COMPLYTRACK® FROM WOLTERS KLUWER

Providing an Architecture for Healthcare GRC

SOLUTION PERSPECTIVE

Governance, Risk Management & Compliance Insight

Table of Contents

TALK TO US . . .

We look forward to hearing from you and learning what you think about GRC 20/20 research. GRC 20/20 is eager to answer inquiries from organizations looking to improve GRC related processes and utilize technology to drive GRC efficiency, effectiveness, and agility.

COMPLYTRACK® FROM WOLTERS KLUWER
Providing an Architecture for Healthcare GRC

Executive Summary

Healthcare, across provider and payer spectrums, is a highly dynamic and regulated industry. Trying to keep pace with change is burying governance, risk management, and compliance (GRC) roles in mountains of tasks and processes. Distributed and disconnected GRC departments are overwhelmed, exhausted, and losing the battle. This is initiating healthcare organizations to rethink how they approach the scattered functions and processes of GRC. The goal is to provide an integrated collaborative strategy that looks to share a common process, information, and technology architecture across distributed functions. ComplyTrack® is a GRC offering that GRC 20/20 has researched, evaluated, and reviewed with healthcare organizations that are using it in changing, distributed, and dynamic healthcare environments. ComplyTrack enables the healthcare organization to measure and understand how the range of requirements it faces from regulations impacts the organization and its operations.

Healthcare Struggles in Changing Environment & Fragmented Processes

Treading Water in a Distributed, Dynamic & Disrupted Environment

Healthcare, across provider and payer spectrums, is a highly dynamic and regulated industry. Changing regulations, risks, and changes within the healthcare organization itself is the greatest challenge facing this industry. Healthcare is evolving with consolidation of hospitals, industry reform, and expanding services and clinics and competition from non-traditional sources. Keeping abreast of constant change within the healthcare organization and in context of an evolving industry is challenging enough. Trying to keep this change in sync with growing, evolving, and shifting regulations and risk ends up burying governance, risk management, and compliance (GRC) roles in mountains of tasks and processes in a struggle to keep pace and in sync with changes.

Consider that healthcare organizations are:

- **Distributed healthcare.** Healthcare organizations are a conglomeration of distributed operations and processes that are complicated by a web of vendor and third party relationships. This leads to an interconnected mesh of relationships and transactions that clouds boundaries. The breadth of mergers and acquisitions in healthcare and expansion into new clinics and services compound the distributed nature of healthcare organizations.

- **Dynamic healthcare.** Distributed healthcare operations and relationships are growing and changing as the organization attempts to remain competitive. Risk environments of regulatory, legal, operational, and third party risks are constantly changing. The challenge with distributed healthcare organizations is that change is exponential and impacts many areas. A change in a process may intersect and impact or conflict with changes in regulation or risk.

- **Disrupted healthcare.** This intersection of distributed and dynamic healthcare operations brings disruption. Healthcare organizations manage high volumes of structured and unstructured data across multiple systems, processes, and relationships in an attempt to sync changing business, risk, and regulatory environments. This often disrupts the healthcare organization and slows it down at a time when it needs to be agile to remain competitive.

Managing regulatory change and keeping it in sync with organizational and risk environment changes is a critical burden in distributed and dynamic healthcare organizations. Confronting a growing array of complex rules and regulations that often look like an alphabet soup when you consider such things as RAC, MAC, ZPIC, UPIC, MIC, PSC, CMS, ICD-10, PPACA, ARRA, HITECH, HIPAA, and more. As regulations pour out of all levels of government (e.g., Federal, State), healthcare organizations are dazed and overwhelmed in how to react as clarity is needed, dates get pushed, and when audit and enforcement actions could be immediate or remain years in the future.

Risk & Compliance Issues in Healthcare
➤ Accountable care capabilities
➤ Accreditation
➤ ICD-10 conversion
➤ Claims processing and audits
➤ Clinical documentation integrity
➤ Data protection and privacy
➤ Fraud and abuse
➤ Healthcare payer compliance requirements
➤ HHS grants and contracting
➤ Meaningful use requirements
➤ Medicare, Medicaid policies and payments
➤ PCI DSS
➤ Revenue cycle
➤ Revenue transformation
➤ Vendor contracting

Fragmented Processes and Islands of Information Compound the Problem

Governance, risk management, and compliance processes and tasks have become pervasive throughout the healthcare organization. Various functions and roles of GRC have operated in scattered functions across the healthcare organization with little collaboration or sharing of information and processes between silos. Pervasiveness of GRC issues in a distributed, dynamic, and disrupted healthcare environment has made the scattered approaches of the past unsustainable for the future. This is initiating healthcare organizations to rethink how they approach the scattered functions and processes of GRC. The goal is to provide an integrated collaborative strategy that looks to share a common process, information, and technology architecture across distributed functions.

The distributed and disconnected GRC departments are overwhelmed, exhausted, and losing the battle. These departments end up in a fire-fighting mode as they respond to new developments and regulations in a reactive approach with silos of GRC functions rarely coordinating and working together. The result is a labyrinth of processes, reporting and information.

GRC functions, such as compliance, often spend more time managing the volume of documents than actually managing and improving compliance. The front lines of healthcare operations have become overwhelmed with inconsistent formats for policies and procedures, issue/incident reporting, assessments, and audits that are appearing

in their inboxes on a continual basis. These manual processes no longer work as the complexity and changing nature of regulatory requirements and risk bear down on healthcare organizations. This approach takes too much time, increases risk and regulatory exposure, and is not auditable. Simply, this approach is not efficient, not effective, and certainly not agile.

The first step in addressing GRC collaboration and strategy is establishing a committee and architecture to collaborate and manage healthcare GRC needs in the context of ongoing daily operations and be a liaison point to the board and senior executives. Compliance is often the lead of this GRC collaboration. This collaboration involves a distributed set of departments and functions from areas such as claims and accounting, information security, patient safety, privacy, quality of care, revenue management, and other areas of healthcare operations. The need is to establish a diverse and distributed collaboration of functions with clinical and business knowledge in context of subject matter knowledge in compliance and risk. The goal is to manage compliance and risk across the healthcare environment in the context of lowering costs, delivering quality patient care, improving patient satisfaction, and enhancing employee engagement. Healthcare organizations need to manage costs through establishing risk management and aligning it with performance management and healthcare operations/services while maintaining a position of integrity in being compliant with regulatory requirements. Organizations want to do this while also leveraging healthcare reform initiatives, and enhancing revenue streams.

Addressing the range of GRC responsibilities and processes across the healthcare organization requires enabling collaboration through the right information and technology architecture to achieve healthcare GRC. This is to overcome the situation in which the typical compliance function in healthcare looks like a three-ring binder farm supported by a maze of paper documents and shelves of documentation. This has only grown more cluttered and disorganized as three ring binders of compliance and paperwork have become digital with thousands of spreadsheets and documents scattered across fileshares and portals, with additional thousands of emails used to communicate tasks and expectations that do not get followed up on.

The bottom line: The healthcare organization fails when risk and regulatory issues are addressed as a system of parts that do not integrate and work as a collective whole. Disassociated data, systems, and processes leaves the healthcare organization with fragments of the truth that are never pieced together until disaster hits. They seek to see the interconnectedness of risk while managing dynamic regulatory compliance in an evolving business environment. Today's dynamic, distributed and disrupted environment requires healthcare organizations to have complete situational awareness of GRC across operations, processes, and relationships. Complexity of healthcare requires that the organization have an integrated approach to GRC processes and information in a common information and technology architecture.

ComplyTrack® from Wolters Kluwer

Providing an Information & Technology Architecture for Healthcare GRC

ComplyTrack® is a GRC offering that GRC 20/20 has researched, evaluated, and reviewed with healthcare organizations that are using it in changing, distributed, and dynamic healthcare environments. ComplyTrack is an integrated technology platform built specifically for healthcare GRC operations that puts together the big picture of GRC in a healthcare organization. ComplyTrack enables the healthcare organization to measure and understand how the range of requirements it faces from regulations impacts the organization and its operations. With ComplyTrack, an organization gets a harmonized regulatory requirement content feed that is kept current through healthcare legal and compliance professionals within Wolters Kluwer. GRC 20/20 has interviewed and engaged several ComplyTrack clients and finds that the ComplyTrack has helped them keep up with regulatory change and maximize their GRC resource efficiency, effectiveness, and agility.

The Value of ComplyTrack

Successful governance, risk management, and compliance (GRC) delivers the ability to effectively mitigate risk, meet requirements, satisfy auditors, achieve human and financial efficiency, and meet the demands of a changing business environment with agility. GRC solutions should achieve better performing processes that utilize more reliable information. This enables a better performing, and a less costly, more flexible business environment. Clients engage ComplyTrack with the goals of understanding and managing risk, ensuring compliance with obligations, improving human and financial efficiencies, enhancing transparency, and managing GRC in the context of business change.

GRC 20/20 measures the value of GRC engagement around the elements of efficiency, effectiveness and agility. Organizations need to be:

- **Effective:** At the end of the day it is about effectiveness. How does the organization ensure risk and compliance is effectively understood, monitored, and managed at all levels of the organization?

- **Efficient:** GRC engagement provides efficiency and savings in both human and financial capital. GRC efficiency is achieved when there is a measurable reduction in human and financial capital resources needed to address GRC in the context of business operations.

- **Agile:** GRC engagement delivers business agility where organizations can respond rapidly to changes in the business environment (e.g., employees, business relationships, mergers and acquisitions, new laws and regulations) and communicate to employees GRC context to these changes.

GRC Efficiency

GRC solutions provide efficiency and savings in human and financial capital resources. Technology solutions that support business and GRC processes reduce operational costs by automating processes, particularly those that take a lot of time consolidating and reconciling information in order to manage and mitigate risk and meet compliance requirements. GRC efficiency is achieved when there is a measurable reduction in human and financial capital resources needed to address GRC in the context of business operations.

The organizations researched by GRC 20/20 identified the following efficiencies by organizations using ComplyTrack:

- The ability to maintain a streamlined staff and the overall time spent doing assessments has been reduced.

- Healthcare organizations commented that without ComplyTrack their compliance staff would be four-fold what it is just to try to catch up with regulatory changes, monitoring, and meeting requirements.

- With ComplyTrack, clients report that they are more efficient with all GRC related activities in one place.

- ComplyTrack has improved and streamlined the quarterly reporting process.

GRC Effectiveness

GRC solutions achieve effectiveness in risk, control, compliance, audit, and business processes. This is delivered through greater assurance of the design and operational effectiveness of controls to mitigate risk, achieve performance, protect integrity of the organization, and meet regulatory requirements. GRC effectiveness is validated when business processes are operating within the controls and policies set by the organization and provide greater reliability of information to auditors and regulators.

The organizations GRC 20/20 interviewed reported the following effectiveness through utilizing ComplyTrack:

- Healthcare organizations using ComplyTrack stated that they now have a collaborative and one-stop shop for compliance reporting.

- ComplyTrack enables healthcare organizations to document once and have the answers readily available for any audit/survey.

- ComplyTrack users state that before they had the solution it would take them three weeks to gather annual attestations, now it takes them under twenty-four hours.

- Overall, organizations using ComplyTrack report that distributed healthcare operations and departments have raised knowledge and expertise of regulations

because of accessible, current, integrated, and mapped content in the ComplyTrack platform.

- Organizations report greater accountability and responsibility across healthcare operations taking ownership of regulatory risk.

GRC Agility

GRC solutions deliver business agility where organizations are able to rapidly respond to changes in the internal business environment (e.g., employees, business relationships, operational risks, mergers, and acquisitions) as well as the external environment (e.g., economic risk, new laws, and regulations). GRC agility is also achieved when organizations can identify and react quickly to control failures/weaknesses, non-compliance, and adverse events in a timely manner so that action can be taken.

The organizations interviewed reported the following agilities in their compliance and broader GRC processes through working with ComplyTrack:

- One compliance officer in a healthcare organization stated that ComplyTrack "is my right arm." It enables them to manage and monitor multiple areas of GRC responsibility, the respective tracking, assessment, and information in ComplyTrack keeps them current and in tune to regulatory changes and alterations.

- Having a consistent technology and information architecture platform enables agility as it prevents duplication of documentation and eliminates redundant processes.

- Organizations state that with ComplyTrack they are able to update, change, alter, route and remind all at the same time and keep GRC documentation all in one spot.

- Clients of ComplyTrack also state that the solution allows them to provide a web-based solution to their staff that is highly adaptable as the organization grows and acquires new hospitals. The solution allows access even when new acquisitions have disparate information systems.

- Agility is also achieved with ComplyTrack clients because the solution is easily customizable to their specific needs without the need for IT or external resources.

- With regulatory content feeds from Wolters Kluwer legal and compliance professionals, ComplyTrack users always have the latest regulations and expert analysis at their fingertips.

Capabilities of ComplyTrack

GRC 20/20 has evaluated the ComplyTrack offering and finds that it delivers an integrated and harmonized solution for today's demanding healthcare challenges. ComplyTrack enables the healthcare organization to manage changing requirements and

deliver harmonized processes across distributed GRC functions. It assures stakeholders and the board that they are operating within boundaries of risk, regulations, obligations, standards, and other requirements as the healthcare organization moves forward on its strategy.

ComplyTrack delivers the following capabilities to make GRC programs effective as well as efficient and agile:

- **Issue reporting & management.** ComplyTrack enables the organization to effectively manage incidents throughout their lifecycle from their reporting through investigations and resolution.

- **Risk management.** The ComplyTrack solution allows organizations to identify, assess, and mitigate risk throughout the healthcare environment. The solution allows for process and department views of risk as well as a complete enterprise view of risks across the healthcare organization.

- **Claims audit management.** The ComplyTrack Audit Detail Manager delivers the ability to manage the healthcare organization's claims-based audit processes (e.g., RAC, MAC, MIC, ZPIC, commercial payer audits), enabling them to document and track claims audits from the initial inquiry through to final appeal. It specifically allows the organization to identify and monitor trends that could lead to greater risk exposure.

- **Information security assessment management.** ComplyTrack has specific capabilities to manage and document information security and privacy controls and compliance.

- **Surveys.** The ComplyTrack Survey Manager allows the organization to create, gather, and manage surveys and data throughout the organization. This enables and supports a range of risk, compliance, and audit activities.

- **Policy & document management.** Through the ComplyTrack Document Policy Manager, the healthcare organization is able to create, manage, distribute, and track policies, procedures, forms, documentation, and other documents. The incorporation of the Survey Manager allows the organization to push communication of documents to those that need them.

- **Vendor & contract management.** The ComplyTrack Contract and Relationship Manager enables the healthcare organization to manage the range of vendor and 3rd party relationships in the healthcare organization. Features include the ability to build contracts, manage the contracting process, track dates and details, and document gifts, entertainment, compensation, and travel.

- **Regulatory repository and feeds.** The ComplyTrack solution has specific capabilities to enable the healthcare organization to stay abreast of a dynamic regulatory landscape of changes. The solution has a complete regulatory repository of healthcare regulations and standards that is kept current through

content feeds maintained by Wolters Kluwer healthcare legal professionals and editorial staff.

- **Flexibility and configuration.** No two organizations are identical in their processes, GRC taxonomy, applicable regulations, structure, and responsibilities. GRC information varies from organization to organization as well as the process, workflow, and tasks. ComplyTrack provides a configurable and flexible information architecture to adapt to specific healthcare GRC and operational processes.

Considerations for ComplyTrack

Every solution has its strengths and weaknesses, and may not be the ideal fit for all organizations in all situations. While GRC 20/20 has identified many positive attributes of ComplyTrack to enable GRC programs in healthcare — readers should not see this as a complete and unquestionable endorsement of ComplyTrack.

Overall, clients have shown a high degree of satisfaction with ComplyTrack. The healthcare customers of ComplyTrack have a lot of positive feedback of the solution and find it to be a critical and sustainable platform to their future healthcare GRC strategies. They praise the legal researchers, writing staff, and programmers at Wolters Kluwer who work with them to personalize the solution to meet their organizations specific needs. Issues and requests are responded to quickly. Customers of ComplyTrack state that other solutions they evaluated were more black boxes; set in their capabilities with limited content.

Clients of ComplyTrack do see opportunity for further development and growth within the solution. One area the clients consistently report greater needs for is in the capability to provide better reporting. The reporting features in ComplyTrack are robust from a data perspective, but, depending on customer needs, sometimes require additional massaging and manipulation to make them presentable to others.

GRC 20/20's Final Perspective

Improving GRC collaboration and processes in healthcare is a journey; it is not something that will be achieved overnight. The first step is understanding where the organization is at today in distributed information, processes, roles and technology for GRC. The next step is to begin collaboration across these roles and functions to identify where improvements can be made, resources shared, and value achieved. The result of this collaboration should be an action plan that lays out areas to focus on and priorities in projects and tasks. While the big picture needs to be in perspective, GRC value and process improvement are not achieved overnight and needs to be taken in steps. With the big picture in mind, it is critical that healthcare organizations define their structure and requirements for an information and technology architecture and evaluate solutions like ComplyTrack to fit both their short-term needs as well as long-term vision.

About GRC 20/20 Research, LLC

GRC 20/20 Research, LLC (GRC 20/20) provides clarity of insight into governance, risk management, and compliance (GRC) solutions and strategies through objective market research, benchmarking, training, and analysis. We provide objective insight into GRC market dynamics; technology trends; competitive landscape; market sizing; expenditure priorities; and mergers and acquisitions. GRC 20/20 advises the entire ecosystem of GRC solution buyers, professional service firms, and solution providers. Our research clarity is delivered through analysts with real-world expertise, independence, creativity, and objectivity that understand GRC challenges and how to solve them practically and not just theoretically. Our clients include Fortune 1000 companies, major professional service firms, and the breadth of GRC solution providers.

Research Methodology

GRC 20/20 research reports are written by experienced analysts with experience selecting and implementing GRC solutions. GRC 20/20 evaluates all GRC solution providers using consistent and objective criteria, regardless of whether or not they are a GRC 20/20 client. The findings and analysis in GRC 20/20 research reports reflect analyst experience, opinions, research into market trends, participants, expenditure patterns, and best practices. Research facts and representations are verified with client references to validate accuracy. GRC solution providers are given the opportunity to correct factual errors, but cannot influence GRC 20/20 opinion.