

Healthcare Industry Compliance Staffing and Budget Benchmarking and Guidance Survey

March 2020

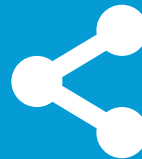
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Background

In 2019, the Health Care Compliance Association (HCCA) commissioned a new wave of salary research among compliance professionals in the healthcare industry. Among other measures, the research looked at how salaries compare across a range of individual and firm characteristics, including company revenue, employee size, compliance budget, and ownership structure.

An additional benefit of the salary survey is the ability to establish up-to-date staffing and compliance budget benchmarks. To that end, the tables in this report show how compliance team size and budget differ by firm characteristics, allowing members to compare their own staff and budget levels to those of similar firms.

Using this report

The tables in this report show how compliance staffing and budget compare across a number of factors. As you review the tables, keep in mind that the data is based on self-reported survey results, and that for some categories, small sample sizes of respondents make the results more directional than definitive. What's more, please keep in mind that many factors combine to influence staffing and budget levels, so if what you see in the data differs from your own situation, it is most likely the result of other characteristics that may be unique to your firm.

A note on reading the tables: The categories by which the data are broken down are in the left hand column and the staffing and budget percentages for each category read across, horizontally.

Survey data

The majority of firms with total revenues of less than \$500 million have no more than 5 employees as part of their compliance team. Compliance groups become larger once reaching \$500 million in revenue, peaking among those with revenues of \$3 billion or more; 55% of organizations that large have teams with more than 15 employees.

BY REVENUE OF ORGANIZATION AS A WHOLE

	EMPLOYEES IN COMPLIANCE GROUP						
	1	2 to 5	6 to 10	11 to 15	16 to 20	21 to 50	More than 50
Less than \$5 million	29%	41%	10%	9%	7%	4%	1%
\$5 million to less than \$15 million	36%	45%	8%	3%	3%	2%	3%
\$15 million to less than \$30 million	34%	52%	9%	2%	1%	1%	1%
\$30 million to less than \$50 million	31%	50%	7%	7%	2%	1%	2%
\$50 million to less than \$100 million	21%	38%	20%	9%	4%	5%	4%
\$100 million to less than \$500 million	19%	48%	12%	7%	2%	9%	2%
\$500 million to less than \$1 billion	7%	42%	21%	14%	3%	9%	4%
\$1 billion to less than \$3 billion	3%	27%	18%	14%	18%	18%	3%
\$3 billion or more	3%	11%	18%	14%	11%	26%	18%

The findings are similar when looking at revenues for specific divisions of firms served by the compliance group. Once again, it's not until a division reaches \$500 million in revenue that we see a majority with compliance teams of more than 5 employees.

BY REVENUE OF PORTION OF ORGANIZATION COMPLIANCE GROUP SERVES

	EMPLOYEES IN COMPLIANCE GROUP						
	1	2 to 5	6 to 10	11 to 15	16 to 20	21 to 50	More than 50
Less than \$5 million	23%	39%	14%	9%	5%	5%	5%
\$5 million to less than \$15 million	32%	46%	9%	3%	3%	3%	3%
\$15 million to less than \$30 million	35%	49%	9%	4%	1%	0%	2%
\$30 million to less than \$50 million	31%	45%	7%	7%	3%	3%	2%
\$50 million to less than \$100 million	22%	45%	14%	8%	2%	7%	2%
\$100 million to less than \$500 million	20%	46%	13%	7%	4%	8%	2%
\$500 million to less than \$1 billion	6%	41%	23%	12%	6%	8%	4%
\$1 billion to less than \$3 billion	0%	24%	19%	17%	17%	19%	4%
\$3 billion or more	0%	4%	17%	13%	11%	33%	22%

The majority of firms with a total employee size of less than 5,000 have 1- to 5-person compliance teams. At the other extreme, 55% of firms with 100,000 or more employees have compliance staffs with more than 20 employees.

BY EMPLOYEES IN ORGANIZATION AS A WHOLE

	EMPLOYEES IN COMPLIANCE GROUP						
	1	2 to 5	6 to 10	11 to 15	16 to 20	21 to 50	More than 50
Less than 100	50%	32%	7%	1%	1%	4%	3%
100–249	49%	37%	7%	2%	0%	0%	4%
250–499	34%	56%	5%	2%	1%	0%	2%
500–999	33%	52%	8%	4%	1%	1%	1%
1,000–1,999	26%	50%	18%	5%	2%	0%	0%
2,000–2,999	14%	62%	17%	0%	4%	1%	1%
3,000–4,999	5%	58%	17%	9%	6%	5%	0%
5,000–7,499	4%	37%	22%	21%	5%	10%	0%
7,500–9,999	2%	19%	15%	21%	31%	6%	6%
10,000–14,999	3%	14%	17%	23%	17%	23%	3%
15,000–19,999	2%	12%	27%	20%	14%	24%	0%
20,000–29,999	3%	12%	12%	20%	12%	37%	3%
30,000–49,999	8%	7%	19%	7%	7%	34%	19%
50,000–74,999	0%	32%	18%	4%	0%	29%	18%
75,000–99,999	12%	24%	18%	12%	6%	12%	18%
100,000 or more	2%	18%	16%	7%	2%	14%	41%

When looking at size of teams by the number of employees in divisions served by the compliance group, 5,000 is again the break point: Below 5,000 employees, most have 1-5 person teams; above that level, most have teams of 6 or more members

BY EMPLOYEES IN PORTION OF ORGANIZATION COMPLIANCE GROUP SERVES

	EMPLOYEES IN COMPLIANCE GROUP						
	1	2 to 5	6 to 10	11 to 15	16 to 20	21 to 50	More than 50
Less than 100	25%	34%	13%	9%	7%	6%	7%
100–249	44%	37%	11%	1%	0%	1%	6%
250–499	34%	53%	5%	3%	2%	1%	3%
500–999	33%	49%	11%	5%	1%	1%	1%
1,000–1,999	24%	47%	19%	5%	3%	2%	0%
2,000–2,999	16%	51%	14%	4%	7%	8%	0%
3,000–4,999	4%	61%	15%	8%	5%	7%	1%
5,000–7,499	4%	39%	18%	19%	5%	13%	3%
7,500–9,999	2%	15%	19%	17%	34%	6%	6%
10,000–14,999	0%	14%	21%	27%	11%	21%	6%
15,000–19,999	0%	7%	27%	17%	17%	32%	0%
20,000–29,999	0%	10%	10%	18%	13%	43%	8%
30,000–49,999	0%	6%	13%	13%	3%	42%	23%
50,000–74,999	0%	20%	20%	0%	0%	40%	20%
75,000–99,999	0%	0%	40%	20%	0%	40%	0%
100,000 or more	0%	0%	0%	8%	0%	25%	67%

Publicly-traded healthcare organizations are the most likely to have relatively large compliance teams, including 17% with teams of more than 50 employees. (Note: This is largely a function of the fact that publicly-traded firms are larger than other types of firms generally, with much larger numbers of employees.) Government agencies and privately-held firms tend to have the smallest teams.

BY ORGANIZATION TYPE

HEALTHCARE	EMPLOYEES IN COMPLIANCE GROUP						
	1	2 to 5	6 to 10	11 to 15	16 to 20	21 to 50	More than 50
Nonprofit	18%	40%	14%	9%	6%	9%	5%
Privately-held	27%	47%	12%	5%	3%	4%	2%
Publicly-traded	10%	29%	15%	11%	9%	10%	17%
Governmental	39%	30%	10%	6%	10%	4%	0%
Academic	8%	17%	14%	24%	5%	31%	2%
Other	38%	25%	0%	25%	0%	13%	0%

Compliance budgets are strongly associated with overall organization revenue. Approximately two-thirds of healthcare entities with overall revenues less than \$30 million have compliance budgets under \$100,000. Two-thirds or more of those with revenues of \$1 billion or higher have compliance budgets of at least \$1 million.

BY REVENUE OF ORGANIZATION AS A WHOLE

	ANNUAL COMPLIANCE BUDGET				
	Less than \$100,000	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1 million or more
Less than \$5 million	67%	13%	8%	2%	10%
\$5 million to less than \$15 million	63%	18%	10%	5%	4%
\$15 million to less than \$30 million	65%	18%	10%	4%	3%
\$30 million to less than \$50 million	51%	18%	15%	8%	8%
\$50 million to less than \$100 million	32%	33%	17%	8%	10%
\$100 million to less than \$500 million	29%	19%	21%	14%	17%
\$500 million to less than \$1 billion	17%	15%	14%	17%	37%
\$1 billion to less than \$3 billion	10%	1%	6%	10%	73%
\$3 billion or more	12%	3%	5%	14%	67%

The same close relationship is found when looking at compliance budgets by revenue for the division served by the compliance group.

BY REVENUE OF PORTION OF ORGANIZATION COMPLIANCE GROUP SERVES

	ANNUAL COMPLIANCE BUDGET				
	Less than \$100,000	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1 million or more
Less than \$5 million	65%	14%	7%	3%	12%
\$5 million to less than \$15 million	59%	18%	12%	8%	4%
\$15 million to less than \$30 million	62%	19%	11%	5%	3%
\$30 million to less than \$50 million	51%	16%	16%	8%	9%
\$50 million to less than \$100 million	31%	34%	16%	10%	8%
\$100 million to less than \$500 million	29%	19%	19%	14%	19%
\$500 million to less than \$1 billion	15%	13%	12%	16%	43%
\$1 billion to less than \$3 billion	7%	0%	4%	11%	79%
\$3 billion or more	2%	0%	5%	7%	86%

When it comes to compliance budgets by total organization employee size, the majority of firms with fewer than 500 employees have budgets below \$100,000. Although small sample sizes make the results for segments at higher employee levels a bit unstable, for the most part, budgets begin to increase rapidly once firms reach 7,500 employees.

BY EMPLOYEES IN ORGANIZATION AS A WHOLE

	ANNUAL COMPLIANCE BUDGET				
	Less than \$100,000	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1 million or more
Less than 100	64%	16%	7%	4%	9%
100–249	72%	19%	9%	0%	0%
250–499	59%	17%	12%	7%	6%
500–999	44%	27%	16%	6%	7%
1,000–1,999	29%	21%	24%	12%	13%
2,000–2,999	29%	18%	20%	13%	20%
3,000–4,999	19%	16%	16%	28%	21%
5,000–7,499	23%	6%	9%	13%	49%
7,500–9,999	4%	0%	4%	17%	75%
10,000–14,999	10%	0%	0%	10%	79%
15,000–19,999	13%	0%	4%	4%	79%
20,000–29,999	13%	7%	0%	7%	73%
30,000–49,999	15%	0%	0%	5%	80%
50,000–74,999	11%	11%	22%	11%	44%
75,000–99,999	50%	0%	25%	0%	25%
100,000 or more	21%	0%	0%	21%	57%

When looking at employees in the division served by the compliance team, budgets increase dramatically at the 7,500 employee level (Again, results for higher bands are based on small sample sizes; please interpret with caution).

BY EMPLOYEES IN PORTION OF ORGANIZATION COMPLIANCE GROUP SERVES

	ANNUAL COMPLIANCE BUDGET				
	Less than \$100,000	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1 million or more
Less than 100	51%	20%	11%	6%	13%
100–249	71%	16%	11%	0%	1%
250–499	56%	18%	11%	7%	8%
500–999	45%	26%	16%	6%	8%
1,000–1,999	30%	20%	21%	13%	16%
2,000–2,999	30%	14%	16%	16%	25%
3,000–4,999	25%	12%	10%	30%	23%
5,000–7,499	20%	5%	12%	7%	56%
7,500–9,999	4%	0%	4%	13%	78%
10,000–14,999	10%	0%	0%	7%	83%
15,000–19,999	6%	0%	6%	6%	83%
20,000–29,999	0%	8%	0%	8%	85%
30,000–49,999	0%	0%	0%	0%	100%
50,000–74,999	0%	0%	25%	0%	75%
75,000–99,999	0%	0%	0%	0%	100%
100,000 or more	0%	0%	0%	33%	67%

Academic institutions and publicly-traded companies are the most likely to have compliance budgets of \$1 million or more. (Again, keep in mind that publicly traded firms are generally larger than other types of firms.)

BY ORGANIZATION TYPE

HEALTHCARE	ANNUAL COMPLIANCE BUDGET				
	Less than \$100,000	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1 million or more
Nonprofit	37%	17%	10%	11%	25%
Privately-held	49%	16%	16%	7%	13%
Publicly-traded	29%	8%	8%	13%	42%
Governmental	42%	16%	24%	6%	12%
Academic	13%	3%	0%	7%	77%
Other	75%	0%	0%	25%	0%

Survey methodology

In June 2019, an email invitation was sent to approximately 50,000 individuals.

The data in the report was drawn from 1,240 responses from individuals who:

- Work for a healthcare provider.
- If a chief compliance officer is responsible for at least 26% of an organization's legal and regulatory risk.

This report is based solely on this group. Strict confidence of survey responses was maintained throughout the course of the project.

Final results were tabulated by Fondulas Strategic Research, and the salary report was completed in October 2019. The data was then retabulated to create this benchmarking report.

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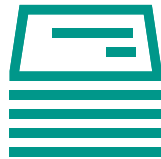
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A decorative graphic at the bottom of the page consisting of several overlapping, curved bands in various shades of blue, creating a wave-like effect that spans the width of the page.