



HCCA's 12TH ANNUAL COMPLIANCE INSTITUTE

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**Intersection of Compliance and Internal Audit: Part I
Setting the Stage**

Payor Immersion Session

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Agenda

- **Fallon Community Health Plan background**
- **Surveying you!**
- **Defining Compliance and Internal Audit**
- **Compliance and Internal Audit: commonalities and differences**
- **Discussion**



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Fallon Community Health Plan

- **Our mission:** Making our communities healthy
- **Founded in 1977**
- **Massachusetts-based, non-profit**
- **Membership:** 197,231
- **Products: Commercial and government programs**
 - **Commercial HMO, POS and PPO Plans: Fully Insured and Self Insured**
 - **Fallon Senior Plan™ (Medicare Advantage)**
 - **Summit ElderCare (Program for All-inclusive Care for the Elderly)**
 - **FCHP MassHealth (Medicaid)**



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Survey

- Do you have responsibility for both Compliance and Internal Audit?
- If not, do Compliance and Internal Audit report to the same person?
- Who does Compliance report to? Who does Audit report to?
 - CEO
 - COO
 - CFO
 - General Counsel
 - Board
 - Other
- How would you define the working relationship between Compliance and Internal Audit?
 - Working closely together now
 - Hope to be working more closely together in the future
 - Other



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What is your Compliance Department's role in auditing?

- The Compliance Department conducts specific regulatory audits on an on-going basis e.g., audits of policies/procedures in anticipation of a government site visit (very involved)
- The Compliance Department primarily monitors compliance and regulatory risk and does some, but limited auditing (shared, but less direct auditing)
- The Compliance Department makes suggestions for the audit plan (oversight and input)
- The Compliance Department relies on the Internal Audit Department to identify and conduct regulatory audits (delegated auditing function)
- Other



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To what extent does your Compliance Department have input into the annual corporate internal audit plan?

- The Compliance Department works in collaboration with the Internal Audit Department to create the audit plan
- The Compliance Department is asked for input but does not create the audit plan
- The Compliance Department is provided a copy of the annual audit plan when the audit plan is complete
- Other



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How do you ensure a comprehensive internal audit planning process?

- Which of these departments provide input into the audit plan?
 - Government Affairs/Regulatory
 - Fraud/Special Investigative Unit
 - Legal Department
 - Corporate Departments e.g., Provider Contracting, Actuarial, Pharmacy, Appeals, Clinical, IT, Finance
 - Operational Departments e.g., Enrollment, Customer Relations, Claims, Marketing, Sales
- Do you conduct a formal ranking process of potential audits with departments?
- Do you informally interview department subject matter experts?
- **What has been your most successful audit plan process?**



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Defining Compliance

The process of meeting the expectations of others. More specifically, it is the process of helping our health care professionals understand and meet the expectations of those who grant us money, pay for our services, regulate our industry, etc. Health care compliance includes numerous issues such as reimbursement, grant accounting, managed care, OSHA and Joint Commission on Accreditation of Healthcare Organizations regulations, licensure, and due diligence to prevent and detect violations of the law.

Source: The Health Care Compliance Association (Web site)



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Defining Internal Audit

A department, division, team of consultants or other practitioner(s) that provides *independent, objective assurance* and consulting services designed to add value and improve an organization's operations.

Source: The Institute of Internal Auditors Resource Foundation: The Professional Practices Framework, March 2007



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What do internal audit and compliance have in common?

- Professional standards
- High degree of objectivity, independence and integrity
- Focus on risk management, fraud and abuse prevention
- Report to board

In what other ways do your Compliance and Internal Audit Departments have similar focus and impact on your business?



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How are Internal Audit and Compliance different?

- Auditing-focus versus monitoring-focus
- Compliance develops policies and procedures and Internal Audit audits compliance with these documents
- Confirming (auditing) that policies, laws, regulations are implemented versus educating, training and enforcing these policies, laws and regulations

**How else do your
Compliance and Internal
Audit Departments differ
in focus and impact on
your business?**



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Discussion

Best Practices – Let's hear from you!

**How have you helped to
strengthen your Compliance and
Internal Audit relationships?**



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