliance policies are communicated to all affected members of the facility's workforce within 60 days of the policy's effective date. (Score is equal to the percentage of completion).</td>
<td>100</td>
</tr>
<tr>
<td>Code of Conduct acknowledgement cards are collected from each workforce member and are stored in an accessible place (in the members employee file if employed.) (Score equal to percentage of compliance as confirmed by audit).</td>
<td>100</td>
</tr>
<tr>
<td>2. High Level Leadership</td>
<td></td>
</tr>
<tr>
<td>25 points for each facility compliance committee meeting (quorum of committee members required) at which Facility Compliance Liaison and facility president, CEO or administrator are in attendance and for which minutes are timely forwarded to Chief Compliance Officer (maximum 100 points awarded).</td>
<td>100</td>
</tr>
<tr>
<td>25 points each for attendance of Facility Compliance Liaison at regional compliance committee meeting (maximum, 200 points).</td>
<td>200</td>
</tr>
</tbody>
</table>
Communicating the Results...

- **Who/what is the target?**
  - Organization,
  - Entity/facility,
  - Board of Directors/Trustees/Senior Leadership (CEO) compliance objectives evaluation

- **What is the “frame of reference”?**
  - Organization or personnel scorecard

- **When is the best time for disseminating profile results?**

- **How should you communicate, ie: summary, verbally, factual information related to error rate, etc.**
  - Based on sensitivity/confidentiality of audit results
  - Need to work with legal counsel
Another Approach

HCA’s Compliance Process Review

http://ec.hcahealthcare.com

- Compliance Process Review on Auditing & Monitoring Tab
Questions?