

# Outsourcing: The Compliance Solution You Never Knew You Needed

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# Overview

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Compliance departments are often overloaded with responsibilities and obligations, making it difficult to quickly and efficiently address compliance risks and maintain an effective program from inside the organization. Yet hiring additional staff to help cover the workload has its own challenges including budgeting, timing, and trouble identifying talent. Additionally, the ever-changing nature of the regulatory environment forces organizations to regularly update internal policies and re-train staff on the compliance program, risk areas, and compliance areas specific to their job duties.

While these are standard tasks of any compliance department, many departments do not have the appropriate resources or staff able to meet required standards of federal and state laws and the expectations of the U.S. Department of Health and Human Services Office of Inspector General (OIG). In fact, the 2018 Healthcare Compliance Benchmark Survey conducted by Strategic Management Services and SAI Global revealed that 75% of surveyed healthcare organizations have five or fewer staff members in their compliance department.<sup>1</sup> This overall lack of critical compliance support can quickly snowball, potentially leading to non-compliant operations and government intervention.

## 75% of healthcare organizations lack necessary staff to effectively run the compliance program

In light of these challenges, many organizations are using outside experts to help develop and manage the compliance program in collaboration with their current compliance staff. These experts can provide both complete support for the entire compliance program and partial support, focusing on specific areas of the program that need the most improvement. This approach provides fundamental and high-quality support with the added benefit of working with and learning from a highly trained compliance expert.

Organizations that choose to engage with an outside compliance firm can do so through outsourcing services or compliance support services.

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<sup>1</sup> Strategic Management Services. SAI Global. "2018 Healthcare Compliance Benchmark Report." SAI Global. 2018.

- Outsourcing: the organization temporarily staffs an Interim Compliance Officer while searching for a permanent candidate or engages a Designated Compliance Officer who conducts all compliance program operations.
- General compliance support: highly-experienced compliance consultants partner with the organization to achieve program objectives and fill in the gaps of the internal compliance expertise.

Some organizations may prefer one outsourcing option over the other, depending on the compliance program's needs. But both options can successfully take the pressure off of compliance departments and offer your organization the compliance solution you never knew you needed.

# Outsourcing the Management of Your Compliance Program

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One way to provide necessary compliance support to your organization is to outsource some of the Compliance Officer's responsibilities to an experienced healthcare compliance firm. Outsourcing the management of your compliance program is often spurred by one of two scenarios:



- 1) there is an unplanned vacancy in the compliance program
- 2) the organization lacks the expertise or resources needed to run the compliance program effectively.

Both scenarios present the opportunity for a compliance professional to evaluate and progress your compliance operations in the right direction.

In the first scenario, when there is an unplanned vacancy in the compliance program, the compliance firm will provide an Interim Compliance Officer to temporarily manage the compliance program while the organization seeks a qualified permanent replacement. The Interim Compliance Officer will often engage with the organization for a period of six months to a year. On the other hand, a Designated Compliance Officer, the role that results from scenario two, engages with the organization long term in order to assume full responsibility of the compliance program.

In each of these scenarios, the outsourced Compliance Officer does not usually need to be on-site full-time. In fact, the OIG recognizes that it may be sufficient and effective for smaller healthcare organizations to have a Compliance Officer that manages the compliance program only on a part-time basis.

## Role of an Interim Compliance Officer

Organizations often require the services of an Interim Compliance Officer when there is an immediate need for a compliance expert to manage and enhance the program while the organization searches for a permanent Compliance Officer candidate.

Although Interim Compliance Officer engagements may seem costly, they can save the organization time and money in the long run. By having an outside expert take responsibility for managing day-to-day operations and provide independent feedback on the state of the program, the organization can learn how to improve their operations in the future. Additionally, the Interim Compliance Officer can assist in identifying a suitable replacement for the position because they know firsthand what skills and knowledge are required to successfully run the compliance program.

Other expertise that an Interim Compliance Officer can provide includes:

- Building a firmer foundation for an effective compliance program
- Offering independence/objectivity with no preconceptions about personnel or current processes
- Adding value to the program during the transition period
- Providing senior management and the Board of Directors with an independent assessment of the status of the compliance program
- Offering a fresh and knowledgeable perspective on the compliance program
- Exemplifying what a serious commitment to the compliance process should look like
- Developing a road map for the incoming Compliance Officer

## Role of a Designated Compliance Officer

Designated Compliance Officers assume full responsibility for the compliance program and its operations, and work with current compliance department staff to address the needs of the program. The OIG recognizes this role in its compliance program guidance stating that, “for those companies that have limited resources, the compliance function could be outsourced to an expert in compliance.”<sup>2</sup>

<sup>2</sup> Department of Health and Human Services Office of Inspector General Publication of the OIG Compliance Program Guidance for Hospitals, 63 Fed. Reg. 8987 (Apr. 24, 2018).

Designated Compliance Officers are not always needed on-site full-time and can instead engage with the organization part-time in the place of a W-2 employed Compliance Officer. Many Designated Compliance Officers may only require working with the organization for 40-100 hours per month, depending on the size and complexity of the organization and the compliance program. Hiring a part-time Designated Compliance Officer reduces the recruitment, support, and benefit costs associated with hiring additional full-time compliance staff. Designated Compliance Officers also have necessary expertise that can help reduce staff workloads and help an organization avoid the risks associated with hiring under qualified or improperly trained individuals.

Designated Compliance Officers also provide the following expertise:

- Knowledge of federal and state laws and regulations
- Awareness of the current state of the regulatory environment and compliance requirements
- Ability to address a wide range of compliance issues
- Ready to take immediate action to ensure the program is effective
- Ability to move quickly to address any issue that could result in a liability and provide better risk protection
- Ability to remain objective of any personnel issues or prior decisions and actions
- Provide a fast and efficient independent evaluation of the compliance program with a broad perspective from experience in a variety of program settings
- Experience in working with a variety of executive leadership positions and Boards
- Ability to establish metrics to evidence program effectiveness and ensure proper risk assessments and claims analysis
- Qualified to also act as Privacy Officer



# Outsourcing for Compliance Support Services

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An alternate, “middle ground,” outsourcing option that is between direct hiring (in-sourcing) and outsourcing is to receive compliance support services from an experienced healthcare compliance firm. This may be the most appropriate approach for organizations who need extra compliance support but who may not need someone to step in as a temporary or long term Compliance Officer.

The OIG recognizes compliance support services as a useful solution for organizations that are limited in compliance expertise and resources. The healthcare compliance firm will partner with the organization, serving as a third-party, to supplement broad compliance support including conducting investigations, compliance training, developing policies and procedures, and conducting audits and routine monitoring activities. This type of support provides a variety of services to fill in the gaps of and strengthen the compliance program.

Compliance support services can fill many compliance positions, including:

- Deputy/Assistant Compliance Officer
- HIPAA Privacy and/or Security Officer
- HIPAA Baseline Security Auditor
- Compliance Auditor
- Compliance Liaison
- Compliance Claims Analyst/Reviewer
- Statistical Data Claims Analyst Expert
- Hotline Manager
- Compliance Investigations and Training Manager
- Arrangements Reviewer
- Compliance Risk Assessor
- Sanction Screening Operations
- Compliance Related Policy Development Manager

Compliance support services can save the organization the time, money, and effort needed to recruit additional staff, while also providing the knowledge and skill of an experienced compliance professional. This outsourcing method is flexible and allows the organization to easily resume all compliance operations independently once the compliance department feels it has the resources and capability to effectively run the compliance program.



# What's Next?

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Given the benefits of outsourcing the management of your compliance program and receiving external compliance program support, you may be asking what's the next step to find and implement these services to get your compliance program on track.



Strategic Management Services has decades of experience managing and providing specialized support to healthcare compliance programs, including providing a variety of outsourcing services. Because of our wide range of experience, Strategic Management Services can help you determine which outsourcing option makes the most sense for your organization's compliance

program. Strategic Management's quality consultants and actionable regulatory and compliance services can help you develop and strengthen your compliance program, ensuring stable and effective operations for years to come.

If you would like to learn more about how we can help support and improve your compliance program, visit our [outsourced Compliance Officer service page](#). Or, contact us now by calling 800-683-9601 or filling out our online contact form at <https://compliance.com/contact-us/>.

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