

Research Offers First Look at Keys to Compliance Success

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What makes a corporate compliance program effective? Without clear measures of effectiveness, the answer is murky. But a recent study shows that certain best practices may be keys to success.

The first study assessing the elements of an effective compliance program was highlighted in “Is Your Compliance Program All Bark and No Bite?” presented by Lois Pelliccioni, JD, MPH, and Christine Armstrong, MBA, RHIA, of PricewaterhouseCoopers.

Challenges in measuring the effectiveness of a compliance program include:

- Lack of meaningful definitions, interpretations, or guidance regarding what constitutes an effective compliance program
- Ambiguity regarding how to define the seven elements of a compliance program prescribed by the Federal Sentencing Guidelines
- Lack of measurements to assess performance on the seven elements
- Lack of a standard against which to measure performance

In June 1999, a research team in collaboration with faculty from the University of California, Los Angeles’ School of Public Health Department of Health Services embarked on the first empirical study that would examine what, if any, relationships existed between effective compliance and a corporate compliance program that incorporates the seven elements.

In addition to increasing current understanding about the relationship between corporate compliance programs and effective compliance, the researchers aimed to initiate the development of an industry-based guideline or standard for effective compliance. And they hoped to provide the industry with empirical evidence that identifies compliance elements that make a difference.

Measures of Quality

The study included a comprehensive literature review, an expert panel process, and empirical analysis of data collected from 30 hospitals. In particular, it examined specific outcomes frequently used by the government and healthcare community when evaluating the effectiveness of a compliance program.

Overwhelming industry evidence revealed three primary measures of compliance program effectiveness:

- Employee awareness of compliance program issues
- Inpatient coding and billing accuracy
- Outpatient coding and billing accuracy

The study focused on the detailed makeup of the compliance programs to determine whether a relationship existed between compliance program practices and the three measures of effectiveness. The study identified baseline practices of effective compliance that represent best practices and significant relationships between some of the seven elements and employee awareness and inpatient and outpatient coding/billing accuracy.

In addition to baseline practices, the study also identified effectiveness attributes—unique compliance program activities identified as having a statistically significant relationship with employee awareness or outpatient or inpatient coding/billing accuracy.

Coding, Billing Accuracy Spotlited

As part of the study, a review of inpatient and outpatient coding accuracy was conducted at each of the participating hospitals. The results of this review indicated a 54.6 percent average inpatient coding accuracy rate and a 59.7 percent average outpatient coding accuracy rate. The outpatient coding review included all assigned ICD-9-CM codes but only one CPT code.

Armstrong noted that the outpatient coding accuracy rate would likely be lower than the inpatient rate if all reported CPT codes had been reviewed. Many of the coding errors were violations of basic coding rules. As a result of the coding review, the following recommendations were made:

Inpatient coding:

- Improve coding education, particularly on selection of principal diagnosis
- Provide physician education related to documentation
- Implement ongoing coding quality auditing/monitoring program

Outpatient coding:

- Conduct coding training
- Make relevant resources available to coding staff
- Strengthen documentation
- Implement process to evaluate coding accuracy

Baseline practices and effectiveness attributes identified as a result of the study include:

- Process for updating and approving standards and procedures
- Frequency of updates to standards and procedures
- Overall responsibility for the compliance program
- Education of employees regarding structure and operations of compliance program
- Job-specific education of employees
- Existence and availability of reporting mechanisms
- Process for evaluating reported compliance-related concerns
- Risk factors considered for audit
- Existence of monitoring activities
- Consistent application of disciplinary policy
- Background and exclusions checks
- Circumstances that trigger an investigation
- Involvement of legal counsel in compliance matters

This study was a starting point, the speakers said, for identifying and understanding the relationships and issues that must be addressed to ensure that compliance programs achieve their goal of detecting and preventing healthcare fraud and abuse. Industry and government adoption of a standard for effective compliance are key next steps, they said.

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