Apples, Oranges and Grapes: Implementing an Effective, System-wide Compliance Program across Multiple Locations and Lines of Business

2016 HCCA Institute

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Tiffany B. Thompson, Chief Compliance Officer, United Surgical Partners International
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- Assessment of program scope and design based on organizational structure
- Practical tips for compliance risk identification in complex systems
- Strategies for compliance integration across organizational boundaries
- Industry trends in organizational change, mergers and acquisitions
Culture of Compliance

Education
Training
Disciplinary Guidelines
Community Hospital
Policies
Prevention and Detection
Home Health
Freestanding Emergency Department

PROcedures
Monitoring
Auditing
Evaluating
Urgent Care Center
Auditing
Auditing
Academic Medical Center
Independent Diagnostic Testing Facility
Surgical Hospital
Corrective Action
Compliance Committee
Lines of Communication
Ambulatory Surgery Center

Jeff B. Paul, Regional Compliance Director
Tenet Healthcare
Implementing an Effective Compliance Program - Hospitals –

“It’s unlikely that mergers and acquisitions in the sector are behind us. Almost in the shadow of payers’ moves, provider systems around the country also are entering into new relationships at a frenetic pace.”

Legacy vs. New Locations

Compliance Program – Legacy vs. New

Immediate Reconciliations:

Due Diligence item considerations
• Active Investigations – External/Internal
• Facility Issue log considerations

Identification of PBE’s
• Medicare Provider Enrollment Application form 855
• Issues to consider before filing
  – IDTF’s
  – Physician Practice
  – Outpatient Services

Considerations of Applicable Law Department Policies – to be discussed later
Compliance Program – Legacy vs. New (cont’d)

**Compliance Overview:**

What to expect – new facility employees
- Compliance Department Overview
- Standards of Conduct
- Employee Handbook
- Organizational Charts
- Functional Departments
- Compliance Program Overview
- Company Compliance Guiding Document

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**Compliance Program Document**

*The Governing Document for the Program and Department*

- Sets forth our department structure and operating guidelines.

**Purpose of the Charter**

- Support and maintain company’s responsibility to Federal healthcare programs;
- Support the goal of establishing an organization with a corporate philosophy that fosters the highest ethical standards and values compliance;
- Sets forth the scope of our ethics and compliance program.

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**TENET HEALTHCARE CORPORATION’S**

**QUALITY, COMPLIANCE AND ETHICS PROGRAM CHARTER**

Updated May 7, 2014

**PREAMBLE**

Tenn HealthCare Corporation (“THC”) hereby sets forth this Charter for its Quality, Compliance and Ethics Program for Tenet. Notice Tenet’s adherence to the provisions of this Charter is intended to (1) support and maintain THC’s and Tenet’s present and future responsibility with regard to participation in Federal health care programs; (2) further THC’s goals of establishing an organization that (a) fosters and maintains the highest ethical standards among all Tenet employees, officers and directors, physicians practicing at Tenet facilities and contractors that furnish health care services or services; (b) values its compliance with all state and federal laws and regulations as a foundation of its corporate philosophy; and (c) aligns with Tenet’s core values of quality, integrity, service, innovation and transparency. The primary focus of the Tenet Compliance Program is on the requirements of Medicare, Medicaid and all other Federal health care programs. This Charter shall apply to any facility or business in which Tenet owns an interest of more than 50% or for which Tenet manages the day-to-day operations of the facility or business.

1. **QUALITY, COMPLIANCE AND ETHICS PROGRAM**

The Tenet Quality, Compliance and Ethics Program includes the following:

1 As used in this Charter, “Tenet” shall refer to subsidiaries and/or affiliates of Tenet HealthCare Corporation. The facilities and business units that provide healthcare services or services described in this Charter are owned and/or operated by subsidiaries or affiliates of Tenet HealthCare Corporation.
Compliance Program – Legacy vs. New (cont’d)

**Overall Compliance Education:**
- General Compliance Training
- Job Specific Training – Compliance based

**Ethics and Compliance Initial “New Hire” Training - Example**
- General Ethics and Compliance – Due Date TBD (1 hr.) Includes 2 parts
  - Ethics/Compliance & Information Privacy & Security
- Clinical Quality – Due Date TBD (approx. 1 hr.) courses assigned managed by Education Directors/Compliance Officer.
- Arrangements “Contracts Training” – Due Date TBD (1 hr.) Video Training
- Billing and Coding ICD10 – (1 hr.) Due Date TBD
  - Various Courses to be assigned based upon job description
- Standards of Conduct – (Review and attest) Due Date TBD

Compliance Program – Legacy vs. New (cont’d)

**Governing Board Compliance Education:**
- General Compliance Training
- Governing Board Responsibility – Compliance based

**Ethics and Compliance Initial “New Hire” Training - Example**
- General Ethics and Compliance – Due Date TBD (1 hr.) Includes 2 parts
  - Ethics/Compliance & Information Privacy & Security
- Governing Board Responsibility – Due Date TBD (approx. 1 hr.) course that identifies Governing Board Duties and Responsibilities
Compliance Program – Legacy vs. New (cont’d)

*Posted Information – Ancillary Notification of Program*

- Transfer or initiation of the Hotline
- Ethics Hotline Communication – Posters – Intranet
- Literature/posters to identify Hospital and Chief Compliance Officer
- Revision of Signage
  - Patient Rights
  - NPPs

**Compliance Role Education**

*Review Logistics Compliance Investigation Process*

- Compliance related matter identification thru resolution are documented
- Compliance leads investigation(s) if matters involve the Compliance Program
- Compliance may involve appropriate subject matter experts as needed to facilitate an accurate investigation
- Compliance may refer the matter to Legal Counsel if the matter necessitates a legal opinion or direction
- Quality matters – investigation/resolution conducted by Quality Management; documented in quality management software; specific quality matters are escalated
- Ethics Hotline matters come in many shapes and sizes:
  - HR Related matters
  - Compliance related component
  - HIPAA Privacy/Security
Program Planning and Monitoring

- Plan Considerations – Scope of Business
- Assignment of duties – Consider current and “to be” structure
- Priority – Consider factors such as current risk, your company priorities and prerequisites

Ethics and Compliance Program and Systems Integration:

<table>
<thead>
<tr>
<th>Compliance Program and Systems Integration</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance Committee Membership &amp; Meeting Schedule</td>
<td>13 points</td>
<td>15 points</td>
<td>17 points</td>
<td>19 points</td>
</tr>
<tr>
<td>Monthly Compliance Reports (&quot;Test Mkt&quot; in REC)</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
</tr>
<tr>
<td>Identify clinical research user license and active studies</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Ambulance CO</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Client Identification of OIS-related entities</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Identify FME</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Identify medical equipment</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Identify accreditation for hospitals, FMEs, and OISs (i.e., JCAHO, AAAMC, ACR, etc.)</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Assess and data gathering for annual report</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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Written Standards:

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<tr>
<th>Compliance Overview</th>
<th>1st</th>
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<th>3rd</th>
<th>4th</th>
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</thead>
<tbody>
<tr>
<td>Identifying policies</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Identifying procedures</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<td>Identifying training</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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<tr>
<td>Identifying standards</td>
<td>2 points</td>
<td>4 points</td>
<td>6 points</td>
<td>8 points</td>
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</table>

Law Policy Implementation:

- Law Policy Implementation - two attached worksheets with priorities.

Communication:

<table>
<thead>
<tr>
<th>Ethics and Compliance Department Directors</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
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</thead>
<tbody>
<tr>
<td>Required</td>
<td>1 point</td>
<td>2 points</td>
<td>3 points</td>
<td>4 points</td>
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Law Policies are effective as of:

- Policy Implementation
Program Implementation-Planning and Monitoring

- Policy Integration
  - Law Policy Consideration – Possibly an immediate action based upon structure.
  - Policy Integration Priority – Considerations identified when assigning Priority
    - Day one/priority one Policies
    - 2nd Priority
    - 3rd Priority
  - Policy Integration Team/Committee
    - Assignment to Hospital SME
    - Gap analysis
  - Verification and Validation

Identification of Hospital Compliance Committee

- Purpose: (Governance Committee)—Assisting the Compliance Officer in implementing the Compliance program at the hospital and ensuring compliance by the facilities with all federal and state laws and regulations relating to federal healthcare programs
- Members: CEO, COO, CFO, CNO, CHRO, and guests as applicable
- Frequency: Quarterly – 1st HCC at XXX Hospitals is TBA
- Content of Meeting:

<table>
<thead>
<tr>
<th>Open Compliance Issues</th>
<th>Compliance Functions</th>
<th>Rotating Reports from Safeguarding Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violations of Law</td>
<td>Training</td>
<td>Audit Services</td>
</tr>
<tr>
<td>Quality of Care Events</td>
<td>Risk Assessments</td>
<td>Quality Management</td>
</tr>
<tr>
<td>Substantial Overpayments</td>
<td>Policies &amp; Procedures</td>
<td>Patient Safety</td>
</tr>
<tr>
<td></td>
<td>EAL Statistics</td>
<td>Coding Compliance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revenue Cycle</td>
</tr>
</tbody>
</table>
Summary

- Immediate reconciliations
- Compliance Overview
- Compliance Education
- Program Implementation and Monitoring

Life was much easier when Apple and Blackberry were just FRUITS
Tiffany B. Thompson, Chief Compliance Officer
United Surgical Partners International
External and Industry Trends

Key Drivers and Industry Trends

<table>
<thead>
<tr>
<th>Site of service migration by specialty</th>
<th>Industry-wide increase in physician employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan and employer cost containment strategies</td>
<td>Risk sharing and new value-based payment models</td>
</tr>
<tr>
<td>Patient price sensitivity and increased consumerism</td>
<td>Health system and payer consolidation</td>
</tr>
<tr>
<td>Technology Innovations</td>
<td></td>
</tr>
</tbody>
</table>

Many organizations are taking advantage of an increased focus on ambulatory services and partnering with health systems and physicians.

Health System Partnerships Provide Vehicle for Expanding Network

ASC Business Model and Physician Partnerships Provide Unique Dynamics to Accelerate New Value-Based Models

USPI is the Largest Operator of ASCs and Surgical Hospitals

USPI’s portfolio includes 249 ASCs, 20 surgical hospitals, 20 imaging centers and 82 urgent care centers in 29 states

Local market presence provides for attractive solutions to those accessing the system

National presence provides attractive solutions to those paying for healthcare
Health System Partners

USPI partners with some of the nation’s most progressive health systems, providing long-term growth opportunities in surgical space as well as ancillary opportunities.

Aspen Healthcare Overview

Aspen Healthcare owns and operates

- Four acute hospitals
- Three day case surgery hospitals
- Cancer centre (London)
- An Oncology Private Patient Unit (Leeds)

- Cancer Centre London - Wimbledon, SW London
- The Chelmsford Private Day Surgery Hospital - Chelmsford, Essex
- Claremont Private Hospital - Sheffield
- The Edinburgh Clinic - Edinburgh
- Highgate Private Hospital - Highgate, N London
- Holly House Private Hospital - Buckhurst Hill, NE London
- Midland Eye - Solihull
- Nova Healthcare, Leeds
- Parkside Hospital - Wimbledon, SW London
Outpatient Utilization is Expected to Continue Growing

Growth in outpatient services has far outpaced inpatient discharges over the past decade

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>-17%</td>
</tr>
<tr>
<td>2013</td>
<td>33%</td>
</tr>
</tbody>
</table>

- Outpatient Services per FFS Part B Beneficiary
- Inpatient Discharges per FFS Part A Beneficiary

This trend is expected to continue

- **Surgery.** Outpatient surgery volumes projected to grow at 4x the rate of inpatient surgery through 2024 (2% v. 0.5%)

- **Imaging.** Outpatient imaging volumes projected to grow at 2x the rate of inpatient imaging through 2024 (2% v. 1%)

- **Urgent Care.** Urgent care facilities have been growing at 300-600 centers per year, and growth is projected to continue at ~9% annually through 2018

Continuum of Healthcare Enterprise

Keys to a successful joint venture:
- Joint quality and patient satisfaction efforts
- Common branding
- Clinical integration
- Managed care strategy
- Referral management programs
- Coordination of inpatient / outpatient care
- Consistent Safeguards and Oversight
**Initial Integration Objectives**

- Experience an **issue-free Day 1 with minimal disruption** to business for markets, physicians, employees, and patient

- Have a plan in place to identify and quantify potential synergies

- Build the network and have conversations relative to **safeguarding and compliance**

- Create a **collaborative environment for the new company and the legacy company** to facilitate working together going forward
Enterprise Risk Management

Sample ERM Process

- Review & Update Risk Universe
- Meet with Key Departments/Conduct Survey
- Rate Risks & Develop Risk Responses
- Evaluate and Report Results
- Monitor for Emerging Risks
## Sample Components of the Risk Universe

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Operations</th>
<th>Financial/Reporting</th>
<th>Legal/Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategy &amp; Initiatives</td>
<td>• Patient Safety &amp; Clinical Outcomes</td>
<td>• Accounting &amp; Financial Reporting</td>
<td>• Governance</td>
</tr>
<tr>
<td>- Mission &amp; Values</td>
<td>- Medical Staff Peer Review</td>
<td>- Budgeting</td>
<td>- Board Performance</td>
</tr>
<tr>
<td>- Strategic Vision &amp; Direction</td>
<td>- Medical Errors</td>
<td>- Internal Reporting</td>
<td>- Tone at the Top</td>
</tr>
<tr>
<td>- Organizational Structure</td>
<td>- Infection Control</td>
<td>- Internal Control/SOX 404</td>
<td>- Entity Level Controls</td>
</tr>
<tr>
<td>• Market Dynamics</td>
<td>- Quality Reporting/Transparency</td>
<td>- Major Accounting Estimates</td>
<td>• Code of Conduct</td>
</tr>
<tr>
<td>- Healthcare Reform</td>
<td>• Marketing &amp; Business Development</td>
<td>• Taxes</td>
<td>- Ethical Conduct</td>
</tr>
<tr>
<td>- Insurance Plan Design &amp; Narrowing Networks</td>
<td>- Hospital Partners</td>
<td>• Capital Structure</td>
<td>- Fraud &amp; Illegal Acts</td>
</tr>
<tr>
<td>- Availability &amp; Affordability of Health Insurance</td>
<td>- Physician Partners</td>
<td>- Substantial Leverage</td>
<td>- Reputation</td>
</tr>
<tr>
<td>- Competition</td>
<td>- Partnership Management</td>
<td>- Debt &amp; Restrictive Covenants</td>
<td>- Hotline Calls</td>
</tr>
<tr>
<td>- Pricing Pressures</td>
<td>- Physician Relationships</td>
<td>- Investor Control</td>
<td>• Legal</td>
</tr>
<tr>
<td>- Industry Reputation</td>
<td>• Changes in Payer Mix</td>
<td>• Liquidity &amp; Credit</td>
<td>- General Liability</td>
</tr>
<tr>
<td>- Economic Environment</td>
<td>• People</td>
<td>- Cash Management</td>
<td>- Malpractice Liability</td>
</tr>
<tr>
<td>- Impact of Changing Technologies</td>
<td>• Development &amp; Performance</td>
<td>- Banking Relationships</td>
<td>- Contracts</td>
</tr>
<tr>
<td>• M&amp;A Activity</td>
<td>• Nursing Shortage</td>
<td>• Market</td>
<td>• Regulatory</td>
</tr>
<tr>
<td>- Valuation &amp; Pricing</td>
<td>• Compensation &amp; Benefits</td>
<td>- Interest Rates</td>
<td>- Medicare &amp; Medicaid Regulations</td>
</tr>
<tr>
<td>- Due Diligence</td>
<td>• Reliance on Senior Management</td>
<td>- Debt Markets</td>
<td>- Fraud &amp; Abuse Compliance</td>
</tr>
<tr>
<td>- Execution &amp; Integration</td>
<td>• Recruitment &amp; Retention</td>
<td>• Compliance</td>
<td>- Credentialing</td>
</tr>
<tr>
<td>• Portfolio Management</td>
<td>• Billing &amp; Collections</td>
<td></td>
<td>- Accreditation TJC/AAAHC</td>
</tr>
<tr>
<td></td>
<td>• Payer Contracting</td>
<td></td>
<td>- State Licensure &amp; Regulation</td>
</tr>
<tr>
<td></td>
<td>• Coding</td>
<td></td>
<td>- Data Protection &amp; Privacy</td>
</tr>
<tr>
<td></td>
<td>• Chart Compliance/Medical Necessity</td>
<td></td>
<td>- HR Compliance (EEOC &amp; FMLA)</td>
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<tr>
<td></td>
<td>• Credit Balances</td>
<td></td>
<td>• Securities Regulations</td>
</tr>
<tr>
<td></td>
<td>• Collections</td>
<td></td>
<td>• Environmental Regulations</td>
</tr>
<tr>
<td></td>
<td>• Pricing New Models &amp; Bundling</td>
<td></td>
<td>- Compliance/Medical Necessity</td>
</tr>
<tr>
<td>• Supply Chain</td>
<td>• Supply Chain</td>
<td></td>
<td>- Chart Compliance/Medical Necessity</td>
</tr>
<tr>
<td>• Information Technology</td>
<td>• Information Technology</td>
<td></td>
<td>- Credentialing</td>
</tr>
<tr>
<td>• Emergency Preparedness</td>
<td>• Emergency Preparedness</td>
<td></td>
<td>- Accreditation TJC/AAAHC</td>
</tr>
<tr>
<td>• Service Providers</td>
<td>• Service Providers</td>
<td></td>
<td>- State Licensure &amp; Regulation</td>
</tr>
<tr>
<td>• Social Media/Speed of Information</td>
<td>• Social Media/Speed of Information</td>
<td></td>
<td>- Data Protection &amp; Privacy</td>
</tr>
</tbody>
</table>

### Compliance Integration – Case Study
**Compliance Integration – Case Study**

**Highlights:**

- Compliance Officer Reporting Structure
- Hotline/Ethics Action Line
- Policy Applicability Review and Integration
- Appropriateness and Quality of Care, Facility Governance
- Anti-Kick Back / Fraud and Abuse Prevention
- Coding and Billing Compliance
- Internal Controls and Auditing
- Enterprise Risk Management
- Patient Confidentiality/HIPAA
- Code of Conduct Summary
- Compliance Training

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### Compliance Integration – Case Study

<table>
<thead>
<tr>
<th><strong>Hotline/Ethics Action Line</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Merged three disparate hotlines into one central hotline call center and process</td>
</tr>
<tr>
<td>Consolidated hotline call reports shared monthly with the senior management team as part of the Compliance Committee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Appropriateness and Quality of Care</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management alerts of clinical incidences</td>
</tr>
<tr>
<td>Internal reporting structure consistent with entity charter requirements</td>
</tr>
<tr>
<td>Consistent benchmarking, reporting and transparency standards</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Culture of Safety</strong></th>
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</thead>
<tbody>
<tr>
<td>Including annual training and testing</td>
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<table>
<thead>
<tr>
<th><strong>Medical Executive Committee and Governing Body at each Facility</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Credentialing and delineation of privileges</td>
</tr>
<tr>
<td>Peer review</td>
</tr>
<tr>
<td>Quality assurance/quality improvement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Anti-kickback / Fraud &amp; Abuse Prevention</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual legal review of all contracts with referral sources</td>
</tr>
<tr>
<td>Restructuring of the contract development and review process</td>
</tr>
<tr>
<td>Full deployment of the compliance program with mechanisms to track employee compliance training completions annually</td>
</tr>
<tr>
<td>Internal compliance audits</td>
</tr>
<tr>
<td>Excluded party sanction screening process</td>
</tr>
<tr>
<td>Safe harbor provisions ASC attestation process</td>
</tr>
<tr>
<td>Coordination of compliance effort with health system partners</td>
</tr>
</tbody>
</table>
Compliance Integration – Case Study

- **Coding & Billing Compliance**
  - Internal and external coding audit and oversight
  - Company-wide training
  - On-site reviews by internal audit
  - Business Office Operations and Business Office Managers mini audits focus on business office functions and credentialing.
  - Specific code of conduct and acknowledgement of ethical coding standards signed by all coders annually

- **Internal Controls & Auditing**
  - External financial audits (by a third party) covering financial statements and internal controls over financial reporting
  - Internal audit team (6), with direct reporting to head of internal audit
  - Extensive internal control training and resources
    - Regional Vice President mini audit tool includes regulatory compliance, credentialing patient chart reviews and financial controls. Weekly checklists
    - New administrator training
    - Monthly internal control reminders to field
    - Audit liaisons to new facilities
    - Monthly operating and financial statement reviews at each facility

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Compliance Integration – Case Study

- **Enterprise Risk Management**
  - Robust and continual process throughout management to identify risk exposures
  - Development of responses to risks deemed significant
  - Quarterly review of risk universe and responses by senior management
  - Oversight of process and risk universe by board of directors

- **Patient Confidentiality / HIPAA**
  - Consistent privacy and security policies and procedures to protect patients’ health information and safeguards to ensure integrity and confidentiality
  - HIPAA Resource Center on intranet for facilities to access template NPPs, request for medical record forms, etc.
  - Privacy Officer oversight (both local and home office) to ensure compliance with HIPAA and changes in law
  - Annual required HIPAA training for each employee
  - Regular external review of HIPAA compliance
  - HIPAA policies and procedures facility implementation and training

- **Code of Conduct**
  - Establish a consistent message across the enterprise
  - Use real examples in the code of conduct to illustrate the topics
  - Provide key contact information
  - Cover all key areas of compliance
  - Establish that the Code of Conduct is a condition of employment
Sample Compliance Refresher Training Topics

- Introduction-Safeguarding and the Organization’s Mission
- Government Oversight
  - Fraud, Waste and Abuse
- Standards of Conduct and Employee Handbook
- Hotline
  - Illegal vs. improper discussion
  - OIG Yates Memo for discussion
- Gifts
  - Gifts to physicians/referral sources
  - Gifts to/from vendors
  - Gifts to/from patients
- HIPAA
  - Privacy and Security Polices and HIPAA Resource Center on Insight
  - PCI Compliance
  - Cybersecurity
  - Phishing
  - Social Media
- Human Resource Topics
  - Workplace bullying
  - Retaliation/whistle-blowing
  - Conflict of interest
- Close with Elements of an Effective Compliance Program Discussion

Overcoming Cultural and Interpersonal Barriers
Change Management Pain Points

According to the PricewaterhouseCoopers (PWC) Article titled “Talking About the People Side of M&A”, the most common change management pain points that must be overcome to achieve a successful merger and integration include:

- Unclear organizational reporting lines
- Clash of corporate culture
- Employee uncertainty
- Lack of training
- Undecided leadership selection
- Lack of general communications
- Break-down in decision making
- Lack of focus on running the business
- Unrealized synergies

Practical Tips and Strategies

<table>
<thead>
<tr>
<th>Strategic Approaches</th>
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<tbody>
<tr>
<td><strong>Respect and Acknowledge</strong></td>
</tr>
<tr>
<td>Acknowledge the strengths and organizational knowledge that each party brings to table. Approach discussions with mutual respect for the other party.</td>
</tr>
<tr>
<td><strong>Identify Areas of Common Ground</strong></td>
</tr>
<tr>
<td>Seek to identify internal controls that both parties agree are important. Build off of this common agreement as you move forward to align processes and structure.</td>
</tr>
<tr>
<td><strong>Recognize Organization Cultural Differences</strong></td>
</tr>
<tr>
<td>Each organization has a culture that has developed over time. Learning about the organization’s culture provides for a greater awareness of how changes and communications will be perceived and accepted. Acknowledging the organization’s culture, and seeking to identify ways to implement change while preserving the culture, are key to integration success.</td>
</tr>
<tr>
<td><strong>Listen and Understand</strong></td>
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<tr>
<td>Listen to each other and seek to understand each party’s position. Ask questions to identify key concerns related to the proposed change. Offer assurances that the proposed change can be re-evaluated and revised if a process is not working.</td>
</tr>
</tbody>
</table>

People

- Right People in the Right Place to Achieve Strategic Objectives
  - Every Encounter, Every Transaction, Every Relationship

Infrastructure

- Systems and Infrastructure to Enable Strategic Objectives
ORANGE
YOU GLAD IT’S
WEDNESDAY?

Melanie Roberts, Regional Compliance Director
Tenet Healthcare
2016 Merger and Acquisition Announcements

“A December 9 PricewaterhouseCoopers report called 2016 the ‘year of merger mania.’”1

6 Vidant hospitals join Wake Forest Baptist Telestroke Network

LifePoint Health acquired Providence Hospitals from the Sisters of Charity System.

Jefferson Health acquired Aria and then later merged with Kennedy Health.

Navigant Consulting acquired McKinnis Consulting Services, a revenue-cycle based consulting firm.

Huron Consulting Group acquired MyRounding, a firm specializing in digital health solutions to standardize, automate and track nurse and staff rounding activity.

Ireland-based Shire merged with Illinois-based Baxalta (biotech).

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1Healthcare Finance - all information on this slide obtained from Healthcare Finance (Feb '16)
http://www.healthcarefinancenews.com/slideshow/healthcare-mergers-and-acquisitions-2016-running-list

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What did the grape say when the elephant stepped on it?
Thank you for your attendance and participation

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Region</th>
<th>Company</th>
<th>Email</th>
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</thead>
<tbody>
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