

Why Physician Practices and Small Entities

Outsource the Compliance Program

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Key Points:

- Smaller entities that cannot afford a full-time CO can outsource their Compliance Officer
- Outsourcing the Compliance Program is less costly than hiring someone to do it
- Major considerations are expertise, timeliness, and cost savings
- Twelve (12) tips when outsourcing the compliance function

Physician practices and smaller health care providers often outsource the Compliance Officer function as a means to gain additional assurance on compliance processes, address a lack of in-house compliance skills, and keep current with regulatory standards. This enables “jump starting” development, implementation, and management of an effective compliance program. It allows the program to obtain the level of expertise required without the financial burden of a full-time resource. The DHHS OIG recognized in their [Compliance Program Guidance for Individual and Small Group Practices](#) that, in situations where there are staffing limitations where the entity cannot afford to designate an employee to oversee the compliance program, the functions of the Compliance Officer could be outsourced to a third party on a part-time basis. There is also the advantage that an established expert compliance consulting firm will be current with regulatory guidance and provide more security than trying to find and depend on a single employee to keep current with the complex and ever-changing legal and regulatory environment. This can save time and money in keeping current on addressing these changes.

However, the biggest motivator for most organizations to engage outside experts is to save money on hiring, training, and overhead costs for W-2 employees (e.g., FICA, health/retirement benefits, annual/sick/ holiday leave, etc.). Outsourcing the Compliance Officer function enables an entity to obtain the level of expertise on a part-time and not carry the financial burden of a

full-time resource. The complexities of building and managing the compliance program in an ever-changing regulatory environment make having someone do it as a secondary duty impractical and impossible. Still, the job cost of hiring someone to do the work can be prohibitive. The [HCCA 2022 Compliance Officer Survey](#) reported the average total compensation for healthcare compliance officers ranged between \$153,000 to \$179,00 per year, and according to [Salary.com](#), the average Corporate Compliance Officer in the healthcare sector salary typically falls between \$91,336 and \$147,124.

The following are tips for outsourcing Designated Compliance Officer services:

- 1. Cost.** Determine the rate and pay only for hours of service provided.
- 2. Commitment Level.** Establish an estimated number of hours per month for the service.
- 3. Expertise.** Ensure expertise and knowledge. Check for journal articles, blogs, presentations, and credentials.
- 4. Healthcare Compliance Experience.** Choose a firm that focuses only on healthcare compliance, not one generalized across other industries.
- 5. Availability.** Include a provision in the agreement to be available at any time needed.
- 6. Experience.** Determine the number of years of experience the firm and consultants possess.
- 7. Depth.** Determine the depth of the consultant and the firm's capabilities.
- 8. Reference.** Obtain references for providing similar types of services.
- 9. Interview Proposed Consultant.** Know and feel comfortable with the consultant.
- 10. Credentials.** Look at a range of the consulting firm's credentials relevant to current needs (e.g., JD, Ph.D., CPA, CPC, CCEP, CHC, CHPC, CHPS, MBA, PMP, HIM, RN, COC, CCNA, CDIP, etc.).
- 11. Professional indemnity insurance.** Require at least \$3 million in liability insurance,
- 12. Right to terminate.** Include a clause to be able to terminate with simple written notice.

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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.