



2020 HEALTHCARE COMPLIANCE BENCHMARK SURVEY

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
OVERVIEW AND OBJECTIVES.....	4
HEALTHCARE COMPLIANCE TRENDS	5
Q1 HEALTHCARE ORGANIZATION TYPE.....	6
Q2 STAFF LEVEL OF COMPLIANCE DEPARTMENT.....	7
Q3 COMPLIANCE EXPERIENCE LEVEL	7
Q4 COMPLIANCE JOB SATISFACTION.....	8
Q5 COMPLIANCE PROGRAM PERFORMANCE SINCE LAST YEAR	8
Q6 COMPLIANCE PROGRAM BUDGET	9
Q7 TO WHOM COMPLIANCE REPORTS	11
Q8 COMPLIANCE PROGRAM EXECUTIVE AND BOARD SUPPORT	11
Q9 ADEQUACY OF COMPLIANCE OFFICER AUTHORITY	12
Q10 COMPLIANCE OFFICE RESPONSIBILITIES FOR OTHER AREAS	12
Q11 GREATEST COMPLIANCE OFFICE CHALLENGES.....	13
Q12 FREQUENCY THAT COMPLIANCE OFFICER MEETS WITH THE BOARD	14
Q13 TOP THREE TOPICS WITH HIGHEST PRIORITY FOR BOARD PRESENTATIONS.....	14
Q14 TOP CHALLENGES IN MANAGING THE COMPLIANCE PROGRAM FOR 2020	15
Q15 REVIEW AND UPDATING COMPLIANCE-RELATED DOCUMENTS	16
Q16 COMPLIANCE DOCUMENT MANAGEMENT.....	16

Q17 COMPLIANCE EDUCATION AND TRAINING	17
Q18 METHODS FOR DELIVERING COMPLIANCE TRAINING	18
Q19 EVIDENCING COMPLIANCE PROGRAM EFFECTIVENESS	19
Q20 WHEN THE COMPLIANCE PROGRAM EFFECTIVENESS LAST INDEPENDENTLY EVALUATED.....	20
Q21 RECENT INDEPENDENT COMPLIANCE SURVEYS TO EVIDENCE PROGRAM EFFECTIVENESS.....	21
Q22 INITIATIVES BEING CONSIDERED FOR 2020	21
Q23 THIRD PARTY TOOLS/SERVICES SUPPORTING THE COMPLIANCE PROGRAM.....	23
Q24 COMPLIANCE COMMUNICATION CHANNELS	23
Q25 ENCOUNTERS WITH GOVERNMENT AUTHORITIES IN LAST FIVE YEARS	24
Q26 FREQUENCY OF SANCTION SCREENING	25
Q27 MANAGEMENT OF SANCTION SCREENING	25
Q28 DATABASES USED TO SANCTION SCREEN	26
Q29 RANK CONFIDENCE LEVEL IN COMPLIANCE-RELATED AREA.....	26
Q30 TOP THREE PRIORITIES FOR IMPROVING THE COMPLIANCE PROGRAM.....	28
Q31 TOP THREE HIGH-RISK PRIORITIES.....	29
CONCLUDING COMMENTS	31
ABOUT STRATEGIC MANAGEMENT SERVICES.....	32
ABOUT SAI GLOBAL.....	32

DISCLAIMER: SAI GLOBAL'S 2020 HEALTHCARE COMPLIANCE BENCHMARK SURVEY WAS CONDUCTED BEFORE THE PANDEMIC DECLARATION AND BEFORE THE COVID-19 OUTBREAK TOOK HOLD IN THE U.S.

EXECUTIVE SUMMARY

This report provides results from the eleventh annual Healthcare Compliance Benchmark Survey, conducted by SAI Global in collaboration with Strategic Management Services, LLC, and Richard Kusserow, former DHHS Inspector General, who led in the analysis of the results. The survey objectives were to gain a better understanding of the status and progress of compliance program development in the healthcare industry. Respondents were asked a variety of questions relating to the current state of healthcare compliance, including demographic data, resource levels, reporting relationships, compliance program operations, challenges, and priorities for 2020. Findings, along with an analysis of the significance of results, are based upon respondents from organizations that represented nearly every state, ranging from very small entities to large healthcare systems. Half of the respondents were from hospitals, and the remainder were from physician practices, clinics, ASCs, SNFs, home health, hospice, behavioral health, MCOs, among others.

OVERVIEW AND OBJECTIVES

The 2020 Healthcare Compliance Benchmark Survey was designed to assist compliance officers in understanding how their compliance program relates to the industry at large. The Office of Inspector General (OIG) and the Department of Justice (DOJ) note that having an effective compliance program can be a mitigating factor when assessing culpability, potentially resulting in reduced penalties and/or more favorable settlement terms. This year respondents were participating in the survey from across the spectrum of provider and managed care organizations.

HEALTHCARE COMPLIANCE TRENDS

Highlights of Eleven-Year Trends

- **Budget Expectations.** Results from the 2020 Survey generally follow the same pattern as previous surveys, with about half of respondents citing they expect their budget to remain essentially the same in 2020; however, those expecting budget increases were about 25% versus 30% in 2019. This suggests that resources available for compliance programs continue to be tight, although additional responsibilities are being added to the function.
- **Compliance Officer Experience.** Another trend noted has been the increase in compliance officer experience. Respondents reported that 57% had 10 years or more experience. The average indicated for 2020 Survey was over 8 years.
- **Accretion of Responsibilities for Compliance Offices.** One of the most dramatic trends in the last 11 years has been the increase of new duties and responsibilities for the compliance officer, as cost-saving measures for the organization.
- **Compliance Office Operations Priorities.** The top priority for the operation of the compliance office remains, as with past surveys, as evidencing compliance program effectiveness.
- **Compliance High Priorities.** Since 2018, HIPAA security/cybersecurity and privacy has been rated by respondents as a top priority for the compliance program which continued in 2020. This is a result of continued cyber-attacks, data breaches, and OCR enforcement actions. In second place is physician arrangements, followed by claims processing continuing to hold third place over the last several years. All three of these areas have been affected by increased government interest and enforcement activity.
- **Methods for Demonstrating Program Effectiveness.** As in prior surveys, most respondents reported relying upon internal process measurements, such as using checklists and tools to evidence program effectiveness. One-third of respondents reported using internally generated and administered surveys for evaluating program effectiveness. Although suggesting increased attention to independent reviews, the percentage is still relatively low.

Q1 HEALTHCARE ORGANIZATION TYPE

Half of the respondents were from hospitals, however, in 2020 there was a growing number of respondents from other provider areas, including physician/group practices (6.79%), Behavioral Health (4.64%), SNF/ Long Term Care (4.29%), Clinic/ASC (3.93%), Home Health/Hospice (3.93%) with Managed Care (9.29%). The balances were categorized as "Other" that included a variety of ancillary services, but also terms that would place them under hospitals, skilled nursing, clinic or home health. The changing demographics of participants suggest that compliance programs are taking deeper root outside the hospital sector.



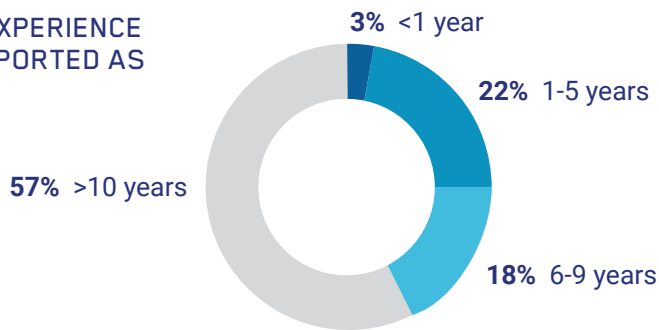
Q2 STAFF LEVEL OF COMPLIANCE DEPARTMENT

Data was gathered concerning the adequacy of resources for compliance officers in meeting their challenges. The responses to this question suggest that the average size compliance office staff levels among all the respondents are five. Reading the details of the answers indicate that many compliance offices are operating with less than fully adequate resources to meet their obligations. About one-third of respondents noted that one full or part-time person is working in their compliance office. This may, in part, reflect the demographics of those participating in the survey, however with all the complexities of an ever-changing regulatory environment, it is not likely that a single full or part-time compliance officer can adequately meet all the challenges. Only about one-quarter of respondents reported six or more staff in their compliance office, whereas the number was slightly above one third. Compliance offices between two and five persons at 30% was the same as 2018 and 2019. The percentage of offices with six or more staff was 25%, on the same level as 2019. This year respondents were asked about compliance offices with over ten staff, with the result being 22%.

Q3 COMPLIANCE EXPERIENCE LEVEL

The compliance officer position in the healthcare sector is a relatively new profession that has been fostered over the last 20 years since the OIG began issuing compliance guidance that called for the implementation and promotion of effective compliance programs. Results from the survey showcase the growing experience of compliance officers. The years of experience for the average compliance officer continues to increase and now stands at over eight years, with 58% reporting over 10 years' experience and 42% with one to nine years' experience.

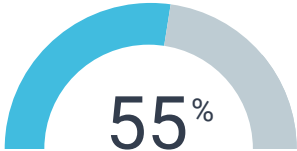
AVERAGE NUMBER OF YEARS' EXPERIENCE FOR COMPLIANCE OFFICERS REPORTED AS NOW BEING OVER 8 YEARS



*data has been rounded to the nearest percentile

Q4 COMPLIANCE JOB SATISFACTION

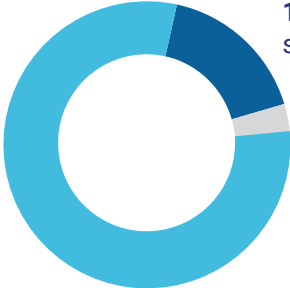
Questioning job satisfaction was designed to measure how well compliance officers are coping with ever-increasing expectations and pressure on the compliance operation. An interesting finding from this inquiry is that more than half would consider opportunities or are actively seeking another position or opportunity. This may help explain the growing number of organizations that are actively seeking compliance officers to fill gaps with the departure of their incumbent. About one-third of respondents reported satisfaction with their current work situation and were not considering opportunities elsewhere. Forty percent cited general satisfaction but would discuss opportunities elsewhere. About 8% were okay with the current situation but are looking for another opportunity. Only about 5% reported their current position as not reasonable and were actively seeking and applying for other jobs. Only about 1% were working on getting out of compliance. Five percent responded that regardless of the current work situation, they plan to stay put until retirement.



Of compliance officers are actively or considering other opportunities

Q5 COMPLIANCE PROGRAM PERFORMANCE SINCE LAST YEAR

Results suggest that most compliance officers believe their program is improving, despite growing responsibilities and management expectations. Only 3% reported the program slipped in the last year



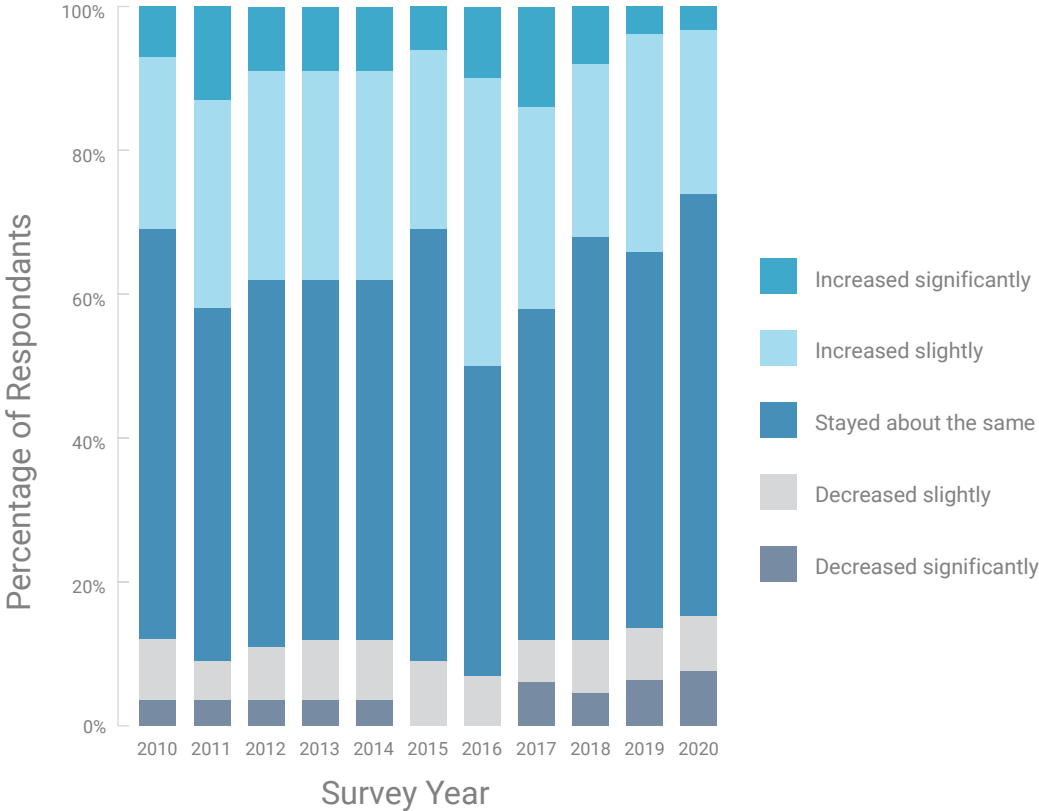
80% reported progress with their program

17% reported program stayed about the same

Only 3% reported program slipping

Q6 COMPLIANCE PROGRAM BUDGET

To accomplish the mission of building and operating an effective compliance program, there must be adequate budgetary resources. Over half of respondents indicated they are expecting their budget to remain mostly the same with about one quarter expecting some increase. Given the combination of increasing responsibilities, noted elsewhere in the survey, as well as a time of heightened enforcement by government agencies, it is likely that most compliance offices are stretching their limited resources. The survey also found that many are turning to external vendors to provide services and tools, to extend limited staff resources and to lower operating costs.



Q7 TO WHOM COMPLIANCE REPORTS

The OIG compliance guidance and U.S. Sentencing Commission guidelines call for the compliance officer to report directly to the CEO. Half of the survey respondents stated that their organization follows that guidance. However, 15% of respondents indicated their compliance officer reported to legal counsel. This is contrary to the position of both the OIG and DOJ, who they consider as advocates for the organization and not independent gatherers of fact and evidence, who would voluntarily disclose violations of law and regulation to appropriate authorities. Reporting to the COO or CFO was noted at 9%. Many respondents provided a wide variety of answers, including the CIO, CMO, split reporting between various entities, and more. About 8% reported day-to-day management by the board, which also is not a good answer as compliance is a management, not Board oversight function.

16% Other

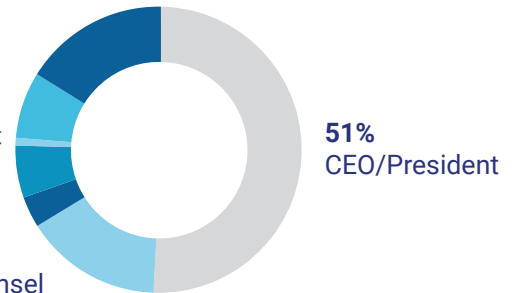
8% Board

1% Internal Audit

6% COO

3% CFO

15% Legal Counsel



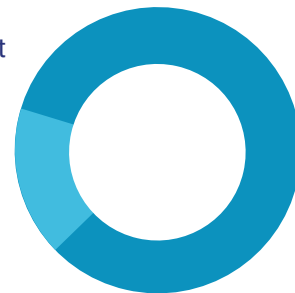
*data has been rounded to the nearest percentile

Q8 COMPLIANCE PROGRAM EXECUTIVE AND BOARD SUPPORT

There was little change from 2019 survey results with about 83% of respondents reporting executives and the Board as being supportive. Only about 17% reported weak or no support. The OIG and DOJ have made it clear that top leadership has responsibilities for support of the compliance program. When organizations fail to evidence this support, they face potential adverse actions by the government. The OIG has added provisions to their Corporate Integrity Agreements (CIAs) mandating executives and Board members attestations/certifications regarding meeting their oversight obligations. Also, the OIG has its Accountable Executive Doctrine and the DOJ its Yates Memorandum focusing on executive accountability for wrongdoing as a result of the negligence of their responsibilities for compliance. One way to evidence they are not negligent is by active involvement in an oversight committee.

83% Reported supportive oversight

17% reported weak to non-supportive



Q9 ADEQUACY OF COMPLIANCE OFFICER AUTHORITY

Respondents were asked whether their compliance officer has enough authority to meet the obligations of the office. The results for this question were 71% responding in the positive with 29% indicating the negative. The positive results were slightly less than that of 2019, where 75% responded positively.

Q10 COMPLIANCE OFFICE RESPONSIBILITIES FOR OTHER AREAS

Many organizations view the compliance office as a convenient party to take on a variety of other duties as organizations tighten their budgetary belt. Care should be taken in assuming new responsibilities beyond the traditional compliance duties, especially where it risks undermining the compliance program. Survey results reported three-quarters of compliance offices are now responsible for HIPAA Privacy, with almost a third having HIPAA Security as well. About four in ten report responsibility for Internal Audit and Risk Management. One quarter reported having accountability for Revenue Integrity, Claims Audit, and Billing Compliance. One out of five reported responsibility for Quality Management. Another 16% Those that reported having responsibility for Legal Counsel, should not be under the compliance office as this clearly runs afoul of OIG and DOJ-stated positions.

71% REPORTED ADEQUATE AUTHORITY FOR THE COMPLIANCE OFFICER



Q11 GREATEST COMPLIANCE OFFICE CHALLENGES

The results show that compliance officers focused more on mission-driven problems than internal process-related matters.

RESPONDENTS RANKED THE TOP THREE CHALLENGES FOR THE COMPLIANCE OFFICE IN 2020 AS:

1. GETTING PROGRAM MANAGERS TO FOCUS ON COMPLIANCE RISKS IN THEIR AREA;
2. MANAGING ONGOING AUDITING OF HIGH-RISK COMPLIANCE AREAS; AND
3. ENGAGING LEADERSHIP SUPPORT FOR THE COMPLIANCE PROGRAM.

FOLLOWING THESE TOP 3 WERE:

1. EVIDENCING COMPLIANCE PROGRAM EFFECTIVENESS,
2. DEVELOPING AND DELIVERING COMPLIANCE TRAINING,
3. COORDINATING WITH OTHER FUNCTIONS (HR, LC, ETC.)
4. CODE OF CONDUCT AND COMPLIANCE POLICY MANAGEMENT; AND
5. CONDUCTING INTERNAL INVESTIGATIONS.



Q12 FREQUENCY THAT COMPLIANCE OFFICER MEETS WITH THE BOARD

About two-thirds of respondents reported their compliance officer meets with the Board at least quarterly. However, 11% noted it is only annually; 12% monthly and 14% only as needed or not at all. The best answer is what the majority reported. Meeting annually is not enough, and meeting monthly is overkill, placing the Board in a role best filled by management.

MOST MEET WITH THE COMPLIANCE OFFICER AT LEAST QUARTERLY

Q13 TOP THREE TOPICS WITH HIGHEST PRIORITY FOR BOARD PRESENTATIONS

Over half of the respondents selected oversight of the compliance program as the highest priority for presentation topics for the Board, which far outranked the other choices and is consistent with OIG compliance guidance. Tied in second place were updating on the regulatory and legal environment, results from ongoing auditing of high-risk areas. This was followed by results from significant compliance investigations, Conflict of Interest issues, independent evaluation of the compliance program, results of ongoing monitoring by program managers, and issues from the hotline. Only about one quarter of respondents ranked Board review of the effectiveness from independent evaluation of the compliance program as a top priority.

TOP THREE RESULTS

1. OVERSIGHT OF THE COMPLIANCE PROGRAM
2. RESULTS FROM ONGOING AUDITING OF HIGH-RISK AREAS
3. UPDATING ON REGULATORY AND LEGAL ENVIRONMENT

Q14 TOP CHALLENGES IN MANAGING THE COMPLIANCE PROGRAM FOR 2020

The top four compliance challenges remain the same from last year but in different order of priority. All received scores relatively close to one another. The number one compliance program challenge reported by respondents for 2020 is getting program managers to improve ongoing monitoring of their risk areas. Next, obtaining enough resources to meet obligations, gaining better support from executive leadership, and ensuring organizational compliance with laws and regulations. Very close behind was getting enough resources to do the job. After that, there was a significant drop off in scoring for finding and retaining qualified staff. Two challenges had very few points, obtaining more coordination/cooperation with Human Resources and gaining better support from the Board.

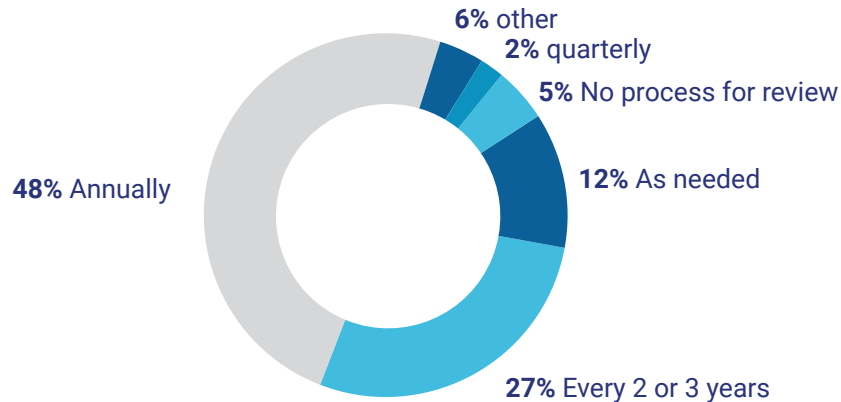
TOP FOUR COMPLIANCE PROGRAM CHALLENGES

1. GETTING PROGRAM MANAGERS TO IMPROVE ONGOING MONITORING
2. OBTAINING ENOUGH RESOURCE TO MEET OBLIGATIONS
3. GAINING BETTER SUPPORT FROM EXECUTIVE LEADERSHIP
4. ENSURING ORGANIZATION COMPLIES WITH LAWS/REGULATIONS



Q15 REVIEW AND UPDATING COMPLIANCE-RELATED DOCUMENTS

The OIG has been clear that a truly effective compliance program keeps written compliance guidance up to date. This position is reinforced in CIAs that mandate that the code of conduct and compliance program-related policies must undergo annual reviews. Half of the respondents reported meeting that annual review benchmark, down from 60% in 2019. Half are not meeting that standard and should consider changing their reviewing requirements. Also, consideration should be given to employing an automated system to assist in document management.



Q16 COMPLIANCE DOCUMENT MANAGEMENT

Controlling and managing compliance-related policies and procedures are among the most challenging areas for compliance officers. The failure to keep track of rescinded or revised policies is another common problem with potential liability consequences. The development of compliance policies in an ad hoc manner and a lack of policy tracking can result in overlapping or duplicate policies, potentially creating significant liability. Managing compliance-related systems manually with hard copies in a binder or through spreadsheet software is not advisable, as it can invite problems and potential liability. It is far more efficient and economical to find tools that can assist in policy management. An organization can protect its

people and reputation only by ensuring a formal policy management process is in place to create, distribute, and update necessary policies and procedures. The trend has been for organizations to use software to better help manage the process. The percentage of respondents who indicated they were manually managing their documents was 47%, whereas 53% are using management software systems. Manually managing compliance documents can be a risky, time-consuming, and complicated process.

TYPE OF TECHNOLOGY USED BY YOUR ORGANIZATION TO FACILITATE DOCUMENT MANAGEMENT



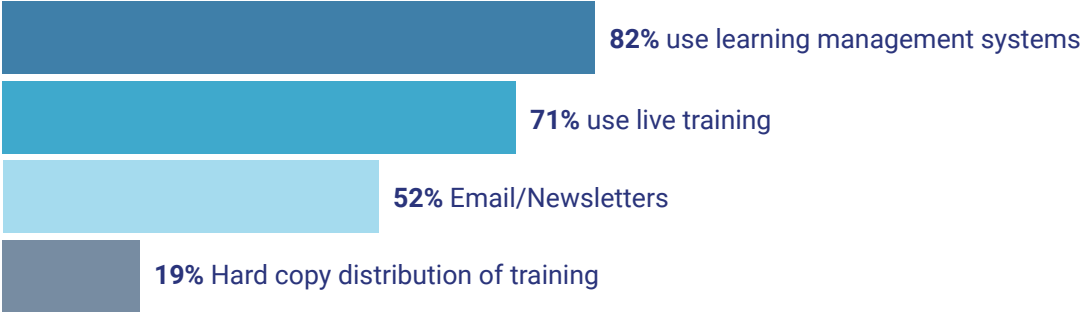
Q17 COMPLIANCE EDUCATION AND TRAINING

NEARLY THREE-
QUARTERS PROVIDE
COMPLIANCE EDUCATION
AND TRAINING AT NEW
EMPLOYEE ORIENTATION
AND ANNUALLY
THEREAFTER

Development and implementation of regular compliance education and training programs are one of the seven critical elements of an effective compliance program. The OIG states: "At a minimum, comprehensive compliance programs should include...the development and implementation of regular, effective education and training programs for all affected employees...The compliance officer's primary responsibilities should include...developing, coordinating, and participating in a multifaceted educational and training program that focuses on the elements of the compliance program..." They go on to say that training should take place at new employee orientation and annually after that. Nearly three-quarters of respondents reported meeting the best practice of annual training.

Q18 METHODS FOR DELIVERING COMPLIANCE TRAINING

A key question is how compliance training is provided to employees. Over the last several years, respondents have been reporting increased use of learning management systems. This year the trend is continuing, with now over eight out of ten organizations reporting that they are using that method. Interestingly, employing live training significantly increased from six out of ten reporting its use in 2019 to seven out of ten this year. The other forms of training also strengthened, with over half reporting delivering compliance training via email and newsletters, and one out of five reports distributing training materials via hard copy. This suggests that most organizations are now employing multiple methods for delivering training. Live training is typically the most expensive and time-consuming method and one of the benefits of learning management system training is that it often provides measurement tools to determine the training effectiveness, such as employing tests/quizzes.

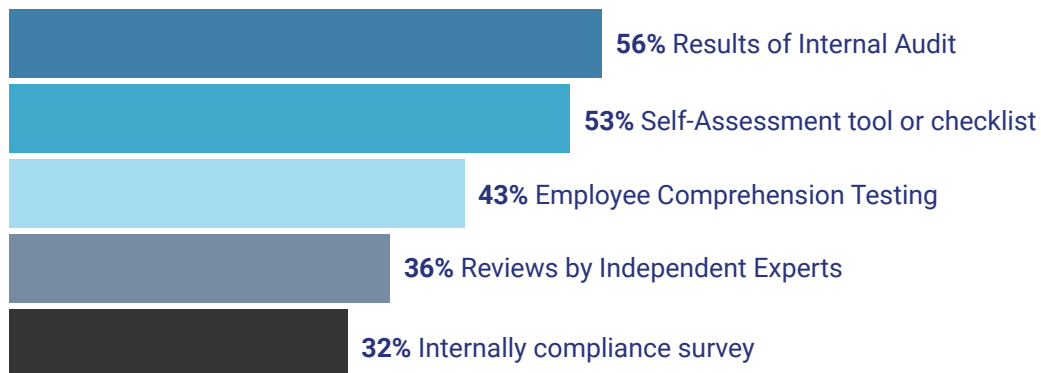


Q19 EVIDENCING COMPLIANCE PROGRAM EFFECTIVENESS

Evidencing program effectiveness is critical. Over half of the respondents said that their compliance program uses a tool or checklist to evaluate their effectiveness. In third place was employee comprehension testing at the end of the training. In fourth place, at 36% was reviews by independent experts. An internally generated compliance survey was in fifth place at 32%. About 15% reported not currently assessing their compliance program effectiveness. Internal methods for evidencing compliance program effectiveness would be considered part of ongoing monitoring, not independent auditing reviews by independent outside parties. The compliance officer, like any program manager, is responsible for continuous monitoring of their program and in verifying it is operating as designed. The program should be subject to ongoing auditing by parties independent of the compliance office.

Continuous auditing conducted by outside experts is growing in importance and has been reinforced repeatedly by the OIG in their practical guidance. The results of this question indicate that most organizations don't have independent evaluations of the compliance program, relying instead upon self-assessment tools and checklists, internally generated surveys, and after-training testing. At best, these are used as a "gap analysis" for elements that may be missing in the program. These methods provide little evidence of how effectively these elements function in the day-to-day operation of the organization. But internally generated compliance surveys lack credibility, and outside parties (Board level, government oversight agencies) don't place much value on them. Most employees don't trust them, especially in ensuring anonymity in responses. Furthermore, it is difficult to know what the scores genuinely indicate.

THE MOST CREDIBLE MEANS TO EVIDENCING PROGRAM EFFECTIVENESS, INDEPENDENT EVALUATIONS AND INDEPENDENTLY DEVELOPED AND ADMINISTERED COMPLIANCE KNOWLEDGE SURVEYS, ARE NOT USED BY MOST ORGANIZATIONS.





Q20 WHEN THE COMPLIANCE PROGRAM EFFECTIVENESS LAST INDEPENDENTLY EVALUATED

Nearly half of the respondents reported that there was an independent evaluation of their compliance program within the last three years. That number was split almost evenly between within the year and three years. Another 12% reported having had an independent evaluation over three years ago. The most significant change was the number of those that never had an independent assessment, with that number dropping from 45% to 30%. Independent compliance program effectiveness evaluations are growing in importance and have been reinforced repeatedly by the OIG and other regulatory bodies. Effectiveness relates to the outcome of the process, not the process itself. Compliance officers, like all program managers, are responsible for ongoing monitoring of their program, but cannot independently audit its effectiveness. Using checklists and self-evaluation tools can be useful for constant monitoring, but lack credibility and outside parties (Board level, government oversight agencies) don't place much value on them.



Q21 RECENT INDEPENDENT COMPLIANCE SURVEYS TO EVIDENCE PROGRAM EFFECTIVENESS

Surveying of employees is one of the methods advocated by the OIG in the Compliance Program Guidance. Only 22% had an independently conducted compliance effectiveness survey in the last year. About 72% reported not using such a survey last year. Evidence from other questions in the survey indicated that organizations favor developing and administering surveys internally. This is not a best practice and jeopardizes the validity and reliability of the findings. Results from a professionally designed and independently managed survey can provide a compelling report to the compliance oversight committees, as well as to any outside authority questioning the program.



Q22 INITIATIVES BEING CONSIDERED FOR 2020

Nearly six out of ten respondents identified working with program managers to improve ongoing monitoring of their risk area as an initiative being considered for 2020. Over half noted building a more robust ongoing auditing program. Nearly half of respondents also noted HIPAA privacy and security assessments, and about a third reported compliance evaluation of those areas. About four out of ten flagged enterprise regulatory risk assessments. A little less than one third reported a planned initiative implementation of software tools to assist program managers.

NOTEWORTHY THAT THE BOTTOM FIVE ITEMS WERE ALL ONES THAT RELATED TO INDEPENDENT INITIATIVES.

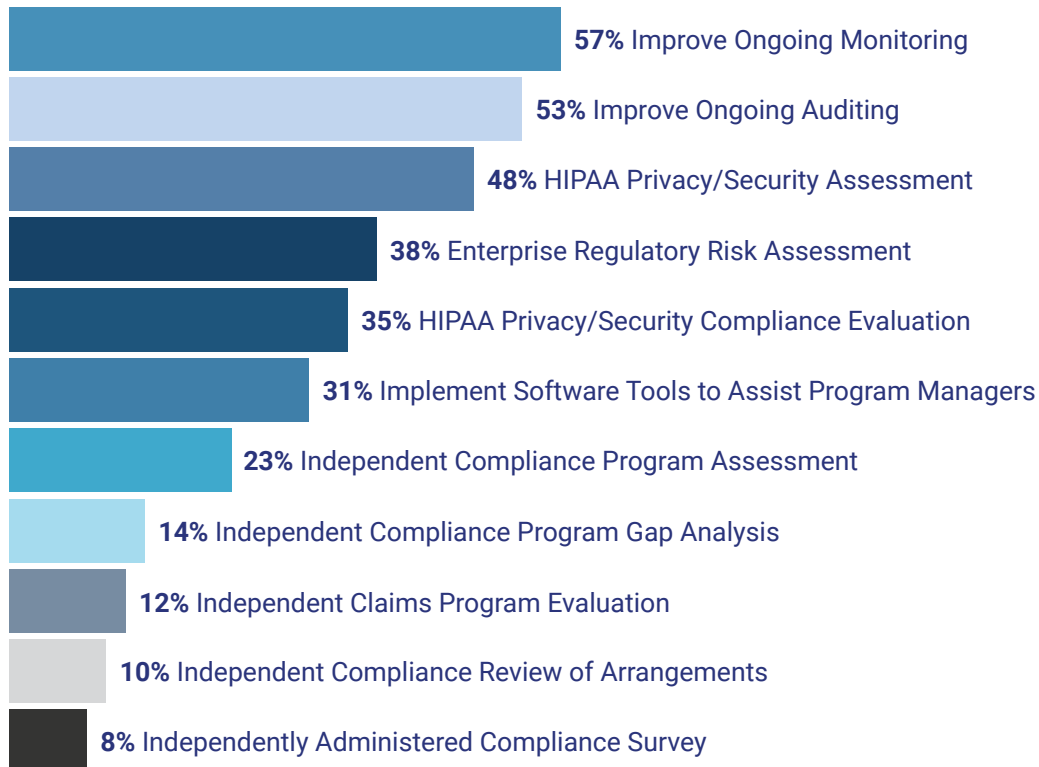
- A. EVALUATIONS OF THE COMPLIANCE PROGRAM,
- B. COMPLIANCE PROGRAM GAP ANALYSIS,
- C. CLAIMS PROGRAM EVALUATION,
- D. REVIEW OF PHYSICIAN ARRANGEMENTS,
- E. DEVELOPED AND ADMINISTERED COMPLIANCE KNOWLEDGE SURVEYS.

Q22 Cont.

The responses can be categorized in three bundles:

- The major focus indicated by respondents was on risk identification and mitigation. Three of the four top selected initiatives dealt with this area.
- The second bundle involved HIPAA with the third and fifth rankings.
- The third bundle of five items at the bottom of the choices selected related to independent assessment of effectiveness of the compliance program (effectiveness evaluation and gap analysis, review of claims processing, arrangements with physicians, and compliance knowledge surveys).

THE BOTTOM SCORED FIVE ITEMS WERE USE OF INDEPENDENT PARTIES FOR GAP ANALYSIS, EFFECTIVENESS EVALUATIONS, CLAIMS PROCESSING, ARRANGEMENTS REVIEW, AND SURVEYING.



Q23 THIRD PARTY TOOLS/SERVICES SUPPORTING THE COMPLIANCE PROGRAM

Over the last 11 years of the Healthcare Compliance Benchmark Survey, there has been evidence of increased reliance upon vendors for services and tools to assume some of the burdens that support but are not part of the core compliance office operations. For 2020, most respondents reported using tools and services provided by vendors for routine services. By far, those most relied upon are hotline answering services with over 70% reporting using such a vendor. Six out of ten respondents reported using a sanction-screening service with about a third also using a vendor for results resolution. One third reported using a vendor for policy and code development and automated compliance incident management software. Nearly six out of ten use an eLearning tool vendor. One quarter reported vendors use for claims reviews, specialized compliance/HIPAA investigations, measuring compliance program effectiveness, compliance risk assessments, and for incident management. About one fifth of respondents reported using vendors for executive and board training, automated legislation and regulatory alerts, vendor compliance employee surveys, arrangements contract review, and compliance program effectiveness reviews. About one in eight reported using vendors for critical incident management automated compliance audit software, on-call expert advisory services, and investigation training.

MOST COMPLIANCE OFFICERS RELY ON VENDORS FOR HOTLINE, SANCTION SCREENING AND ELEARNING TOOLS

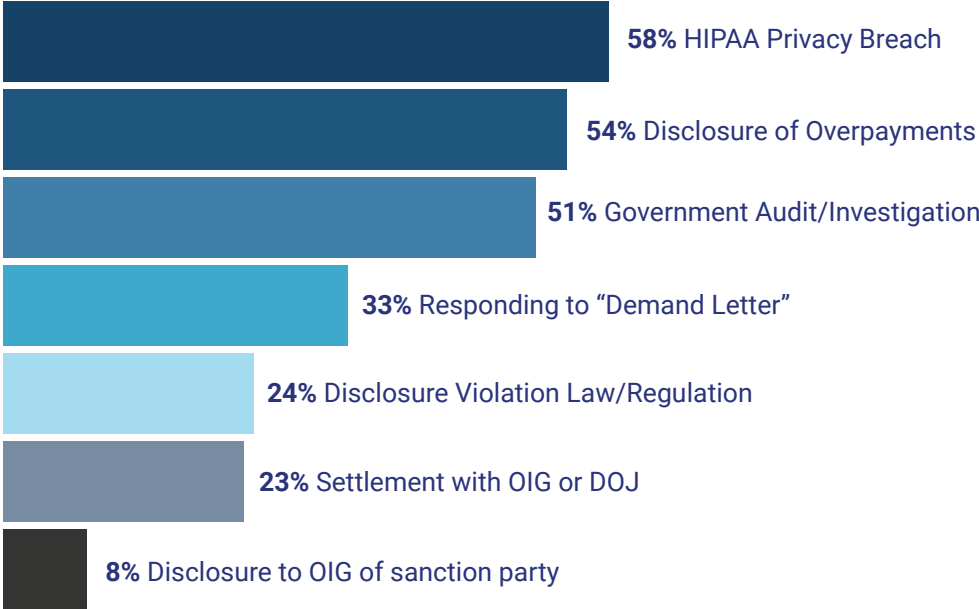
Q24 COMPLIANCE COMMUNICATION CHANNELS

There was very little change between the 2019 and 2020 Survey concerning available compliance communication channels. Nine out of ten respondents have a direct reporting channel to the compliance office. Two third of respondents have a hotline answered by an operator and web-based reporting channels. Most reported having an email reporting system. Many organizations noted having multiple channels for compliance reporting. This is consistent with regulatory bodies that call for multiple compliance communication channel. Less than 2% reported no compliance reporting channels.



Q25 ENCOUNTERS WITH GOVERNMENT AUTHORITIES IN LAST FIVE YEARS

It is widely recognized that regulatory and legal enforcement activities have been increasing over the last few years. Over half of the respondents answered (a) having encounters with the Office of Civil Rights regarding HIPAA breaches; (b) making self-disclosures of overpayments; (c) been subject to a government audit or investigation. One third reported having responded to a government “Demand Letter”; (d) one quarter made self-disclosure of a potential violation of law or regulation; and one quarter were involved in a settlement process with the DOJ or OIG. These results are a warning bell to all compliance officers that regulators and enforcement officials are right around the corner, necessitating increased efforts on ongoing monitoring and auditing to mitigate exposure of compliance-related risk areas.



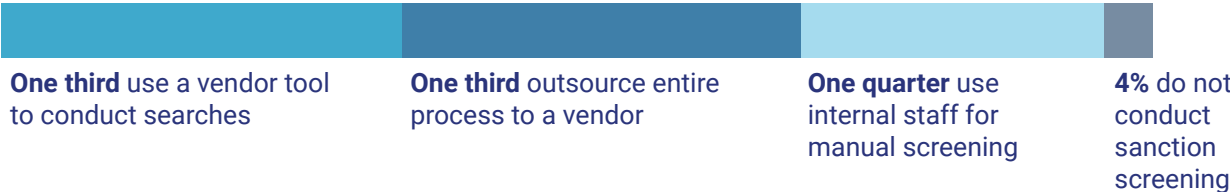
Q26 FREQUENCY OF SANCTION SCREENING

Respondents were asked about screening those with whom they engage against sanction databases and 80% of respondents noted reported their organization screens individuals/entities before engagement and then monthly after that, which is the best practice standard. This is an increase from 2019 where 75% reported the practice. Of the remainder, 4% screen only pre-employment/engagement; 4% screen before engagement and quarterly thereafter; 4% annually after engagement, and 3% reported not conducting screening.

8/10 EIGHT OUT OF TEN ORGANIZATIONS REPORTED FOLLOW A BEST PRACTICE OF SCREENING AT THE TIME OF ENGAGEMENT AND MONTHLY THEREAFTER

Q27 MANAGEMENT OF SANCTION SCREENING

Over the years, the increasing number of compliance officers relying upon vendor support for sanction screening has been tracked. Two-thirds of respondents now report having a vendor tool for screening or outsourcing entire process to a vendor that included resolution of "potential matches or hits." Only one quarter reported manual screening by internal staff. This trend is understandable as vendors have established databases and search engine capabilities with updated information with the cost amortized over many clients. Developing the same capability in-house is prohibitive for most organizations. Vendors also have more experience and expertise in resolving potential matches that often require going to originating agencies across the federal government to determine where a name match can be confirmed with a sanctioned party.



Q28 DATABASES USED TO SANCTION SCREEN

Sanction screening against the OIG LEIE is not optional; and CMS also calls for screening against the GSA Excluded Party List System (EPLS) and Medicaid sanction databases. The decision by health care organizations to screen other databases is discretionary, not mandated. Virtually all respondents reported their organization screens against the OIG LEIE. Three-quarters reported screening against the GSA Debarment Listing and State Medicaid sanction databases. About one-third reported screening against the Office of Foreign Asset Control (OFAC) list, Drug Enforcement Agency (DEA) sanction list; and Food and Drug Administration (FDA) sanction database. The decision by health care organizations to screen the other databases noted in the question is discretionary, not mandated, and goes beyond what is called for by the OIG, CMS and DOJ. In deciding what additional screenings are needed, organizations must do their cost-benefit analysis as to their merits.

VIRTUALLY ALL SCREEN AGAINST THE LEIE

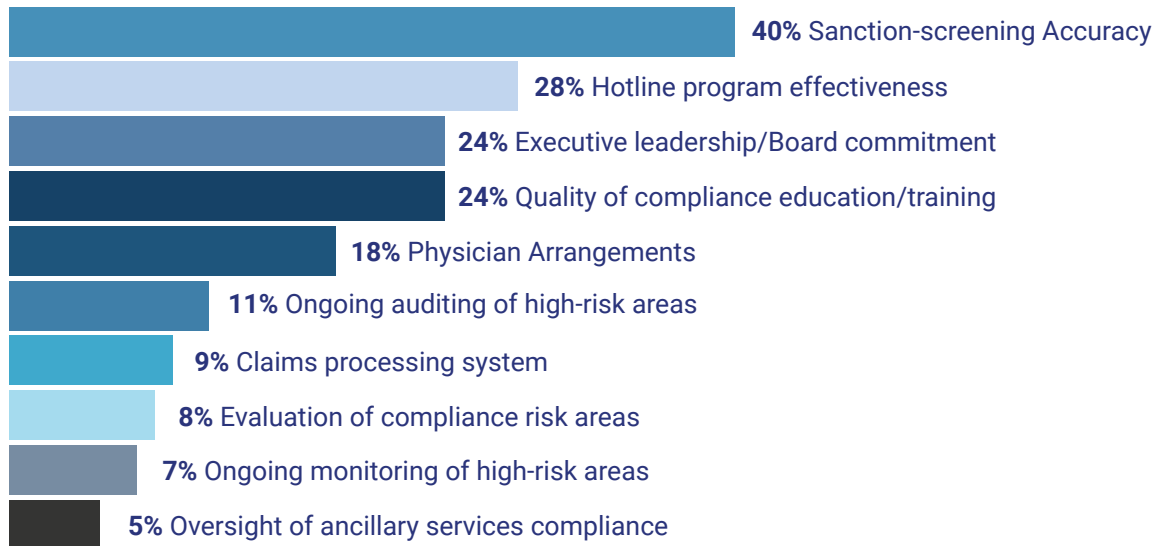
THREE QUARTERS SCREEN MEDICAID & GSA LISTINGS

ABOUT ONE-THIRD SCREEN OFAC, DEA, FDA

Q29 RANK CONFIDENCE LEVEL IN COMPLIANCE-RELATED AREA

This question was designed to gain insights into the level of confidence that compliance-related issue areas are being managed. Ranking as the area of highest confidence is the accuracy of sanction screening, followed by the hotline program, both of which is primarily by using vendors. Also ranking high is commitment to compliance by executive leadership and the Board. However, the more significant information is found when looking at the areas of lowest confidence level of compliance-related areas. The areas where confidence was relatively lower included evaluation of compliance risk areas, followed by oversight of ancillary service compliance, claims processing system, and ongoing auditing of high-risk areas. These are the weaknesses that warrant the most attention.

Q29 Cont.



AREAS OF LOWEST CONFIDENCE

1. EVALUATION OF COMPLIANCE RISK AREAS
2. OVERSIGHT OF ANCILLARY SERVICES COMPLIANCE
3. ONGOING MONITORING OF HIGH-RISK AREAS
4. CLAIMS PROCESSING SYSTEM
5. ONGOING AUDITING OF HIGH-RISK AREAS

Q30 TOP THREE PRIORITIES FOR IMPROVING THE COMPLIANCE PROGRAM

The top three priorities identified by respondents for improving the compliance program in 2020 were:

- Evidencing compliance program improvement;
- Improving compliance auditing;
- And gaining increased support for the compliance program.



Q31 TOP THREE HIGH-RISK PRIORITIES

As with the past three years, nearly 60% of respondents identified HIPAA Security and Privacy as a top high-risk priority. Physician arrangements was in second place with claims processing accuracy in third place. HIPAA in first place was consistent with the fact that the number one encounter with government involves privacy issues. Also, the second and third places are areas that the DOJ and OIG have placed as their top two priorities in health care enforcement. Internal conditions and parallel OIG guidance determine the rest of the rankings.

TOP THREE SELECTED

1. HIPAA SECURITY AND PRIVACY
2. PHYSICIAN ARRANGEMENTS
3. CLAIMS PROCESSING ERROR RATES





CONCLUDING COMMENTS

Over the last 11 years of the Healthcare Compliance, responsibilities and expectations for compliance officers has continued to increase, especially as they assume responsibility for other functions and this has resulted in added challenges. Respondents in 2020 reported a continuation of this trend, but without corresponding increases of budget and staff. Compliance offices remain lean with three quarters of respondents reporting five or fewer staff, suggesting that compliance offices are staying very lean to meet their obligations. Respondents indicated increased reliance upon vendor tools (hotline, sanction-screening, e-learning) to meet obligations. This is consistent with industry trends to focus on core responsibilities using internal staffing; and to use vendors to assist with ancillary needs.

The experience level of compliance officers is growing. Results of the Survey establish that most organizations have a compliance officer with 10 years or more experience with the average being eight years.

Despite OIG compliance guidance, only about one third of respondents reported having their compliance program independently measured for effectiveness, relying instead on self-assessments, checklist tools, internally generated surveys, and the like. Continuous monitoring of the program to verify it is meeting obligations needs to be done by parties independent of the operations of the program to have objective reviews.

Additional methods are suggested for gaining insights as to the effectiveness of the compliance program, including better methods of gaining employee feedback regarding the understanding of the code of conduct, compliance policies, training lessons, use of communication channels, and overall trust in the program. Only a few organizations use professional testing and surveying for employee compliance understanding and commitment; most rely upon informal and internally generated processes.

ABOUT STRATEGIC MANAGEMENT SERVICES

Strategic Management Services, LLC (Strategic Management) was founded over 25 years ago by Richard Kusserow, who had served 11 years as DHHS Inspector General. The firm is a pioneer in healthcare compliance and was the first consulting firm to focus on it – before the government had even issued any formal compliance program guidance documents for the industry. The firm has assisted over 2,000 thousands of healthcare organizations with regulatory compliance services, such as the development of compliance program infrastructure, evaluation of compliance programs, standard of conduct development and reviews, compliance training programs, hotline setup, risk assessments, claims data analysis, assistance with the CIA requirements, IRO duties, and litigation support. Strategic Management also operates the Compliance Resource Center (CRC) that provides tools for compliance officers, including hotline services, policy development, e-learning, sanction-screen, and compliance surveys.

ABOUT SAI GLOBAL

SAI Global helps organizations proactively manage risk to create trust and achieve business excellence, growth, and sustainability. We offer an integrated platform for healthcare companies that:

- Is purpose-built for healthcare compliance
- Reduces risk, maximizes resources, and ensures audit-readiness
- Provides ethics and compliance learning courses and tools
- Automates core compliance processes
- Enables configurable workflows that serve as a “virtual compliance coordinator”