

COMPLIANCE AND BUSINESS INTEGRITY OVERSIGHT PROGRAM

- 1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) Directive provides the policy for the Compliance and Business Integrity (CBI) oversight program.
- 2. SUMMARY OF MAJOR CHANGES:** This revised VHA Directive outlines the policies and processes for the health care compliance and business integrity program at Consolidated Patient Account Centers (CPAC), Veterans Integrated Service Networks (VISN), Department of Veterans Affairs medical facilities and the Chief Business Office's Purchased Care (CBOPC) facility.
- 3. RELATED ISSUES:** VHA Handbooks 1030.01, 1030.02, 1030.04, 1030.05, and 1030.06.
- 4. RESPONSIBLE OFFICE:** The Office of Compliance and Business Integrity (10A4A) is responsible for the content of this Directive. Questions may be referred to 201-643-1101.
- 5. RESCISSIONS:** VHA Directive 1030, dated July 31, 2006, is rescinded.
- 6. RECERTIFICATION:** This VHA Directive is scheduled for recertification on or before the last working day of February 2021.

David J. Shulkin, M.D.
Under Secretary for Health

DISTRIBUTION: Emailed to the VHA Publication Distribution List on 2/29/2016.

COMPLIANCE AND BUSINESS INTEGRITY OVERSIGHT PROGRAM

1. PURPOSE

This Veterans Health Administration (VHA) Directive provides the policy for the Office of Compliance and Business Integrity (CBI). **AUTHORITY:** 38 U.S.C. 7301(b).

2. BACKGROUND

a. VHA's CBI program was established in alignment with industry standards and trends by the Under Secretary for Health in 1999. The program provides oversight of VHA's revenue cycle financial and business operations by incorporating relevant elements of health care business oversight outlined by compliance guidance issued by the Department of Health and Human Services (HHS) Office of the Inspector General (OIG) and the United States Sentencing Commission (USSC) Sentencing Guidelines, and promotes a culture of integrity and quality standards within VHA.

b. Changes in VHA's business practices - such as expansion of revenue cycle financial transactional activities, increased reliance on purchased care furnished by non-VA industry providers, and HHS OIG-defined health care industry oversight expectations - were the primary impetus for implementing an internal compliance program.

(1) CBI's core mission is to provide assurance to the Under Secretary for Health that revenue cycle and other Chief Business Office (CBO) programs function within an environment of integrity that is fully mindful of the public trust in the Department. CBI is responsible for implementing industry leading health care compliance-related oversight initiatives and coordinating an integrated approach to ethical principles, quality standards, safety, risk management, high-reliability, and value.

(2) The CBI program office, in alignment with industry standards, develops enterprise-wide oversight policies, processes, and procedures for health care compliance program implementation at Veterans Affairs (VA) medical facilities, Veterans Integrated Service Networks (VISN), Consolidated Patient Account Centers (CPAC), the Chief Business Office's Purchased Care (CBOPC) facility, and other CBO offices as appropriate. These oversight policies, processes, and procedures implement the essential elements of an effective compliance program.

(3) Another key characteristic of effective compliance programs as outlined in industry guidance is the presence of a strong ethical culture. HHS OIG and the USSC both clearly link the ethical culture of an organization to effective compliance programs. Empirical research demonstrates the importance of an ethical organizational culture to compliance program outcomes.

3. POLICY

It is VHA policy that the Office of Compliance and Business Integrity serves as the principal advisor to the Office of the Under Secretary for Health in all matters relating to health care business compliance.

4. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health or designee is responsible for:

(1) Promoting and encouraging an ethical organizational culture that upholds compliance with the laws, regulations, and standards that govern VHA operations; the reasonable expectations of VHA's business partners; and the highest standards of integrity.

(2) Ensuring implementation of standard operating procedures addressing conduct and internal controls that are reasonably capable of preventing, detecting, and correcting non-compliant practices or activities.

(3) Integrating compliance and business integrity into the structure of VHA leadership and operations.

(4) Establishing a national compliance committee that advises VHA leadership of strategic and business risks, advances an organizational culture of integrity and corporate responsibility, integrates oversight into the structure of operations in accordance with industry standards, and demonstrates organizational commitment to ethical principles and governmental regulatory guidance.

(5) Appointing a CBI Executive Director/Chief Officer to provide oversight, guidance, and direction to VHA's CBI program.

b. **Compliance and Business Integrity Executive Director/Chief Officer.** The CBI Executive Director/Chief Officer is responsible for:

(1) Designing and drafting VHA's national CBI Program.

(2) Providing independent assurance of reliability and precision of business operations, which enhance and strengthen a culture of accountability, integrity, and compliance in service of Veterans.

(3) Serving as the principal resource for CBI Program Standards in alignment with industry standards for an effective compliance program:

(a) **Written Policies and Procedures.** Written policies and procedures, developed under the direction and supervision of the CBI Executive Director with input from VHA's national compliance committee, identify specific areas in which compliance oversight is

needed. These can generally be found on the CBI Intranet Site (<http://vaww.cbi.va.gov/>) and in the VHA Handbook 1030 series.

(b) Designation of a Compliance and Business Integrity Officer (CBI Officer) and Compliance Committee. The CBI Officer serves as the focal point for compliance activities and oversees and monitors the implementation of the compliance program. The Compliance Committee advises the Compliance Officer and assists in the implementation of the compliance program.

(c) Training and Education. A multifaceted training and education program that focuses on the elements of the compliance program will ensure that all staff are trained and educated on compliance standards, requirements, and expectations.

(d) Open Lines of Communication. Open lines of communication between the Compliance Officer and stakeholders are equally important to the successful implementation of a compliance program and the reduction of any potential noncompliance activity.

(e) Enforcement and Discipline. An effective compliance program should include guidance regarding disciplinary action for employees or contract personnel who fail to comply with VA's standards of conduct, policies and procedures, or Federal laws, or those who have otherwise engaged in wrongdoing, which have the potential to impair VHA's status as a reliable, honest and trustworthy health care provider. See VA Handbook 5021/15, Part I, Appendix A, Table of Penalties for Title 5 and Title 38 Employees.

(f) Auditing and Monitoring. The program should include external audits to assess the effectiveness of the entity's internal monitors and controls.

(g) Investigation, Response, and Prevention. Prompt investigation of, and response to, detected deficiencies and compliance inquiries by the Compliance Officer will facilitate developing effective corrective action plans and prevent further losses.

(h) Risk Assessment and Management. A risk assessment identifies and ranks an entity's compliance and business risks, which then serves as the basis for written policies and procedures.

(i) Annual Review of Compliance Program Effectiveness. Annual reviews serve to evaluate whether the program's compliance elements have been satisfied.

(4) Ensuring compliance oversight of VA health care operations, most notably, Non-VA Medical Care Program and Purchased Care Programs, and related health administration and financial activities, specifically where VHA engages in health care commerce activities.

(5) Integrating and coordinating relevant aspects of HHS OIG Healthcare Compliance Program Guidance and USSC Sentencing Guidelines.

(6) Promoting and cultivating an integrated framework of partnerships and associations to strengthen the integrity and transparency of clinical and business systems to build trust and ensure accountability.

(7) Co-Chairing VHA's national compliance committee and receiving strategic direction and counsel therein.

(8) Establishing national, regional, and local compliance committees that advise VHA leadership, through the national compliance committee, of risks related to VHA's revenue cycle, Non-VA Medical Care, Purchased Care and other Chief Business Office program operations.

(9) Establishing an Enterprise Risk Management process to identify and mitigate strategic risks and to provide input into VA's Enterprise Risk Management.

(10) Providing oversight and guidance to field Compliance Officers in support of Network Directors.

(11) Reporting to the Under Secretary for Health and providing periodic reports to the relevant VHA committees on VHA oversight activities and strategic risks.

NOTE: *Further responsibilities are outlined in the VHA Handbook 1030 series.*

5. DEFINITIONS

a. **Compliance.** In general, compliance is defined as actual and meaningful adherence to the requirements of any law, regulation, or standard applicable to the activity or practice in question.

b. **Integrity.** More than technical or minimal compliance with the laws and regulations, integrity means actions that not only comply fully with the letter of a particular law or rule, but also can be characterized as above board, ethical, reflective of corporate values, and without the intent or effect of being false or misleading.

c. **Internal Controls.** Internal controls provide reasonable assurance that, at a minimum, the following objectives will be achieved:

(1) Effectiveness and efficiency of operations.

(2) Reliability of transactions affecting financial reporting and the reports that result from such transactions.

(3) Compliance with applicable laws and regulations.

d. **Risk.** Risk represents the threat that a future event within a specific timeframe may trigger a consequence, which could have an adverse impact on the organization; the likelihood of occurrence of the future event and consequence and the adverse impact are all measurable.

e. **Risk Management.** Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural causes, and disasters as well as deliberate attacks from an adversary. Risks can also be generated by a poor quality environment and culture that lacks integrity, or adherence to corporate values.

f. **Stakeholders.** Stakeholders are individuals, groups, or entities that are influenced by, or have an impact on, VHA.

6. REFERENCES

a. Executive Order 13520, Reducing Improper Payments and Eliminating Waste in Federal Programs. <http://www.gpo.gov/fdsys/pkg/FR-2009-11-25/pdf/E9-28493.pdf>

b. HHS OIG Compliance Program Guidance.
<http://oig.hhs.gov/compliance/compliance-guidance/index.asp>

c. Improper Payments Elimination and Recovery Act of 2010, Public Law 111-204.
http://www.whitehouse.gov/sites/default/files/omb/financial/_improper/PL_111-204.pdf

d. Improper Payments Information Act of 2002, Public Law 107-300.
<http://www.dol.gov/ocfo/media/regs/IPIA.pdf>

e. Office of Management and Budget (OMB), Circular A-123, Management's Responsibility for Internal Controls.
http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a123/a123_rev.pdf

f. OMB, Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments. Parts I and II (4/14/11)
<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-16.pdf> and
Part III
http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-13.pdf

g. OMB Executive Memorandum M-12-11, Reducing Improper Payments through the "Do Not Pay List".
http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-11_1.pdf

h. 5 CFR part 2635 – Standards of Ethical Conduct for Employees of the Executive Branch. <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=c50850fae25bd5c0f45e1d8107e484a7&rqn=div5&view=text&node=5:3.0.10.10.9&idno=5>

i. United States Sentencing Commission Sentencing Guidelines (USSC).
<http://www.ussc.gov/Guidelines/index.cfm>

j. VA Handbook 5021/15, Part I, Employee/Management Relations, Appendix A, Table of Penalties for Title 5 and Title 38 Employees.

http://vaww.va.gov/vapubs/viewPublication.asp?Pub_ID=714&FType=2