



Managed Care Compliance Conference

Risk Assessments – The Good, the Bad, and the Ugly

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Introduction

HealthPartners

- **Our mission:** To improve the health of our members, our patients and the community
- Founded in 1957
- An integrated health care organization providing health care services and health plan financing and administration
- About 10,000 physicians, dentists and staff in 70 locations in the Twin Cities, St. Cloud and Duluth
- Ninth largest employer in Minnesota, largest private employer in St. Paul
- More than 640,000 members in Minnesota, western Wisconsin, North and South Dakota and Iowa



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Introduction

HealthPartners (cont)

- Offers national health plan coverage through an affiliation with CIGNA HealthCare to companies with employees in Minnesota and across the country
- Covers nearly one in four residents in Twin Cities Metro area
- Largest consumer governed non-profit health care organization in the nation
- Products:
 - Commercial, fully and self-insured
 - HRA's, FSA's, HSA's (consumer directed)
 - Public Programs
 - Medicare Advantage, Medicare Cost, Part D, PFFS
 - State public programs



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Introduction

Capital BlueCross

- **Our Mission:** To strengthen the basic fabric of the communities we serve by investing in the health and well being of the people of our service area, offering our customers the best value in health insurance services, and providing our Members with health security through all the stages of life.
- Founded in 1938, recently celebrated 70 years of serving the communities of central Pennsylvania and the Lehigh Valley, and are recognized as the No. 1 health insurer in our communities served.
- Offers national health plan as an independent licensee of the Blue Cross and Blue Shield Association. Authorized to utilize the Blue Cross logo in 21 counties in central Pennsylvania and the Lehigh Valley
- In 70 years Capital BlueCross has grown from 7400 members to nearly one million members today.



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Introduction

Capital BlueCross (cont)

- In the past year, we processed nearly 12.5 million claims and managed more than \$3 billion in premium and premium equivalents
- We have a broad-reaching physician network, with more than 11,000 professional providers and work with each of the 37 hospitals in our service area
- Capital BlueCross, headquartered in Harrisburg, is one of the area's largest employers, with more than 2,300 employees.
- As a full-service health insurer, Capital BlueCross offers a wide variety of easy-to-use, comprehensive and innovative health insurance products and easy access to individual products for eligible individuals through the Medicare years.
- Capital BlueCross....Then. Now. Always.



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Agenda

- The Bad
 - What's the problem of not having a risk assessment process?
- The Ugly
 - What are the characteristics of ineffective risk assessments?
- The Good
 - What works and what are the challenges?
 - HealthPartners
 - Capital BlueCross
 - What are some other tools?
- Questions



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The Bad

- What's the problem of not having a risk assessment process?
 - Undetected or unmitigated risks
 - Mis-alignment of limited departmental and/or independent monitoring and auditing resources to risks
 - Not meeting regulator expectations
 - Increased likelihood of both internal and external audit findings
 - Increased exposure to whistleblower and other litigations
 - Not doing your job-can't keep senior management and the board of directors informed of risks that you (and they) don't know about



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The Ugly

- What are the characteristics of ineffective risk assessments?
 - Too complex
 - Created and not used
 - Not understood by leadership
 - No rationale for ratings
 - Ratings influenced by management wanting it to 'look good'
 - Not used to drive resources or risk management strategies



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The Ugly

- Example (too complex)

Regulatory Governance & History

[1] Number of govt. entities or other authorities regulating operation [select one]:

None	=0
One	=1
Two	=2
Three	=3
Four	=4
Five or more	=5

[2] Basis of governance [add all that apply]:

Internal policy/procedure	=1
Contract/industry practice	=2
Association standard	=3
State or federal law/regulation	=4
State <u>and</u> federal law/regulation	=5

[3] Potential for legal sanctions/settlements [select one]:

Low (,\$1,000 or misdemeanor)	=1
Medium (\$1,000 to \$10,000)	=2
High (,\$10,000, felony, or loss of license/franchise)	=5

Etc...



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The Good

- What works and what are the challenges?
 - Framework
 - The main two attributes can be classified as:
 - Cause
 - Effect
 - The assessment of risk is a function of:
 - The resulting impact of the effect (e.g., on revenue, reputation, reporting, etc.)
 - The likelihood of the cause occurring
 - Sources of Industry Risk Areas
 - OIG work plan
 - CMS audit guides
 - State audit guides
 - Networking
 - Conferences



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The Good

- HealthPartners – Process
 - Compliance
 - Review OIG work plan
 - Review incident trends
 - Review industry information
 - Coordinate with Legal, Internal Audit, Government Programs, and Risk Management
 - Develop work plan; report results to oversight committee
 - Government Programs
 - Annual update
 - Meet with business units
 - Develop monitoring plan; report results to oversight committee



The Good

- HealthPartners – Process
 - Internal Audit
 - Bi-annual update
 - Meet with business leaders
 - Review with Senior leaders and F&A Committee
 - Develop annual audit plan; report results to oversight committee(s)
 - Coordinate with Legal, Internal Audit, Government Programs, and Risk Management



The Good

- HealthPartners – Challenges
 - Execution and reporting of departmental monitoring
 - Coordination of audit and monitoring plans between compliance, audit, government programs
 - Diversion from preparation from regulator audits
 - Quantity and complexity of regulations and guidance



The Good

- Risk Assessment Tool (Example Only)

Department	Topic	Business Owner	Risk	Product	Specific areas	Monitoring Guide Element	Monitoring Plan (P&P, Training, Reviews)	Prior Findings	Regulator Focus	Comments
Case Management	Coordination of Care									
Case Management	NODMAR process									
Case Management	Care Coordination								Annual Care Plan Audit to DHS; MPRO Audit 2008	
Case Management	Delegation									



The Good

- Risk Assessment Tool (Example Only)

Department	Topic	Business Owner	Risk	Product	Specific areas	Monitoring Guide Element	Monitoring Plan (P&P, Training, Reviews)	Prior Findings	Area of Regulatory Focus	Comments
Marketing	Internet								CMS	
Marketing	Marketing Materials								CMS; OIG	
Marketing	Late ANOCs								CMS	
Marketing	Delegates									



The Good

- Capital BlueCross – Process
 - Meet with Legal and Internal Audit first
 - Review risk assessment “folder”
 - Meet with Corporate Compliance Committee to kick off assessment
 - Distribute monitoring activities chart
 - Review process for identifying new potential risks
 - Review risk assessment process for new Committee members/identify any changes to process
 - Discuss deadline for completion of risk assessment



The Good

- Capital BlueCross – Process
 - Review risk assessment results
 - Meet with Committee members who have identified new risks
 - Discuss potential new monitoring activities
 - Review risk assessment results with Committee members that are affected by the risk (may be other than member who identified risk)
 - Meet with Senior Management to review risk assessment results (new identified risks, mitigating controls, new monitoring activities)
 - Review risk assessment results with the Governance Committee of the Board of Directors—discuss CAPs for addressing immediate risks
 - Provide Board with regular status of CAPs



The Good

- Capital BlueCross – Challenges
 - Getting Compliance Committee members to include SMEs in risk assessment process
 - Procrastination – assessments being completed at last minute
 - Missing information on risk assessment documents
 - Consideration of new potential risks
 - Establishment of new monitoring activities



The Good

- Risk Assessment Tool (Example only)

2006 Risk Assessment
New Potential Risks Identified
Final

Department: _____
Title: _____
Prepared: _____

Instructions: This document provides a framework for organizing and prioritizing risks and provides a structure for making business risk assessment an ongoing process. Once a business risk is identified, you should analyze the two key dimensions of risk – its potential impact on achieving the company's objectives and the likelihood of occurrence. The categories of responses for which we will assess impact and likelihood include Financial, Operational, Regulatory and Strategic.

Instructions: Identify below any risks relating to your area's functions/processes that are not already being monitored by C&BC.

POTENTIAL RISK
Financial-F: Loss of financial resources or incurring unacceptable liability (lost revenues/sales, lost interest, regulatory penalties and fines, penalties for late payments).
Operational-O: Impact on ability to deliver services to subscribers, providers and customers on a timely and accurate basis.
Regulatory/Legal-R/L: Damage to public image, corporate integrity (negative impact to subscribers, providers, public perceptions, negative impact to regulatory relationship).
Strategic-S: Exposures impacted by governing entities (state, federal, association), change in regulatory focus, compromise of PHI or ePHI, contract compliance, Potential for costly settlement or litigation, new laws/policies/regulations, Exposures that affect important corporate business objectives.

Description of Risk	Type of Risk? F, O, R, L	Is the Risk Impacted by Outsourcing of Business Activities?	Is the Risk Dependent on System Reliability?	Are There Anticipated Changes to System Business Processes in 2006-2007 That Affect the Risk?	Likelihood of Occurrence (High/Low/Med)	Mitigating Controls	Comments



The Good

- Risk Assessment Tool (Example only)

FORM-Current Compliance Activities.xls

Department	Risk	Mitigating Controls	Dept Explanation of Verification Process	Frequency of Past Occurrences/ Reported Incidences	Materiality or Significance of Risk (Inconsequential or Material)	Likelihood (Remote, Reasonably Possible or Probable)	Compliance Report	Responsible Person	Compliance Member



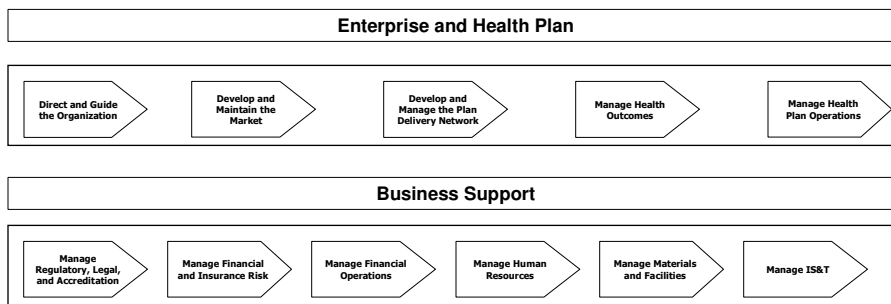
The Good

- What are some other tools?
 - Coverage Map
 - Corrective Action Plan
 - Monitoring Template



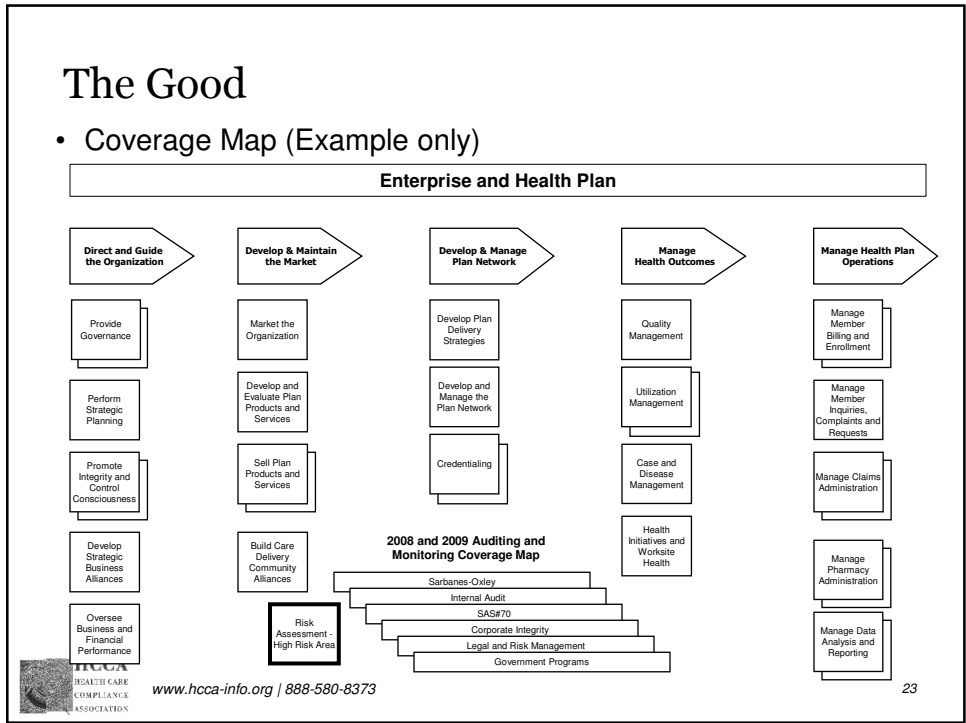
The Good

- Coverage Map (Example only)



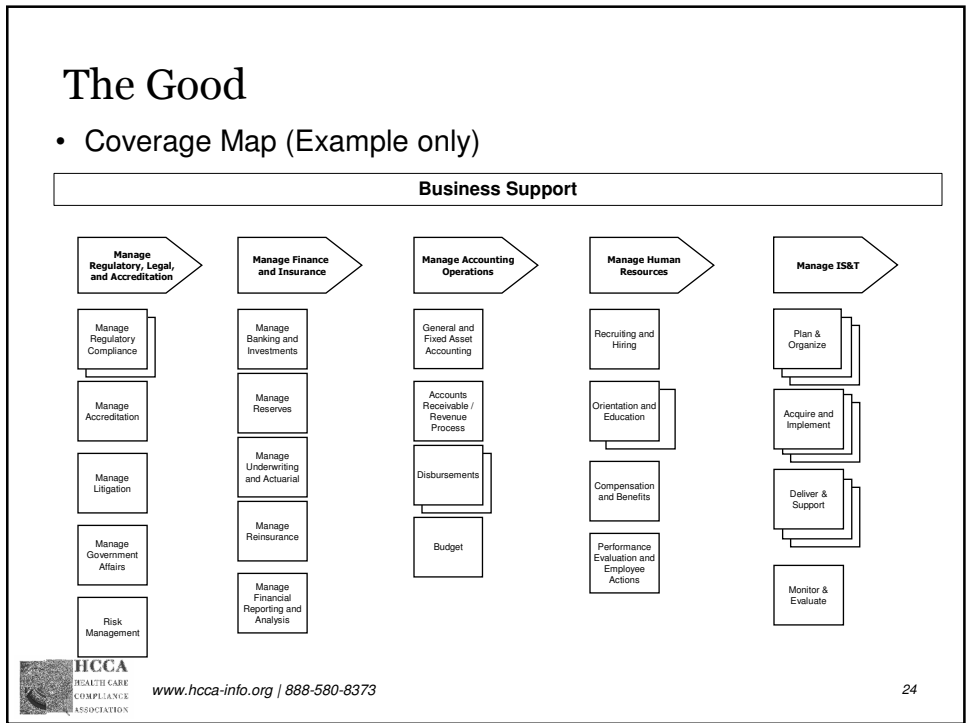
The Good

- Coverage Map (Example only)



The Good

- Coverage Map (Example only)



The Good

- Corrective Action Plan (Example only)

The screenshot shows an Excel spreadsheet titled "Microsoft Excel - CAP Report2 Template.xls". The spreadsheet contains a table with the following columns: Department/Division, Item, Owner, Corrective Action, Source, CAPS (with sub-columns Start Date and End Date), Comments / Updates, and Status. The table is currently empty, with rows numbered 1 through 7. The status column is shaded grey. At the bottom left, there is a logo for HCCA (Health Care Compliance Association) with the website www.hcca-info.org and phone number 888-580-8373. At the bottom right, the number 25 is displayed.

The Good

- Monitoring Tool (Example only)

The screenshot shows an Excel spreadsheet titled "Microsoft Excel - Monitoring Tool". The spreadsheet contains a table with the following columns: Department, Risk, Mitigating Controls, Dept. Explanation of Verification Process, Frequency of Past Occurrences/ Reported Incidences, Materiality or Significance of Risk (Inconsequential or Material), Likelihood (Remote, Reasonably Possible or Probable), Compliance Report, Creator of Report/Filing, List of all Reviewers, Corporate Officer approval required? If yes, who?, Person Responsible for Compliance Certification, and Compliance Committee Member. The table is currently empty, with rows numbered 1 through 7. At the bottom left, there is a logo for HCCA (Health Care Compliance Association) with the website www.hcca-info.org and phone number 888-580-8373. At the bottom right, the number 26 is displayed.

Questions



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