Issues and Best Practices in Corporate Compliance

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Discussion Outline

- OMIG requirements for Medicaid Compliance Programs
- Risk areas to consider
- Billing
- Due Diligence
- Self-disclosure
- Some best practices to consider
Corporate Compliance

- Encompasses internal procedures/processes and staff training directed at compliance with applicable federal/state laws, regulations, and directives.

- Articulates standards and expectations.

- Describes methods for monitoring standards.

- Identifies corrective action processes.
Effective Corporate Compliance Program

- Covers all program areas, not just Medicaid!
- Is more than just a written document or a “paper program”!
- Is reasonably designed, implemented, monitored and enforced and updated as needed.
- Includes designation of an individual who is the primary “point of contact” for matters related to corporate compliance.
Essential Attributes of Corporate Compliance Programs

- System based
- Transparent
- Accountability is built-in
- Reflects Commissioner Ritter’s definition: “Never ending journey of demonstrating value, doing things right, and doing the right thing”
Federal False Claims & Federal Deficit Reduction Acts

- Federal False Claims Act – 1st implemented after civil war & used to target corrupt "carpetbaggers" – created liability for presenting false claim to U.S. gov’t.
- Statute resurrected in 1970’s to combat profiteering in defense & aerospace
- In 1990’s, became 1st line of defense against Medicare/Medicaid/ health care fraud
- Federal Deficit Reduction Act of 2005 required orgs receiving or paying out $5,000,000 or more in Medicaid to have compliance programs
Uncovering Medicaid Fraud

- 2005 NY Times expose said NY’s MA program had become a target for the unscrupulous & opportunistic
  - A dentist in 12 months built the state’s largest MA dental practice - claims for 991 procedures in a day
  - Ambulettes transported individuals who did not have mobility problems
  - School districts enrolled students unnecessarily for speech therapy

- In 2006, the NYS OMIG was established
OMIG

OMIG =

A) Ohio Mutual Insurance Group

B) Ocular Microbiology & Immunology Group

C) Office of the Medicaid Inspector General

D) Oh Mi God!
Quiz

1. Which of the following is a sign of possible fraud, waste and/or abuse?
   - A) Board doesn’t review/approve credit card statements of the Executive Director
   - B) Agency paid NYS sales tax on several purchases for agency goods
   - C) Executive Director uses agency issued Bic pen for 6 months & then misplaces it
   - D) A & B but not C
Which would **not** be costly if uncovered in an audit?

- A) Services provided by clinician licensed in another country
- B) On habilitation note, there appear to be encrusted remains of possibly lasagna or red pepper salsa but note is still legible
- C) IRA claim was billed for day individual was in Florida
- D) Note indicates MSC monthly face-to-face meeting took place on date service coordinator was on vacation in Hawaii
Quiz (cont.)

Which is not a sign of poor governance?

- A) Board doesn’t review/approve Executive Director’s time sheet & record of leave accruals
- B) Board minutes do not indicate budget was approved by Board
- C) The agency doesn’t have a written contract with the Executive Director
- D) Executive Director gets paper cut while reviewing files
Quiz

Which would not lead an auditor to suspect fraud?

A) No supporting documentation was found for 5 credit card purchases
B) Time sheets are not routinely reviewed/approved by supervisors
C) Staff reported that Chief Financial Officer eats sardines in lunch room every day & odor is disturbing to colleagues
D) 2 employees are immediate family members of Executive Director & this information is not disclosed in CFR
What does the Office of the Medicaid Inspector General (OMIG) Require for a Compliance Program?
OMIG Model Compliance Program
Chapter 442 of the Laws of 2006

- Requires that Medicaid providers develop and implement compliance programs aimed at detecting fraud, waste, and abuse in the Medicaid program (see Social Services Law s.363-d)

- Impacts a greater number of agencies than FDR Act of 2005, including very small agencies
To be eligible to receive medical assistance payments for care, services, or supplies, or to be eligible to submit claims for care, services or supplies, the following persons shall adopt and implement effective compliance plans:

(b) persons subject to the provisions of articles 16 or 31 of the mental hygiene law

(c) other persons, providers for whom the medical assistance program is or should be reasonably expected to be a substantial portion of their business operations (substantial has been identified as at least $500,000 in any consecutive 12 month period)
Who is Impacted?

All agencies subject to Article 16 of the Mental Hygiene Law (MHL)

- Article 16 of MHL covers all providers of HCBS Waiver Services.

- If your agency provides any HCBS service, you must develop and implement a corporate compliance program no matter how much revenue is generated.
Who Must Comply?

- Will an agency that provides At-Home Residential Habilitation only and brings in $50,000 in MA revenue have to comply?

- Will an agency that provides Medicaid Service Coordination only and brings in $200,000 in MA revenue have to comply?

- Will an agency that provides Medicaid Service Coordination and HCBS Respite and brings in $300,000 in MA revenue have to comply?
OMIG Medicaid Compliance Program

Purpose and Intent

- Detect and correct billing errors and fraud
- Organize provider resources to resolve payment discrepancies and detect inaccurate billings
- Impose systems of checks and balances to prevent future recurrences
By When Must Agencies Comply?

- Part 521 of Title 18 submitted 1/14/09 as Proposed Rule Making
- It is expected to be made final at any time
- Once approved, providers will have 90 days to be in compliance
Certification of Compliance Plan

Each December, a provider shall “certify, using a form provided by the OMIG, that a compliance program meeting the requirements of this Part is in place.”

Commissioner of Health & OMIG can determine if a compliance plan is satisfactory.

If COH or OMIG finds compliance program to be unsatisfactory, provider may be subject to sanctions/penalties, including revocation of provider’s agreement to participate in Medicaid program.
OMIG Compliance Program
Minimum Requirements

1. Written Policies and procedures

2. A designated employee vested with the responsibility for the day-to-day operation of the compliance program

3. Training and education for all affected employees
OMIG Compliance Program
Minimum Requirements

4. Open communication lines to the responsible compliance position

5. Disciplinary policies to encourage good faith participation in the compliance program

6. System for routine identification of compliance risk areas
OMIG Compliance Program
Minimum Requirements

7. System for responding to compliance issues as they are raised

8. Policy of non-intimidation and non-retaliation for good faith participation in the compliance program
Compliance Program
Written Policies and Procedures
(Element 1)

- Describe compliance expectations as embodied in a Code of Conduct/Ethics
- Describe how compliance program will be implemented
- Provide guidance to employees and others on dealing with potential compliance issues
- Identify how to communicate compliance issues to appropriate compliance personnel
Compliance Program
Written Policies and Procedures (cont.)

- Describe how potential compliance problems are investigated and resolved.
- Describe how Compliance P&P are accessible to all staff.
- Are regularly & systemically reviewed/updated.
- Include whistle-blower policy (non-retaliation).
- Specify conflict of interest rules and boundaries.
Compliance Program
Writing Policies and Procedures

- Google “Sample Corporate Compliance Plan” to see other organization’s plans

- Ask to see other agency’s plans

- Work in conjunction with other agencies (Associations have done this)

- Don’t reinvent the wheel; if policies & procedures already exist in certain areas (personnel, internal controls, fiscal), refer to these in Compliance Program Policies and Procedures
Review of Other Organizations’ Corporate Compliance Plans

1) Introduction – Purpose of plan, applies to board & all employees, complies with applicable laws & regs, how it will be enforced & revised as needed

2) Agency Mission & Vision

3) Overview of Compliance Program – (Refers to 8 elements)

4) Compliance Program Structure – role & responsibilities of Board, Corporate Compliance Officer

5) Code of Conduct/Ethics (discussed later on)
Review of Other Organizations’ Corporate Compliance Plans

6) Identification of areas compliance program will address & policies & procedures for addressing these areas (areas that must be addressed – billings, payments, governance, etc are discussed in more detail later on)

7) Identification of current agency policies & procedures that address compliance areas (Employee Handbook, Financial, HIPAA Compliance, Conflict of Interest, etc.)

8) Corporate Compliance Training & Education – program of training, including who shall attend, frequency of training, orientation for new employees/board members, refreshers
Review of Other Organizations’ Corporate Compliance Plans

9) Establishing effective lines of communication (how to report problems, including providing method to report anonymously & confidentially)

10) Whistleblower protections & processes (non-retaliation policy for participation)

11) Policies to encourage participation & disciplinary guidelines (describe how participation is encouraged & disciplinary actions to be taken for specific types of misconduct)

12) Ongoing Monitoring to ensure compliance (how agency will monitor itself)
Review of Other Organizations’ Corporate Compliance Plans

13) Routine & ongoing identification of compliance risk areas (how agency will identify risk areas)

14) Responding to offenses (what actions agency will take to resolve problems)

15) Voluntary disclosure (under what conditions will agency disclose)

16) Appendix - Use of checklists to self-monitor (see handout) – to start with can use OMRDD’s Fiscal Audit & Quality Management checklists

17) Questions & Answers - provides clarification to staff
Compliance Program
Code of Ethics

Code of Ethics: A set of standards for professional behavior that define and promote a culture of integrity, openness & responsible behavior from the board to all employees

1. Articulates ethical values

2. Includes annual attestation acknowledging that Code has been received & agreement to comply

3. Includes summary of key corporate policies, including whistleblower procedures
Compliance Program
Code of Ethics

4. Provides guidance regarding relationships among employees, stakeholders, communities, vendors, and government agencies.

5. Details mechanisms to deal with breaches of the code.
Developing a Code of Ethics

- Code should be tailor written for your agency

- Ensure participation of board, staff and stakeholders in development

- Think carefully about how to get "buy in" from all, how Code will guide practice, & how Code will be used to teach good practice.

- Identify issues to address

- Seek out good examples; (view other agencies or look online – go to www.independentsector.org/issues/accountability/standards.html for samples)
Developing a Code of Ethics

- Make sure Code is clearly written & easy to understand
- Plan for education – a Code can only be effective if employees know about it
- Be clear about enforcement
- Ensure Code remains vital to all staff & board members – review & update as needed
Compliance Program
Conflict Of Interest Policy and Procedures

- Identify and disclose real and potential conflicts.
- Provide for annual disclosure statements documenting real and potential conflicts.
- Include definitions/examples.
Who is responsible for Corporate Compliance in an agency?
Compliance Program
Corporate Compliance Officer
(Element 2)

- Champions a culture of integrity and promotes quality and excellence
- An Officer may have other duties as long as compliance responsibilities are carried out
- Should be key member of senior management & must have direct access to the Board of Directors
- Provides guidance and a roadmap to meet statutory/regulatory obligations
- Is not solely responsible for compliance within the organization (Everyone is responsible)
What if you are a small agency and have limited staff and cannot afford to pay for a compliance officer?
Corporate Compliance Training and Education (Element 3)

- Initial orientation provided to new Board members and staff
- Annual refresher training for all
- Training is revised as needed to reflect changes in regulations and policies
- Training addresses identified vulnerabilities and corrective actions
- Training’s effectiveness is measured & improvements are made as needed
Do All Providers, Regardless of Size, Have to Meet the Same Requirements?

- The new law contains a set of minimum core requirements that are applicable to all providers, regardless of size.

- An agency’s compliance program should reflect its size, complexity, resources and culture.
Open Lines Of Communication Regarding Corporate Compliance (Element 4)

- Foster a culture that encourages questions and reporting
- Publicize the “when” and “how” to report on compliance matters & ensure that this info is accessible to all
- Include a method for anonymous & confidential reporting of compliance issues
- Ensure management accountability
- Recognize concerns and risks with reporting
- Ensure timely follow-up
Disciplinary Policies & Procedures
(Element 5)

- Describe steps agency will take if errors and/or fraud are discovered, including disciplinary actions
  - P&P should be clearly written & apply to all
  - All employees must understand the consequences for not following agency’s standards of conduct, policies and procedures and/or for failing to report suspected non-compliance
Compliance Program: Systemic And Routine Identification Of Compliance Risk Areas (Element 6)

- Monitors the compliance “landscape” by routinely examining the following:
  - State and Federal audits
  - Internal/external audits, reviews, benchmarks and trends
  - Prior problem spots
  - Industry guidance
Compliance Issue Response System (Element 7)

- Includes taking immediate and appropriate measures to protect health and safety of all affected
- Promptly secures relevant evidence and documentation
- Provides for a timely and thorough investigation
- Insists on timely and thorough corrective action and follow-up
- Reports on compliance issues
- Refunds overpayments
What if a fiscal audit is critical of your operation in a variety of areas?
Non-intimidation And Non-retaliation Policies For Reporting (Element 8)

- Apply uniformly to all staff
- Publicize when and how to report and process of investigation
- Enforce consequences for violation of staff protections
Per Draft OMIG Regulations, Compliance Programs Shall Be Applicable To:

- 1) Billings
- 2) Payments
- 3) Medical necessity and quality of care
- 4) Governance
- 5) Mandatory reporting
- 6) Credential and License Verification
- 7) Other risk areas that are or should, with due diligence, be identified by the provider
Compliance Program Billing Concerns
1. Improper Billings: Documentation

- Billing for services not performed or not documented
- Documentation missing or falsified
- Duplicate billing for the same services and/or overlapping service times
Duplicate Medicaid Billings Vulnerabilities

Example: An individual is hospitalized but the provider, or billing contractor, continues to bill services for multiple days.

May be an indication of “automatic pilot” billing—never bill from a program roster!
Improper Billings: Staffing

- Unqualified personnel performing services
- Persons performing services who are on the “excluded provider” list(s) or don’t have appropriate credentials
“Upcoding” Billing Errors

- Upcoding is the systemic billing for a higher payment level than the service merits.

- Upcoding can result from a system of always billing for IRA residential habilitation for a full month for all individuals without verification and documentation.

- For IRA Res Hab, for example, a full month must include 22 countable days, not 20 or 21.

- MSC – billing at transition level for longer than warranted.
What if you don’t seem to have enough time to provide staff training to address billing errors?
Billing Best Practices

- Be familiar with Medicaid documentation requirements (know ADMs & Regs)
- Have written procedures in place for each service
- Train new staff & provide follow-up trainings
- Know how much revenue to expect
- Be involved in your billing; follow up on pended & denied claims
- Do self-audits
Medicaid Disqualified or Excluded Provider List

- Medicaid billings are put at risk if an excluded staff person/provider/practitioner participates in any service delivery

- Check both the NYS DOH website (http://www.omig.state.ny.us/data/content/view/72/52/) and federal OIG web site (http://oig.hhs.gov/fraud/exclusions/exclusions_list.asp) for the lists of excluded service providers
Verifying Provider Credentials

- Confirm education/ experience/ licensure – people can be very creative
  
  http://eab.state.wi.us/resources/credentials.asp (general info)

  http://www.ope.ed.gov/accreditation/ - to check a college/university’s accreditation

- State Education License Search:
  
  http://www.op.nysed.gov/opsearches.htm - to check whether an individual is licensed

- Evaluate clinical competence if applicable (certifications, review clinical outcomes, malpractice reports, national practitioner data bank)
Use of Agency Funds and Resources

- Establish controls to prevent funds from being spent on things unrelated to agency business
- Prohibit vehicles or other agency property from being used for personal business by staff or board member
- Monitor use of credit cards for inappropriate expenditures; establish spending limits and authorizations for their use
- Monitor procedures for personal allowance funds and audit spending to ensure funds are used for individuals served
- Ensure that staff travel expenses are necessary and business related
Purchasing

- Purchases must be prudent, reasonable & related to care of individuals and/or to operating agency

- Agencies should have written procedures detailing procurement policies including:
  - objective procurement criteria used for the selection of vendors
  - requirement of documentation for each purchase;
  - procedures for documenting receipt of goods/services & for documenting approval by authorized parties
Competitive Bidding

- Use objective procurement criteria in selecting vendors
- Establish thresholds for requiring bidding
- Maintain written documentation including review processes/criteria for evaluating and selecting winning bid and circumstances and rationale when other than the lowest bid is selected;
- Maintain bidders’ lists and check for state prohibited bidders
- Clearly document record of a bidder’s obligations
- Obtain greatest number of responsible bidders for solicitations
- Establish procedures to prevent bid rigging
Medical Necessity & Quality of Care

- An individual must be eligible for a service & his/her disability must warrant the service. Services must be authorized by the DDSO/NYCRO, allowable under MA, & related to the person’s valued outcomes.

- OMIG 2008-09 WorkProgram: “Assuring that providers meet program quality standards for Medicaid enrollees in a system free of waste, fraud, and abuse is an important part of the OMIG’s mission.”

- June 2007—OIG paper on Corporate Responsibility and Health Care Quality links the Boards’ fiduciary obligations to oversee compliance with its obligations to oversee quality

- Program integrity means ensuring that quality and reimbursement are parallel and that services are delivered in the manner required by Medicaid and OMRDD rules and regulations
Governance

- Ensure that Board of Directors receive training and orientation and understand role

- Board of Directors must review and approve the agency’s finances, including budgets, revenue, expenditures, assets and liabilities

- Board of Directors must ensure all programmatic and administrative policies and procedures are developed, reviewed, approved, implemented & updated as needed
Governance: Duties of Board of Directors

- Boards must undertake reasonable efforts to ensure that compliance programs are in place and effective.

- Boards must follow up on system failures.
Executive Compensation: Board of Directors’ Responsibility

- Ensure “Reasonable Compensation” as determined by market value survey from comparable organizations
- Appropriate data on comparability analysis should be discussed at Board meeting and documented in the board minutes
- Spell out compensation and performance expectations, time and leave rules, in a written contract or schedule with ED that lists all compensation not just salary (e.g., pension program, deferred comp, expense allowance, vehicle, etc.).
- Full board should vote on ED compensation package.
Mandatory Reporting

- An agency’s compliance program must address mandatory reporting requirements.

- An agency must ensure that mandatory reports are accurate and submitted on time.

- Mandatory reports include: CFRs, Financials, 990s, tax forms (payroll, unemployment, disability), Consolidated Quarterly Reports (CQRs) (for contracted services), etc.
“Other risk areas that are or should, with due diligence, be identified by the provider”
Due Diligence Practices That Help Identify Other Risk Areas

Due Diligence: Duty of a firm’s directors and staff to act prudently in evaluating associated risks

- Conduct routine internal assessments
- Routinely seek feedback from agency staff and Board of Directors on potential risk areas
- Develop a system to routinely identify compliance risk areas
- Monitor landscape (e.g., review OMIG work program; OMRDD reviews, etc.)
Due Diligence Example: Reviewing An Agency Budget

- When reviewing an agency’s budget, a due diligence review calls for explanations as to why and how certain expenditure or revenue estimates were determined and how realistic they are.

- During the course of the year, due diligence means checking how the budget is faring, not only related to matters that seem bad but also for budget situations that seem too good to be true.
What are some other potential risk areas in your agency?
Self-Disclosure
What is Self-Disclosure?

- Provider discovers inaccurate billing (i.e. overpayment) or other inappropriate activity on own and contacts OPWDD or the OMIG directly.

- A large volume of self-disclosures suggests internal controls systemic problems and possible loss of program and fiscal integrity.
Circumstances That May Warrant Self-Disclosure

- Suspected or confirmed record creation or alteration in support of Medicaid or other billings
- Billing for an inadequately documented service
- Services delivered by persons not properly licensed or certified to deliver services or persons on state or federal restricted lists
Circumstances That May Warrant Self-Disclosure

- “Upcoding”

- Allegations of, or suspected, fiscal improprieties (e.g. bid-rigging, illegal use of agency resources, etc.)
Consequences of Self-disclosure

The Office of the Medicaid Inspector General (OMIG) will get a copy of self-disclosures made to OPWDD. The results of OPWDD’s review are referred to OMIG, which has primary authority.

Positive consequence - possible allowance for extended time for repayment of recovery amounts
Process for Self-Disclosure

- Contact OPWDD Bureau of Compliance Management in writing to self-disclose potential issues.
- BCM conducts a “due diligence” review to verify the agency’s internal investigation.
- Results are referred to the OMIG which has jurisdiction
Corporate Compliance
“Best Practices”

The Act covers issues such as auditor independence, corporate governance, internal control, fiscal consultants, fiscal assessment, and enhanced financial disclosure.
Sarbanes Oxley Act 2002

While this law does not govern the actions of nonprofit agencies, Independent Sector and BoardSource, two information sources for nonprofits, recommend that nonprofits voluntarily incorporate certain provisions from Sarbanes Oxley that make good governance sense.
Best practices from the Sarbanes Oxley Act

- Separate fiscal audit and accounting systems

- In organizations, consider rotating audit staff and/or fiscal consultants

- Do not use auditing firm to provide non-auditing services (e.g., bookkeeping, financial info, legal services, etc.) to avoid conflict of interest issues
Best practices from Sarbanes Oxley Act

- Insist that the auditing firm or fiscal consultants used explain to the agency the methods, assumptions, and judgments underlying the preparation of financial statements.
- CEO and CFO should know and understand the financial statements (board has the ultimate fiduciary responsibility).
- Form 990 is publicly available and as such, board, CEO, etc. should be thoroughly familiar with its contents.
What if you are a small agency and don’t have enough staff to separate fiscal and audit duties?
Best practices from Sarbanes Oxley Act

- Loans should not be made to Board or executives of the organization.

- Note that Mental Hygiene Law (MHL) 16.32 prohibits loans to individuals who make more than $30,000.

- Establish clear policies and procedures that are approved by the Board of Directors, whenever loans of any kind are under consideration.
Other Best Practices

- Corporate Compliance is not just about ensuring agency satisfies regulatory requirements.
- It’s about creating an environment where employees want to do the right thing.
- It should be integrated into the day to day operations.
- A good corporate compliance program can make an organization stronger & more effective & improve the agency’s financial health.
A culture of compliance starts at the top. The importance of compliance needs to be a core message & to be embedded in business practices rather than just PR.

Must be consistent; there should be consequences for compliance and non-compliance.

There must be follow through – develop good written polices & have good people & resources to implement them.
Best Practices

- Have processes in place to measure compliance and make corrections when problems are found & prevent recurrence; never be surprised by an outside audit.

- Keep list of high risk areas current.

- Keep documentation of what agency did to remedy any problems found.

- Fix problems completely.
Resources Used in This Presentation

- The Sarbanes-Oxley Act and Implications for Nonprofit Organizations:

- OMIG Mandatory Provider Compliance Program:
  http://www.omig.state.ny.us/data/content/view/79/1/
# Useful Resources

<table>
<thead>
<tr>
<th><strong>OPWDD</strong></th>
<th><a href="http://www.opwdd.ny.gov">www.opwdd.ny.gov</a> (under information for providers)</th>
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</thead>
</table>
| **Excluded parties** | www.health.state.ny.us/health_care/medicaid/fraud/listing.htm  
                       www.oig.hhs.gov |
| **OMIG** | www.omig.state.ny.us |
| **NYS Regulations** | http://www.dos.state.ny.us/info/nycrr.htm |
| **Medicaid Update Articles** | www.nyhealth.gov/health_care/medicaid/program/update/main.htm |
| **Attorney General (NYS)** | www.oag.state.ny.us/bureaus/charities/charities.html  
                              (posts all forms & instructions for registration and annual filing with the Charities Bureau, links and publications of interest to not-for-profit organizations) |