



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

February 2018

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**Agenda**

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Who is CareSource?

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How to Drive a Culture of Compliance?

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Setting the Tone at the Top

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Creating the Communication Strategy

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How to Leverage Reporting

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What are Board Expectations?

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Key Takeaways

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Who is *CareSource*?



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**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.

<b>8%</b> Administrative Costs	<b>90%</b> Medical Cost Ratio
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**High Performance Culture**

In our most recent engagement survey, employees were:

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

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How to Drive a *Culture of Compliance*?



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Culture of Compliance

Culture drives many behaviors



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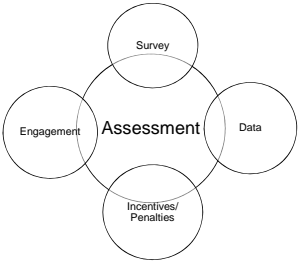
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Assess Company Culture

Unbiased assessment of current culture can help to understand baseline



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### Culture Goals

#### Determine Company Culture Objectives

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graph LR; A[What kind of culture is expected for successful compliance?] --> B[Evaluate the baseline to the objectives]; B --> C[Begin development of plan];
```

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### Multi-faceted Plan

LEADERSHIP  
Executive leaders driving plan

COMMUNICATION  
Plan for ensuring all understand long term objectives and goals for effective culture

MEASUREMENTS  
Data and evidence to measure against objectives

GOVERNANCE STRUCTURE  
Structure for oversight of implementation and program

PROCESS MATURITY  
Ensure processes are aligned to meet objectives

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### 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*

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Leadership Reinforcement

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**Executive Leadership**      Quarterly reporting on progress

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Share risks and concerns

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Incentives and recognition for positive culture

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Creating the *Communication Strategy*



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**Communication Strategy**

Level

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Network

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Reassess

- Level set the current state with business partners
- Ensure all understand goals for team

- Socialize the plan regularly and provide data for objectives
- Share with multiple layers within organization
- Utilize both broad and narrow

- Reevaluate regularly progress of objectives

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***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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**How to *Leverage Reporting***



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### 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

**Behavior**

**Outcomes**

Respond timely  
 Identify mitigation plans  
 Meet target dates  
 Complete training

Better audit ratings  
 Fewer corrective actions  
 Fewer external sanctions  
 More compliant BU

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### Compliance Snapshot – Example

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

Metric / Outcome	Name	Description	Target	Q1	Q2	Q3	Q4
Sanctions	# Received	Number of external sanctions received with associated fines.	0	0	1	2	3
	\$ Received	Dollar amount of external sanctions received.	\$ -	\$ -	\$ 100,000	\$ 200,000	\$ -
Compliance Dashboard	% Compliant**	Average percentage of compliant metrics.	95%	75.0%	82.0%	86.0%	98.0%
Required metrics met:							
Regulatory Review	# Open***	Number of open regulatory reviews.	n/a	25	40	50	48
Regulatory reviews are completed timely.	% OnTime	Percentage of closed regulatory reviews completed by due date.	95%	96.0%	95.0%	78.0%	90.0%
Complaints	# Complaints	Number of complaints received.	n/a	2,000	1,500	1,000	1,800
	# Closed	Number of complaints closed.	n/a	90	48	30	35
Responses are timely and complaints are resolved.	% OnTime	Percentage of actions closed by due date.	95%	98.0%	99.0%	97.0%	98.0%
	% Extended	Percentage of actions closed with due date extensions.	5%	20.0%	13.0%	11.0%	10.0%
Reports	% Compliant	Percentage of audit reports issued internally with a compliant rating.	95%	92.0%	94.0%	97.0%	98.0%
We need a compliance 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 me expectations
- Does not meet expectations

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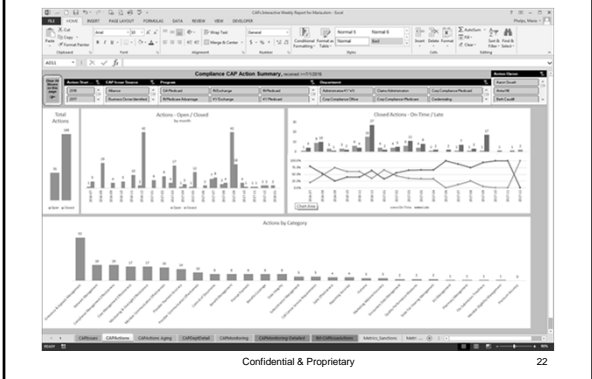
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Detailed CAP Reporting – Example




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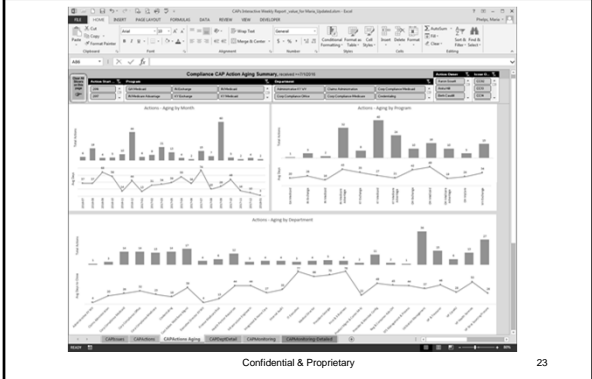
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Detailed CAP Reporting – Example




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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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What are *Board Expectations*?



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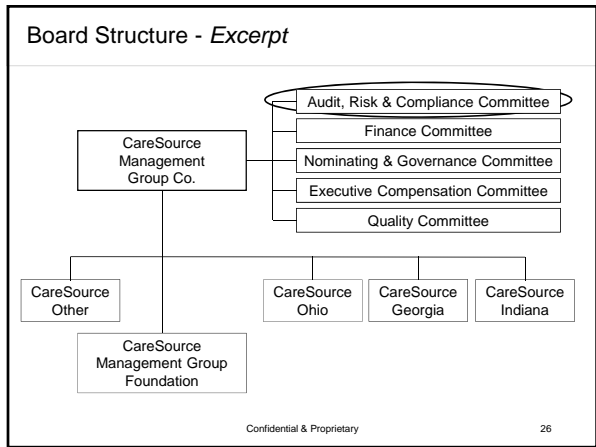
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Audit, Risk & Compliance Committee

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



**CareSource**  
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**Contact Information**



**Margaux Frazee**

- Director, Corporate Compliance
- margaux.frazee@caresource.com
- 937-531-3338



**Maria Phelps**

- Manager, Enterprise Risk
- maria.phelps@caresource.com
- 937-531-2054

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**Thank you**



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