



WHITE PAPER

# THE OPPORTUNITY FOR COMPLIANCE TO CREATE VALUE FOR HEALTHCARE ORGANIZATIONS

Best practices for demonstrating how Compliance makes an impact

## Contents

<b>Introduction</b> .....	<b>2</b>
<b>Avoid the Compliance Conundrum</b> .....	<b>3</b>
The Department of Yes .....	4
Compliance Ambassador and Liaison Programs .....	4
<b>Five Ways Compliance Creates Value</b> .....	<b>5</b>
1. Delivering an Effective Compliance Program .....	5
OIG’s Seven Elements and Governance Documents .....	6
2. Reducing the Risk of Fines .....	7
3. Providing a Better Patient Experience .....	7
4. Protecting Revenue .....	8
5. Ensuring Private Information Stays Private .....	9
<b>The Power of Metrics</b> .....	<b>10</b>
<b>Conclusion</b> .....	<b>11</b>
<b>About the Experts</b> .....	<b>11</b>

### Introduction

In an ideal world, every healthcare organization would recognize that a strong regulatory compliance program creates value by facilitating the delivery of quality patient care, protecting revenue, and more. In the real world, it’s often up to compliance officers to earn their seat at the table and convince leaders that compliance is a worthy organization-wide effort.

Compliance officers know the value their work brings to their organization. The challenge is quantifying that value and demonstrating it to leadership.

Three compliance experts – Lisa Herota, compliance and privacy officer at Vail Health; Margaret Scavotto, president of Management Performance Associates; and Ken Zeko, principal advisor with Hall Render Advisory Services – share their experiences with earning recognition as value creators.

They share their wins with effectively telling Compliance’s story and consistently articulating what Compliance brings to the larger organization. Their perspectives show how Compliance makes an impact in five key outcomes:

1. Delivering an effective compliance program
2. Reducing the risk of fines
3. Providing a better patient experience
4. Protecting revenue
5. Ensuring private information stays private



## Avoid the Compliance Conundrum

Compliance officers need C-suite support to be effective at their jobs. That's why building and strengthening relationships is foundational work for compliance officers.

"The best compliance officers are viewed throughout their organization as strategic advisors or partners to leadership," explains principal advisor with Hall Render Advisory Services, Ken Zeko, JD, CHC. "Their role is to help the organization identify, assess, and mitigate risks."

Without solid relationships, compliance officers may be considered purely administrative or outside of core operations. Positioning Compliance as a business partner is critical.

Zeko says compliance officers who aren't viewed as strategic partners – those who aren't at the leadership table – are caught in a conundrum: "It's tough to be a strategic advisor when you don't know what the strategy is."

In addition to being visible and building relationships, Zeko emphasizes the importance of understanding the business. Know how the business generates revenue and where risk resides, so that you can help operational leaders to do the same.

"When compliance officers deeply understand the business of the hospital, it allows them to sell the concepts of integrity and of 'doing the right thing' much more easily than if they're seen as someone working from an ivory tower," Zeko says.

Another approach to communicating value is adopting a sales mentality says Lisa Herota, compliance and privacy officer at Vail Health, RHIA, CHC, CHPS, CCS.

"Sales is a lot about building relationships and connecting with people, and compliance is the same way," Herota explains. "You need to make people want to come talk to you and get your guidance before big decisions are made."



---

**"The best compliance officers are viewed throughout their organization as strategic advisors or partners to leadership. Their role is to help the organization identify, assess, and mitigate risks."**

– KEN ZEKO

Principal Advisor with Hall Render Advisory Services

## The Department of Yes

Herota says that if Compliance has a reputation for saying no to colleagues' ideas and proposals, eventually employees disengage and stop asking. Herota led her team's efforts to transform from a Department of No to the Department of Yes – With Guardrails.

Her department's successful transformation came from Herota making the most of metrics, being visible, serving as a strategic partner, providing education, and facilitating Compliance liaisons.

She changed the culture at her organization by reevaluating how to approach the asks from business and operational leaders. She says it started with remembering that most regulations focus on enabling hospital systems to keep patients safe, provide quality patient care, and reduce risk.

Herota says, "There have been very few times when a colleague has come to me and said, 'We'd like to do this,' and I've had to say no."

She starts by acknowledging the effort that went into the proposal, and asking questions: What is the plan or program trying to accomplish? How can we safely merge it together with the relevant regulation?

"Most times, I marry the two – the goal with the rule – and say, 'We can do this in some form or fashion, and here are the guardrails,'" Herota says. "When colleagues feel heard, they're more willing to adhere to those guardrails because they understand that you're partnering with them."

## Compliance Ambassador and Liaison Programs

Margaret Scavotto, JD, CHC and president of Management Performance Associates, agrees with Herota's approach of positioning Compliance to be the Department of Yes.

"Marketing Compliance internally is part of the job," says Scavotto. "It might not be a skill set commonly associated with compliance officers, but it's essential to creating a culture of compliance."

Scavotto recommends demonstrating how Compliance is a helpful, positive force in today's increasingly regulated world of healthcare. She echoes Ken Zeko's push to be visible in the organization, connecting it to the sales adage: "People are more likely to buy something from people they know."

In a compliance context, this means leaders are more likely to support the compliance program and employees are more likely to buy into it when they know who the compliance officer is. It goes back to the importance of being visible and having meaningful interactions with colleagues.

Scavotto suggests implementing a compliance ambassador program, often called a compliance liaison program. The program enables Compliance to partner with individuals outside the department to promote compliance throughout the organization.

"The idea is to designate individuals as the eyes and ears of the organization to serve as a compliance communication partner," Scavotto says. "They may share information from the Compliance department with their respective team or shift, and they can share compliance concerns or questions with the Compliance team. It's a two-way street for compliance communications." One great way to explore a liaison program is to start rounding with your clinical colleagues. Then you understand the issues they face and the way compliance fits into patient care.

Liaison programs are meaningful ways to both amplify Compliance's messaging and to identify compliance issues. Ideally, a liaison program should be aligned with an organization's operational compliance committees.

Ken Zeko is a "huge fan of operational compliance committees."

Made up of director-level individuals from operational areas, an operational compliance committee provides a venue for discussing compliance issues across the organization. It's a working group, with individuals serving as liaisons between their respective departments and Compliance.

And it's a critical component of delivering an effective compliance program.

---

**"Marketing Compliance internally is part of the job. It might not be a skill set commonly associated with compliance officers, but it's essential to creating a culture of compliance."**

—MARGARET SCAVOTTO  
President of Management  
Performance Associates



## Five Ways Compliance Creates Value

### 1. Delivering an Effective Compliance Program

Operational compliance committee meetings are opportunities for operational leaders to share how they're identifying and mitigating risks in their respective areas. This partnership is at the heart of delivering an effective compliance program.

A complement to the best practice of establishing operational compliance committees is implementing the [Three Lines Model](#), a concept from the Institute of Internal Auditors (IIA).

Ken Zeko says the model explains how key organizational roles work together to facilitate strong governance and risk management. The model illustrates the organization's three lines of responsibility, which include:

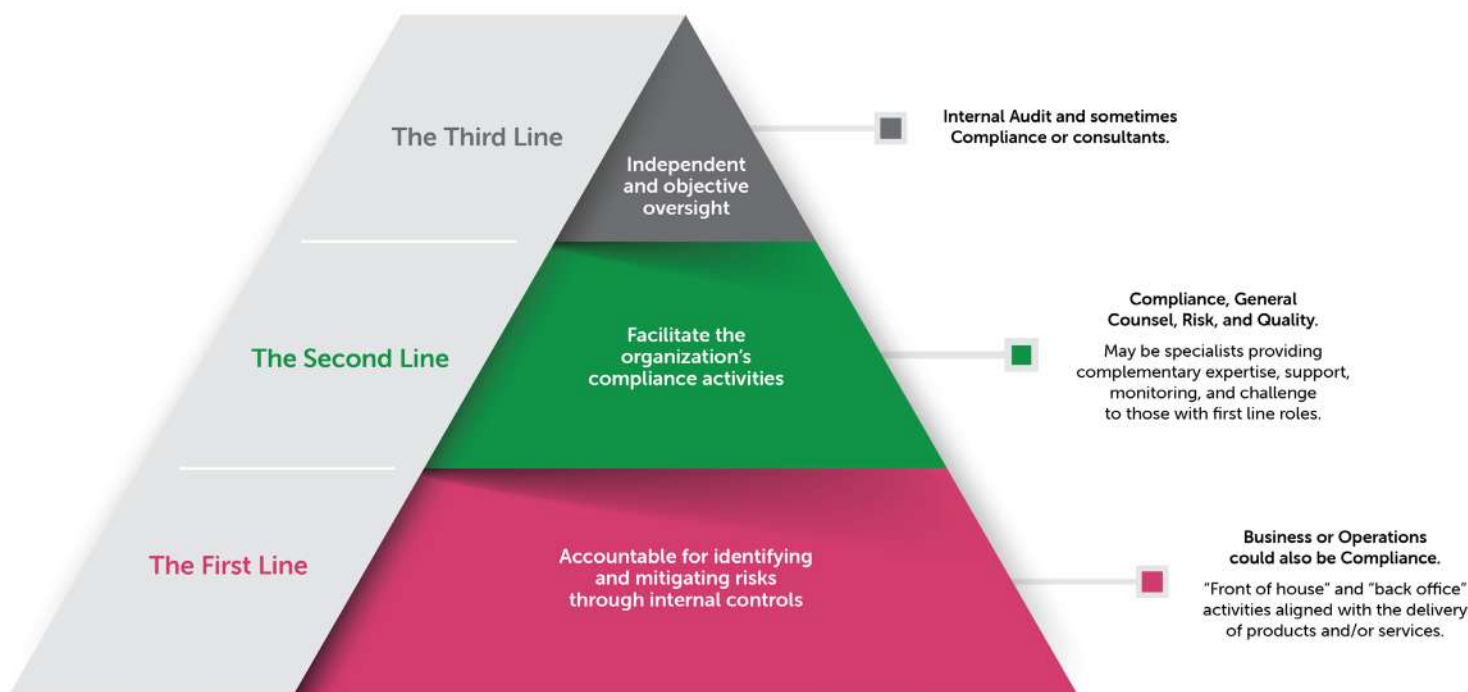
1. **First line:** Operational areas
2. **Second line:** Compliance, or possibly General Counsel, Risk, and Quality
3. **Third line:** Independent oversight – usually internal auditors or objective consultants

The first line – the operational areas – is responsible for identifying and mitigating risks in their respective departments. They're accountable for the identification of risks and internal controls, as well as partnering with Compliance on monitoring and complying with laws and regulations. In leading practice organizations, operational areas use the OIG's [seven-elements framework](#) to identify a compliance liaison between the operational area and Compliance, create departmental procedures, provide departmental risk specific training, and conduct ongoing compliance monitoring of compliance risks.

Compliance is the second line. Compliance's role is to facilitate and help operational leaders with training, creating policies and procedures, auditing, and monitoring. General Counsel, Risk, and Quality can also serve as second-line partners.

The third line – independent oversight – can be an internal audit, or an organization can hire independent auditors. Auditors assess what the organization is doing and whether it's being done as required, based on policy, procedure, laws, regulations, and other requirements.

### THREE LINES MODEL



<https://www.theiaa.org/en/content/articles/global-knowledge-brief/2020/july/the-iaas-three-lines-model/>



*“As the compliance officer, you’re helping colleagues get faster, stronger, and better so that they avoid a potential really bad day – such as if they were to be deposed and didn’t understand the questions because they didn’t know about the guidance provided.”*

–KEN ZEKO  
Principal Advisor with  
Hall Render Advisory  
Services

“When you have the Three Lines Model, you can build compliance liaisons and embed compliance activities in operational areas so that compliance becomes part of their everyday jobs,” Zeko explains.

The model is key to effectively telling Compliance’s story and articulating the value Compliance brings to the organization.

“What works best is melding the Three Lines Model with the OIG’s seven elements of an effective compliance program,” Zeko adds. “If you’re rounding or doing a compliance road show presentation, include a slide on the Three Lines Model along with the OIG’s seven elements. It shows everyone what their roles and responsibilities are.”

### OIG’s Seven Elements and Governance Documents

The OIG’s **seven elements** and guidance documents are often overlooked as checklist items for compliance officers. Zeko explains how connecting governmental guidance – whether it’s from the OIG, DOJ, or another entity – to compliance efforts is an opportunity to demonstrate Compliance’s value.

He says that when new governance documents are issued, compliance officers should meet with executives and operational department leaders to walk through the details.

“Position it as, ‘The DOJ just gave us the answers to the test,’” Zeko advises.

For example, if the DOJ issues guidance on indictments, Zeko suggests meeting with the CEO and explaining, “If you were to be deposed, these are the types of questions you would be asked.”

Zeko adds, “As the compliance officer, you’re helping colleagues get faster, stronger, and better so that they avoid a potential really bad day – such as if they were to be deposed and didn’t understand the questions because they didn’t know about the guidance provided.”

Margaret Scavotto says guidance documents are crucial to delivering an effective compliance program for two reasons. Guidance documents help ensure that the basic structure of governance is in place, and they can be tools for engaging executives and board members.

“Part of that is education, such as filling in the board on what’s covered in guidance documents,” Scavotto says. “It’s also about providing regular presentations of data. If the board is accustomed to receiving summary data about quality metrics and complaints, for example, they will know to ask questions if something’s awry. And they will expect that data to keep coming. This helps you if something is wrong because you’ll have a receptive audience.”

## 2. Reducing the Risk of Fines

Another common compliance concern is how to talk about reducing fines. Effective compliance programs reduce the risk of fines, but it's difficult to quantify avoiding government audits and investigations.

Lisa Herota says rather than focusing on fines, make sure employees understand the risks associated with corporate integrity agreements and potential fine situations. She emphasizes the positive consequences of Compliance's work.

"You might not be able to quantify it or put it in an annual report, but you can infuse a conversation and get leaders' attention," Herota says. "Use it to reinforce the value of the work Compliance is doing."

"I encourage acting in an ethical manner because it's the right thing to do, and then we won't have to worry about fines," Herota adds. "It goes back to how if you focus on creating partnerships across the organization, Compliance isn't just the bad guy enforcing rules."

Margaret Scavotto agrees with focusing on the positive.

"We have to know about fines because we need to know the stakes," Scavotto says. "But the likelihood of achieving positive results from compliance is so much higher than the likelihood of getting fined. Compliance helps departments do their jobs, and we can help you improve quality metrics and patient care. When we emphasize how all of this adds up – with lower insurance premiums or fewer lawsuits – we highlight what Compliance is doing for patients, staff, and the budget, rather than simply avoiding fines."

## 3. Providing a Better Patient Experience

As with reducing the risk of fines, working with clinical and operational leaders to deliver quality patient care is both critical and difficult to quantify.

To effectively show how Compliance contributes, connect the dots between the regulations written to protect patients and how Compliance monitors them to improve the patient experience.

"It's all about education," says Lisa Herota. "We have to talk with our leaders and staff, and educate them on the regulations coming out as well as on the policies we write.

When new regulations come out, or when regulations change, compliance officers write policies and procedures meant to provide a foundation for how our employees should operate and how they should do their job in an ethical and compliant manner."

Herota points out that if employees don't read or understand the policies compliance officers create, then the policies are not useful.

"Most regulations come across as legalistic," Herota says.

"They're hard to read and can be hard to comprehend. Our job as compliance professionals is to translate them so they're easier to understand. If we're doing our jobs effectively, leaders and staff can spend their time focusing on providing quality patient care rather than wasting time interpreting regulations."

Educating clinical staff – and in turn, enabling them to devote more time to patient care – is often an overlooked way Compliance shapes the patient experience.

Herota says that there isn't a cookie-cutter approach to educating employees and helping the organization deliver quality patient care. It requires being visible and talking with employees to identify any knowledge gaps around compliance activities, then developing educational materials to target those gaps.

Rounding is an important way she identifies knowledge gaps in her organization.

"After we round, my compliance director reaches out to that department leader and says, "These are the takeaways from our rounding. Can I come to your next department meeting?" Herota explains. "Then we tailor a presentation to fill the knowledge gaps identified during the rounding."

Educational efforts, both big and small, help show how Compliance influences how the organization provides a better patient experience.

---

*"Compliance helps departments do their jobs, and we can help you improve quality metrics and patient care."*

– MARGARET SCAVOTTO  
President of  
Management  
Performance Associates

#### 4. Protecting Revenue

With ongoing economic uncertainty and organizations' budgets being compressed, revenue protection is more important than ever. Compliance contributes to bottom-line performance in several ways, including with auditing.

When Compliance conducts audits and finds underpayments, calling attention to them is a tangible way to show how Compliance protects revenue.

"If you're doing a coding compliance audit, for example, make a big deal when you find under-coding," Ken Zeko says. "When Compliance coaches employees on getting the coding and billing right, you're helping the organization recognize that revenue."

Lisa Herota says prioritizing under-coding is one way her team is changing the negative perception of billing audits to positive.

"Almost as often we find overpayments, we find under-coding or underpayments that increase revenue," Herota explains. "I have found that it's critical to engage the teams you're auditing and ask where they think you should focus."

She says team members may have insight on finding areas to increase revenue. Herota says a best practice is to communicate the audit results to the team being audited as well as to leaders and the Board.

"It's important to celebrate the wins of audits instead of only calling attention to risks or overpayment issues that we identify," Herota says.

In addition to audits and coding, Ken Zeko describes another way Compliance can help create revenue. He shares how a hospital system he once worked for missed revenue from a durable medical equipment (DME) closet.

Since the hospital did not have a DME Medicare provider number, patients were given equipment, such as crutches and knee braces, for free. Zeko recognized an opportunity to generate revenue as well as mitigate risk as providing free equipment could have potentially violated the anti-kickback statute.

Zeko offered to co-chair a subcommittee of the operational compliance committee to research Medicare number provider requirements. He met repeatedly with Pharmacy employees, and ultimately, the subcommittee submitted the required information to Medicare and received a DME provider number for the hospital. The hospital continues to use it to generate revenue today.

It's an example of the importance of Compliance partnering with operational leaders to mitigate risk and create revenue.

---

*"It's important to celebrate the wins of audits instead of only calling attention to risks or overpayment issues that we identify,"*

—LISA HEROTA  
Compliance and Privacy  
Officer at Vail Health





## 5. Ensuring Private Information Stays Private

Privacy can make or break an organization. For healthcare systems in particular, it's essential to lockdown data.

Margaret Scavotto explains the two sides to privacy: the penalty side and the positive side.

"On the penalty side, we have issues like ransomware, which is rampant," Scavotto says.

"In healthcare, we have to conduct a HIPAA security risk analysis as well as invest in cybersecurity so that we don't lose access to data or have a breach. It's the cost of doing business."

She says investing in cybersecurity is similar to the challenges of quantifying how Compliance reduces fines.

"Yet the likelihood of getting hit by a ransomware attack is much higher than getting hit with an OIG settlement or fine," Scavotto says.

Beyond the penalty side, Scavotto says privacy can be a tool for elevating patient care.

"It's a huge opportunity for providers to focus on customer service and patient retention for two reasons," Scavotto says. "Patients' expectations of privacy exceed what HIPAA requires. And patients are complaining to the OCR – the Office for Civil Rights, the federal agency that enforces HIPAA – about their privacy rights being violated by providers much more frequently than they were 10 years ago."

She says that thinking about HIPAA only as a burdensome regulation is a missed opportunity.

"HIPAA and privacy regulations are opportunities to focus on dignity in patient care," Scavotto says. "Privacy issues are at the heart of customer service and patient retention. And it's a meaningful topic for employees because every employee is a patient somewhere. Being part of an organization that elevates the patient privacy element is impactful."

Scavotto advises making education around HIPAA and privacy issues pervasive. She shares an example of a compliance officer who was contacted for guidance after a hospital system purchased 1,500 iPads for field staff without securing funds to encrypt the devices.

While the compliance officer was able to help resolve the issue, the example highlights why compliance professionals must be visible and be at the table when decisions are made. It also underscores the value of liaison programs and operational compliance committees.

As Ken Zeko notes, operational compliance committee meetings are the perfect venue for asking questions such as, Who's going to buy something new? Who's looking at new vendors?

Lisa Herota adds that privacy issues also highlight the need for ongoing education. She believes employees genuinely want to protect patients' privacy and that the best privacy policies are the ones employees hear about on a regular basis.

### Emphasize Education

"We engage employees via a Privacy & Compliance Corner in our organization's weekly Monday Messages newsletter, for example," Herota says.

"And we partner with IT Security to email biweekly tips on keeping the organization safe – from cyberattacks and phishing – and protecting patient information."

She says providing tangible privacy tips that employees can implement in their daily workflows is most useful. And she encourages making educational campaigns fun.

"Part of our HIPAA educational campaign was awarding Starbucks gift cards to the first employees who called the compliance hotline and correctly shared what the acronym stands for," she says. "It raised awareness of HIPAA and of our compliance hotline."

---

*"Privacy issues are at the heart of customer service and patient retention. And it's a meaningful topic for employees because every employee is a patient somewhere."*

– MARGARET SCAVOTTO  
President of  
Management  
Performance Associates

***“Cybersecurity is a never-ending battle in healthcare. It only takes one employee to click a link and let bad actors into our system, creating a domino effect of chaos.”***

– LISA HEROTA  
Compliance and Privacy  
Officer at Vail Health

“Cybersecurity is a never-ending battle in healthcare,” Herota adds. “It only takes one employee to click a link and let bad actors into our system, creating a domino effect of chaos.”

She shares how her team responded to a cyber issue by creating a simulated phishing email platform as an educational tool. When she presented the platform for approval to executives, it included increasingly punitive sanctions if employees clicked a link, responded to an email, or opened an attachment.

Executives asked for more aggressive sanctions, including immediate termination. They likened it to not allowing an employee to set a fire in the operating room more than once.

Herota pushed back, explaining that employees first need education – whether it’s on preventing a fire or avoiding a phishing scam. They compromised on starting with a four-step escalation program.

“After six months of having this policy in place, nobody has made it past the second ‘failure’ of clicking a link, responding to an email, or opening an attachment,” Herota reports. “It proves my point that education and training are effective.”

Ken Zeko agrees with Herota’s approach. He advises compliance officers to avoid using “draconian must-terminate language” and to focus, instead, on having conversations.

“There are often plausible reasons why an employee commits a compliance infraction,” Zeko says.

In these situations, Zeko recommends explaining the extraneous circumstances and giving an employee a warning instead of terminating him or her.

“If you’re able to coach an employee after the infraction, you may make that person your number-one compliance liaison for life,” Zeko says.

## The Power of Metrics

Many of these lanes of value creation are financial, and talking about them can lead to questions about measurable impact. It’s important to have a set of realistic financial and other metrics that help prove your points. This might include fines reduced because you cooperated in an investigation or revenue reclaimed because of audits.

Lisa Herota says that even if you can’t show a hard financial impact, you can demonstrate how Compliance delivers value by prioritizing metrics. This enables leaders to make data-driven decisions.

Herota creates dashboards to highlight high-level compliance issues, such as the number of concerns reported via her organization’s hotline. Metrics like this are effective both in gauging awareness of Compliance among employees and in showing the impact Compliance makes across the organization.

“The most compelling measurement is the number of regulations we monitor that affect our organization,” Herota noted. “I used YouCompli to generate a report showing we had touched, in some way or another, over 500 regulatory changes throughout the year. When I showed that summary to my board at the end of our fiscal year, I saw the looks on all their faces. They had no idea of the extreme administrative burden of regulations! The summary clearly demonstrated how Compliance manages all the risk associated with regulatory changes across the organization.”

Ken Zeko says that compliance officers sometimes struggle with which metrics to use. He advises relying on the OIG’s seven elements as key performance indicators (KPIs) and using a set of measurements called [culturally impactful metrics](#).

He explains that KPIs help track an organization’s impact, financial performance, and overall business health. Element-based KPIs – such as requiring 100% of new employees to complete a Code of Conduct acknowledgment – can help gauge whether compliance activities are achieving results.

Beyond KPIs, culturally impactful metrics help ensure that compliance officers are building relationships and working to understand the business and how it generates revenue. Examples of culturally impactful metrics include the number of compliance roadshow sessions completed or meetings between the compliance officer and board members.

Margaret Scavotto says metrics are crucial: “Without metrics, you don’t know what your story is.”

Scavotto says metrics help gauge awareness of compliance and trust levels across the organization. She encourages conducting regular employee surveys to make it easier to get employees on board with compliance activities.

Scavotto says that if an employee survey produces great results, celebrate them. If the results aren’t ideal, consider the data a baseline to work from. Even poor results are valuable because they serve as a guide on where to move the needle to improve results.

## Conclusion

Earning recognition as a value provider and quantifying the value Compliance delivers can be challenging. Yet as our experts shared, there are effective ways to show leaders the impact your work and regulatory change management make on the organization.

First, avoid the compliance conundrum of not being at the table when decisions are made. Instead, be visible and work to build relationships with operational leaders and executives. Positioning Compliance as a strategic partner will help you effectively tell Compliance’s story and consistently articulate what Compliance brings to the organization.

This groundwork can help you transform Compliance from the Department of No to the Department of Yes. And you can successfully build your department

toward value creating by being visible, serving as a strategic partner, providing education, and facilitating Compliance liaisons.

Together, these activities will help you elevate Compliance and show how you drive five key outcomes:

1. Delivering an effective compliance program
2. Reducing the risk of fines,
3. Providing a better patient experience
4. Protecting revenue
5. Ensuring private information stays private

When you focus on these areas of impact and back up your efforts with powerful metrics, you’ll make great progress toward being known as a strategic partner who creates value for the organization.

## About the experts



**LISA HEROTA**  
Compliance and Privacy  
Officer at Vail Health



**MARGARET SCAVOTTO**  
President of Management  
Performance Associates



**KEN ZEKO**  
Principal Advisor with Hall  
Render Advisory Services

“When you have the Three Lines Model, you can build compliance liaisons and embed compliance activities in operational areas so that compliance becomes part of their everyday jobs,” Zeko explains..”

– **KEN ZEKO**  
Principal Advisor with Hall Render  
Advisory Services