

Addressing Compliance Staff Shortages

[Richard P. Kusserow](#) | February 2023

Key Points:

- **Responding to the “Great Resignation” & “Great Reshuffle”**
- **Compliance Officers must compete to find qualified experienced staff**
- **Insourcing, Outsourcing, Co-sourcing**

There are many terms coined to address the why and how of labor shortages in all business sectors. What it does illustrate is that if Compliance Officers are facing staffing problems, they are not alone. The disruption in the labor force has not only hit the caregiving sector hard but also compliance offices. It now takes an average of 5-7 months to find replacements. The [Chamber of Commerce reported](#) that the pandemic caused a major disruption in the labor market with nearly 40 million employees quitting their jobs for various reasons last year alone. This is often referred to as the “Great Resignation.” This trend appears to be continuing with an estimate that one out of five workers may quit their job in the coming year, seeking work elsewhere to obtain increased salaries, benefits, and free time. This is often referred to as “The Great Reshuffle.” All these challenges have led to searching for various approaches to fill workforce needs, beginning with reviewing salary and benefits being offered, as well as addressing employees’ desire to work remotely. A [national survey by RSM](#) found two-thirds of responding organizations reported struggling to attract experienced employees. This employee gap crisis has led to major competition in the hiring of skilled and experienced staff.

The challenge is how best to address staff shortfalls. Six out of ten organizations reported increasing reliance on using contracted services to fill staffing gaps. There are three different options for addressing staff shortage: insourcing, [outsourcing](#), or [co-sourcing](#).

“**Insourcing**,” or in-house staffing, is work or activities done by employees rather than individuals from outside the organization. The challenge with this option is being able to hire new employees or reassign staff from elsewhere in the organization that may also be challenged by staff

shortages. Hiring new employees includes hidden costs and may be more costly in the long run than the other options. Recruiting and hiring are expensive, and then there is the cost of training a new employee and added overhead costs that generally add about 40 percent to the salary (e.g., FICA, FUTA, leave, holidays, health and retirement benefits, etc.). A further challenge is the desire of many to work only remotely. A [Gallop](#) poll found that 91 percent of U.S. workers hoped they could continue working some of their hours from home, and 3 in 10 workers signaled they would seek new employment if they were recalled to the office from working remotely. If that were not enough, it is estimated that there are 10 million job vacancies and 6 million out of work. With millions of more job openings than workers to fill them, it becomes a “seller market” where labor has an edge over companies in being able to demand higher wages, increased benefits, and more desirable working conditions.

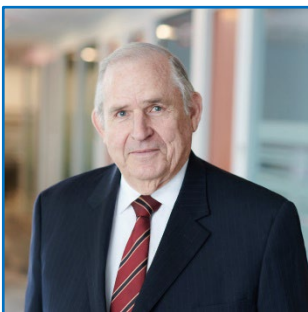
“**Outsourcing**” is a common and growing practice among companies that involves transferring a portion or sometimes a complete operation to outside providers. In these cases, internal workers are not an active part of the project. The vast majority of compliance offices use outsourcing for [hotline](#) and [sanction screening](#) services. Many also outsource the development of training programs and for conducting evaluations, audits, investigations, etc. The OIG permits smaller organizations that can’t support a compliance department with W-2 employees to [outsource the entire program to outside experts](#). The prime reason for outsourcing is to cut labor costs, including salaries, overhead, benefits, equipment, and technology. Other advantages include being able to focus on core compliance responsibilities, greater expertise with the firm engaged, increased efficiency, etc. It is very important to select properly qualified firms with experienced staff and expertise, along with multimillion-dollar liability insurance coverage.

“[Co-sourcing](#)” is an option that is halfway between insourcing and outsourcing. Co-sourcing has helped many organizations, as it brings needed professionals with the expertise to perform specialized tasks as part of the office compliance team. Unlike outsourcing, all work is under the direction of the internal staff. This means the organization is not hiring a vendor but a co-worker. This is an option often used for a short period until an employee is hired, or an assigned project

or task is completed. This approach permits projects and tasks to be planned and constructed quickly without the addition of new permanent staff. Once the task or project is finished, the service provider's job is also done. The advantages include gaining immediate access to unavailable in-house capabilities, expertise, and services; allowing in-house staff to remain focused on their responsibilities; all tasks are defined and directed by in-house staff; and greater flexibility. The key to success for this option is selecting the right provider in terms of experience, expertise, availability, and cost. For many with limited needs, engaging an outside provider for these types of services is under an "on-call" contract that permits task order work as needed to address identified tasks. In this way, no payment is made unless tasks are ordered, but enables immediate access to needed services without having separate contracts for each task order. As in the case of outsourcing, the firm selected should have multimillion-dollar liability insurance coverage.

For answers to compliance FAQs, see <https://www.compliance.com/faqs/>.

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About the Author

Richard P. Kusserow established Strategic Management Services, LLC, after retiring from being the DHHS Inspector General, and has assisted over 2,000 health care organizations and entities in developing, implementing and assessing compliance programs.