

Building an ROI-driven healthcare compliance program

In healthcare, compliance is as critical to business success as it is to risk management. Quantifying the role compliance plays in supporting and furthering business strategy can help address one of the greatest challenges healthcare CCOs face: flat or shrinking budgets in the face of ever-increasing expectations.¹

Stagnant compliance budgets aren't just a barrier to effective regulatory management, they can pose a regulatory risk. Only 44% of respondents in the **SAI Global/SMS 2021 Healthcare Compliance Benchmark Survey** (the "2021 Survey") reported that compliance program costs are measured,² surprising considering that the OIG Compliance Guidance places considerable attention on whether the Compliance Program is being funded appropriately. One way to ensure programs are receiving full leadership support and adequate resources is to communicate the worth of compliance in terms of ROI.

Whether, and how well, a company's compliance program creates value is a function of maturity: Companies operating in later stages of compliance maturity not only prove compliance and realize efficiencies, they are also reducing risks, innovating, and creating value for the organization.

Given that the average tenure of the modern healthcare compliance officer is approaching 10 years,³ we find that the challenge for many seasoned CCOs is not necessarily a lack of compliance program maturity, but often a failure to recognize and measure the parameters that tell a compelling value creation story.

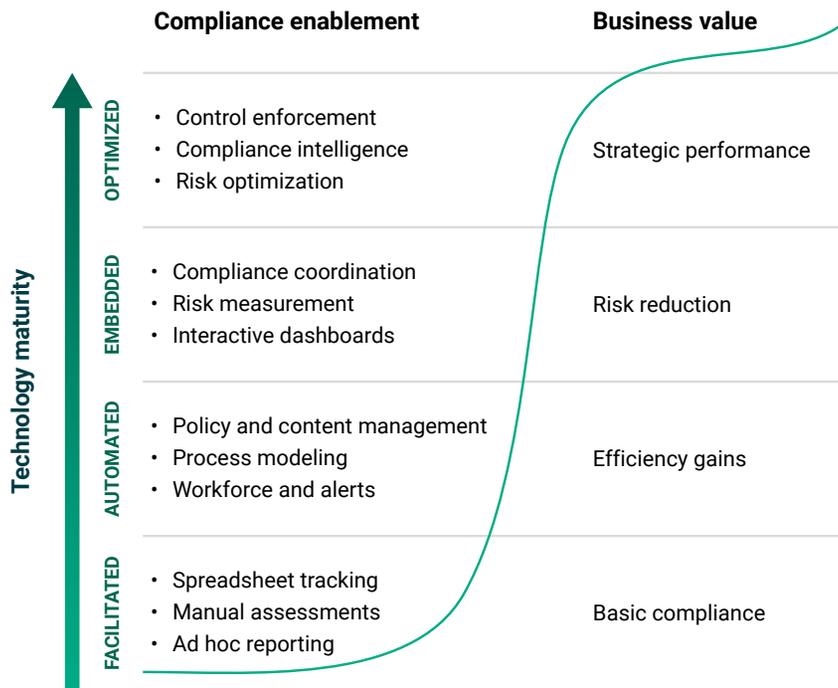
Compliance programs that deliver strategic benefits enjoy enthusiastic support from executives and are funded with budgets that support compliance in later stages of maturity. In this paper we highlight a number of the ROI-driving factors of a comprehensive compliance program. We include questions at the end of each section to help you begin to articulate the ways your compliance program brings tangible value to the organization.

1. See "2021 Healthcare Compliance Benchmark Survey" at 21, SAI360 and Strategic Management Services, LLC, available at <https://www.sai360.com/resources/grc/sai360-healthcare-compliance-benchmark-2021-report>

2. 2021 Healthcare Compliance Benchmark Survey at 18.

3. 2021 Healthcare Compliance Benchmark Survey at 8.





Start by mapping how compliance can support business strategy and value creation

Value creation is inextricably linked to strategic planning. In the 2021 Survey we asked how compliance participates in the develop of business strategy. Only slightly more than a third of respondents reported that compliance is actively involved, even though the DOJ sees compliance engagement in strategy development as a key indicator of an organization's level of commitment to compliance.⁴

he strategic planning table, start by making the priorities of your organization's business executives and board your priorities. Map compliance efforts to the company's strategic plan and to the key performance indicators executives use when communicating with the board, investors and shareholders. Keep in mind that your value story has to appeal to a CEO or board member, not an accountant—so focus on the type of strategic benefits that encourage executive interest and support, rather than cost savings.

4. 2021 Healthcare Compliance Benchmark Survey at 17.

For example, if compliance protects revenue integrity, find a way to articulate the value of that impact. When a compliance program facilitates the integration of new business entities and third-party providers, then it plays a role in business agility and flexibility. If compliance tools and processes easily adapt to, and prove compliance with, new regulations, then likely the program is measurably mitigating the cost of regulatory sanctions and audits.

Strategy ROI Questions

- Which of the top strategic initiatives in the company's strategic plan are supported by compliance?
- Can enhancements to compliance budgets enable those goals faster or more efficiently? If so, how?
- What key performance indicators are used to benchmark company performance against industry peers? Is the compliance program contributing to those?
- Has the compliance program meaningfully improved a business process or produced a verifiable ROI?
- Have compliance assets been leveraged to support non-compliance processes? If not, how can they be?
- How can compliance increase competitive advantage with specific customers or market segments?

Break the silos to create a unified view of risk for the board

According to many of our clients, reporting and analytics is the primary differentiator that won them over to SAI360 compliance and risk solutions.

Compliance officers who want a seat at the table, and who want to be more strategic in nature, get there with the kind of powerful, enterprise-wide reporting that a unified risk platform can provide. When your compliance program is part of a multi-point risk platform with a tech-enabled risk dashboard, it gives the board a company-view into the status of the organization's compliance and risk. The robust reporting capabilities of a unified risk platform also support later stages of compliance maturity by unearthing emerging trends and revealing opportunities to create value, reduce costs, and manage non-regulatory risks.

That kind of reporting requires technology tools that break the silos between compliance, audit and risk. There are two compelling reasons to do this: First, to best detect, respond to and prevent non-compliance, it's important for these functions to collaborate more closely. Cross-functional reporting in these areas is key to systemically uncovering, prioritizing and addressing the full spectrum of risks across your organization—and by extension driving better business performance.

Second, boards are demanding more visibility into compliance. The OIG and DOJ have made it clear that top leadership has responsibility for support of the compliance program,⁵ and about two-thirds of the compliance professionals polled in the 2021 Survey reported that their compliance officer meets with the board at least quarterly.⁶ When organizations fail to evidence this support, they face potential adverse actions by the government. The OIG has taken the step of adding provisions to their Corporate Integrity Agreements (CIAs) mandating executives' and Board members' attestations/certifications regarding meeting their oversight obligations.

If these reasons are not compelling enough, many times auditors are seeking the same or similar data for compliance and risk activities, so having a single system for all to use is more efficient.

If your organization isn't utilizing that kind of reporting capability, it's worth finding new ways to leverage your technology tools—or finding new tools, if need be. Reporting should be interactive, graphical, and comprehensive, bringing executives and the board a consolidated and scannable view into the status of the risk environment. It's important to keep in mind that while many vendors offer solutions with multiple compliance and risk-related modules, those modules aren't necessary integrated for cross-function reporting.

And some vendors' reporting algorithms only work when the client utilizes the solution out-of-the-box. Once a client has customized fields in the software, those fields are no longer reportable, leaving CCOs—and the board—with a fractured view of risk. Be sure that any prospective solution has reporting capabilities that extend across modules, and that customization of program configurations does not disable any element of reporting functionality.

Unified View of Risk ROI Questions

- Is compliance reporting capable of providing strategic business intelligence to your organization?
- If so, what measurable analytics reveal ways compliance is supporting strategy and creating value?
- Can compliance analytics and reporting tools be easily customized to the needs of the organization?
- Is compliance reporting in a silo, or consolidated with risk and audit?
- If so, how would a consolidated view of risk improve the company's risk posture?
- Does compliance technology offer a comprehensive and scannable “dashboard” for the board?

Enhance third-party risk management

The pandemic forced many healthcare service providers out of traditional models of delivery and into uncharted territories, such as telehealth. While the OCR has relaxed penalties in certain areas to facilitate response to COVID-19,⁷ new technology partners and an ever-increasing number of third parties, business associates, an/or delegated entities continue to bring an avalanche of known, and unknown, risks—along with increased regulatory scrutiny from various government agencies.

During fiscal year 2020, the federal government won or negotiated more than \$1.8 billion in health care fraud judgments and settlements, in addition to other health care administrative impositions. HHS-OIG also excluded 2,148 individuals and entities from participation in Medicare, Medicaid, and other federal health care programs.⁸

Compliance gaps hide in disparate repositories of contracts and agreements for physician arrangements, vendors, and service providers. Siloed databases and process make it difficult to consistently obtain and analyze risk screening data areas such as OIG Excluded Individuals and Entities, GSA Excluded Parties and

5. See “Practical Guidance for Health Care Governing Boards on Compliance Oversight,” Office of Inspector General, U.S. Department of Health and Human Services et al, April 20, 2015, available at <https://oig.hhs.gov/documents/root/162/Practical-Guidance-for-Health-Care-Boards-on-Compliance-Oversight.pdf>.

6. 2021 Healthcare Compliance Benchmark Survey at 27.

7. See “Enforcement Discretion Regarding Online or Web-Based Scheduling Application for the Scheduling of Individual Appointment for COVID-19 Vaccination during the COVID-19 Nationwide Public Health Emergency,” Department of Health and Human Services, February 24, 2021, available at <https://public-inspection.federalregister.gov/>.

8. See “Annual Report of the Departments of Health and Human Services and Justice: Health Care Fraud and Abuse Control Program FY 2020,” U.S. Department of Justice and U.S. Department of Health and Human Services, July 2021, available at <https://oig.hhs.gov/publications/docs/hcfac/FY2020-hcfac.pdf>.

SAM, security posture, and financial posture. The failure to prevent billing for services performed by excluded healthcare providers or vendors, for example, is resulting in industry-wide loss of revenue and penalties. The average penalty for paying an excluded provider in 2020 exceeded six figures.⁹

The increasing complexity of third-party management, not to mention increasing costs of negligence, are cresting towards a natural business case for automation. A systematic approach to third party due diligence and risk management will stand up better to the scrutiny of regulators and prevent unnecessary losses. Benchmarking and reducing monetary loss related to third parties, including data privacy violations and exclusions and sanctions, presents an opportunity to tangibly measure return on compliance.

If your organization is struggling to keep up with the administrative aspects of compliance and risk related to delegated entities, it may be time to consolidate and automate the screening, on-boarding and management of third parties.

Third-party Risk ROI Questions

- Does the company's management of third parties facilitate increased revenue opportunities?
- Has the company's management of third parties decreased vendor risk and regulatory penalties?
- Where can efficiencies to be gained by centralizing onboarding and management of third parties, business partners, and/or delegated entities?
- Does the company have visibility into third-party risk trends and problem root causes, such as security breaches, screening failures and billing issues?

Invest in compliance technology tools that are internally configurable

We don't envy CCOs who are kicking the tires of compliance solutions right now. At the 30,000-foot level, they can look very similar. This is true of both compliance point solutions and larger, integrated GRC platforms.

One very important differentiator, that can also be a long-term driver of healthcare compliance software ROI, is the ease of configurability. Will your organization be able to cut the umbilical cord with the vendor over time and

independently configure functionality as compliance program requirements evolve? Or will you ultimately outgrow the solution as your program scales in maturity? The ability to easily expand use of the software into other functional areas is also a terrific return on any technology investment.

Just because a compliance software is cheaper to license and implement up front, doesn't mean that solution will be a good investment in the long run. We get a lot of business from CCOs who are unhappy with their current technology tools because ongoing vendor maintenance and configuration have doubled their cost of investment (and by extension inhibited expansion of use cases). It's not unlike hiring the cheapest contractor to replace the roof on your house—poor construction can create problems that are very costly to resolve down the road.

If you are currently enjoying compliance technology tools that are maintained internally and scaling with the size and complexity of your organization, good for you—you can skip to the questions below to begin considering how to articulate the strategic benefits of that investment.

If not, read on. A simple demo of compliance software won't be enough to determine ease of configurability. Whether you are shopping for on-premise or SAAS compliance software solution, it's important to investigate whether the provider typically enjoys long-term, multi-renewal contracts with clients. Customer service ratings are also a telling metric in this area.

Another key factor in the business case for any IT investment is the degree of flexibility it offers to leverage additional opportunities. Healthcare delivery models are evolving at a rapid pace, with hospital systems and payers acquiring new entities, engaging new third-party relationships, and onboarding new employees. Don't paint yourself into a technology corner by committing to a software that is not easy and intuitive for end users to adopt. Ask how many clients tend to expand their use case of the platform across the organization once they begin using it.

9. See Enforcement Actions, Office of the Inspector General of the Department of Health and Human Services, available at <https://oig.hhs.gov/fraud/enforcement/?type=cmp-and-affirmative-exclusions>.

Software ROI Questions

- Have compliance technology tools meaningfully improved business processes or produced verifiable returns on investment? If so, what are they?
- Does compliance technology support business agility by smoothing integration of acquired entities, third parties, and new employees?
- How can compliance technology assets be leveraged in other areas of the organization (i.e. does the solution have functionality that can be adapted to other use cases)?
- Does the current or prospective solution offer a flat fee for licensing across the entire organization to facilitate expansion?
- Does the solution have intuitive UI that will encourage adoption throughout the organization?
- Are the modules so similar that once end users know how to operate one, they know them all?

Which of the following encounters with governmental authorities has your organization had in the past three years?

Check all that apply.



HIPAA Privacy Breach (disclosure to, or investigation by, OCR)



Self-disclosure of overpayments



Government audit or investigation



Responded to a "Demand Letter" from a government agency/contractor



Self-disclosure of potential violation of law or regulation (CMS, DOJ, OIG)



Self-disclosure to OIG related to sanctioned individuals/entities



Involved in a settlement with DOJ or OIG

- Is the software easily configurable as the compliance program scales and matures, or does it require external vendor IT support for the life of the contract?
- Is the vendor an expert in healthcare compliance technology?

Cultivate a state of continuous audit readiness

Regulatory enforcement actions are increasing rapidly, as evidenced by the sheer volume of encounters compliance professionals report having with government authorities during the past three years.¹⁰

Revenue take-backs for potential fraud, waste and abuse, and increased fines for violations such as data privacy breaches, affect the bottom line and drive up the cost of compliance. With thousands of federal regulations such as Medicare Conditions of Participation, HIPAA, EMTALA, and Stark, as well as state regulations, accreditation standards and other guidelines, proving regulatory compliance is a behemoth endeavor. Increasingly, our clients are looking for solutions that will get them to an “audit ready state.”

The 2020 DOJ “Compliance Effectiveness Evaluation Guidelines” include many questions relating to organizations being able to evidence a “culture of compliance”¹¹ which further bolsters the case for audit readiness. But what does “audit ready” look like? Here are the key factors:

- **All relevant documents and actions are linked and tracked as supporting evidence of compliance with each regulation and compliance program element.** This includes policies and procedures, contracts and business associate agreements, compliance attestations, risks assessments, corrective action plans and incident investigations.
- **When a new law or regulation is passed, you can hit the easy button to see the impact and how it connects to programs throughout the organization.** You can scan for gaps, identify and track remediation work to be done, and determine whether or not you are ready for it.
- **When an audit comes, whether expected or out of the blue, you have a real-time proof-of-compliance record with one verifiable version of the truth.** And at any given time, you can report up through the top levels of the organization that you have your compliance house in order—and prove compliance effectiveness.

Audit readiness is not economically feasible if a compliance program is dependent on manual or siloed processes and workflows. About half of our clients come to us using a mix of Microsoft Office tools and manual processes to manage regulatory compliance. Compliance programs that are mired in

manual processes typically don’t have the resources to be proactive, let alone strategic. For audit readiness, everything related to compliance, from policies to workflows to incident management to third-party risk, needs to be as automated as possible and interconnected like a spider web.

That includes policy management. Nearly half of the respondents in the 2021 Survey reported that they are still manually managing policies,¹² despite the fact that it is relatively painless to automate policy management through purpose-built software. Tracking compliance-related policies using hard-copies in binders or spreadsheet software is asking for trouble; failing to keep track of rescinded or revised policies can have unfortunate liability consequences.

It’s natural for a piecemeal approach to compliance to evolve as a healthcare company scales in size and complexity. But manual processes and ad-hoc technologies do not scale—they lead to increased inefficiency and risk exposure. By the time our clients come to us, many are well past the point of outgrowing their low-cost solutions.

The closer you align the functionality of your technology tools to getting your organization to an audit-ready state, the better the ROI of your compliance program. The gold standard is a common nomenclature, scoring and rating framework for managing risk and compliance across the organization, on a shared platform that offers the ability to scan the horizon for new and rapidly emerging requirements.

Audit Readiness ROI Questions

- Has the company’s approach to audit readiness reduced audit fees or measurably improved management of regulatory risk (i.e fewer audit findings, regulatory enforcement actions, fines, lawsuits)?
- Is compliance stuck at the “proving regulatory compliance” phase of maturity? What support does the program need to move beyond effectiveness, and into driving efficiencies?
- Does compliance have the right tools to effectively identify, prioritize and remediate risks?

10. 2021 Healthcare Compliance Benchmark Survey at 39.

11. See “Evaluation of Corporate Compliance Programs,” U.S. Department of Justice, Criminal Division, June 1, 2020, available at <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

12. 2021 Healthcare Compliance Benchmark Survey at 30.

Centralize incident reporting and investigations

Incident reporting is critical for root cause analysis. The DOJ wants organizations to look beyond just the persons responsible for wrongdoing and identify “root causes” of compliance incidents and issues that should be addressed, in order to proactively reduce the likelihood of future similar problems.¹³ Root cause resolution offers another opportunity to measure returns on compliance management, and three quarters of the respondents in the 2021 Survey report that they routinely conduct and track root cause analysis.¹⁴

The best practice for incident reporting is to automate the capture of all potential incidents in a system that allows for prioritization and investigation. Whether incidents occur in the form of ethics violations, data privacy and security violations, or potential fraud, waste, and abuse, the ability to create a consistent and effective intake, investigation, and resolution process is imperative for proper risk management and proof of compliance for audits.

Healthcare incident case management should enable efficient reporting of any incident from any source: regulatory investigations, whistleblower hotlines, webforms, emails and memos to files documenting conversations. Ideally an incident reporting and investigations solution will integrate with multiple intake channels including data privacy monitoring services, web forms and hotline vendors. It should also support a flexible incident management structure (i.e. centralized corporate model, distributed autonomous model, and a hybrid approach).

These types of communications should never be managed across the organization using inconsistent processes and ad-hoc tools, the risk exposure is too great. And, as the board becomes more attuned to compliance, it’s important to be able to aggregate sensitive incident and investigation data from business units and roll it all up into a corporate-wide view.

Beyond reducing the risk of incident management, a purpose-built healthcare incident management solution is configurable to many functions within an organization beyond compliance. Human resources, the legal team, or any department with a need to manage issues in a centralized manner can create siloed applications within a well-designed module. For example, your organization’s general counsel could manage legal investigations across every hospital in a particular healthcare system.

13. *Evaluation of Corporate Compliance Programs at 14, 16, and 17.*

14. *2021 Healthcare Compliance Benchmark Survey at 14.*

Incident Reporting and Investigations ROI Questions

- Does the organization’s incident reporting system identify root causes of problems?
- Does the current system enable board-level reporting that shows trends, financial implications, corrective actions and preventative measures?
- Does the system demonstrate a culture of compliance by evidencing incident investigation activities?
- Does it provide multiple intake channels that are web-based?
- Do the web-based intake forms and the hotline service support anonymous reporting capabilities?
- Which colleagues in your organization could leverage a software solution for incident reporting and investigations (i.e. third-party management, HR, legal)?

A compelling ROI story can elevate compliance from a cost center to a strategic driver within your organization. The right technology can help you build a compliance program that increases efficiency, reduces risk, and supports your organization’s strategic plan. When building a business case for investment in compliance tools, think like an executive—not an accountant. Look beyond product features and functions and calculate a cost-benefit analysis based on ROI.

For more information about how your colleagues are navigating the current state of healthcare compliance, download our **2021 Healthcare Compliance Benchmark Survey**.

ABOUT SAI360

SAI360 designs purpose-built solutions that enable healthcare organizations to create a culture of compliance and better business performance. Transform your compliance program with SAI360—a highly configurable platform that identifies gaps, detects problems early and allows your team to rapidly respond to emerging risks. No matter the size of your organization, we've got starting points based on healthcare industry best practices and 20 years of experience in healthcare compliance.

We stay laser-focused on healthcare, not only by serving your needs today, but by keeping our eye on the horizon to innovate to the healthcare compliance landscape of tomorrow.

Interested in learning more about SAI360's healthcare compliance program?

[Request a demo.](#)

Our unified approach to risk sets us apart

Today's complex risk landscape demands more. SAI360 leads the way with an integrated GRC platform and Learning solution that spans the entire risk spectrum.

Risk Management Solutions

- Enterprise & Operational Risk Management
- Regulatory Change Management
- Policy Management
- Third-Party Risk Management
- Internal Control
- Internal Audit
- Incident Management
- Conflicts of Interest (COI) Disclosure Management
- IT & Cybersecurity
- Business Continuity Management

Ethics & Compliance Learning Solutions

- Anti-Bribery & Anti-Corruption
- Competition & Anti-Trust
- Conflicts of Interest
- Data Protection & Privacy
- Information Security
- Exports, Imports & Trade Compliance
- Harassment & Discrimination



SAI360 is giving companies a new perspective on risk management. By integrating Governance, Risk, Compliance (GRC) software and Ethics & Compliance Learning resources, SAI360 can broaden your risk horizon and increase your ability to identify, manage, and mitigate risk. See risk from every angle. Visit www.sai360.com.

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