

**Compliance Program Transformation –
opportunities, strategies, and creative approaches**

April 2021

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Agenda

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 - ✓ Compliance program imperatives
 - ✓ What compliance leaders are increasingly asking
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 - ✓ Transforming and elevating compliance
 - ✓ Illustrative modernizing and elevating compliance initiatives and benefits
 - ✓ 5 levers to enable transformation and/or modernization
 - ✓ Regulatory expectations
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 - ✓ A path forward
 - ✓ Importance of applying agile compliance approach
 - ✓ Traditional compliance vs agile compliance
 - ✓ Compliance program transformation wrap up

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Learning objectives

After this presentation you should be able to:



Discuss ways to **assess, innovate and transition** from reactive to **proactive mode** of managing risks



Learn how to apply **agile approach in compliance operations** with clearly-defined goals & considerations



Gain insights into various value levers for **optimizing and transforming day-to-day compliance operations**

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Polling question #1

Are you currently considering ways to transform / elevate your compliance program?

- A. Yes
- B. No

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Today's business imperative



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Proactive approach to risk management

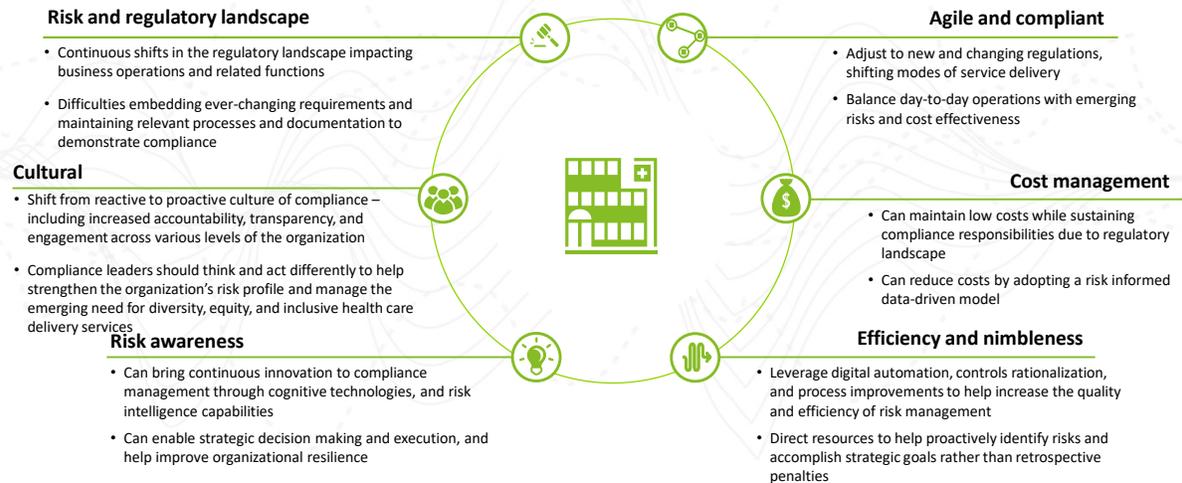
Compliance departments face increasing pressures to reduce costs and increase efficiency while continuously responding to a changing regulatory and risk environment. Health care leaders have an opportunity to transform compliance operations through innovation and transition to more efficient and cost-effective ways of working to manage and respond to a complex regulatory risk landscape.



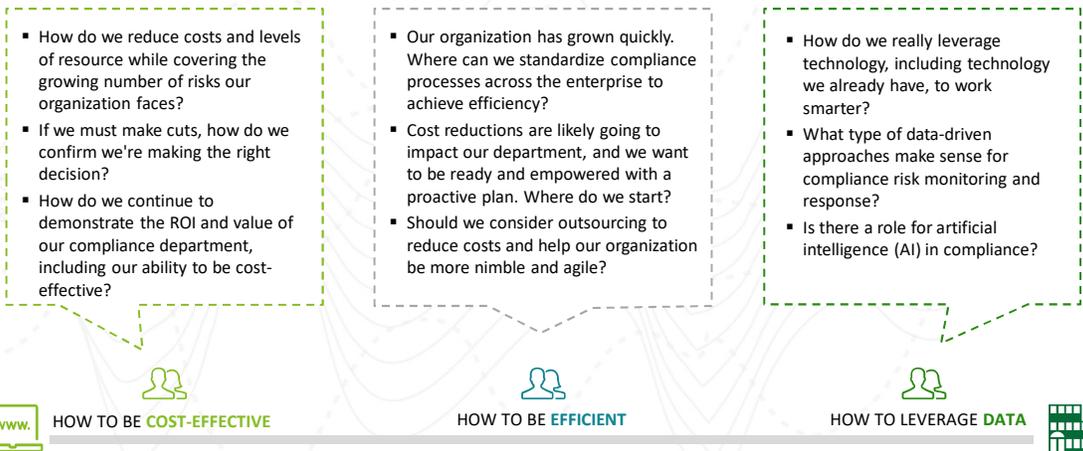
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Compliance program imperatives

Facing an onslaught of challenges that have been magnified by COVID-19, compliance leaders in health care may benefit from new strategies to optimize, standardize, and digitize



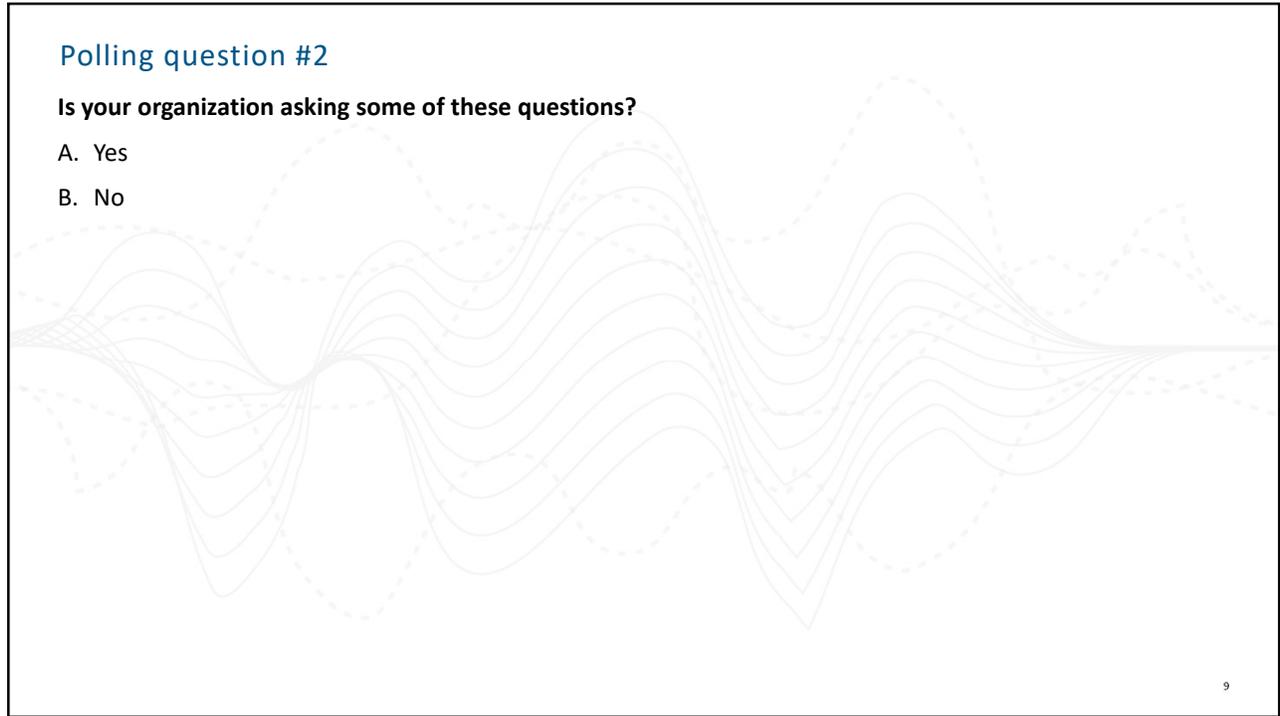
What compliance leaders are increasingly asking:



Polling question #2

Is your organization asking some of these questions?

- A. Yes
- B. No



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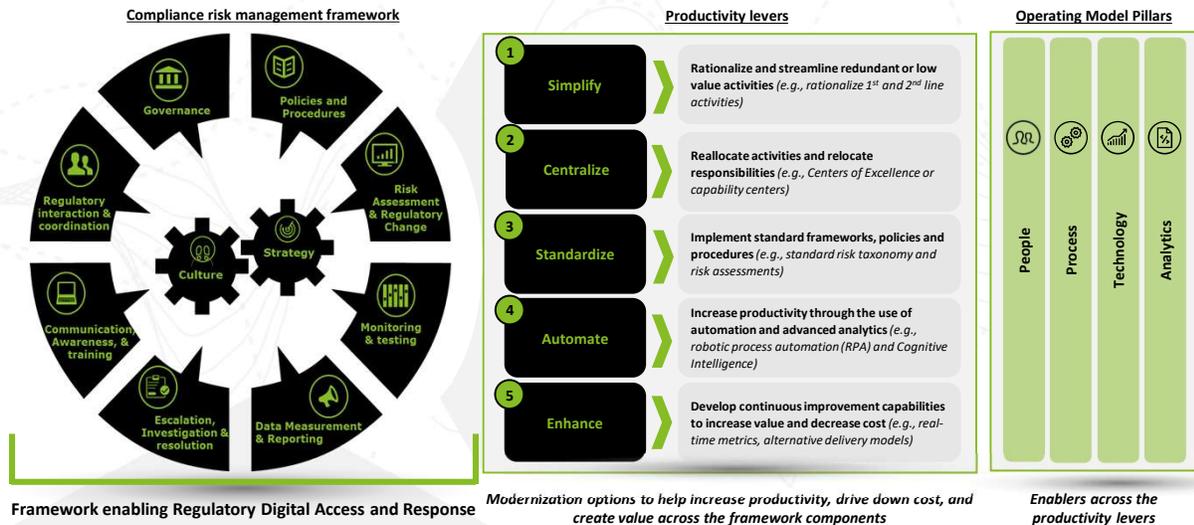
Elevate/transform
compliance



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Transforming and elevating compliance

The concept focuses on pulling productivity levers across components primed for modernization to help drive the integration of risk and compliance with business strategy and provide value across the enterprise

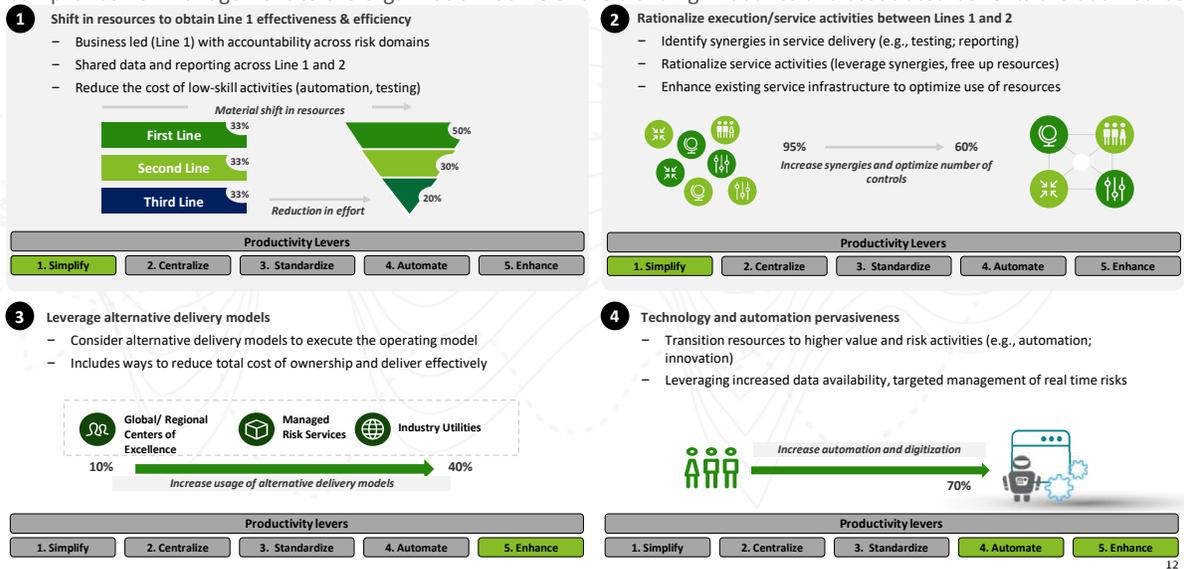


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Illustrative modernizing and elevating compliance initiatives and potential benefits

Compliance functions are implementing transformative initiatives to help increase the productivity, scalability and value of compliance risk management to the organization. Some of the trending initiatives and associated benefits are outlined below



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Illustrative

Productivity levers | Simplify

Rationalize and streamline redundant or low value activities to help increase efficiency, consistency, and operational effectiveness

1 Simplify

Potential Opportunity: Stop or reduce low value / redundant activities to streamline key compliance processes:

- **Rationalize** between 1st and 2nd line responsibilities and activities, and between 2nd line control functions
- **Streamline** governance and management routines
- **Prioritize or risk-based** execution activities

Potential Benefits

- Increased operational effectiveness; e.g.:
 - Clarity on compliance roles and responsibilities across the 1st and 2nd line
 - Ability to re-shift employee focus to the high value activities that matter most
 - Harmonization and increased effectiveness of governance routines
- Increased efficiency and reduced cost from cutting out unnecessary activities

Example solution / services

- **Governance** – Stop or reduce low value governance routines and simplify related reporting
- **Monitoring and testing (M&T)** – Streamline enterprise M&T coverage by identifying potential opportunities to:
 - Rationalize 1st and 2nd line testing activities via the “reliance model”
 - Rationalize 2nd line monitoring and testing activities
 - Test multiple requirements via one test

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Illustrative

Productivity levers | Centralize

Reallocate activities and relocate responsibilities to help drive standardization, productivity, and flexibility across the enterprise

2 Centralize

Potential Opportunity: Reallocate activities and relocate people / responsibilities via the following:

- **Implement centers of excellence (CoEs)** or Capability Center(s) in key areas (e.g., Data/Reporting, Technology, Sampling)
- **Implement centralized technology** strategy and architecture to enable consolidation and coordination of compliance risk activities (e.g., case management, issue management)

Potential Benefits

- Increased productivity and efficiency
- Increased operational effectiveness via:
 - Consistency, standardization and higher quality output
 - Increased visibility of compliance related activities and risks
- Flexible resource model
- Decreased cost over time

Example Solution / Services

- **Risk assessment & regulatory change** – Utilize Governance, Risk & Compliance (GRC) technology to centralize risk assessment processes and manage changes in regulatory requirements
- **Data measurement and reporting** – Establish a centralized group (e.g., CoE) or technology platform to aggregate, report, and manage compliance risk data
- **Regulatory interaction & coordination** – Establish a centralized function to support the management of regulatory relations and examinations

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Productivity levers | Standardize

Illustrative

Standardization of compliance risk related activities can allow for increased consistency and transparency across the enterprise



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Standardize

Potential Opportunity: Implement standard frameworks, and processes for managing compliance risk via the following:

- **Rationalize** frameworks, policies and procedures, methodologies and approaches
- **Optimize and standardize** activity execution and oversight (e.g., risk assessment, taxonomies)
- **Standardize** compliance related tools/ technology and deployment

Potential Benefits

- Increased operational effectiveness via:
 - Enhanced transparency of compliance risk across the enterprise
 - Ability to demonstrate connectedness and unity to regulators
 - Ability to monitor and track compliance risk issues to resolution across the organization
- Increased efficiency from alignment of activities across the enterprise

Example solution/services

- **Risk assessment & regulatory change** – Develop or enhance the risk assessment process to include standard risk ratings, risk aggregation processes
- **Monitoring & testing** – Develop standardized templates/tools for documenting monitoring & testing plans, activities, and reporting of results
- **Data measurement and reporting** – Establish and define standard compliance risk reporting metrics to be used across applicable businesses and groups

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Productivity levers | Automate

Illustrative

Increase productivity and make the most of scarce resources through the use of automation and advanced analytics



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Automate

Potential Opportunity: Utilize enabling and innovative technologies to automate repetitive, manually intensive tasks across the Compliance Risk Management Framework, via the following:

- **Robotics process automation**
- **Cognitive Intelligence**, including Natural Language Generation (NLG), Natural Language Processing (NLP), Artificial Intelligence (AI)

Potential Benefits

- Increased productivity and efficiency
- Standardization and higher quality output
- Decreased cost over time
- Increased auditability of processes (e.g., via enhanced reporting and artifacts)
- Enables employees to shift to higher value activities
- Test/report on expanded or full populations

Example solution/services

- **Risk assessment & regulatory change** – Utilize RPA to aggregate risk assessment results across the enterprise
- **Monitoring and testing** – Leverage RPA and cognitive intelligence to automate sampling, test execution and reporting activities for manual, rules-based tests
- **Data measurement and reporting** – Utilize advanced analytics track and report on real time key risk indicators (KRIs), key performance indicator (KPI)s and other key metrics

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Productivity levers | Enhance

Illustrative

Increase productivity and make the most of scarce resources through the use of automation and advanced analytics



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Enhance

Potential Opportunity: Develop continuous improvement capabilities to increase value and decrease cost, via the following:

- **Leverage big data analytics** to enable real time metrics/reporting to proactively quantify risk
- **Consider alternative delivery models & workforce** of the future (e.g., managed services, enhanced offshore/nearshore usage)
- **Optimize GRC**, visualization tools, processes and case management

Potential Benefits

- Decreased cost with ability to outsource
- Increased agility in a complex environment
- Ability for subject matter experts (SME)s to focus primarily on high risk/ high complexity activities
- Ability to predict and create actionable insights
- Increased speed in addressing and prioritizing compliance risk issues

Example solution/services

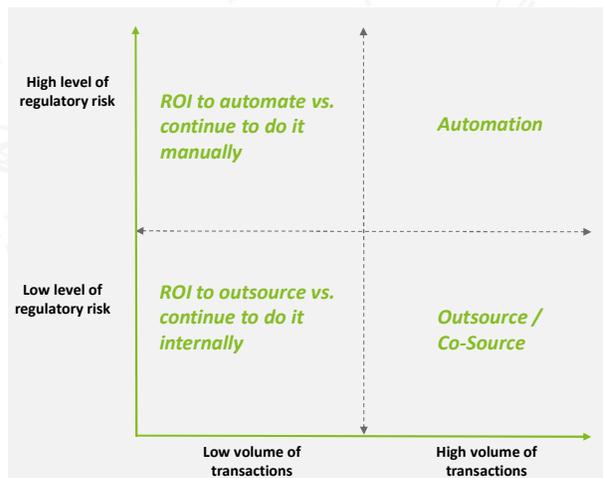
- **Monitoring & testing** – Move to a managed services model by outsourcing test design, sampling, execution and reporting activities
- **Data, measurement & reporting** – Develop a trend identification and analysis tool used to help predict and create actionable insights that can guide future direction of Compliance program
- **Escalation, investigation & resolution** – Utilize interactive visualization dashboards to help enable quick and effective monitoring of issues

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Regulatory expectations

The U.S. Department of Justice (DOJ) evaluates how compliance programs are resourced and empowered to function effectively. Elevate your compliance effectiveness profile to help further meet expectations of DOJ and other regulatory bodies.



In order to function effectively, organizations should look at key risk areas for compliance requirements.

- Organizations should start by identifying, ranking and prioritizing risk areas
- Low risk and high-volume transactions can be potentially outsourced
- High priority risk areas can be automated for cost savings

Maintaining sufficient oversight and understanding of alternative talent models and technologies supporting compliance activities are critical to effectively managing risks and benefits of such arrangements.

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Polling question #3

What productivity lever(s) are you considering to transform / elevate your compliance program?

- A. Simplify
- B. Centralize
- C. Standardize
- D. Automate
- E. Enhance
- F. All of the above

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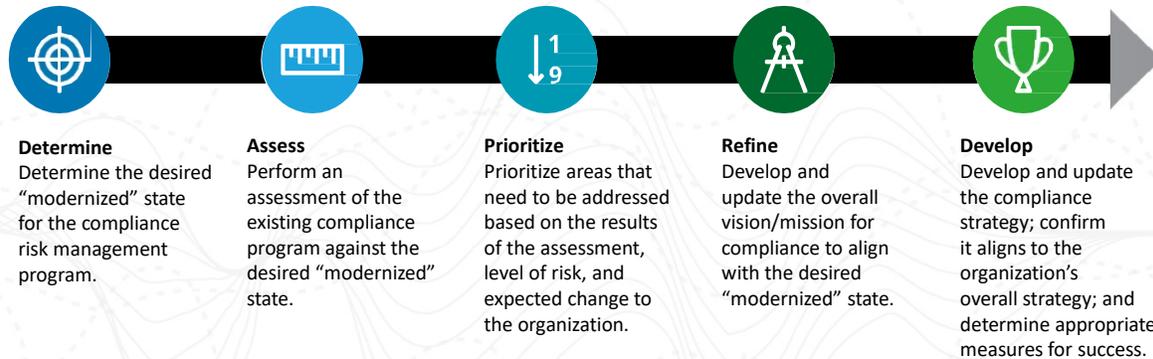
Considerations for the path forward



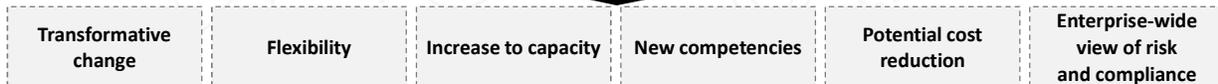
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A path forward

Follow a staged approach to help kick-off your journey to modernize your compliance program



Some potential outcomes of a modernized / elevated compliance program



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Importance of applying Agile compliance approach

Agile compliance can create more proactive compliance programs, faster value, and a happier and empowered compliance culture

What is Agile?

Agile is a way of approaching work based on **iterative development** where requirements and solutions evolve through **collaboration** between **self-organizing, cross-functional** teams, focused on delivering the most important **business value** and **continually improving**.

Potential Benefits

Speed to value around risks brought to stakeholders, **quicker adaptation to change**, and **reduced waste**

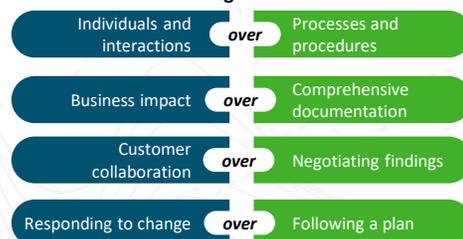


Aligning with stakeholders to **proactively tackle** the most important regulatory risks and help increase business impact

Team members gain **autonomy and a voice**; stakeholders become true allies with increased **transparency, collaboration, and communication**



Four Agile values



12 Agile principles



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Traditional compliance VS Agile compliance

Traditional Compliance

Reactive to risk and exposures

Reactive VS Proactive

Scope is defined up front

Scope VS Value

Stakeholders have little input

Informed VS Involved

Work is completed in silos

Siloed VS Collaborative

Teams do not internally reflect and improve

Steady State VS Continuous Improvement

Agile Compliance

Proactively mitigates risks

Project value is determined up front

Stakeholders are involved throughout

Work is completed by collaborative cross-skilled teams

Teams reflect on performance and continuously improve

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Polling question #4

Do you think your organization could benefit from Agile compliance approach to help support effective compliance operations and transformation effort?

- A. Yes
- B. No

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Compliance program transformation

Today we covered...

- Today's business imperative and the future of compliance programs
- Elevating/transforming compliance
- Steps to embark on your transformation
 - ✓ Determine
 - ✓ Assess
 - ✓ Prioritize
 - ✓ Refine
 - ✓ Develop

Together, we explored

The value of modernizing your compliance program



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Polling question #5

Does the content addressed during today's presentation resonate with you and your organization?

- A. Yes
- B. No

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Speaker bios



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RELEVANT EXPERIENCE

Tom is a Managing Director in the Deloitte & Touche LLP Business Risk Practice where he leads the Regulatory and Operations Health Plan service offering. He has over twenty years of administrative and management experience in health care surrounding operations, reporting, compliance, risk adjustment and strategy. He has expertise in regulatory compliance issues for ACA, Medicare and Medicaid health plans, prescription drug plans, pharmacy benefit managers (PBM's), and retail pharmacies focusing on regulatory strategies, internal control processes, key regulatory risk areas, due diligence, integration and operational design. He has experience in litigation support serving as a fact witness as well as preparing teams on compliance issues.

Prior to joining Deloitte & Touche LLP, Tom served as the Administrator of Pharmacy Services for a regional health plan over three business lines commercial, Medicaid and Medicare. In this role he was responsible for daily operations management including pharmacy call center operations, pharmacy clinical operations, PBM management, rebate contracting, pharmacy network contracting and reporting. Prior to his Health Plan experience, he worked at large, national PBM where he served as the Manager of Pricing and was responsible for plan pricing, profitability, RFP review, compliance and customer contract management. He also served as Senior Financial Analyst at the same PBM. Tom also served as an internal auditor within the Trust department of a large national banking and financial services firm. Finally, he was an adjunct professor at Robert Morris University in the Finance and Economics department where he taught Introduction to Finance, Investment Analysis, Corporate Finance and Macro Economics.



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RELEVANT EXPERIENCE

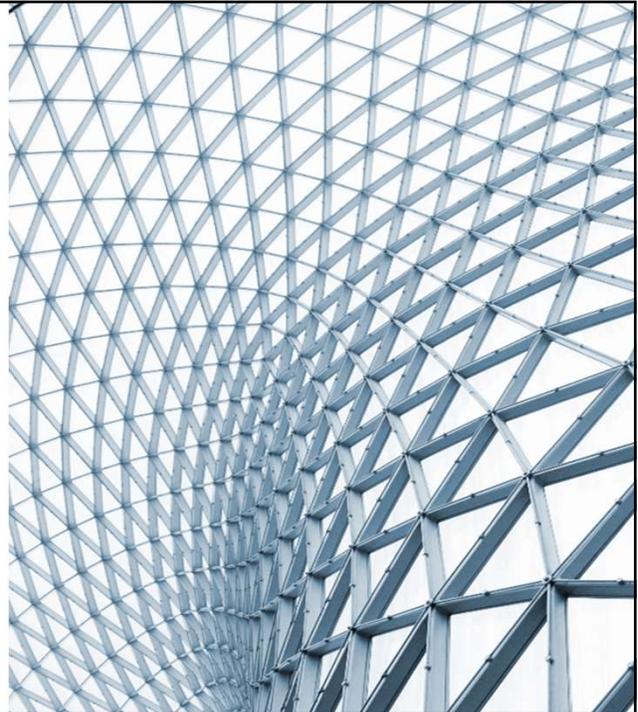
Dhara is a Senior Manager in the Deloitte Risk & Financial Advisory practice with over 12 years of consulting experience serving health care and life sciences clients. She has experience in managing projects ranging from strategy, operation, regulatory and corporate compliance, risk management, to investigation and litigation support. Dhara has spent extensive time in assisting health care providers, health plans, and retail health companies and related counsel on a wide range of issues, often in connection with audits or investigations by state and federal agencies including the Centers for Medicare & Medicaid Services (CMS), Health and Human Services Office of Inspector General (HHS OIG), Department of Justice (DOJ) and Medicare Administrative Contractors (MACs).

Dhara has led and participated in several regulatory and compliance projects including but not limited to, compliance readiness and monitoring per Corporate Integrity Agreement (CIA) requirements, government-initiated audits, provider self-disclosures/voluntary refunds, litigation support services, compliance internal audits and investigations, development and implementation of compliance program, compliance monitoring and auditing, compliance training, and corrective action plans.

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Thank you!



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