



Ensuring Your Vendors Are Ready When You Receive an Audit Notice

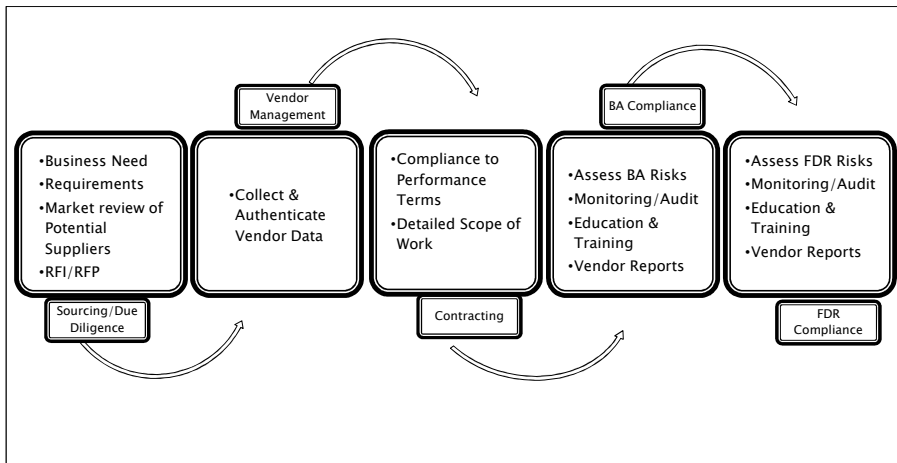
Jaima Binzer, CHC, Manager of External Audit & Delegated Oversight, DST Health Solutions
Mary Menard, CHC, CHPC, Compliance Solutions Executive, DST Health Solutions

Objectives

- ▶ To recognize the importance of due diligence in initial vendor selection
- ▶ To understand what should be included in a robust vendor oversight program
- ▶ To learn methods to prepare your team and your vendors' teams for a regulatory audit

Coordinate and Educate: Logistically Speaking – Protocols and Procedures

Vendor Procurement Process



Due Diligence

NOISE TO SIGNAL
Rob Cottingham



What are you doing...? Omigod! You're checking out my LinkedIn profile, aren't you?!

Due Diligence in Vendor Selection

- Strategies and Goals
- Financial Condition
- Insurance Coverage
- Business Experience and Reputation
- Qualifications, Backgrounds, and Reputations of Company Principals
- Conflicting Contractual Arrangements with Other Parties

Due Diligence in Vendor Selection

- Reliance of Subcontractors
- Human Resource Management
- Information Security
- Physical Security
- Business Continuity & Disaster Recovery
- Compliance with Laws & Regulatory
- Risk Management

Due Diligence in Vendor Selection

- Has the vendor had any reportable violations in the past 3 years?
- Documentation to support an effective compliance program (CPE)
- Date and results of most recent Compliance Program Effectiveness review?
- Date of last regulatory risk assessment.
- Date of last HIPAA privacy/security risk assessment
- Copy of SSAE 16, if applicable

Contract Negotiation



Key Compliance Interests in Contract Negotiation

- Nature and scope of arrangement
- Performance measures or benchmarks
- Responsibilities for providing, receiving and retaining information
- Right to monitor, audit and require remediation
- Responsibility for compliance with applicable laws and regulations
- Oversight and accountability
- Subcontractors

Communicate and Motivate: Pass it on – Inspiring Partnership

Vendor Management & Oversight



Note: Vendors may have vendors

Policies and Procedures



- Vendor Oversight
- Monitoring & Audit of FDRs
- Communication Protocols
- Audit Notification & Coordination

Vendor Oversight Policy

- Ensure OIG/GSA background checks are performed
- Receipt of validation of required training
- Receipt of Code of Conduct
- Assess for effectiveness of compliance program
- Annual assessment of due diligence elements
- CMS Readiness Assessments

Monitoring & Auditing Policy

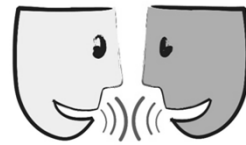
- Assess vendor review of controls
- Service Level Agreements (SLAs) & performance metrics
- Receipt and review of regular reports
- Compliance and FWA
- Consistent monitoring and follow-up to ensure corrective actions are implemented

Monitoring & Auditing Policy

- Include vendors in annual risk assessment
- Share audit tools with vendors and ensure they clearly understand the elements they are responsible for performing – PRACTICE
- Regular on-site visits
- Mock audits and practice universe pulls

Communication Policy

- Establish an active Delegation Oversight Committee that reports to the Compliance Committee
- Frequent communication with vendors to confirm understanding of CMS regulatory and sub-regulatory requirements
- Inspire your vendors to achieve success!



Audit Notification & Coordination Policy



- Internal notification
- External notification (to vendors)
- Establish expectations
 - Clear timelines
 - Roles & responsibilities
 - Participation and support
 - Communication plan
 - Deliverables
 - Follow-up

**You Receive Your
AUDIT LETTER**



Notify Team AND Vendor(s)

- As soon as possible after notification call
 - Share engagement letter
 - Hold a meeting with Plan team and Vendor team
 - Clarify with vendor what Plan will need from them
 - Identify vendor point of contact and audit team
 - Establish regular touch point meetings

Audit Process with Vendor

- Be sure to include vendor in “testing the webinar” with auditor if vendor will be participating
- Conduct a practice session with vendor prior to universe validation webinar
- Include vendor in universe validation webinar with auditors, if applicable
- Conduct practice sessions for sample reviews
- Include vendor in Entrance Conference

Audit Process with Vendor

- Maintain communication with vendor team during webinar portion of audit
- Include vendor team in applicable daily de-briefs, including document requests
- Include vendor in Preliminary Exit Conference
- 2nd week CPE will be much easier from a vendor oversight perspective if you have implemented a strong vendor oversight program

Post Audit Activities with Vendor

- Prepare with vendor for potential CMS required actions
- Share applicable portions of Draft Audit Report with vendor
- Maintain close communication with vendor contact to ensure timely deliverables
- Submit any CAPs and continue monitoring efforts to ensure corrective actions are effective

Evaluate:
It's not over 'til It's over

On-going Activities

- Conduct a Lesson Learned Session, include vendor where applicable
- Begin preparing for the follow-up audit, if applicable
- Share audit close out audit letter with vendor



3 Key Areas of Vendor Oversight to Ensure Audit Readiness

- Oversight & Accountability
 - Vendor Oversight Committee
 - Ensure vendor risk assessment, monitoring & audit plan
 - Maintain effective communication
 - Ensure continuous audit readiness
- Documentation & Reporting
 - Receipt of routine reports from vendors
- Annual Reviews
 - Of vendors risk management, compliance program and operational processes

Prepare NOW for 2017

Final Thoughts

- Know your vendors
- Head in the sand is not a defense
- Willful ignorance is not a defense
- Follow your own policies and procedures



Should not be your strategy!

Questions / Discussion