Achieving and maintaining a state of readiness

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Focus topics

- Operational compliance continuous improvement
- Applying operational compliance continuous improvement – vendor management and oversight
- CMS audit readiness
Our approach
– Executive leadership buy-in and annual goal
– Framework/model development
– Compliance-guided maturity self-assessments
– Cross-functional rating review and validation
– Minimum acceptable ratings and targeted ratings
– Improvement planning and execution
– Compliance-guided maturity reassessments
Operational compliance components and elements

**Component: Prevent**
- Prevent
- Detect
- Correct

**Element: Prevent**
- Process documentation
- Regulatory analysis
- Process design / internal controls*
- Regulatory requirement implementation
- Quality assurance*
- Training

**Element: Detect**
- Ongoing monitoring / data analytics*
- Audit / audit readiness*
- Investigation of reported non-compliance
- Escalated issue management

**Component: Correct**
- Corrective action / validation
- Effective discipline

**Bolded** items are designated compliance program elements

* Items are components of effective oversight and monitoring

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Maturity rating guideline tool example

<table>
<thead>
<tr>
<th>Regulatory Analysis</th>
<th>Rating (1)</th>
<th>Rating (2)</th>
<th>Rating (3)</th>
<th>Rating (4)</th>
<th>Rating (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>Limited to minimal compliance</td>
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<td></td>
<td>Relies on compliance or legal for regulatory impact analysis</td>
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<td>Processes not documented</td>
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<td>No resources designated to regulatory analysis</td>
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<td>Developing</td>
<td>Non-standard or inconsistent execution</td>
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<td></td>
<td>Engaged with compliance regulatory review process</td>
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<td></td>
<td>Inconsistent, ad hoc or reactive regulatory impact analysis</td>
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<td>Incomplete, unclear or out of date process documentation</td>
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<td>No resources designated with ownership of regulatory analysis</td>
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<td>Defined</td>
<td>Formal approach – not fully integrated</td>
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<td>Engaged with compliance regulatory review process</td>
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<td>Clear and complete regulatory impact process documentation</td>
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<td>Specific resources designated or dedicated to regulatory analysis and documented in job descriptions</td>
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<td>Additional process tools as necessary (desktop procedures, flows, logs, etc.)</td>
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<td></td>
<td>Proof of operational role training on regulatory changes</td>
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<td>Advanced</td>
<td>Formal approach – consistently integrated</td>
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<td></td>
<td>Engaged with compliance regulatory review process</td>
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<td>Proactive sourcing of regulatory changes outside of compliance regulatory review process</td>
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An effective approach requires that the following components are well defined and integrated:

- **Business operation review**: reporting to appropriate individuals within leadership
  - Owner: business and compliance

- **Independent Audit**: risk-based audits conducted by internal audit
  - Owner: internal audit

- **Oversight**: review and assessment of risk of non-compliance, direct considerations across the seven elements of a compliance program
  - Owner: compliance

- **Operational monitoring**: quality assurance efforts, operational metric capture and reporting
  - Owner: business

- **Internal controls**: to facilitate compliance of key process components
  - Owner: business

- **Process definition**: identification of key process components
  - Owner: business

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Our approach:

- Compliance identification of regulatory-specific metric requirements by business area
- Collaborative effort with business areas to identify appropriate Key Performance Indicators (KPI) aligned with metrics
- Business area assessment of people and processes needed (including cost, timing and risk)
- Metric intake and reporting capabilities via Performance Quality Measurement (PQM) dashboards
- Define supporting process – integration with internal audit, business reviews, etc.
- Cultural change initiatives – training requirements, compliance week awareness activities, financial incentives, etc.
Dashboard components
- By CMS contract
- Functional area
- Target
- Metrics

Data is illustrative only

Operational readiness
Oversight and monitoring - dashboards

Key lessons learned
🔍 Compliance is the work of the business
🔍 Executive buy-in within the business is essential
  - Incorporate compliance in formal business goals
🔍 Model definitions critical to assessment and successful action plans
  - From high level rating definition to inclusion of leading practices at each rating level
🔍 Value is in the discussions
Compliance tools: supporting continuous improvement efforts

- Defined operational compliance model
  - Leveraged common terms - prevent, detect and correct
  - Incorporated operational compliance elements
- Maturity rating scale with leading industry practices
- Defined effective oversight and monitoring
  - Defined target metrics
    • Regulation or standard
    • Numerator/denominator defined
    • Set targets
- Reporting platform and dashboard
- Supporting tools
  - Self-assessment form
  - Created a standard operating procedure template for training, tracking and reporting templates
  - Regulatory change impact analysis form
  - Corrective action plan template

Applying operational compliance continuous improvement – vendor management and oversight
Extended readiness

**PREVENT**

Component: Prevent

Elements:
- Process documentation
- Regulatory analysis
- Process design/internal controls*
- Regulatory requirement implementation
- Quality assurance*
- Training

**Bolded** items are designated compliance program elements

* Items are components of effective oversight and monitoring

- Process documentation
  - Vendor profile and questionnaire
  - Tools, templates, policies and procedures
- Regulatory analysis
  - Dedicated Vendor Management Office staff
  - Compliance/regulatory staff
- Process design/control
  - Process design incorporates vendor manager training, monitoring expectations, regular auditing
- Implementation
  - Establish Vendor Managers, execute pre-contracting and post-contracting processes
  - Vendor Manager Review Board reviews requests for new vendors
- Quality assurance
  - Regular data feeds from vendors, ongoing QA
- Training
  - Educate internal vendor relationship business owners
  - Educate internal vendor oversight and vendor management stakeholders

Extended readiness

**DETECT**

Component: Detect

Elements:
- Ongoing monitoring/data analytics*
- Audit/audit readiness*
- Investigation of reported non-compliance
- Escalated issue management

**Bolded** items are designated compliance program elements

* Items are components of effective oversight and monitoring

- Ongoing monitoring/data analytics
  - Compliance risk monitoring (sample reviews, call calibration, etc)
  - Scorecards and attestations
- Audit
  - Pre-delegation and annual audits
- Investigation of reported non-compliance
  - Formal process for issues, root cause analysis, resolution
- Escalated issue management
  - Documented process for escalation
  - Vendor Review Board reviews escalated issues of non-compliance
**Component:** Correct

- **Corrective action**
  - Documented corrective action process
  - Template corrective action plans
- **Effective discipline**
  - Vendor Review Board – escalated issues of non compliance
  - Audit to validate effective discipline policy for FDR employees

**Bolded** items are designated compliance program elements

* Items are components of effective oversight and monitoring
## Vendor oversight tools: Vendor Scorecard

<table>
<thead>
<tr>
<th>Category</th>
<th>Program start date: &lt;Date&gt;</th>
<th>Vendor as of &lt;Date&gt;</th>
<th>Score</th>
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<tbody>
<tr>
<td>CoC</td>
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<td>CMS</td>
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<tr>
<td>VAC</td>
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### CMS audit readiness

**Vendor Scorecard**

<table>
<thead>
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<th>Vendor</th>
<th>Scorecard</th>
<th>Program start date: &lt;Date&gt;</th>
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**Extended readiness**

**Vendor oversight tools:**

- **Vendor Scorecard**
- **CMS audit readiness**
Audit management protocols

- Initial focus on CMS program audits
- Identified all required actions – pre-audit, audit, post-audit
- Formalized approach in supporting documentation
  - Audit management protocol description
  - RACSI document
  - Audit standard operating procedures
  - Checklist templates
  - Training
- Annual update and training

Audit readiness

Key process points to provide definition and focus:
- Role definition
  - External audit
  - Business area audit management team
  - Compliance
  - Legal
  - Internal audit
- Incorporated the following enhancements
  - Sign off by business and compliance of universe and case samples
  - Standardized case review prior to audit
  - Standardized process to inform of identified issues
  - Standardized requirement to begin corrective actions and remediation efforts upon identification of an issue, unless directed otherwise
  - Incorporated internal audit validation of actions
Successful audit: PBM and Plan are aligned partners

- Plan sponsor: Include PBM staff in entrance conference
- PBM/Plan sponsor: identify a single point of contact to coordinate and facilitate audit
- PBM: identify a designated compliance contact
- PBM: process to identify and communicate issues internally and with client – PBM compliance leads
- PBM: PBM compliance initiates corrective action plans upon identification of issue

Successful audit: PBM and Plan are aligned partners

- Mutual agreement on who will speak to CMS during the audit
- Mutual agreement on which teams, if any, are on-site with Plan sponsor staff
- Regular meetings prior to audit through conclusion of validation, if required
  - Include PBM’s compliance
- Open communication
Audit readiness

Final thoughts: achieving and maintaining compliance

Compliance by design through continuous improvement