

Session 602 **Don't Freak Out!**

You Can Survive Multiple CMS Audits at the Same Time – Here's How

January 29, 2019

Audience survey #1

Which of the following best represents your current department (or group)?

- A. Compliance
- B. Internal Audit
- C. Legal
- D. Medicare Operations
- E. External Consultant
- F. Vendor
- G. Other

Your speakers today



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Partner, Healthcare Analytics
PricewaterhouseCoopers (PwC)



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Director, Healthcare Compliance
PricewaterhouseCoopers (PwC)



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Vice President of Corporate Compliance
Harvard Pilgrim Health Care

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Agenda

Focus

-
- 1 Introduction and background
 - 2 Compliance structures and business involvement
 - 3 Organizational engagement
 - 4 Maintaining an audit-ready state
 - 5 Q&A
-

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Today's objectives

This session will provide attendees insight into the following:

- How Payers can gain greater operational insights and be better prepared and more productive for multiple audits that occur at the same time
- How Payers can lower their risks by understanding how the same set(s) of data may impact multiple audits - scenario planning these impacts is a valuable activity
- How Payers can improve their performance by understanding how overlapping audits impact one another



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1. Introduction and background

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Audience survey #2

Have you recently underwent a regulatory audit?

- A. "No I haven't had the pleasure!"
- B. "What's an audit? (It's been so long since we've been audited - I can't seem to recall!)"
- C. "Yes, within the last 3 months."
- D. "Yes, within the last 6 months."
- E. "Yes, within the last year."
- F. "Yes, more than a year ago."

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Harvard Pilgrim Health Care (HPHC) overview

- Harvard Pilgrim Health Care is a non-profit organization with a geographic presence in ME, NH, MA and CT
- Its mission is to improve the quality and value of health care for the people and the communities we serve
- The organization re-entered the Medicare Advantage Market in 2014
- Its Medicare Advantage products are offered in Massachusetts, Maine, and New Hampshire.
- Total Membership of 3,000,000 members
- Medicare Advantage Membership over 15,000 members



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Are you ready for an audit?



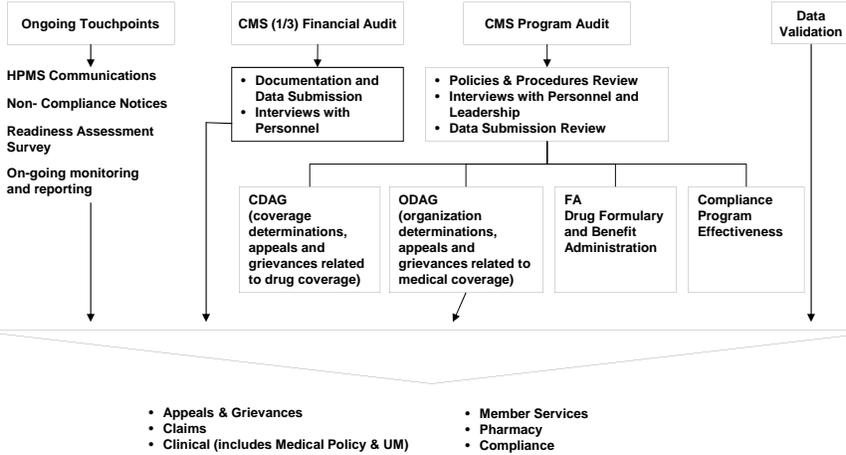
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Background

- In February 2018, HPHC was notified by CMS that it would be performing a One-Third (1/3) Financial Audit of HPHC's 2016 Contract Year financial and Bid Process
- In April 2018, HPHC was notified by CMS that it would be performing a Program Audit of HPHC's Medicare Advantage contracts
- It was the first time during its short MA history that HPHC would go through either a Program Audit or One-Third Financial Audit
- Additionally, during the same timeframe, HPHC would be going through the Medicare Data Validation audit

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CMS Medicare regulatory oversight



HPHC program audit timeline and concurrent audits

Audit Activity	April 2018				May 2018				June 2018				July - August 2018				
	4/2	4/9	4/16	4/23	4/30	5/7	5/14	5/21	5/28	6/4	6/11	6/18	6/25	7/2 - 7/9	7/16 - 7/23	8/6 - 8/13	8/20 - 8/27
Schedule																	
Audit Notice																	
Universe Extract/Pull																	
Issues Summary and ODAG/CDAG Questionnaires																	
Universe Submission																	
Universe Integrity Testing (Validation Webinars)																	
Sample Webinars																	
CPE On-site Tracers																	
Exit Conference/Preliminary Report																	
Draft Report																	
Response to Draft Report																	
Final Report																	
Data Validation Audit																	
One-Third Financial Audit																	

HPHC compliance focus (2016-2018)

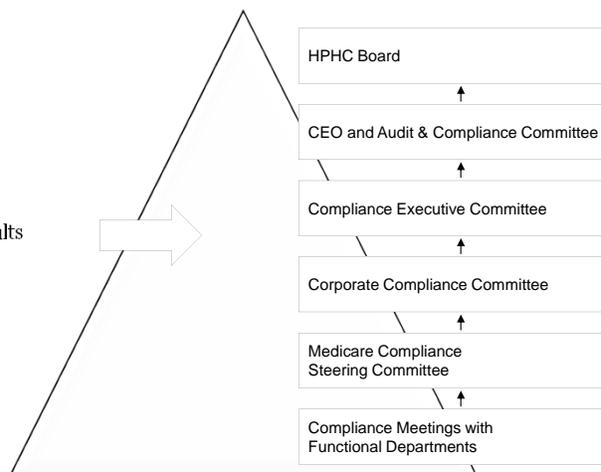
- Completed a **thorough review of all Compliance activities and responsibilities**, including P&Ps and controls; resulting in implementation of enhanced compliance processes
- **Significantly enhanced Compliance oversight and governance** - Implemented a Compliance function organized around our business in order to optimize organizational structure and compliance program effectiveness.
- **Established a Business-Compliance Lead role embedded into highly regulated departments** to actively oversee functional performance and verify ongoing adherence with CMS regulatory requirements.
- **Assessed organizational Part C and D regulatory readiness** to evaluate compliance with regulatory requirements
 - Identified immediate needs for **additional** compliance and business **resources**
 - **Engaged consultants (PwC) to support** functions and compliance in the process of hiring and on-going to ensure program stability in meeting regulatory requirements.
 - **Developed Medicare expertise**. Conducted an extensive amount of trainings for internal and key FDR staff
 - **Developed oversight/monitoring protocols** and structure at the business/FDR level
 - Developed **IT supported data collection** and oversight to ensure data integrity and accuracy

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HPHC compliance oversight and governance

Core Reporting and Escalation Activities

- Internally reported Compliance issues
- CMS issued Compliance Notices
- CMS Monitoring Results
- Internal Monthly Monitoring Results
- Annual Risk Assessment Results
- Compliance Audit Schedule and results



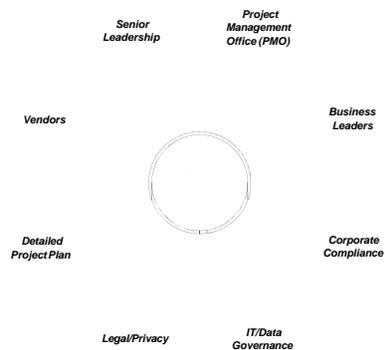
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2. Compliance structures and business involvement

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Organizational involvement during the audits

To ensure effective and optimal performance, it is critical to have complete organizational involvement and stakeholder engagement.



Establish program structure and oversight, including:

- Clear roles and responsibilities
- Ongoing communication and accountability to drive operational readiness
- Escalation protocols to address issues
- Management involvement
- Focus on presentation not correction
- Need to prioritize current work

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3. Organizational engagement

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Are you engaging your team?



“What if, and I know this sounds kooky,
we communicated with the employees.”

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Defining compliance roles and responsibilities

Emerging risks underscore the urgency for Compliance to not only change how it partners with the business but also clarify roles and responsibilities between its function and that of Operations

- Risks from lack of collaboration between Compliance and Business Operations
 - Poor communication/reporting between Compliance and Business Operations lead to silos amongst teams, including Senior Leadership
 - Failure to achieve strategy and business goals
 - Fostering a reactive v. a proactive culture
 - Inaccurate risk assessments, lead to inefficacy to mitigate potential regulatory risks
 - Inability to efficiently respond to an unfortunate event (i.e. Fraud Investigations)
 - Lack of significant resources dedicated to compliance and operational functions (e.g. policies, procedures, controls, trainings, etc.)
 - Lack of trust with regulators
 - Penalties for noncompliance, including fines, sanctions, suspension or exclusion.



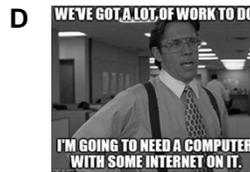
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4. Maintaining an audit ready state

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Audience survey #3

Are you ready for an audit? How would you react if you were notified of a CMS Program Audit today?



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Are you ready for an audit?



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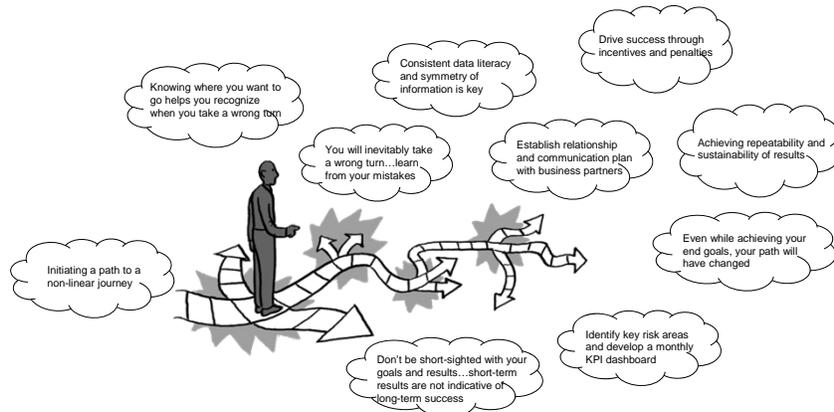
Are you ready for an audit?



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Achieving an audit-ready state

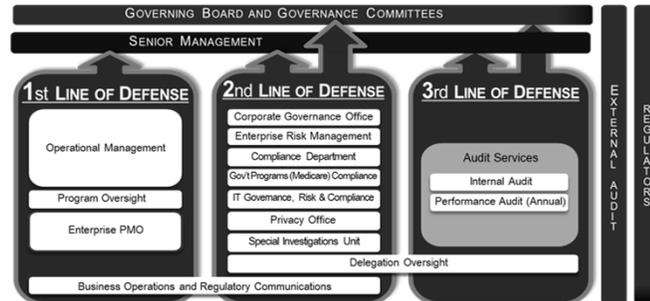
Achieving an audit-ready state is not a singular path and is unique to each health plan.



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Three lines of defense model – Model overview

The Three Lines of Defense model is an approach to clarify the essential risk management and control responsibilities between functions within a complex organization. Distinguishing these differences serves to limit duplicate efforts across functions, while ensuring comprehensive oversight is occurring. Proactive risk and control evaluation is an effective way to mitigate penalties (e.g., fines, sanctions) associated with non-compliance to federal and state regulations.



First Line: Functions that own responsibility for compliant operations, develop controls and manage risks.

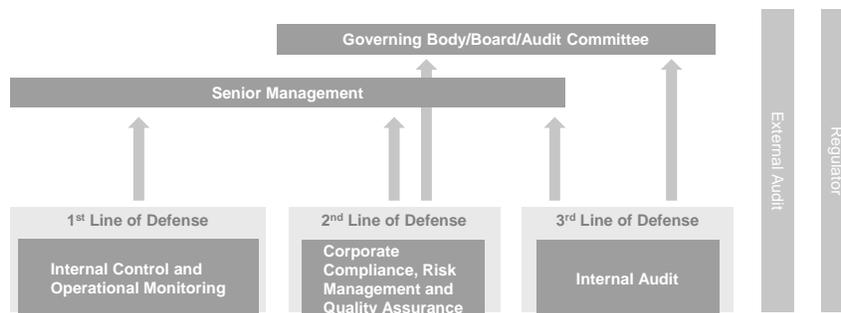
Second Line: Functions that oversee risk control and mitigation activities.

Third Line: Functions that provide the highest degree of independent assurance.

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Coordination across the three lines of defense

An organization's audit readiness state is directly dependent on the organization's governance structure and the coordination of activities across the three lines of defense.



First Line: Functions that own responsibility for compliant operations, develop controls and manage risks.

Second Line: Functions that oversee risk control and mitigation activities.

Third Line: Functions that provide the highest degree of independent assurance.

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Use of data analytics for assessing compliance

Leveraging Data and Analytics to turn 'Issues' into 'Improvements'

Examples of usage of data analytics:

Data-enabled Risk Assessments

- Utilizing reporting/metrics to identify risk and customize individualized risk ranking

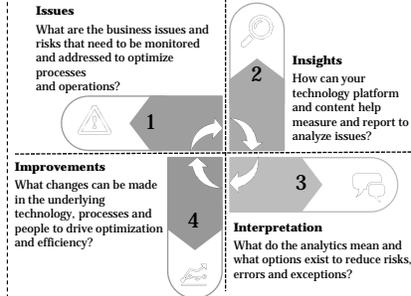
Analytics Driven Audit Scoping

- Use of dashboards to identify risk and prioritize audits

Intelligent Sampling and Modeling

- Identify universe of data sets and define thresholds and benchmarks
- Sampling cases with data anomalies
- Analytics of similar anomalies across data sets to identify trends and systemic issues

Take a data driven approach to address issues:



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5. Questions?

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Thank you!

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