Dynamic Board Reports
What do they really want to know?

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Objectives

• Board expectations
• Key metrics
• Program risk and growth needs

Board Structure

• Governance and Reporting
  - 1 Board of Trustees - Quarterly
  - Audit and Compliance Committee - Annually
  - Operating Boards - Annually
  - Advisory Boards
  - Ad Hoc
Why is this topic important?

- Board report can make or break trust in compliance
- Tell the story to get the “a-ha” moment
- Crucial to know your audience
- Conversation must be world-class, to the point, effective, impactful and leave each board member informed.

Source: Ethisphere WMEC

OIG Fiduciary Duties of Board

Duty of Care

1. A corporate information and reporting system exists
2. The reporting system is adequate to assure the board that appropriate information relating to compliance with applicable laws will come to its attention timely and as a matter of course.

Synopsis of Rule of Law: Directors are potentially liable for a breach of duty to exercise appropriate attention if they knew or should have known that employees were violating the law, declined to make a good faith effort to prevent the violation, and the lack of action was the proximate cause of damages.

Source: OIG & ALA Resource for Healthcare Boards

Case Study: Caremark International Inc. Derivative Litigation, 698 A.2d 959 (Del. Ch. 1996)

Questions Boards Should Ask

- Is the scope and adequacy of the compliance program aligned to the size and complexity of the organization?
- Does the scope and adequacy of the compliance program align with well-recognized programs at similar companies (benchmarking)?
- What has changed in the regulatory landscape that could affect the scope and adequacy of our compliance program?
- Is our compliance program appropriately resourced to achieve a level of scope and adequacy we expect?
- Do we need a compliance expert to advise the Board?

Source: Practical Guidance for Healthcare Boards
Where to Focus Your Energy

In addition to program scope, benchmarks, risks, & resources;
- Paint a picture and tell your story
- Share insights and your perspective on key issues
- Lively, robust discussion of key metrics
- Demonstrate the depth of your knowledge and compliance program

What to Report?

- Internal and external investigations
- Serious issues raised in internal and external audits
- Hotline call activity
- All allegations of material fraud or senior management misconduct
- Code of conduct and/or expense reimbursement policy exceptions
- Significant regulatory changes
- Enforcement events relevant to the organization's business

Source: Navigant – What's a Board to Do?

Benchmarks - What Boards Want

- Highlighted risks up front
- Highlighted trends/changes with standardized reports
- Management insights
- Concise executive summary
- Lead time to review key summary
- Fewer acronyms and industry jargon
- Better scrutinized to remove irrelevant information
- Less formalized with more spontaneous discussion

Source: PwC 2015 Annual Corporate Director Survey
Ask Your Board What They Want

- Tailored to culture of org
- In line with organization’s strategic objectives
- What are they aware of and have concerns about?
- Open investigations/settlements
  - What is the right level of detail?

OIG/Daniel Levinson Guidance

- “Board involvement and commitment is critical for a successful compliance program – top down approach.”
- “The best boards are active, questioning, even skeptical”
- “Boards should receive candid, timely, and comprehensive information on how organization’s compliance program is operating.”
- “Boards shouldn’t make assumptions, or view their job narrowly, or shy away from tough questions.”

Source: Inspector General Discusses the Importance of Health Care Compliance

Educate Your Board

- Give them context
- Their role in organization
  - Principles of Good Governance and Ethical Practice
- Broad understanding of Compliance Program
- Risks your organization faces
- Enforcement Environment
Design Your Report

Step 1
- Size
- Scope
- Detail

Design your report

Step 2
- Consistent
- Strategic
- Concise
- Structure
  - Standardized format
- Role/responsibility
- Touch on all elements

Ideas for Content
- Compliance Metrics
  - External & Internal audit findings
  - Financials by Market - paybacks
  - Hotline & Reported Concerns data - trended & benchmarked
  - Work Plan
- Open investigations
- Effectiveness initiatives
- Scrutiny by Federal/State payers
- Challenges and successes of your program
Board Metrics of Interest

Audit Financial Impact by Market

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<th>Market</th>
<th>FY2016</th>
<th>FY2015</th>
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<tbody>
<tr>
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<tr>
<td>4</td>
<td>$600,000</td>
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</table>

Audit Closure FY16

- CAP w/major findings: 10%
- CAP w/minor findings: 5%
- Use findings: 90%
- Open: 5%

Board Metrics of Interest

Trended Hotline by Category

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Privacy</th>
<th>Compliance (coding,billing)</th>
<th>CitrixHR</th>
<th>Other Risk/Quality, Vendor</th>
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<td>50</td>
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<td>2016</td>
<td>300</td>
<td>150</td>
<td>75</td>
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Board Metrics of Interest

Culture Survey

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<th>Metric</th>
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<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Awareness of compliance resources</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Manager ethical</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Reporting conflict</td>
<td>8</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Pressure to commit misconduct</td>
<td>9</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Rate punishment is so severe</td>
<td>10</td>
<td>9</td>
<td>8</td>
</tr>
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</table>

More metric examples: HCCA presentations, Key Compliance Program Metrics
Board Report Examples

Things to Consider

OIG also recommends that the Board consider conducting regular "executive sessions" (i.e. excluding senior management) with leadership from the compliance, legal, internal audit, and quality functions to foster more open communication, and conduct these sessions on a routine basis – not only when issues arise.

Source: Practical Guidance for Healthcare Boards

Tips for success

- Show, don’t tell
- Request a 1 on 1 with committee chair to preview report and proposed handouts for feedback
- Use plain English and avoid industry jargon and acronyms
- Don’t read your report
More Tips

- Keep it simple and to the point
  ✔ fewer words, more punch
- Decide well before what the key takeaways are and highlight them
- Allow time for discussion
- Provide clear answers to questions – if unable, promise to research and get back with answer.

What are your challenges/successes with board reports?

Thank you for attending!

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