



MAINTAINING A HEALTHY PULSE

Compliance Metrics Role in Conveying Important Signals

Written by Greg Radinsky

A company's compliance metrics serve as a nervous system to convey important signals to management and the board. With an increasingly demanding regulatory environment, companies will be required to prove to regulators that a reasonable approach was implemented to assess and address industry compliance risks. "Paper tiger" compliance programs are no longer acceptable.

Northwell Health evaluates several data points that are transmitted throughout its network of data systems and facilities. In today's data-centric world, it is easy to lose sight of what data is important. Northwell's compliance department hones in on three vital data metrics to keep a healthy pulse on addressing potential risks: compliance inquiry statistics, case completion time, and predictive analytics.

Compliance Inquiry Statistics

It is critical for companies to hear employee, vendor and business partners' compliance concerns and have them appropriately addressed. Northwell considers all communication channels when evaluating this metric. Northwell logs and tracks all compliance complaints from an anonymous compliance hotline and website. Any concerns the compliance department receives directly are also addressed, and individuals are encouraged to raise concerns to their manager or supervisor.

Various industry statistics exist in assessing whether a company has received a reasonable number of compliance calls. In general, some studies suggest that companies should get approximately one call per 1,000 employees per month. This type of benchmark can vary depending upon the size of the company and the industry sector. A trend higher than this range should not be viewed negatively. In fact, an increase in compliance inquiries are not necessarily an indication of misconduct or a breakdown of company's controls, but often

can be a result of the company's workforce's awareness to bring forward concerns.

As part of examining this data metric, it is also vital to analyze whether a company's workforce is comfortable reporting a compliance concern without fear of retaliation. Northwell sends out periodic anonymous surveys to its workforce to gauge whether it is comfortable raising concerns. All of the compliance inquiry and survey data is evaluated and used to target compliance training areas, future audits and policy development. Also, a detailed breakdown of compliance inquiry statistics is shared both with management and the board and also published in quarterly reports, a semi-annual risk assessment report and an annual risk assessment report.

Compliance Case Completion Rate

While a robust number of compliance inquiries allows management and the board to become aware of potential risks, it is just as important as knowing that resources will be designated to review each of those potential matters in an expeditious manner.

Northwell strives to close out cases as soon as possible and uses a 30-day time metric as a guideline to close out compliance cases. While a limited number of investigations can take longer due to their complexity, the majority of compliance inquiries can be closed out well within this 30-day timeframe.

There are laws that further support this premise to ensure companies invest in an expeditious investigation process. For example, most state data breach notification laws require consumers to be notified in the most expeditious time possible without unreasonable delay. Some states have defined this to mean no later than 30 or 45 days. A federal law related to health care privacy and security data breaches requires notification to patients without unreasonable delay and no later than 60 days.



Beyond not complying with specific regulatory time requirements, a longer case completion rate can result in the complainant reporting the matter directly to a regulatory agency or even filing a whistleblower lawsuit. It also can have other consequences to a company – it can decrease workforce morale, productivity, and employee and customer trust. Unfortunately, this can lead to a perception of an unethical culture by a company's workforce and customers.

To avoid an adverse event, Northwell created additional controls around this metric. A special log is kept of any compliance cases over 30 days to ensure the matters are handled in the most expeditious time. For regulatory matters that have a shorter timeframe, a log is kept and updated on a weekly basis. Each compliance employee assigned to any case that is active over 30 days is required to provide an update on a weekly basis to the Chief Corporate Compliance Officer.

This metric also can indicate whether a compliance program is adequately staffed to address compliance issues on a timely basis. If a company cannot respond to general compliance inquiries in a timely manner, it sends a signal to management and the board that more resources may be necessary to support its compliance program.

Data Mining & Predictive Analytics

It is also vital that organizations address potential unknown risks by utilizing data mining and predictive analytic tools. For example, Northwell uses a third-party software application where we feed large quantities of real-time billing data that is run against algorithms based upon known government and industry risk areas to identify potential outliers. Northwell also has a third-party application that identifies users who are engaging in patient record access patterns that are indicative of snooping, identity theft or other inappropriate behaviors. Our staff investigates outliers to determine whether there is a legitimate reason for the billing trend or

record access and whether an additional compliance review is necessary.

The data results identified from these types of applications allow Northwell to have a greater degree of confidence that the key risk areas are being identified and addressed. Northwell shares these data findings with management and its board to provide additional assurances that we are targeting the appropriate risk areas in our audit plans.

The Compliance Nerve Center

Compliance metrics serves as the nerve center to ensure potential compliance issues get appropriately handled. Compiling and sharing these data metrics allows management and the board to better ask questions about compliance trends, outliers and existing and emerging risks. This helps demonstrate a company has an effective compliance and ethics program. Assessing organizational risk is not a precise science, but using these vital metrics can help assure a compliance program is fit to pass a regulatory review and receive a clean bill of health.

Author Biography

Greg Radinsky is Vice President and Chief Corporate Compliance Officer for Northwell Health, the largest health system and private employer in New York. A frequent contributor to professional publications, he often shares his expertise via presentations on compliance topics at conferences for national organizations. Greg received his M.B.A. from the Kellogg School of Management, his J.D., magna cum laude, from Saint Louis University School of Law, and his B.A., magna cum laude, from Tufts University.