



KPMG Healthcare

**Teaming with law firms to help
providers overcome their compliance
and regulatory challenges**



KPMG by the numbers



KPMG is one of the largest providers of professional services to healthcare and life sciences organizations globally.

We serve **48%** of the top 200 healthcare systems



Nearly **50%**

of the top 85 healthcare systems (F1000 equivalents)



100% of the top 20 life sciences companies.



40%

of the 50 largest medical groups

61%

of the top 76 research universities/academic medical centres



60%

of the top 10 postacute care companies



90%

of the top 20 health plans and 27 BCBSA member plans



We serve more than

4,500

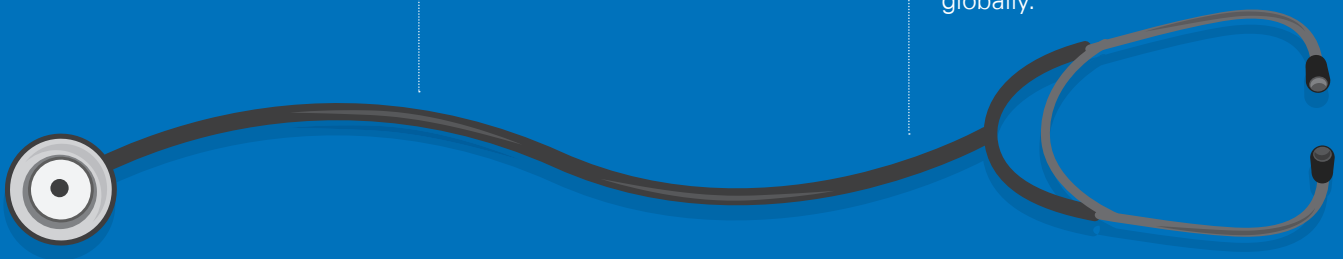
global HCLS professionals.



KPMG audits more A-133 and federal grants than any other firm.

Our global HCLS practice has more than 4,500 professionals with 1,886 U.S.-based partners and professionals.

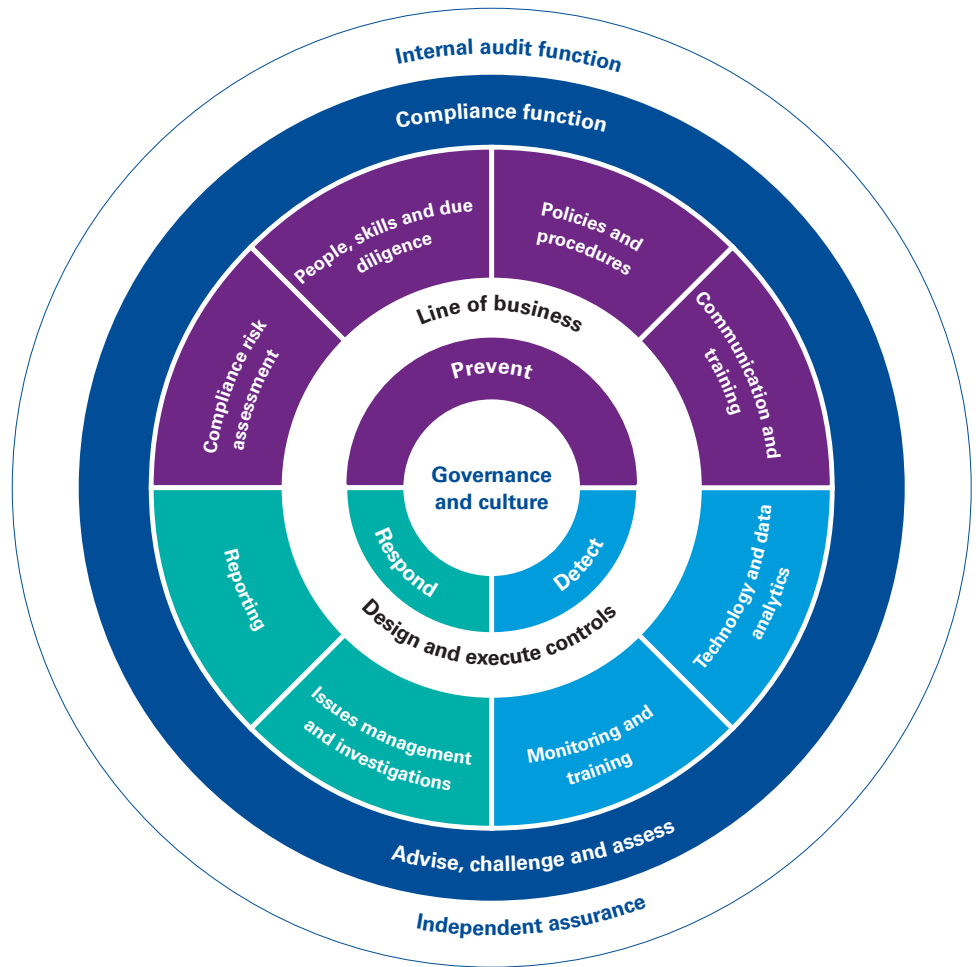
KPMG International's network of independent member firms operates in more than 147 countries and territories globally.



Transforming compliance programs

Expectations for compliance programs have evolved in recent years in parallel with the development of technologies and maturity of data analytic capabilities. Organizations must keep pace with the expectations of regulators and evolve with the changing environment.

Using an established compliance framework based upon industry experience, governmental expectations, and regulatory insight, KPMG offers a range of services to help law firms as they work with clients to evaluate, assess, and transform their compliance programs and governance cultures.



Each of the compliance service offerings below are designed to improve the compliance culture of an organization by pushing it to take the following key steps:

- Identifying, understanding, and mapping gaps to today's regulatory environment
- Unifying fragmented compliance structures, systems, and processes, and consolidating resources and efforts across compliance functions
- Incorporating risk management and regulatory compliance specialists into the decision-making process to support corporate strategies
- Implementing a "three lines of defense" approach in which business owners, managerial standard setters, and assurance providers fulfill distinct roles while operating as a team
- Obtaining buy-in from executive leadership to ensure that policies and procedures are approved and integrated throughout the organization
- Developing a repeatable framework to continuously reevaluate and improve organizational systems and processes.

Compliance program evaluation

KPMG helps law firms assess their clients' compliance program and identify related risks by evaluating them against federal guidelines, industry standards, and regulator expectations. We also propose and develop future target operating models to guide remediation efforts and future-state structures going forward. The target operating model will consider current trends within the industry, including automation and improved data analytic functionality, in order to push the organization forward.

As part of this assessment, KPMG outlines the current state, structures, and activities of the compliance program, and identifies gaps. Subsequently, KPMG provides recommendations to remediate gaps and achieve the target operating model that has been agreed upon with the organization. With a documented, desired future state, the organization is armed with a more targeted path for improvement, in consultation with external counsel.



Compliance risk assessment

KPMG can also evaluate the current state of controls maintained by your client to mitigate key compliance risks that are top of mind within the industry and for regulators. We create risk registers to guide the evaluation and map current controls through interviews and document reviews. We then develop a heat map to reflect the prioritization and quantification of risks and work with organizations to create robust monitoring and testing plans to help minimize those high-priority risks. In addition, we leverage our industry experience to create risk assessment frameworks, scoring methodologies, and tools that can be utilized by organizations and their external counsels as the risk assessment process is transitioned in-house in future years.

Governance and culture assessments

Leveraging the framework reflected above, KPMG offers a thorough approach to assessing organizations' governance cultures, oversight activities, and reporting structures, under the direction of external counsel. By gauging the governance culture across organizations, we work to understand the integration of compliance risk management activities and implement changes to identify and address root causes more effectively and instill accountability. Specifically, we can:

- Assess training processes and related materials
- Design and execute cultural questionnaires across the organization
- Aggregate documentation and assess the data relied upon to evaluate the cultural health of an organization
- Support change leadership and guide transitions for the organization.



Foreign Corrupt Practices Act (FCPA)/antibribery reviews

For those law firms that have healthcare clients that maintain operations abroad and interact with government officials (including healthcare practitioners who provide services on behalf of public institutions) during the course of business, we can assess process controls and related payment and transaction data to identify, analyze, and remediate FCPA risks. While we have historically provided these services most often to life sciences organizations, there has been an increasing need to evaluate the related controls and transactions at health systems due to the growing trend of international patient care programs. The increased outreach by such organizations to government officials and medical institutions in foreign markets has generated a need to evaluate the new compliance risk profiles. Specifically, we can:

- Evaluate touchpoints with foreign government officials and healthcare practitioners
- Assess current controls and monitoring activities related to such interactions
- Test sample payment transactions
- Identify gaps in controls and findings in transaction testing
- Provide process control recommendations to mitigate identified risks.

Coding and billing compliance assessments

In today's ever-changing healthcare environment, the coding and billing processes continue to present some of the biggest risks for providers and their vendors. Providers often fail to address the risks associated with the preparation and submission of claims for payment from government healthcare programs and other commercial payors. They also often struggle with the volume and demand of compliance and regulatory audits.

KPMG provides coding and billing compliance services for both providers and payors, under the direction of external counsel. Compliance refers to compliance with federal and state laws and regulations, code definitions and their respective documentation requirements, coding guidelines and methodologies as established by the healthcare industry, and internal policies and procedures of the client. We examine available documentation to determine that the services provided were appropriately coded, billed, and paid.

Our team is composed of compliance professionals, medical coders, clinicians, and lawyers, which enables KPMG to provide coding and billing services to all major segments of healthcare providers and payors, as well as their solutions vendors. We have provided coding and billing compliance services to various types of providers and payors, including but not limited to acute care hospitals, specialty hospitals, long-term care facilities, surgery centers, physician offices, urgent cares, home health and hospice agencies, ambulatory surgical centers, behavioral health facilities, durable medical equipment companies, laboratory exams, intensity-modulated radiation therapy, managed care organizations, government and commercial insurances, and service providers.

Our reviews are designed to help law firms counsel organizations to minimize risk, maximize reimbursement, and address disputes, if needed. These services consist of the following:

- MS-DRG assessments
- Concurrent/retrospective evaluation and management documentation assessments

- Multispecialty coding and billing assessments
- Risk adjustment/hierarchical condition category coding assessments
- Targeted OIG work plan initiative reviews
- Coding and billing training and education
- Coding and billing operational process reviews
- Identification of trends using data analytics
- Function as an independent review organization.

We can also serve as privileged consultants or expert witnesses to support parties in billing disputes and mediations. Our senior professionals can:

- Provide expert witness testimony related to billing and coding disputes in litigation, arbitration, regulatory hearings, or adversary proceedings
- Serve as privileged consultants, using our specialized experience in fields such as auditing, accounting, economics, valuation, finance, tax, and industry practices
- Gather and manage electronic data for use in commercial disputes
- Perform complex data analysis to support privileged consulting or expert testimony
- Act as arbitrators, independent accountants, or court- or tribunal-appointed experts—we often take one of these roles in postacquisition disputes.

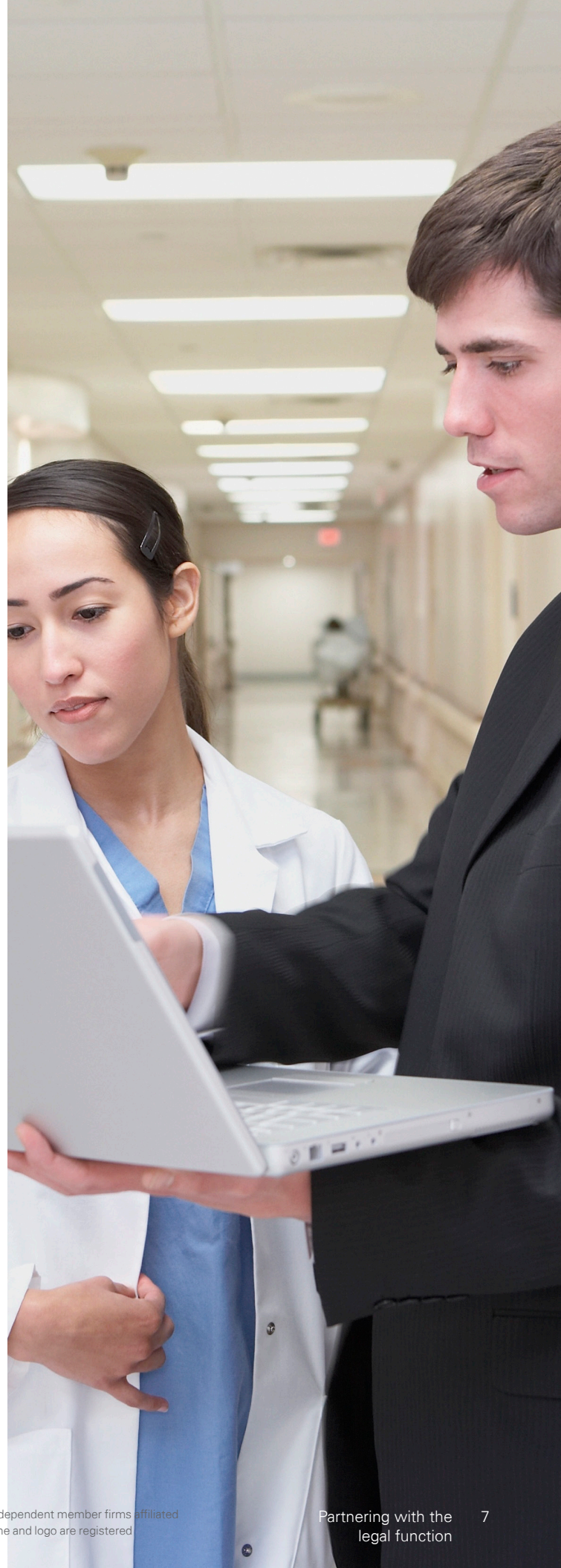


Assessing HIPAA compliance controls

By modifying the definition of breach and increasing downstream liability for business associates and their subcontractors, the Final Omnibus Rule altered the regulatory landscape for covered entities and business associates. The Office for Civil Rights (OCR) has also increased its enforcement of HIPAA. For these reasons, covered entities and business associates should work with external counsel to routinely assess their privacy and security controls and address risks that may lead to breaches of protected health information.

KPMG provides a range of services to help law firms assess the current state of HIPAA/HITECH compliance at their covered entity and business associate clients and mitigate identified issues or breaches. The Forensic team works collaboratively with our Cyber practice team members to help ensure that all aspects of the HIPAA Privacy and Security Rule are thoroughly evaluated. Our experience working directly with the OCR to develop the HIPAA Privacy and Security audit protocol and implement audits for over 100 covered entities on behalf of OCR makes us distinctly positioned to assist clients with these efforts.

HIPAA risk assessment



For those organizations seeking to satisfy their regulatory obligation as detailed within the HIPAA rule, KPMG offers risk assessment services that leverage our firsthand experience with the OCR and deep regulatory insight. By starting with a detailed gap assessment, we identify and prioritize risks and vulnerabilities within your clients' privacy and security programs. We then work directly with you and your clients to develop and implement remediation plans to close the gaps and improve existing controls. Risk assessments can be initiated proactively or in response to an identified breach and/or related corrective action. In the event of a breach, we can work with you and the business process owners at your clients to develop action plans to respond appropriately.



Mock audit program

For a more scaled-back approach, KPMG provides a proprietary mock audit program for those covered entities and business associates seeking to begin the process of evaluating existing processes, capabilities, and controls to drive real and sustainable improvements to their HIPAA privacy and security controls.

Our mock audit approach addresses the key privacy and security risks for an organization, including:

- Business associate management
- Breach assessment process
- Complaints and breach history
- Physical, administrative, and technical safeguards
- Access control
- Encryption
- Minimum necessary
- Audit logging and monitoring.

Remediation support and policy/procedure development

KPMG also routinely works with law firms to counsel organizations on their response to address and implement corrective action plans in response to an internal assessment or external audit. This support often involves the development and oversight of operational process improvements, the creation or revision of HIPAA policies and procedures, or advisory support in anticipation of a government audit.

Assisting with due diligence efforts

As healthcare organizations continue to engage in joint venture arrangements and merge with and acquire other entities, it is important that compliance has a seat at the due diligence table in order to identify potential compliance risks and prioritize remediation efforts upon closure of the deal.

The KPMG Forensic team supplements the financial due diligence efforts with targeted activities designed to assist law firms identify key compliance, coding/billing, and HIPAA risks that are present at their clients' target organizations. These services can be provided from the sell-side or buy-side point of view and can be delivered prior to or following deal closure. As part of these reviews, we review key documentation maintained by the target, interview prominent stakeholders that are responsible for compliance oversight, and review samples of claims to identify errors and risks related to the billing and coding processes. We can provide any combination of the aforementioned compliance services to assist with due diligence efforts.



Risk Adjustment Data Validation (RADV) services

Health plans, Medicare Advantage (MA) plans, participants in the health insurance exchange, hospitals, and physician practices are all subject to risk adjustment. Risk adjustment is a method to offset the cost of providing health insurance for high-risk individuals, specifically those with chronic health conditions. As risk adjustment continues to be a significant factor in the industry, a company's ability to predict and manage its program is critical.

KPMG provides RADV services to assist law firms counsel their clients regarding the effectiveness and accuracy of their coding processes, their preparedness for RADV audits should they occur, and the financial impacts of each. Our team works collaboratively with law firms as they counsel clients in this area by:

- Conducting proactive, targeted coding audits to assess the accuracy of the coding, billing, and documentation, focusing on the following areas of concern that impact revenue:
 - The top Hierarchical Conditions Category (HCC) with errors
 - The top failures in HCC documentation/coding
- Replicating risk scores of a program's enrollees to model the financial impact of provider coding
- Conducting mock audits focused on targeted conditions, enrollees, and HCCs in order to refine and adjust submission data as necessary
- Responding to risk adjustment audits including initial findings (e.g., research of specific conditions, coding guidance, and development of remediation responses)
- Drafting written responses to risk adjustment remediation activities (e.g., drafting of specific policies or procedures)
- Developing or reviewing advanced health assessments for chronic conditions
- Developing role-based education to correct any identified trends and enhance documentation, coding, and compliance
- Data analytics, including:
 - Replicating the risk scores of their enrollees
 - Machine learning to uncover potential missed HCCs
 - Identifying/flagging at-risk conditions.

KPMG LLP (KPMG) works with organizations to help them in their efforts to achieve the highest level of integrity. We work with businesses to manage the costs and risks of complying with new regulations and enforcement activity and the dangers of costly and disruptive litigation.

Our thought leadership can be found on our Healthcare & Life Sciences Institute website, [located at the following link](#)





Contact us

Amanda Rigby

Principal

Forensic

T: 312-371-4382

E: amandarigby@kpmg.com

Matt McFillin

Partner

Forensic

T: 610-316-9524

E: mmcfillin@kpmg.com

Jen Shimek

Principal

Forensic

T: 732-770-3570

E: jshimek@kpmg.com

Jaime Pego

Managing Director

Forensic

T: 908-416-1662

E: jpego@kpmg.com

Patricia Wylie

Managing Director

Forensic

T: 646-283-8867

E: pwylie@kpmg.com

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