



Healthcare Survey: Managing Risk and Compliance





INTRODUCTION

In this year's survey, Dean Dorton focused on managing risk in the healthcare industry. From physician practices to acute care hospitals and skilled nursing facilities, the survey was aimed at identifying areas of potential risk across the healthcare landscape. Among the themes in this year's survey were questions centered on financial and accounting practices, staffing, governance, information technology and security, and reputation.

It is through insightful feedback from our clients and industry experts that allows us to keep our fingers on the pulse of the most pressing issues facing medical providers and healthcare organizations today.

As part of this year's information gathering process, we submitted our survey to clients, industry experts, local executives, and other contacts to identify those areas of common risk and solutions that are being utilized to improve monitoring, safeguarding, and compliance.

Participants in this year's survey included:

- Federally Qualified Health Centers
- Acute care hospitals
- Multi-hospital systems
- Mental and behavioral health providers
- Primary and specialty care physician practices
- Dental, lab, and diagnostic organizations

Surveys were typically completed by CEOs, CFOs, COOs, and VPs of Compliance and Risk.





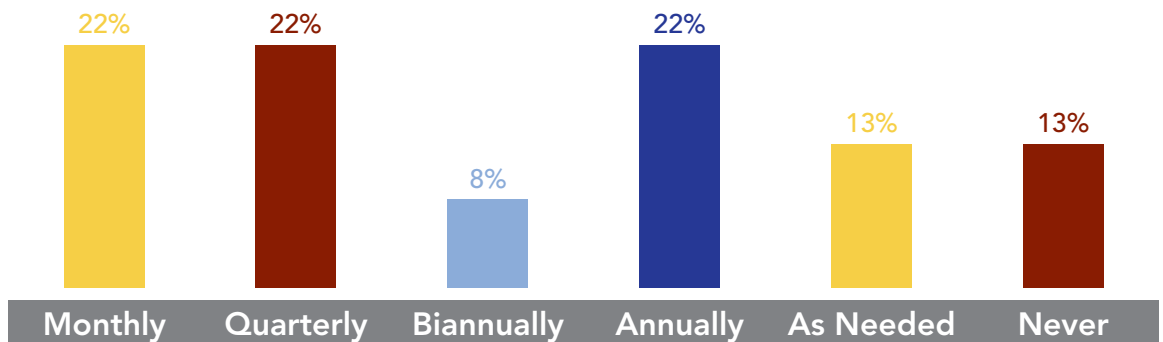
COMPLIANCE

96% of responding organizations have a compliance officer.

In 91% of the above organizations, the compliance officer has express authority to make in-person reports directly to the CEO and Board of Directors.

Two-thirds of the responding organizations said their Board of Directors periodically receives compliance reports on areas of non-compliance, fraud, waste, and abuse which includes issues identified, investigated, and resolved.

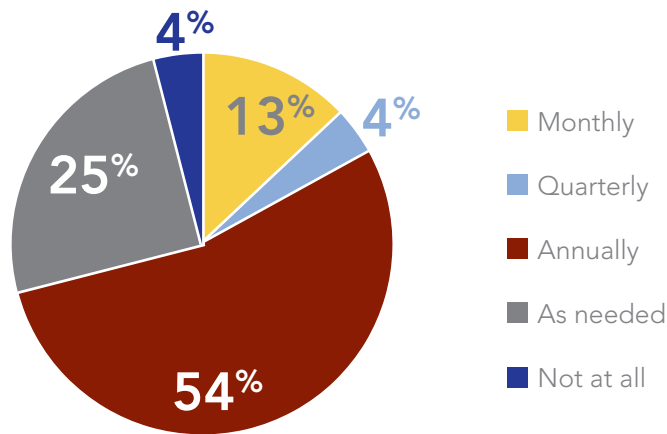
The graphic below illustrates the frequency that the Boards of Directors receive these compliance reports.





COMPLIANCE

More than half of the responding organizations (54%) provide **annual** training and education on compliance-related issues, including issues identified through investigations and internal audits. Other frequencies include:



83% of the responding organizations have an internal process and/or hotline to record, respond to, and track compliance questions or concerns from employees and the community at large.

All of the organizations said their compliance/hotline process allows for confidentiality and anonymity.

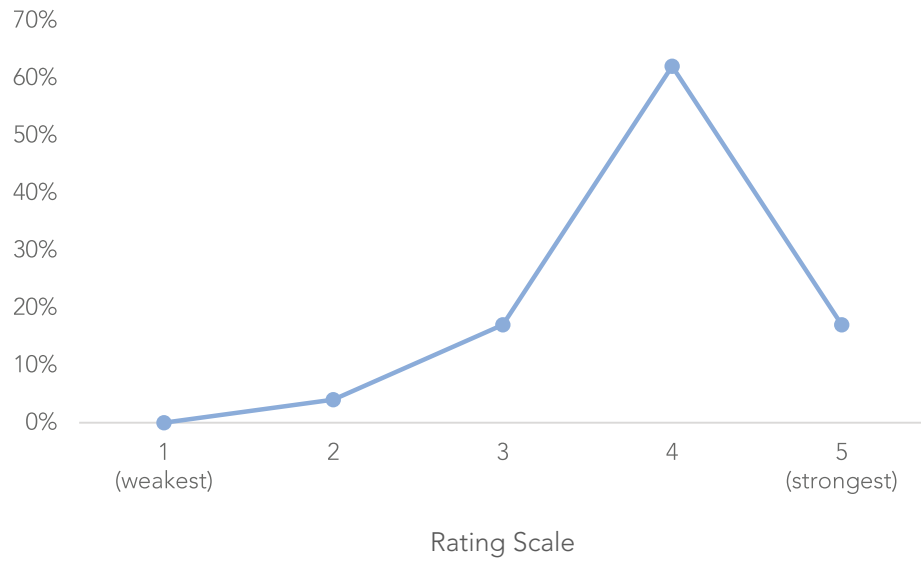
25% of the organizations experienced some type of breach requiring public reporting.

CONFIDENTIAL

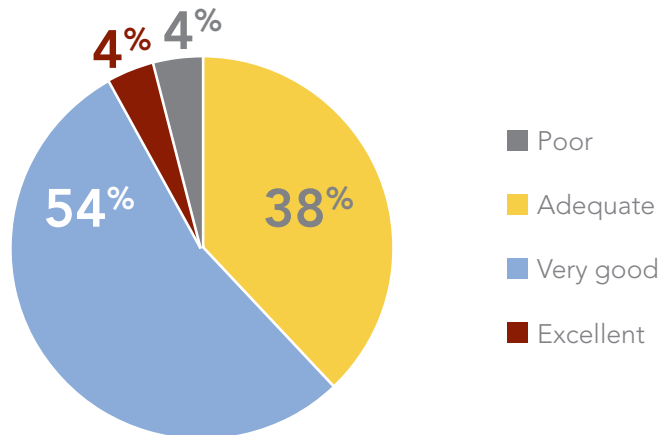


COMPLIANCE

Asked to rate the culture of their organization on a scale of 1 to 5, the average score was 3.9. A culture of compliance is established through adherence to a code of conduct, ethical policies, and actions/communication that encourage ethical behavior.



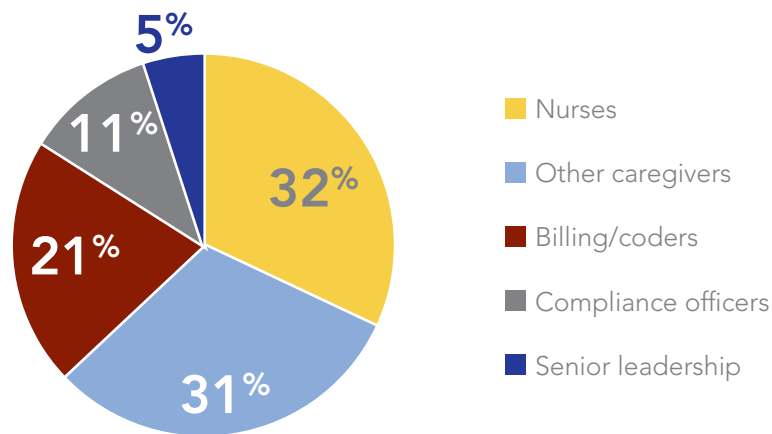
More than half of the responding organizations rated their overall compliance program very good or excellent. Only 4% rated their compliance program as poor.



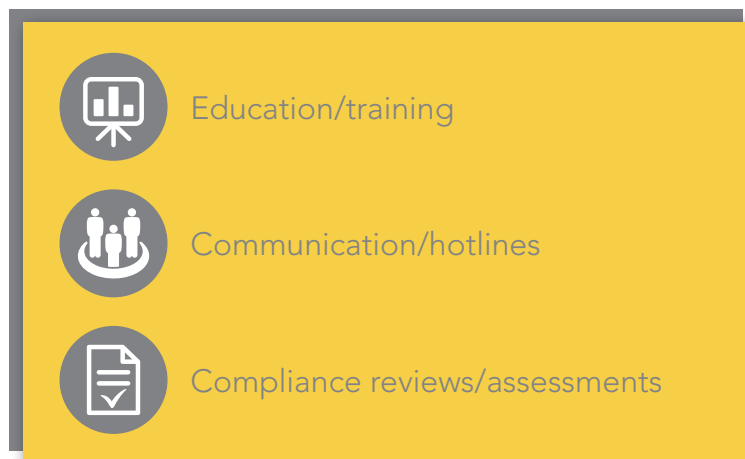


PERSONNEL

Exactly half of the responding organizations have difficulty recruiting and retaining appropriately skilled staff members focused on patient care services. Some of the most difficult positions to recruit or retain are as follows:



There were many strategies identified as a means of improving compliance and/or reducing risk. The top three were:



Other strategies included effective recruitment/retention, prompt investigation and resolution of incidents, and IT security.

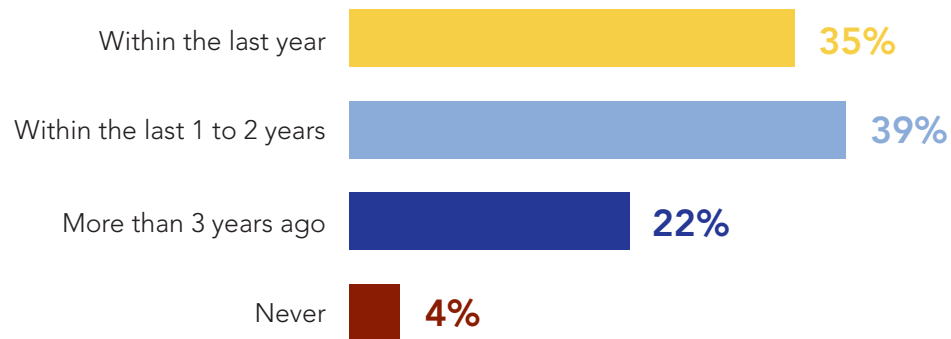


PERSONNEL

Most organizations review their employee files for compliance with state, federal, and Joint Commission requirements on an annual basis (65%). Other frequencies include monthly (18%) and quarterly (13%). Only 4% of responding organizations **never** review employee files for compliance.

More than three-fourths of responding organizations indicated they clearly and consistently document all employees' performance issues and terminations.

Most organizations conduct comprehensive audits of their personnel files. The frequency of these audits are as follows:



96% of the organizations have all of their employer required notices (labor law, worker's compensation, CMS, et cetera) posted in a location visible to all employees.



SOCIAL MEDIA

Top three social media sites utilized by healthcare organizations to manage their marketing and community initiatives:



Facebook
48%



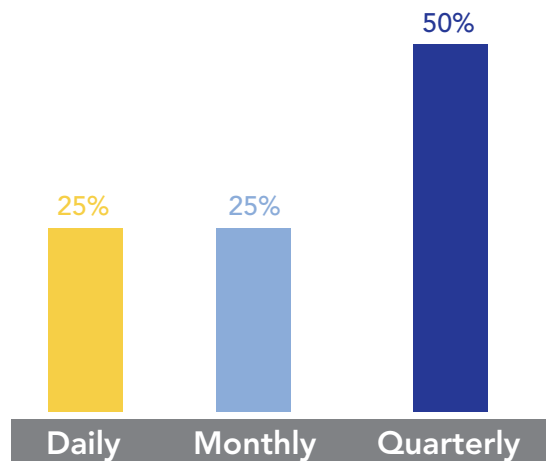
Twitter
35%



LinkedIn
10%

Instagram, YouTube, and Google+ are seldom-used, each by less than 3% of responding organizations.

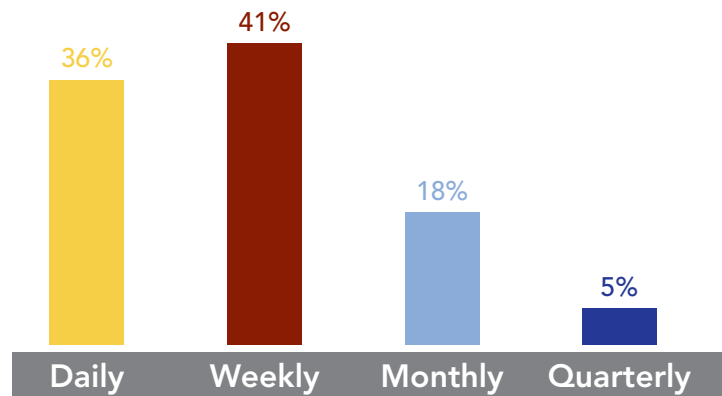
Only 17% of responding organizations monitor employee accounts on social media sites. Of those monitoring such sites, the regularity is as follows:





SOCIAL MEDIA

92% of responding organizations review online comments to identify feedback and potential damage to reputation their organization is receiving from customers and/or employees. These organizations are monitoring these online comments consistently:



DEAN DORTON

Dean Dorton
Allen Ford, PLLC
@DeanDorton

Home
About
Reviews
Photos

#TEAMDEANDORTON
The only firm to have on your team

Like Follow Message More

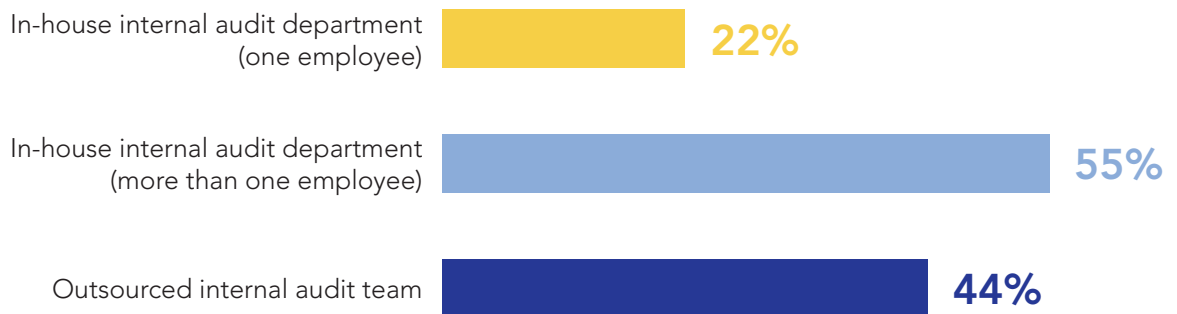
Contact Us



INTERNAL AUDIT

Two-thirds of the participants stated that their organization has a crisis response plan. A crisis response plan is critical as healthcare organizations must be prepared to respond to any number of emergencies or crisis scenarios.

38% indicated their organization has a robust internal audit function. Some internal audit departments are fully in-house, some are fully outsourced, while others are a combination of both (co-sourced).



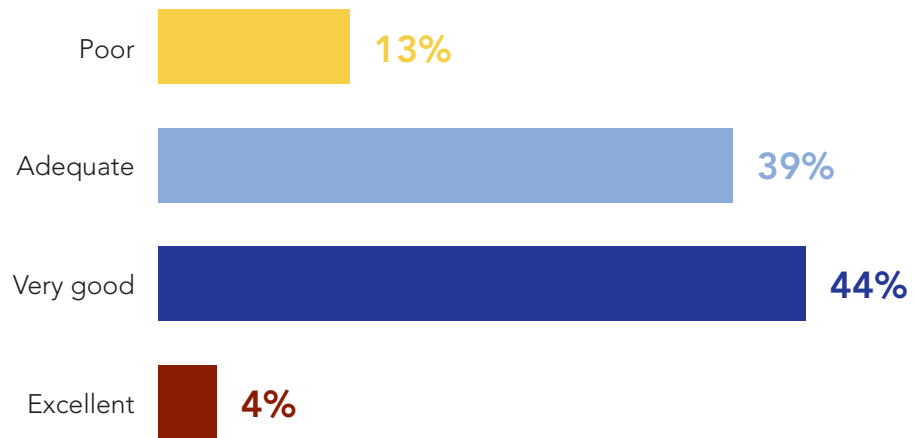
Most of the organizations (61%) would rate their overall internal controls as very good to excellent. 30% would rate their controls as adequate, while the remaining 9% would rate theirs as poor.

How would you rate your organization's overall internal controls?

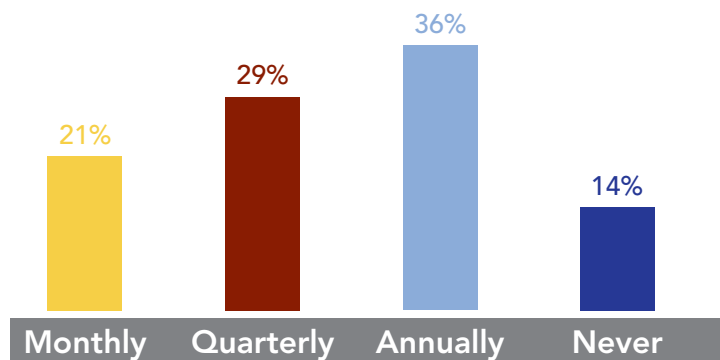


INTERNAL AUDIT

Most of the participating organizations rate themselves as adequate to very good in terms of their effectiveness at monitoring key performance indicators.



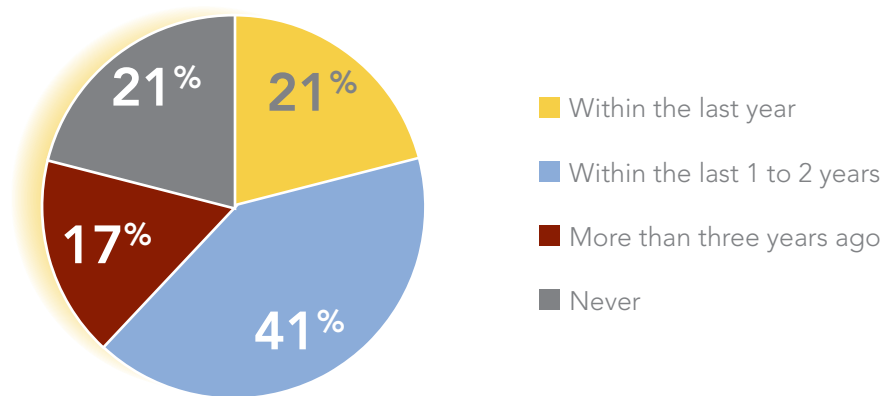
The frequency that organizations conduct an inventory audit of their pharmacy department ranges from never to monthly.





RISK AND FRAUD

When asked for the last time the participating organizations performed a fraud risk assessment, the responses ranged from within the last year to more than three years ago, with some organizations having never performed a fraud risk assessment.



Note: 38% of respondents stated that their organizations have either never performed a fraud risk assessment or have not done so within the past three years. Conducting these types of assessments on a routine basis is critical to managing overall risk within an organization.



RISK AND FRAUD

Half of the participating organizations conducted an enterprise-wide risk assessment within the last one to three years. Only 4% conducted one within the last three to five years, while the remaining 46% of participating organizations have never conducted an enterprise-wide risk assessment.

When asked to provide the area of greatest financial risk to their organizations, the participants gave a wide range of responses:

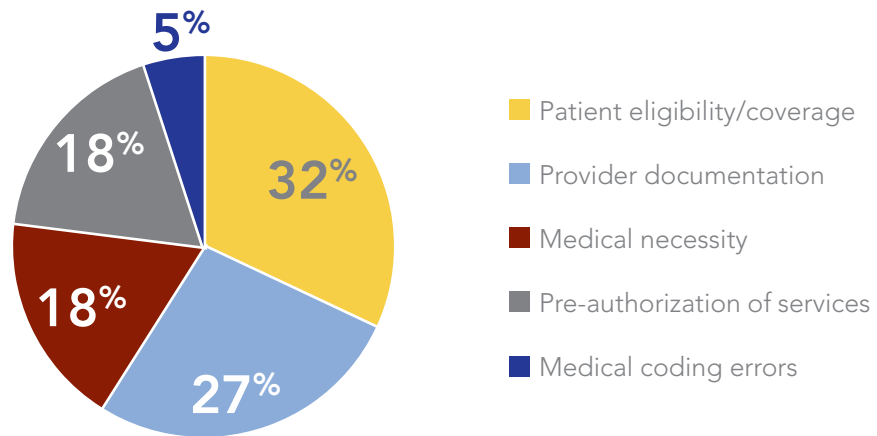


Half of the organizations **do not** currently use data analytics or monitoring to prevent or detect fraud. Of those who do, only one-third indicated that data analytics is a significant part of their fraud prevention/detection program.



THIRD PARTY PAYER DENIALS

Many types of third party payer denials represent risks to the participating organizations. By a fairly close margin, patient eligibility and coverage-related denials represent the most significant risk. **It is also important to note that 27% of participants viewed provider documentation denials as a significant risk.**





THIRD PARTY PAYER DENIALS

CDI

Three-fourths of the participating organizations have a clinical documentation improvement (CDI) resource who is tasked with ensuring clinical notes are captured accurately and completely.

MACRA

Most of the organizations (62%) indicated they are prepared today to succeed under the new reimbursement guidelines set forth in the new Medicare Access and CHIP Re-Authorization Act (MACRA).

EHR

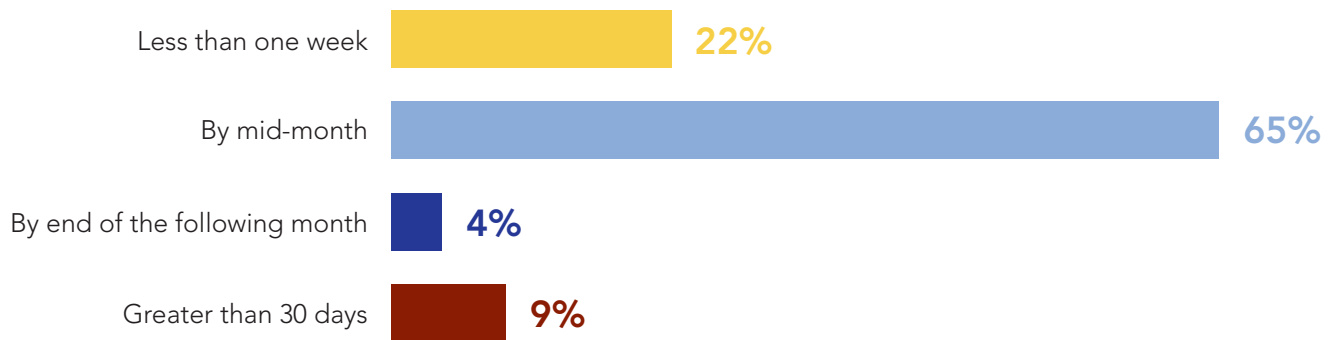
For 92% of the participating organizations, physicians and/or other clinical personnel utilize electronic health record (EHR) templates to assist with the completion of patient documentation and clinical notes.



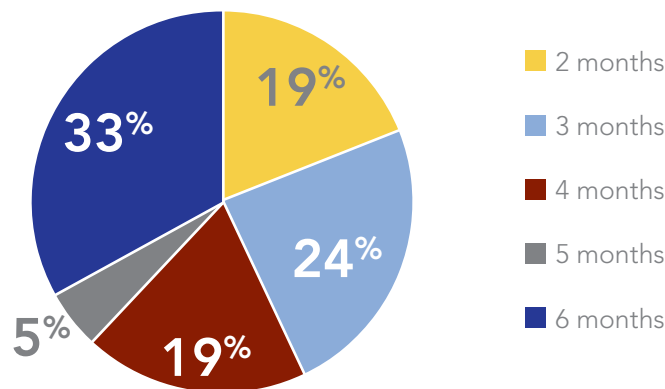
FINANCE

87% of the participating organizations prepare an annual financial budget. **All** of the responding organizations have an annual audit or review of their financial statements.

Most of the participating organizations produce their monthly financial reports by mid-month. Just under 25% are able to produce accurate statements within just one week or less.



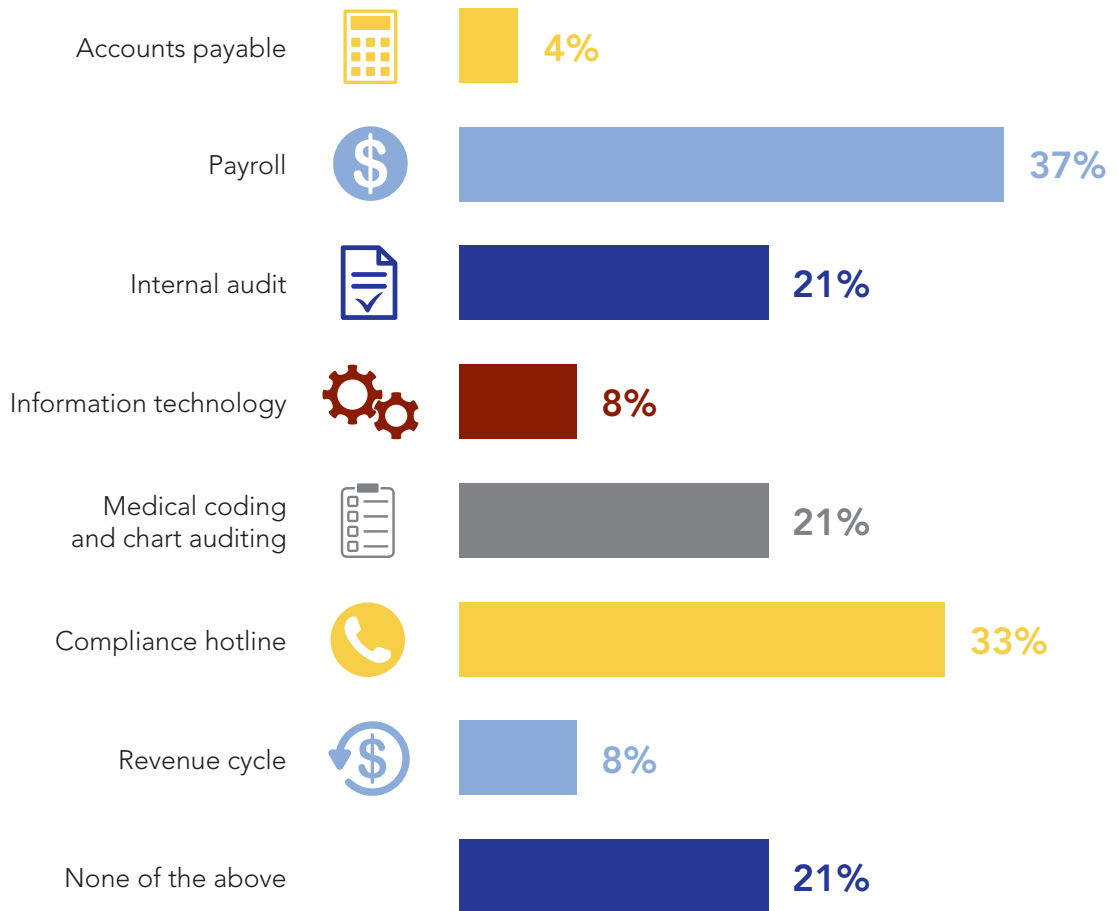
Most of the organizations start their budgeting process two to four months prior to year-end, while one-third of the organizations begin the process six months prior to year-end.





OUTSOURCING

As our participants indicated, many business units and services can be outsourced to external vendors and providers:



It is critically important to manage outsourced vendors to the same standards as internal employees. Maintaining accurate and timely records, contracts, and agreements with any external parties is a key part of an overall effective vendor management program.



ABOUT DEAN DORTON

Dean Dorton has built a national health care presence within a regional CPA firm. The firm has positioned itself as a thought leader and subject matter expert in concerns regarding healthcare compliance and risk management that are impacting providers across the nation.

The healthcare team has assisted numerous healthcare clients on issues ranging from ICD-10 preparedness and managed care contract negotiations to service line profit-loss analysis, HIPAA risk assessments, and enterprise-wide risk studies. Additionally, Dean Dorton's healthcare industry advisors routinely partners with our information technology services group to deploy new solutions, identify weaknesses, and improve operations efficiencies. It is through these types of collaborations with our clients and subject matter experts that Dean Dorton's healthcare practice is able to provide strategic guidance while also supporting clients with tactical operational concerns as they arise.





RISK MANAGEMENT SERVICES

Valued-added services, such as revenue cycle analysis, medical coding and documentation training programs, and compliance program assessments are just a few of the many advisory services we offer to our clients.





DEAN DORTON TEAM

The Dean Dorton healthcare and risk management team is available to assist you with your needs throughout the year.



Adam Shewmaker, FHFMA
Director of Healthcare Consulting Services



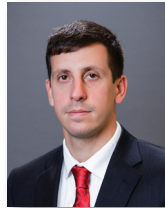
David Bundy, CPA
President and CEO



Anthony Allen, CPA
Manager of Assurance Services



David Angelucci, CPA/ABV
Associate Director of Business Valuation Services



Phil Blakely, CPA
Supervisor of Assurance Services



Jim Brill, CPA
Associate Director of Healthcare Consulting Services



Aimee Carter, CPA
Manager of Tax Services



Allison Carter, CPA
Manager of Tax Services



Lola Causholli, CPA
Supervisor of Tax Services



Kevin Cornwell, CPA, CISA, CITP
Associate Director of Technology Consulting



Megan Crane, CPA
Manager of Assurance Services



Courtney Cripe
Supervisor of Assurance Services



Chip Dalton, MHA, CPC-A
Healthcare Consultant



Missy DeArk, CPA/CFF, MBA, MAFF
Associate Director of Litigation Support and Business Valuation



Jacob Enlow, CPA
Supervisor of Assurance Services



Brian Frick
Specialist in Accounting and Business Compliance Services



Torya Hamilton
Associate in Healthcare Consulting



Justin Hubbard, CPA
Associate Director of Assurance Services



DEAN DORTON TEAM



Nick Lynch, CPA/CFE, CFE
Associate Director of Forensic
Accounting and Litigation
Support Services



Brandi Marcum, CPA
Associate Director of Tax
Services



Mickey McCandless, CPC-A
Healthcare Consultant



Leigh McKee, CPA
Director of Tax Services



Jason Miller
Director of Business and
Technology Consulting



**Brandy Montgomery, CPC,
CPMA**
Manager of Healthcare
Consulting Services



Joseph Overhults, CPA
Associate Director of
Assurance Services



David Richard, CPA
Director of Assurance Services



Porter Roberts, CPA
Director of Tax and Healthcare
Consulting Services



**Dan Schoenbaechler, CPA,
FHFMA**
Manager of Healthcare
Consulting Services



Amelia Sebastian, CPA
Manager of Tax Services



Mike Shepherd, CPA
Director of Tax Services



Matt Smith, CPA, CFE
Associate Director of Tax
Services



**Shawn Stevison, CPA, CHC,
CGMA, CRMA**
Manager of Healthcare
Consulting Services



Jim Tencza, CPA, CIA, CGMA
Director of Assurance Services



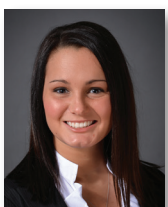
Gwen Tilton, CPA
Louisville Managing Director



**Harvey Thompson, CPA, CVA,
CMA**
Associate Director of Tax
Services



Kimberly Vo
Specialist in Assurance
Services



Lauren Williams
Healthcare Consultant



**Dawn Wilson, RHIT, CCS,
CCS-P, CPC, COC, CPC-I**
Manager of Healthcare
Consulting Services



BUSINESS ADVISORS CPAs CONSULTANTS

Lexington

106 West Vine Street, Suite 600
Lexington, KY 40507
859.255.2341

Louisville

500 West Jefferson Street, Suite 1400
Louisville, KY 40202
502.589.6050

deandorton.com

Dean Dorton is a full-service accounting and business consulting firm which provides services to clients of all sizes in a variety of industries. The firm has grown to be one of the largest Certified Public Accounting firms based in the Commonwealth of Kentucky.

At Dean Dorton, our philosophy centers on an unyielding commitment to provide services that exceed our clients' expectations and are consistently superior to our competitors in quality and timeliness. Further, we strive to do so in a setting that is satisfying professionally and personally for firm employees.