

Benchmarking: Maximizing the Benefits of Hotline Data

Data Collection, Monitoring, and Analysis Are All Important When It Comes to Measuring Effectiveness

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Your board and executive management are numbers oriented. Every day they review metrics to assess the organization's performance, and they know what those metrics mean. Higher is better when it comes to revenues, but not expenses. Lower is better when it comes to safety issues while higher is better when it comes to customer satisfaction.

The most robust source of numbers available from compliance and ethics functions comes from the helpline/hotline, but do your executives and board members know what those numbers really mean? Is your helpline/hotline giving them – and you – useful insights into the effectiveness of your ethics and compliance program? Is it helping you to identify problem hotspots, trends in reporting, and discover gaps in your program? Focusing on these questions will help you measure your program's effectiveness and provide meaningful reports to your management and board of directors.

THE NEED

The stakes for compliance failures in the health care industry have never been higher. The industry is experiencing ever-increasing scrutiny of government-funded programs. Standards of accountability and transparency are becoming more stringent. Corporate integrity agreements have become a more common resolution for compliance lapses.

At the same time, the government is calling for industry transformation in a number of areas, including electronic recordkeeping and public reporting of patient

outcomes. Competition among provider organizations is increasing. Risk areas are expanding in number, complexity, and magnitude. As a result, boards of directors have become much savvier in their ethics and compliance program reviews and data requests. They understand their governance oversight responsibility to make certain that the organization has an effective program that prevents, detects, and remediates violations of law.

Careful monitoring and measurement are essential in helping the board determine program effectiveness. High quality measurement has posed an ongoing challenge for compliance professionals. Experienced ethics and compliance officers, however, will tell you that one of the most effective measurement tools they have is the data from their internal reporting systems.

The challenge is to collect and analyze the data in a way that (1) provides meaningful interpretation, (2) meets the various Office of Inspector General (OIG) health care compliance program guidance and U.S. Sentencing Commission (USSC) standards,¹ and (3) gives early warning of potential problem areas within the organization. This article focuses on helpline/hotline data collection, monitoring, and analysis as a measure of program effectiveness.

MEANINGFUL DATA

Every year, ethics and compliance professionals gather data from the reports made through their various reporting systems. The way the data is “sliced and diced” may mean the difference between catching a problem early or just having a stack of tables and graphs with little context for you, your board, and senior executives to interpret.

As we conduct program assessments, we continually find frustrated ethics officers and their boards trying to make sense of all the numbers. They know they received “x” number of reports in one year regarding patient safety and “y” number of reports on human resources-related issues, but without any context — and more specifically,

without any benchmarks for comparison — they are missing the kind of perspective that stimulates or quiets concern.

If the data is not meaningful, then boards and executives become complacent about the program and miss the organizational implications that can be gleaned from well-analyzed helpline/hotline data. Is there an easy way to perfectly mine data so that relevant information is readily at hand? The short answer is no, and sometimes the analytical process is an art as much as a science. There are approaches and resources, however, that can dramatically change the way your organization looks at (and benefits from) its helpline/hotline data.

CHALLENGES

The first challenge in helpline/hotline data analysis and reporting is that there is no “right” number of total calls or calls about a specific issue type. Every organization and industry faces different risks, which is reflected in the variety of concerns raised by its employees. Further, even within the health care industry, there are significant differences. Pharmaceutical companies, hospitals, assisted-living, nursing homes and other long-term care facilities, home health care, and laboratories will see variations in the types and numbers of reports each receives.

Every organization also has in place multiple mechanisms to address employee concerns that could impact the number and types of issues raised through the ethics and compliance channels. For example, some organizations have a separate 800 number to deal specifically with human resources or equal employment complaints. In these organizations, we then may find the percentage of human resources issues received by the ethics and compliance reporting systems to be lower than those organizations that do not have a separate system because some of these issues will be handled through the alternate reporting channel.

Even though we know there is no “right number of reports,” we do know that com-

panies receiving too few or too many reports have reason to dig deeper. An excessive amount of reports may signal real compliance problems or management that is not trusted. A low number of reports may simply mean employees do not know about the channel, or it may mean they fear retaliation if they do report. The most useful data analysis provides “context” for the reviewer and allows the organization to focus on identified potential problem areas.

Creating appropriate context is the second challenge. Context often is best conveyed through comparisons, trend analysis, or benchmarking against both internal and external data sources. Such analysis looks for significant changes in data over time or deviations from norms. Unfortunately, there has been little information available to date that defines “the norms,” leaving ethics and compliance officers on their own to draw conclusions based on anecdotal reports from other organizations.

Indeed, the most often cited benchmarks continue to be the periodic surveys conducted jointly by the Ethical Leadership Group and the Ethics and Compliance Officer Association (ECO). The last survey conducted in 2006 had only 64 organizations participate, yet the results have been the most often used in analysis and most often provided to boards and senior leadership as benchmarks for comparison of internal data.

THE ART AND SCIENCE OF BENCHMARKING

A quick discussion of basic statistics will help frame the discussion of benchmarks and norms. When developing cross-industry as well as industry-specific benchmarks (norms), the best approach is to define acceptable “data ranges” based on a midpoint, or median, rather than calculated averages. Benchmarks based on averages could be skewed and artificially inflated or deflated by a few large companies, or a few companies with extreme values, that draw the average away from the results of the majority of participating companies.

By using the medians and ranges, organizations are better able to recognize *unusual* occurrences and focus efforts and resources on them. Using the sizable Global Compliance database of industry and cross-industry reports (approximately 225,000 reports in 2008, representing approximately 1,800 hotline/helpline clients), we are able to solidly define these ranges and provide this information to our clients.

Two Types of Benchmarking

There are two ways to benchmark your reporting system data. The first is to compare data internally within the organization. The second is to compare the data to external organizations both within your industry and across all industries. Each approach will provide valuable insights, and each is necessary to understand the full picture.

Internal Benchmarking

Internal benchmarking throughout an organization's various businesses and locations provides important context, particularly when observing deviations from the internal norms over time. Here, the sophistication of an organization's case management system will determine how robust the analysis can be — more tracked data, more context, and more opportunity for actionable conclusions.

By looking at reports over time, an organization can compare trends, detect trouble spots, and measure the effectiveness of its program. For example, if an organization has a significant spike in the number of reports received, there could be several causes including:

- employee perception that other channels of communication are not effective or cannot be trusted; and
- extremely high employee awareness of this reporting channel versus others, perhaps due to recent education through training or publicity.

In this situation, an organization could consider two courses of action based on its sudden increase in call volume:

- If training or a publicity campaign related to reporting awareness had been conduct-

ed recently, the level of reports should be monitored for the next three quarters.

- If neither is the case, the organization could conduct an employee survey or targeted focus groups to determine the root cause of the spike in call volume in a given area or location.

To continue this example, if the organization is experiencing a spike in the number of calls related to a certain type of issue, such as Health Insurance Portability and Accountability Act (HIPAA) violations or patient safety, a specific review of the locations involved, or the training and awareness provided on the subject, may be warranted to understand what is driving the spike in reports.

As noted earlier, a sophisticated case management system, one that allows tracking and analysis of critical data fields, will pay great dividends in evaluating program effectiveness. Most people have heard the phrase “garbage in – garbage out.” This old adage applies to reporting system databases as well. The system (and resulting analysis) is only as good as the data entered.

Accurate, consistent, and timely entry of data – and most specifically data points concerning case closure and outcomes information – will provide the most reliable analyses. There are two data fields in particular that will yield valuable insights: (1) whether or not the report was substantiated and (2) the case closure time.

Report substantiation rates provide important information on the “quality” of reports received. A high substantiation rate (typically over 40 percent of the allegations) indicates that employees know the types of issue that should be reported and are providing enough information to conduct a thorough investigation.

There are two factors that generally would lead to a lower percentage of substantiated reports. One factor is the type of methods (or lack thereof) used to educate employees on the reporting process. If employees do not understand the process or the types of issues that should be reported,

then the system will be dealing with “low quality” reports.

Second, a low substantiation rate could be an indicator of a need to review or improve the investigation process. One organization we reviewed had zero substantiated allegations during an entire year. While the organization could rationalize this data point by assuming the calls were “junk level,” a “zero substantiation rate” is highly unusual. We urge deeper examination whenever substantiation rates are below 20 percent. We encouraged the organization with no substantiated allegations to review the investigations conducted that year to ensure that they were properly and thoroughly completed – *i.e.*, effective.

Case closure time is also an important measure of program effectiveness because long case resolution times will cause employees to believe that the company does not take them, or their issues, seriously. Employees are more likely to report genuine issues if their concerns are addressed in a timely fashion. While any organization will have investigations that are complex and take longer to review, best practice organizations close the majority of cases within 30 days. Tracking this statistic by “investigating department” also will help highlight those areas that may need additional or different resources for timelier case resolution.

There are other ways to look at internal data. An organization also could correlate two or more variables. For example, if fraud-related allegations spike after training about fraud recognition, the organization may wish to determine if the percentage of substantiated fraud-related allegations increased. This correlates training with substantiated fraud reports, which offers a measurement of training effectiveness.

Another essential aspect of internal benchmarking is the comparison of different business units, departments, or locations across the total organization. This comparison allows a better examination

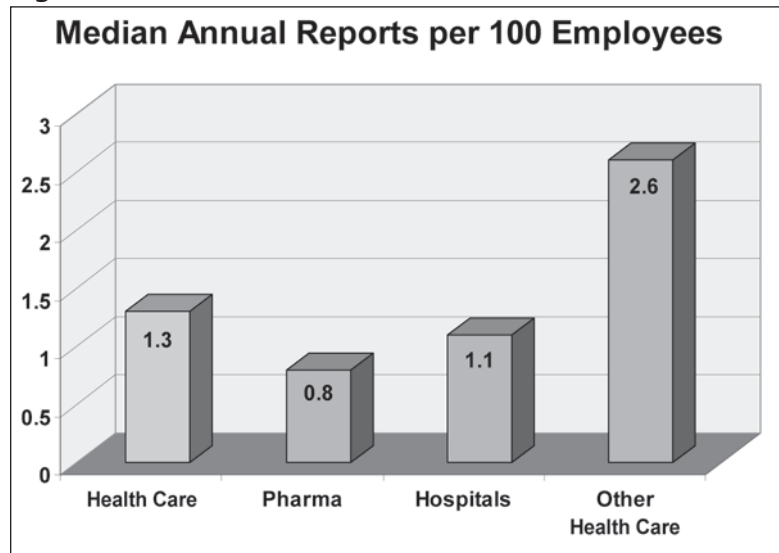
of how different parts of the operations are performing in relation to ethics and compliance. If there are more reports in certain areas, it could indicate a need for intervention. When looking at data as a whole, without trending or grouping, this would not be so obvious. Internal data mining and benchmarking do not always lead to an answer, but they can clarify which questions to ask. This also may lead to questions best answered by external benchmarking.

External Benchmarking

There is one question that boards and executives always ask: *How does our ethics and compliance program stack up against those of others in our field?* By benchmarking within the industry, an organization can, for example, compare itself against the call statistics reported by its peers. This can inform an organization whether certain allegations are more common in the industry than others or if the organization itself has higher numbers than its competitors.

As noted earlier, health care is such a broad industry that it also will be important to benchmark within your segment of the industry. Using the Global Compliance database, for example, looking at the number of calls received per 100 employees in 2008, we found striking differences among the health care sectors as shown in Figure 1.

Figure 1

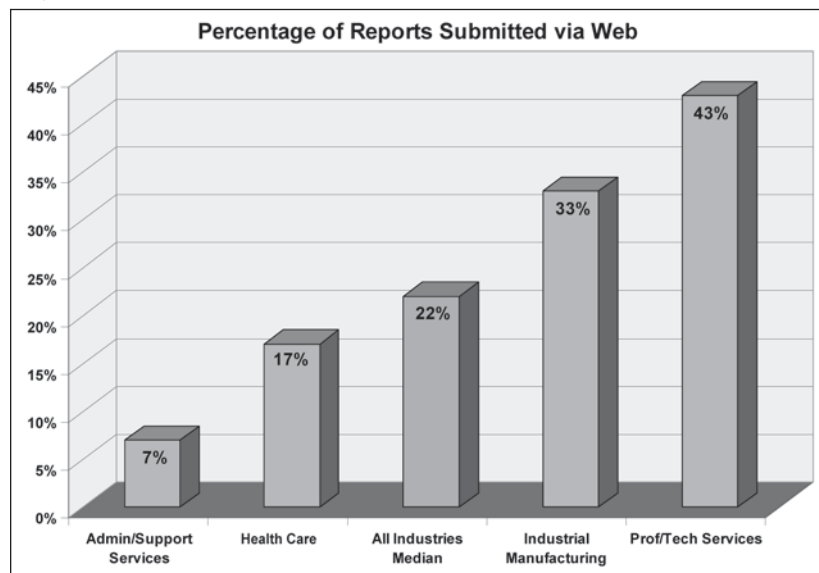


“Other Health Care” in Figure 1 includes specialties such as assisted-living and community care facilities for the elderly; home health care services; medical and diagnostic laboratories; nursing care facilities; physician offices; other ambulatory health care services; and psychiatric and substance abuse hospitals.

While the overall health care median annual “reports per 100 employees” was 1.3, the median for pharmaceutical companies was significantly lower. We also found significant differences in several other key report metrics.

In addition to looking within your own industry, benchmarking across all industries adds another

Figure 2



er useful perspective to your data analysis. For example, consider the numbers of online reports (as opposed to reports received by telephone) in the Global Compliance database. We note that online reporting by employees at all companies in which computer access is reasonably available has been increasing steadily over the last five years.

If your industry is health care and your data is consistent with the benchmark, you may wonder if the industry norm of 17 percent is typical of other industries. Looking at the larger context of all industries (Figure 2), in which the median is 22 percent and the upper end is 43 percent, you may conclude that the lower health care industry percentage is driven by the unique characteristics of health care — such as more limited access to computers — compared to the professional/technical services industry at the other extreme.

SPECIFIC DATA COMPARISONS

Internally and externally, there are certain types of data that can be most beneficial to review, including:

- types of reports;
- anonymous versus named reports;
- allegation priority (seriousness);
- substantiation rate or percentage;
- online versus telephone reports;
- source of awareness (how employees became aware of the systems, including training or posters);
- follow-up contacts (*i.e.*, do anonymous reporters follow-up to provide additional information, if needed);
- discipline/remediation actions;

- allegations versus inquiries; and
- case cycle or closure time.

Based on our analysis of the Global Compliance data collected in 2008, we discovered some remarkable trends and insights. This is the type of information executives and board members look for as they seek to understand whether or not your compliance program is effective. To better illustrate, consider our findings regarding anonymous reports.

Substantiation Rates: Anonymous versus Named Callers

Should we welcome anonymous reports? This topic has long been discussed in the ethics and compliance world. Many assume that anonymous reports are likely to be unsubstantiated. Managers often fear that anonymous reports will be used as a way for employees to make deliberately false allegations against a colleague or boss. Some even argue that anonymity should not be an option when making reports. They say, *“If they aren’t willing to give their name, then they shouldn’t raise the issue.”*

Our findings regarding substantiation rates of reports from named versus anonymous reporters show a far different situation (see Figure 3). Surprisingly, in 2008 there was no difference. Based on nearly 225,000 reports across all industries, this is strong support for keeping and encouraging the anonymous reporting option.

THE CASE FOR BENCHMARKING

Helpline/hotline data are a treasure trove of information about your organization and your compliance program, but data are just that until placed into context. The twin tools of internal and external benchmarking work together to extract the most useful information from your data and provide that context. We noted earlier that reviewing the

Figure 3

Call Type	Median
Percent of cases substantiated with a named reporter	28%
Percent of cases substantiated with an anonymous reporter	28%

data can be as much an art as a science. The “art” is to experiment with the types of analyses or comparisons you make. Experimenting with reports on the different variables may yield some surprising and unanticipated results.

With a state-of-the-art case management system, internal benchmarking can be a regular part of your ethics and compliance program, determining trends and adjusting the program to address the issues. By also benchmarking outside of your organization, through industry organizations and groups that aggregate cross-industry data, you can gain critical knowledge about the norms in your industry and in the business environment in general.

Good benchmarking leads to more questions: Do we need more training? What about better communication with employees? Should we dig deeper with employee surveys and focus groups? Are our investigations thorough and effective? Does our culture support employ-

ees who raise concerns? These are the important questions driving the actions that make your compliance program effective, and your helpline/hotline data — carefully tracked and reviewed — often provide the early warning signs needed to detect, prevent, and resolve problems before they lead to serious, damaging, and costly outcomes.

Endnotes:

1. The OIG has issued compliance program guidances for several health care sectors, including hospitals, clinical laboratories, home health agencies, durable medical equipment suppliers, third-party medical billing companies, hospices, Medicare Advantage organizations (formerly Medicare+Choice Organizations) offering coordinated care plans, ambulance companies, pharmaceutical manufacturers, and individual and small group physician practices. The U.S. Sentencing Commission, in its 2007 Sentencing Guideline Manual, states, “An organization’s failure to incorporate and follow applicable industry practice or the standards called for by any applicable governmental regulation weighs against a finding of an effective compliance and ethics program.”

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