The University of Southern California Compliance and Ethics Program

Mission Statement

The mission of the University of Southern California (USC) is the development and enrichment of the human mind and spirit through teaching, research, artistic creation, professional practice and public service. The USC 2004 Strategic Plan includes initiatives that support this mission while confirming our core values: (1) freedom of inquiry; (2) respect for others and a commitment to service; (3) informed risk-taking; and (4) adherence to ethical conduct as set forth in the USC Code of Ethics.

The USC Compliance and Ethics Program is intended to further the university’s mission and strategic plan by (1) helping USC faculty and staff employees understand and comply with applicable laws, rules, regulations; (2) preventing and detecting violations of law, regulations and university policy; and (3) promoting ethical conduct as articulated in the USC Code of Ethics.

Elements of an Effective Compliance Program

The following principles have been recognized as important elements for an effective compliance program¹:

- Effective compliance oversight, including the designation of a compliance officer to oversee compliance efforts;
- Periodic risk assessments;
- Ethical standards, policies and procedures to prevent and detect violations of law;
- Effective training and education of ethical standards, policies and procedures;
- Internal monitoring and auditing;

¹ Federal Sentencing Guidelines for Organizations
• Reasonable due diligence to confirm that the institution does not delegate substantial discretionary authority to individuals who the organization knows or should know, are likely to engage in illegal conduct;
• Maintaining lines of communication, including an anonymous reporting mechanism for employees to report possible compliance issues without fear of retribution;
• Prompt investigation and appropriate corrective action to prevent similar offenses when detected;
• Enforcement of standards and policies through well publicized disciplinary guidelines; and
• Periodic evaluation of the effectiveness of the compliance and ethics program.

**USC’s Implementation of an Effective Compliance Program**

The university’s compliance and ethics program has adopted the principles stated above and has tailored them to address USC’s unique organizational structure and operational risks. Appendix A describes how similar elements have been implemented specifically in the healthcare environment through the university’s healthcare compliance program.

**Compliance Oversight**

**USC Audit and Compliance Committee**

The USC Audit and Compliance Committee shall be responsible for the oversight of the university compliance and ethics program in accordance with the Audit and Compliance Committee charter, which is reviewed annually.

**USC Compliance Officer**

In November 1998, the USC Board of Trustees established the Office of Compliance. The trustees charged the Associate Senior Vice President, Compliance with the responsibility for establishing a university-wide compliance program to prevent, detect and respond appropriately to violations of law and foster a corporate culture that promotes integrity and ethical behavior in all matters relating to compliance. The USC Compliance Officer is responsible for providing regular reports to the Audit & Compliance Committee and USC senior management regarding the ongoing implementation of the university’s compliance program.

The Associate Senior Vice President, Compliance reports directly to the Senior Vice President, Administration and the Audit and Compliance Committee of the Board of Trustees.
Risk Assessments

Audit Services and Compliance conduct an extensive risk assessment every two years to develop an audit and compliance plan. In addition, Audit Services and Compliance conduct compliance reviews and assessments in specific areas that have been identified internally or externally as emerging compliance and ethics risks. This assessment includes, as appropriate, a risk analysis to determine whether key legal and regulatory risks have adequate policies.

Enterprise Risk Management Committee

The Enterprise Risk Management committee is responsible for identifying and evaluating significant risks facing USC so that the university can make informed decisions about minimizing that level of risk when possible.

The committee is chaired by the Associate Senior Vice President, Compliance and Associate Senior Vice President, Audit Services and is charged with:

- Assessing and prioritizing risks (in terms of the likelihood and magnitude of impact);
- Presenting findings to senior management;
- Reporting recommendations regarding a response strategy, as needed and appropriate; and
- Monitoring progress on the implementation of the response strategy.

The University has established other ad hoc and standing committees that address various compliance issues. The compliance committees serve as a resource to the compliance program and assist in implementing and maintaining consistent and appropriate policies and procedures and providing feedback on proposed initiatives. Examples of committees charged specifically to assist with implementation of the compliance program, include:

- Enterprise Risk Management Committee
- Healthcare Compliance Committee
- Information Security Liaison Committee
- Research Administration Compliance Committee

Standards, Policies and Procedures

USC’s Code of Ethics sets forth the standards of conduct for all university faculty and staff employees. As set forth in the USC Code of Ethics, ethical behavior is predicated on two main pillars: a commitment to discharging our obligations to others in a fair and honest manner, and a commitment to respecting the rights and dignity of all persons. All members of the university community are expected to adhere to these standards.

University policies expand on the principles described in the Code of Ethics and clarify the
roles and responsibilities of university faculty, staff and other employees. University policies must be reviewed and approved by the Office of General Counsel and issued by the Senior Vice President, Administration and the Executive Vice President and Provost.

University policies include:
- Conflict of Interest and Ethics
- Complaint Procedures for Accounting and Auditing Matters
- Authority to Sign Contracts and Agreements
- Misappropriation of Assets
- Sexual Harassment Policy
- Faculty Handbook
- USC Staff Hiring and Employment Policies

A list of all university policies can be found at [http://policies.usc.edu/](http://policies.usc.edu/).

**Education and Training**

Timely and effective communication, education and training are necessary to ensure that the faculty, staff, students, agents and third parties understand the applicable laws, regulations and university policies that apply to them. Recognizing that communication must be frequent and varied in order to be effective, the university provides education and communication in a variety of methods, including through formalized or mandatory education programs that may be in-person and/or web-based; newsletters, memoranda, forums, presentations, and through committee participation and development.

A list of education and training programs related to compliance functions can be found at: [www.usc.edu/compliance](http://www.usc.edu/compliance).

**Internal Monitoring and Auditing**

The Office of Compliance coordinates with USC’s Office of Audit Services to conduct regular university risk assessments, which assist in identifying potential risk areas for further review. In addition, the compliance committees assist in identifying and prioritizing compliance risks for review and monitoring. The university also conducts specific monitoring and audits relating to particular high risk areas, including healthcare, research, athletic compliance, information security and environmental health and safety.

The Office of Audit Services conducts independent reviews of university operations in the areas of risk management, internal controls, and governance processes by evaluating financial, operational, and information systems. Audit Services prepares a formal audit plan every two years, which is adjusted regularly to account for identified information systems, financial, compliance, and operational risks.
In addition to Audit Services and the Office of Compliance, there are a number of university units with responsibility for monitoring compliance in particular areas. Examples include:

- Athletic Compliance
- Office of Financial Analysis
- Environmental Health and Safety
- Office for Protection of Research Subjects

**Employment Verification**

The University conducts background checks and other appropriate employee and third party screening to assist in preventing delegation of authority to inappropriate individuals. Applicable screenings include U.S. Department of Health and Human Services Office of Inspector General List of Excluded Individuals/Entities, General Services Administration Excluded Party List System and/or the Specially Designated Nationals List (SDNL).

**Lines of Communication**

University faculty, staff and student employees are encouraged to raise concerns directly with their supervisor, chair or Dean. In addition, several departments on campus are charged specifically with investigating compliance matters (e.g., Administrative Operations, Office of Compliance, Audit Services, Career and Protective Services).

The university also has established the USC Help and Hotline in order to encourage faculty, staff and students to seek guidance regarding their compliance responsibilities. The Help and Hotline can be used to report good faith suspected violations of laws, regulations and university policy confidentially and without fear of retribution in the event individuals are not comfortable reporting a concern directly to their supervisors. Callers also may report concerns anonymously.

The USC Help and Hotline number is 213.740.8258.

**Investigations and Corrective Action**

Faculty, staff and other employees are encouraged to report concerns of potential violations or other offenses promptly to their respective supervisors and or the appropriate departments that are charged with investigating those complaints. Those departments include:

- Employee Relations
- Equity and Diversity
- Audit Services
• Office of Compliance
• Career and Protective Services
• Vice Provost for Research Advancement
• Office of General Counsel

**Enforcement**

When an instance of non-compliance has been determined, the university will develop and implement a corrective action plan to prevent similar occurrences. Corrective action could include any of the following: (1) additional training and education; (2) changes in policies and procedures; (3) further audit and monitoring; (4) disciplinary action; and (5) reporting and disclosures to the relevant government and administrative agencies, as appropriate.

**Effectiveness Evaluations**

The university will conduct period evaluations of the effectiveness of the compliance and ethics program and make appropriate modifications, as appropriate.

**Revisions to the Ethics and Compliance Program**

This USC Ethics and Compliance Program is intended to be a flexible document that is adaptable to changes in regulatory requirements. The Audit and Compliance Committee will review this document on a regular basis to ensure that it remains current and effective.
APPENDIX A

USC’S Implementation of an Effective Healthcare Compliance Program

Recognizing the complex and heavily regulated nature of healthcare, the Office of Inspector General (OIG) developed model compliance program guidance for particular segments of the healthcare industry, including physician groups, laboratories and hospitals. The following principles have been recognized in the OIG Compliance Program Guidance as important elements for an effective compliance program:

- Effective compliance oversight, including the designation of a compliance officer to oversee compliance efforts and appointment of a compliance committee;
- Development of ethical standards, policies and procedures that apply to all employees;
- Effective training and education of ethical standards, policies and procedures;
- Internal monitoring and auditing;
- Maintaining lines of communication, including an anonymous reporting mechanism for employees to report possible compliance issues without fear of retribution;
- Prompt investigation and appropriate corrective action to prevent similar offenses when detected; and
- Enforcement of standards and policies through well publicized disciplinary guidelines

These principles are similar to those recognized in the Federal Sentencing Guidelines, but apply specifically to the healthcare industry. This Appendix A describes how these elements have been further implemented through the university’s healthcare compliance program.

Compliance Oversight

Healthcare Compliance Officer

The USC Healthcare Compliance Officer is responsible for the design and oversight of implementation of a comprehensive and effective healthcare compliance program. This program is specific to the needs and risks at the Keck School of Medicine, School of Pharmacy, School of Dentistry, USC Care Medical Group, USC Kenneth Norris Cancer Hospital and USC University Hospital. The Healthcare Compliance Officer reports to the Associate Senior Vice President, Compliance.
Hospital Compliance Officer

The Hospital Compliance Officer is responsible for the implementation of the elements of the healthcare compliance program relating specifically to the hospital and fostering a culture within the hospital that promotes integrity and ethical behavior. The Hospital Compliance Officer serves as a member of the senior management team of the Hospitals and works closely with the CEO of USC University Hospital and Kenneth Norris Cancer Hospital and chairs the Hospital Compliance Committee. This position reports to the USC Healthcare Compliance.

Faculty Provider Compliance Officer

The Faculty Provider Compliance Officer is responsible for the implementation of the elements of the healthcare compliance program relating specifically to the physician medical group and faculty providers within the School of Dentistry and Pharmacy and fostering a culture with faculty providers that promotes integrity and ethical behavior. The Faculty Provider Compliance Officer serves as a member of the senior management team of USC Medical Group. This position reports to the USC Healthcare Compliance.

Integrated Executive Healthcare Compliance Committee

The Integrated Executive Healthcare Compliance Committee is responsible for advising the healthcare compliance program, reviewing the annual compliance plan, receiving reports regarding monitoring and auditing and providing guidance with development of policies and procedures related to healthcare compliance.

Healthcare Compliance Committee

The healthcare compliance committee is comprised of faculty physicians/practitioners appointed by the chairs of the clinical departments of the Keck School of Medicine and the Deans of Dentistry and Pharmacy. Additional non-voting attendees include senior administrative staff of the practice corporations and billing managers.

This committee receives updates on current/emerging risk areas impacting healthcare providers, assists with the development and implementation of new policies and procedures relating to physician and other practitioner practice, and discusses common compliance problems/challenges. This committee is chaired by the Healthcare Compliance Officer.

Hospital Compliance Committee

The Hospital Compliance Committee is comprised of members of the hospital management team, including directors of Risk Management, Quality, Health Information Management, Case Management, Materials Management and Patient Financial
Services and is chaired by the Hospital Compliance Officer. This committee assists with identifying and monitoring risks found within billing, quality and risk management and developing integrated corrective action plans as needed.

**Standards Policies and Procedures**

In 1999, the USC Care Medical Group adopted the following core principles:

- All USC healthcare providers must adhere to the USC compliance program;
- All USC healthcare providers must use the common billing system as a hub or full service model; and
- All USC healthcare providers must be a “member in good standing” with the USC healthcare compliance program as a component of medical staff initial appointment and re-appointment.

Relevant policies and procedures include:

- HIPAA privacy policies
- HIPAA security policies and procedures
- Billing, coding and documentation policies
- Relationships with Industry policy
- Excluded individuals and entities screening procedures

Additional healthcare compliance policies and procedures can be found at [http://ooc.usc.edu/HealthCareCompliance/PoliciesProcedures](http://ooc.usc.edu/HealthCareCompliance/PoliciesProcedures).

**Education and Training**

The USC healthcare compliance program ensures that each employee is made aware of the applicable rules and regulations that impact their professional responsibilities. Education efforts include the following:

**Faculty Provider Education**

All healthcare providers must complete physician billing and HIPAA privacy education programs prior to appointment or reappointment to USC Care Medical Group or the hospitals’ medical staff.

**Practice Group Education**

Each practice group receives annual compliance education. Topics may include billing, coding and documentation requirements conducted by a certified procedural coder/auditor, which include trends of monitoring findings, identified risk areas and education specific to new regulatory requirements. Additional education is provided specific to emerging risk areas, such as relationships with industry and quality.
Healthcare Employee Education

Healthcare employees will receive compliance education upon hire and annually, which will include a review of the Code of Ethics, roles and responsibilities, an explanation of the Help and Hotline and a description of current compliance risk areas.

Internal Monitoring and Auditing

A specific healthcare compliance monitoring plan is established annually to be reviewed by the Integrated Executive Healthcare Compliance Committee and approved by the Hospitals’ Governing Board. The plan will incorporate the monitoring of:

- Risks identified in the OIG Work Plan for hospitals and other healthcare providers;
- Risks identified through previous monitoring results;
- The accuracy of coding, supporting documentation and medical necessity;
- Coding and billing rules and other regulations;
- Contractual agreements for review regarding Stark and Anti-kickback requirements;
- Compliance with selected healthcare compliance policies; and
- Compliance with quality and risk reporting.

Additionally, USC Care Medical Group, USC University Hospital and USC Kenneth Norris Cancer Hospital require USC healthcare providers to be a “member in good standing” with the USC healthcare compliance program as a component of medical staff initial appointment and re-appointment. The definition of a “member in good standing” includes:

- Completion of required compliance education;
- Successful background screening (i.e., not on the government programs exclusion list);
- Successful completion of medical record monitoring, which includes a demonstration of competency with coding, medical necessity and documentation requirements; and
- Completion of an attestation affirming a provider’s agreement to comply with the USC healthcare compliance program.