



Culture of Compliance – *Why is transparency the best medicine for your Compliance Program*

February 2018

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Agenda

Who is CareSource?

How to Drive a Culture of Compliance?

Setting the Tone at the Top

Creating the Communication Strategy

How to Leverage Reporting

What are Board Expectations?

Key Takeaways



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Who is *CareSource*?



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3

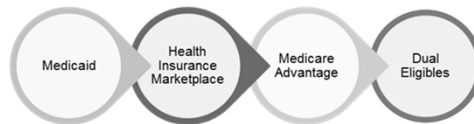
Our **MISSION**

To make a lasting difference in our members' lives by improving their health and well-being.



CARESOURCE

- A nonprofit health plan and national leader in Managed Care
- 27-year history of serving the low-income populations across multiple states and insurance products
- Currently serving more than 1.9 million members in Georgia, Indiana, Kentucky, Ohio and West Virginia
- 3,700 employees located across 21 states



1.9M members

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Our
COMMITMENT

We will always put people over profit.

- Best-in-class administrative cost ratio delivers maximum benefits to members while being responsible stewards of government funds
- Serving members across the continuum of government programs, coordinating care as their eligibility changes
- Comprehensive, member-centric models of care to address our entire population's health and social needs
- Help members navigate through daily life challenges and obstacles

As a **non-profit, member-centric company**, we are accountable to our members and the communities we serve - not shareholders.


8% Administrative Costs	90% Medical Cost Ratio
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High Performance Culture

In our most recent engagement survey, employees were:

98% clear on company values	96% faith in the organization: believe strongly in goals and objectives	97% work beyond what's required to support success
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 Nationally and internationally recognized training department with dedicated coaching and leadership training courses	Recognized by Modern Healthcare <i>Best Places to Work in Healthcare</i> 2016	96% Employee Engagement + 91% Retention Rate
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How to Drive a *Culture of Compliance*?



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7

Culture of Compliance

Culture drives many behaviors

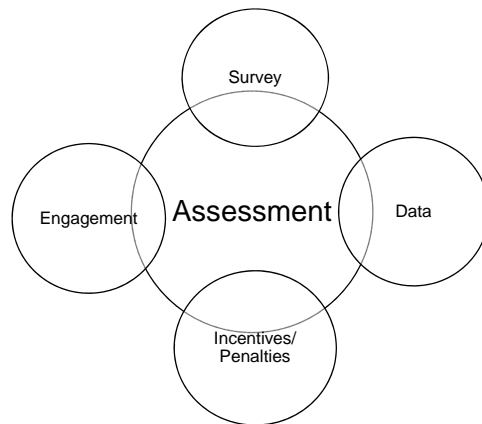


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Assess Company Culture

Unbiased assessment of current culture can help to understand baseline

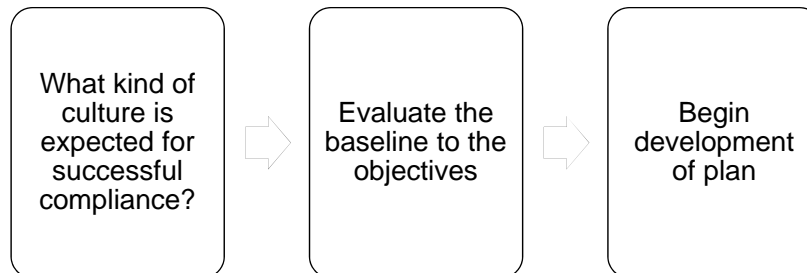


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9

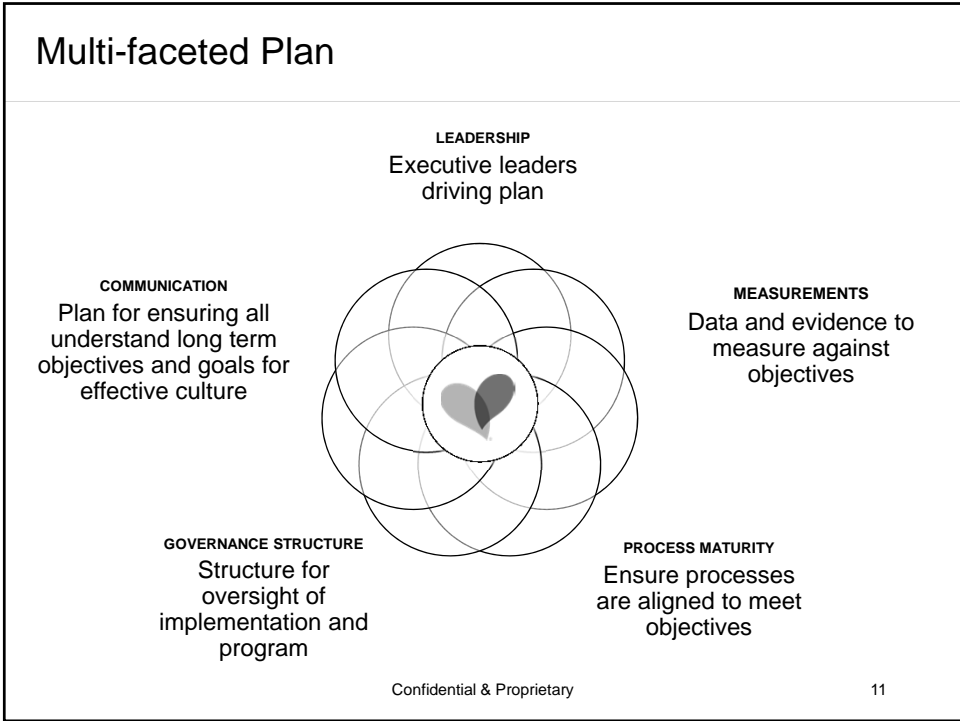
Culture Goals

Determine Company Culture Objectives



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10



Setting the *Tone at the Top*

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Leadership

I challenge you to think about your choices and actions and make sure that you hold yourself to the highest ethical standards to support our vision and mission.

I am proud knowing that you make the right decision on behalf of CareSource for every member.

Pamela Morris
President and CEO

13

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Leadership Reinforcement

Executive Leadership

- Quarterly reporting on progress
- Share risks and concerns
- Incentives and recognition for positive culture

14

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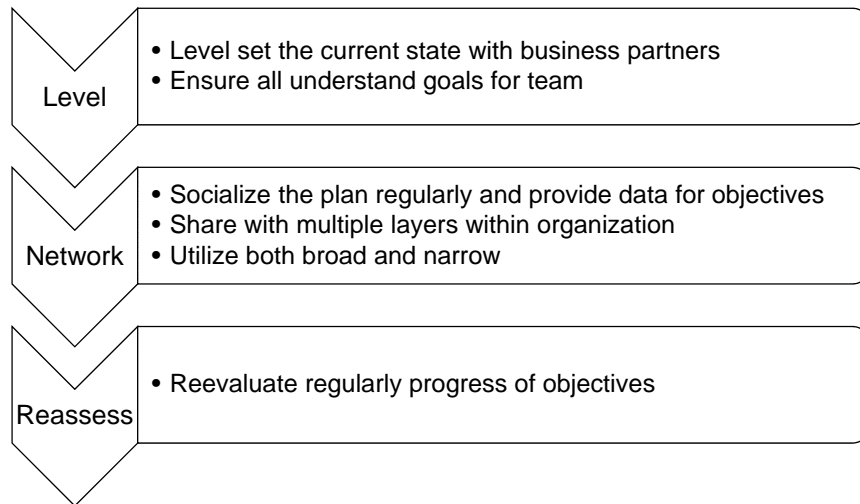
Creating the *Communication Strategy*



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15

Communication Strategy



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16

Integrity



Sustaining a culture of compliance is the responsibility of each of us; when we do our jobs in an honest, ethical, and legal way, and with our member's best interests at heart, we create and enhance our culture of compliance and serve CareSource's mission.

The actions or inactions of each employee determines whether CareSource is a compliant company.

***David Fogarty
VP, Corporate
Compliance Officer***

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17

How to Leverage Reporting



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18

Reporting Objectives

➤ **Meaningful**

- Metrics must “tell a story”, including trends or changes over time.
- *What message should be taken away?*

➤ **Actionable**

- Metrics must provide information that enables leaders to take action.
- *What actions do you expect to occur?*

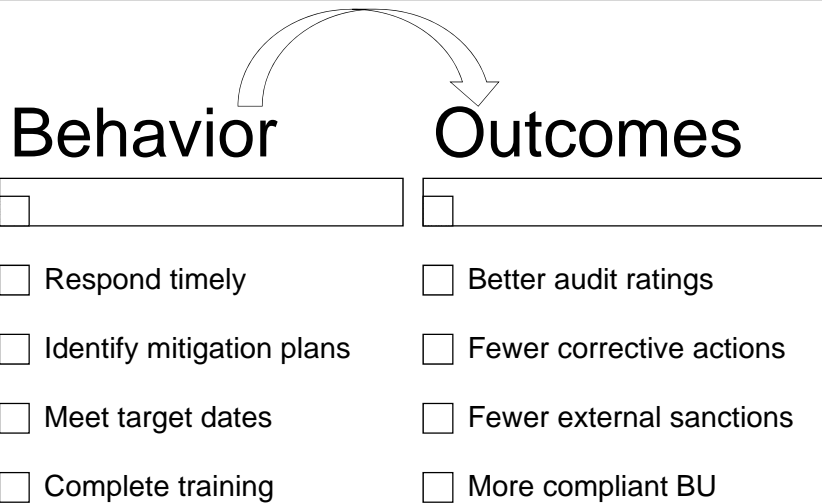
➤ **Relevant**

- Metrics must be appropriate for different levels or business areas.
- *What level of detail does each audience require?*

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Behavior Drives Outcomes



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Compliance Snapshot – Example

Corporate Goal: Ensure a culture of compliance excellence to enable organizational growth.

Metric / Outcome	Name	Definition	Target	Q1	Q2	Q3	Q4
Sanctions	# Received	Number of external sanctions received with associated fines.	0	0	1	2	0
	\$ Received	Dollar amount of external sanctions received.	\$ -	\$ -	\$ 100,000	\$ 250,000	\$ -
Sanctions are not received from regulators.							
Compliance Dashboard	% Compliant **	Average percentage of compliant metrics.	95%	75.0%	82.0%	96.0%	98.0%
Required metrics are met.							
Regulatory Review	# Open **	Number of open regulatory reviews.	n/a	25	40	50	45
	% On Time	Percentage of closed regulatory reviews completed by due date.	95%	96.0%	95.0%	78.0%	90.0%
Regulatory reviews are completed timely.							
Complaints	# Complaints	Number of complaints received.	n/a	2,000	1,500	1,300	1600
	# Open **	Number of open actions.	n/a	50	45	30	55
	% On Time	Percentage of actions dosed by due date.	95%	98.0%	99.0%	97.0%	98.0%
	% Extended	Percentage of actions dosed with due date extensions.	5%	20.0%	15.0%	12.0%	10.0%
Responses are timely and complaints are reduced.							
Reports	% Compliant	Percentage of audit reports issued internally with a compliant rating.	95%	92.0%	94.0%	97.0%	98.0%
We receive compliant report ratings.							

Note: These metrics include only data managed by Corporate Compliance.
 ** Detailed reporting is available as of the current date through the MySource Compliance Department page under Compliance Reports.

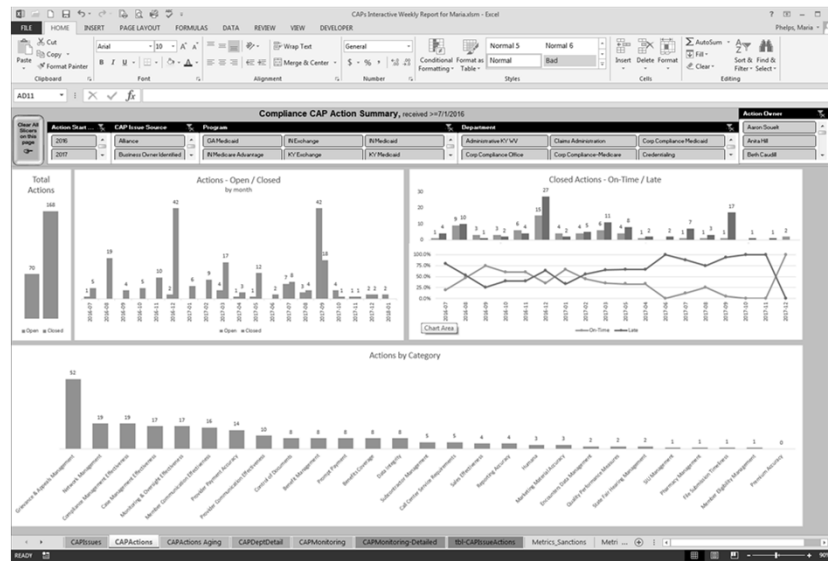
Legend:

- Meets expectations
- Approaching meets expectations
- Does not meet expectations

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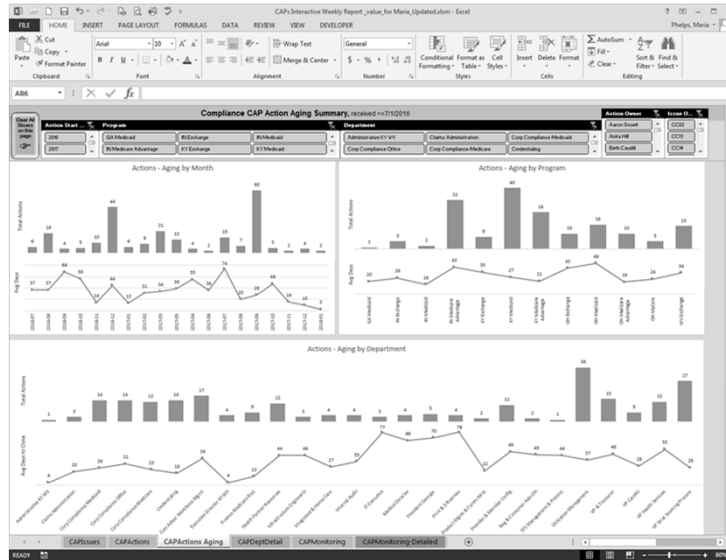
Detailed CAP Reporting – Example



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Detailed CAP Reporting – Example



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Reporting Attributes

Consider the following as it relates to reporting:

Audience

- Different views for various levels of management and business areas, in addition to the Board

Metrics

- Current performance as well as pre-defined targets

Trending

- Changes in performance over time, including different types of categorization

Summary

- Overall message to convey and what actions it should drive

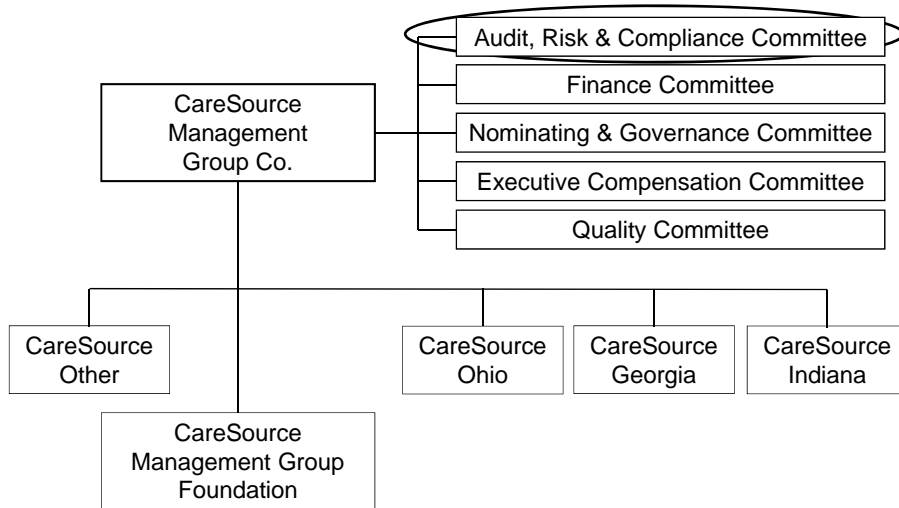
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24

What are *Board Expectations*?



Board Structure - *Excerpt*



Audit, Risk & Compliance Committee

Many diverse and competing priorities...

Independent Audit	Internal Audit	Enterprise Risk
Operational Risk	Compliance with Regulations and Contracts	Corrective Actions
Ethics	Internal Controls	Other

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Trust



Board members have extensive experience and they do not believe any organization is perfectly operating. Creating transparency and building trust is critical.

Whatever the issue or problem is, they want to understand and help with a solution.

Mark Chilson
EVP & General Counsel

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Board Expectations

- Honesty and transparency
- Open lines of communication
- Reporting that includes risk magnitude, trends, and progress made
- Excellent executive summaries
 - Identify the problem
 - How was it discovered?
 - What is required to fix it?
 - What is the timeline to fix it?
 - How is it prioritized?
- Leverage the Audit, Risk & Compliance Committee when a problem isn't getting solved

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Summary: *Key Takeaways*



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Key Takeaways

Establish culture goals and objectives

Perform unbiased analysis of current culture

Treat adjusting your culture like any other major initiative

Understanding the culture data is critical

Reporting must be meaningful, actionable, and relevant

Establish trust with Board through transparency



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31

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32

Thank you



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33