**Case Study: Viva Las Vegas**

ABC Hospital allows its employees to perform certain outside activities such as consulting services outside of work as long as the activity is approved by the employee’s supervisor. ABC Hospital also allows its employees to accept modest meals and de minimis gifts from business partners in the normal course of business. Employees also are required to fill out a conflict of interest disclosure form on an annual basis to ABC Hospital’s Compliance Program.

Cathy Comply is an IT manager at ABC Hospital in Las Vegas. She is in charge of submitting ABC Hospital’s attestations for Meaningful Use. A “Meaningful Use” attestation, in a [health information technology](http://searchhealthit.techtarget.com/definition/Health-IT-information-technology) context, is a process that documents that an organization or individual has successfully demonstrated [meaningful use](http://searchhealthit.techtarget.com/definition/meaningful-use) and is successfully fulfilling the requirements for [electronic health records (EHR)](http://whatis.techtarget.com/definition/electronic-health-record-EHR) and related technology. A healthcare organization must demonstrate meaningful use in order to be eligible for payments from the federal government under either the Medicare or Medicaid EHR incentive program.

Cathy Comply’s supervisor is Eli Electronic (aka, Dr. E), ABC Hospital’s Chief Medical Information Officer. Dr. E previously worked for Easy Peasy Electronic Records (Easy Peasy) as their senior sales manager prior to joining ABC Hospital this month. ABC Hospital has been a long standing customer of Easy Peasy for the past 5 years.

Both Cathy and Dr. E were verbally offered $100 each to serve as a reference for prospective customers to speak about ABC Hospital’s experience with Easy Peasy’s products. Dr. E was also verbally offered to be paid a $200 hourly fee to assist in training Easy Peasy’s sales force. Dr. E submitted an invoice to Easy Peasy stating he performed 50 hours of work for $10,000.

An IT phishing vendor, Gotcha offered Cathy a ticket to a see the new Lady Gaga show at the MGM. Before the show, there will be a networking opportunity with other IT professionals and a presentation about the company’s products. Cathy asked Dr. E whether she could accept it given she has no intention of doing business with Gotcha. Dr. E said sure. Cathy accepted the ticket.

Gotcha also sent Cathy a $5 Starbucks gift card for her participation in a product related survey. Gotcha also recently gave a $10,000 donation to ABC Hospital Foundation as part of a memorial tribute.

Both Cathy and Dr. E completed their recent conflict of interest disclosure form that disclosed all of these activities except for the Starbucks gift card.

**Question: Please identify if any of the proposed activities are inappropriate.**

**Case Study: The Art of Marketing**

Jazzy Jeff works for ABC Hospital. Jazzy is ABC Hospital’s new Director of Marketing. Jazzy is unfamiliar with hospital marketing regulations. Jazz previously worked in marketing at the Caesars Palace. He has been tasked to improve community relations in ABC Hospital’s geographic market. ABC Hospital has lost 10% market share over the past year due to several new ambulatory surgical centers.

One of Jazzy’s first initiatives is to list all employed and non-employed community physicians who have staff privileges at the Hospital and their contact information. Jazzy would like to give front page preference to the Hospital’s larger referral specialties.

Jazzy also would like to help create radio ads for the top 20 physician referral sources and the bottom 20 physician referral sources. Jazzy states, “I would like to maintain our bread and butter base and show our CEO that I can also improve physician relationships.” Jazzy has a shoestring budget. The radio ads content will be created in-house by Jazzy himself and Jazzy plans to do the voice over as well. As a side job, Jazzy stars weekly at the Dueling Pianos.

The top 20 non-employed physician referral sources will receive a one-time aired radio ad. The ad air cost is $200. The bottom 20 non-employed physician referral sources will have their ad aired 3 times. The ad air cost is a bundled package that costs $400 per physician.

Jazzy also plans to run several radio ads for approximately 30 employed physicians. The total air time cost is $10,000.

Jazzy has a creative side to him and is also a piano player for Dueling Pianos. Dueling Pianos is frequently visited by tourists. He plans to offer any physician that comes to Dueling Pianos free songs suggestions as long as it is not a Britney Spears’ song. Jazzy is not a Britney fan. Jazzy also plans to announce each physician’s practice during his act as long as the physician shows up. Jazzy checked with Dueling Pianos and said sure.

Jazzy also would like to start a community newsletter to explain how ABC Hospital is partnering with the community to improve healthcare. Jazzy plans to write articles about various community physicians in its newsletters. Jazzy also plans to announce any new physicians that have joined ABC Hospital’s medical staff.

Pharmailcious, a drug company, also asked Jazzy whether it could partner with ABC Hospital for a community event to promote diabetes. Pharmailcious graciously agreed to provide all the food, beverages, and educational content. ABC Hospital agreed to hold the event in its Ambulatory Pavilion and pay for the advertising to the community. ABC Hospital currently spends approximately $100K on Pharmailcious drugs each year.

**Question: Please identify if any of the proposed activities are inappropriate.**

**Case Study: The So-Called Compliance Effectiveness Report**

TO: Board of Directors

FROM: Joe Comply, Chief Compliance Officer

DATE: January 9, 2018

RE: Corporate Compliance Report

As discussed at an earlier Board of Directors meeting, we provide the Board with a quarterly report of XYZ Hospital compliance matters to satisfy regulatory requirements. Below is a summary of key compliance matters.

**Internal Coding, Billing And Other Reviews**

As part of XYZ Hospital’s compliance program, XYZ Compliance Department conducts billing, coding and other compliance reviews throughout the year to detect potential areas at risk in accordance with its annual risk assessment and audit work plan.

Among other audits, XYZ Compliance Department recently completed a review of its hospital and 8 physician locations to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA) requirements and internal policies. Overall, the vast majority of locations were in compliance.

A review was also conducted on the inpatient and outpatient mental health service line reimbursement claims and a number of coding and billing issues were identified. XYZ Hospital funded $5,300 back to Medicare and $700 back to Medicaid. XYZ Hospital instituted education to correct the issues. Attached is copy of last quarter’s audit status report.

**Federal and State Government Inquiries**

**Federal Audits**

The OIG is conducting a routine audit of XYZ Hospital’s charges over $200,000. XYZ Hospital submitted the requested information to the OIG.

The OIG is also evaluating XYZ’s Hospital’s credit balances as part of a routine review. XYZ Hospital is evaluating its internal processes and a request was submitted through XYZ’s Legal Department for an opinion from outside counsel to further ensure XYZ Hospital is complying with the appropriate billing and documentation requirements.

XYZ Hospital also was notified of two billing reviews by the Medicare contractor for chest pain related to one day stays. These reviews were resolved successfully.

There have been no RAC reviews to date.

# **State Audits**

The State notified XYZ Hospital of an audit related to Medicaid ambulatory care payments. The primary issue related to payments reimbursed by non-ancillary healthcare providers that should have been provided by an XYZ provider pursuant to the applicable Medicaid rule. The overpayment was refunded to Medicaid within the required time frame and appropriate corrective action such as training has been implemented to mitigate future occurrences.

**Federal Aviation Administration (FAA)**

FAA is conducting an investigation related to maintaining appropriate documentation of hazardous materials and training applicable employees. XYZ Hospital is implementing appropriate corrective action to mitigate any future occurrence and is hopeful FAA will not impose any applicable fines.

**2017 – 4th Quarter Compliance Inquiries**

XYZ Hospital utilizes an electronic case-tracking system to document calls into the department. There were 10 calls that were received by XYZ in the 3rd Quarter 2017. Two calls were related to billing/coding, six were human resources related calls, one was HIPAA related calls and one was a patient care complaint. At this time, none of these reported issues are of a material concern.

**Question: Is there anything wrong with this report?**

**Case Study: On the Job Training**

A former employee, Emma Lightenment, of Billing R Us, a third party billing company, contacted ABC Hospital to report that an unencrypted laptop was stolen from the premises and she believes that the computer had ABC hospital’s patients’ PHI on it and in addition, she reported that there were some employees that would periodically change codes on claims to increase reimbursement. Ms. Lightenment stated that she could provide emails to support her claims.

Ms. Lightenment worked for Billing R Us for ten years as a Medical Biller. She recently left Billing R Us to work for another hospital in the area where she received Compliance training. After she had completed the training she believed that her former employer committed serious HIPAA and billing violations.

She discussed her concerns with her new colleagues and was encouraged to report the violations to ABC Hospital. Ms. Lightenment was never trained in Compliance at Billing R Us.

The theft was reported to the local Police Department, but at that time the CEO of Billing R Us did not disclose that there was patients’ information on the computer and Ms. Lightenment estimated that thousands of ABC Hospital’s patients’ information was stored on the hard drive of the stolen laptop.

Ms. Lightenment also mentioned that the CEO of Billing R Us mandated that employees share their login information and passwords for internal systems as well as login information for ABC hospital systems between employees in an effort to keep costs down.

Ms. Lightenment provided emails to ABC Hospital to review. The emails that she provided were forwarded to her personal email address from the CEO of Billing R Us. The emails was originally sent to the CEO of Billing R Us from a lawyer and were marked “Privileged and Confidential”. The lawyer was providing guidance to Billing R Us on next steps to take after the theft occurred and the CEO shared the information as an “FYI”.

Ms. Lightenment stated that Billing R Us employees utilized files that contained patients’ names, dates of birth, addresses, insurance identification numbers, treating physician, assigned diagnosis and procedure codes, and sometimes Social Security numbers.

Medical billers, employed by Billing R Us, were expected to look at ABC Hospital’s claims to “eyeball” the codes and determine if there was a higher reimbursable code or codes, to “help ABC Hospital out in tough economic times”. Many of the medical billers, including Ms. Lightenment, were instructed in January of each year to update their code books and highlight the higher paying codes in each category.

Ms. Lightenment remembered adding modifier -59 to many codes on outpatient facility claims to “get them out the door” and bypass system flags. The employees did not review medical record documentation before changing a code. Employees were sometimes rewarded with bonuses if they did a good job at changing codes to yield higher returns from insurance programs.

**Question: What issues can you identify and how would you handle the matter?**

**Case Study: The Minutia of Minutes**

**Minutes of the Audit and Corporate Compliance Committee of XYX Hospital**

**Thursday October 29, 2017**

**Present:** Mr. A , Ms. B, Mr. C, Ms. D, Ms. E, Mr. F

**Via Telephone/ Teleconference:** Ms. G

**Also:** Mr. H, Ms. I, Ms. L, Ms. M

**Invited Guests:** Ms. N, Ms. O

**Representing:** Audit Firm X

The meeting was called to order at 5:00 p.m. by Mr. A Chairman, and the following was discussed.

Mr. A presented the minutes of the July 17, 2017, Audit and Corporate Compliance Committee meeting for approval. The Committee approved the minutes.

Audit Firm X highlighted significant audit areas and key risk areas identified for the 2011 year-end audit. Audit Firm X’s approach to testing internal controls for the XYZ Hospital as part of the year-end financial statement audit and reviewed some of the systems that will be tested as part of the audit process.

Audit Firm X also discussed the status of new accounting pronouncements and their potential impact on the XYZ financial statements, specifically audit issues ABC were discussed. Discussion ensued.

Mr. H, Chief Compliance Officer, presented the Committee with an update as to the status of the new requirements associated with HIPAA. Mr. H also provided the Committee with an update regarding the conflicts of interest process and status for trustees and employees. Discussion ensued. He also provided a handout that went over the ongoing compliance training. In addition, Mr. H discussed the annual audit work plan, material investigations, and other key ongoing compliance matters and key external developments.

Ms. I , General Counsel presented the Committee with an update as to the status of pending litigation. Discussion ensued.

There being no further business, the open session of the meeting was adjourned at 6:30 pm.

Respectfully submitted,

Mr. A

Chairman, Audit and Corporate Compliance Committee

**Question: Are these Board minutes sufficient?**

**Case Study: The Quality Quagmire**

Mrs. B. was an 85 year-old women who went to a local hospital by ambulance after complaining of abdominal pain. The admissions assessment revealed that while at home, she got up at night to go to the bathroom and fell. She sustained some bruising on her hip and chipped a tooth. The medical history revealed that she had mild colitis, gastroesophageal reflux disease (GERD) and high blood pressure. The hospital decided to admit the patient because of the high blood pressure. The nurses did not do a fall risk assessment and fall prevention was not part of her care plan.

On the first night of admission, Mrs. B, got up to use the bathroom and fell. The nurse that witnessed this filled out an incident report and gave it to the nursing supervisor. The supervisor countersigned the report and recorded the incident in the daily nursing office log. She also sent a copy to the Risk Management department. However, no one conducted any investigation or revised her care plan.

The next morning, Mrs. B. got up again to use the bathroom and fell again. She was found by a floor nurse, but was not unconscious. The nurse got additional help and placed Mrs. B. back to her bed, but a complete medical evaluation was not conducted. Later that afternoon, Mrs. B. died of a massive brain hemorrhage.

**Question: What are some questions the Board of Directors should ask?**