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Compliance Part of Due Diligence Shows Areas to 'Teach and Unteach'

By Nina Youngstrom

When it's considering the purchase of a physician practice, Dignity Health always asks about its compliance program. They're often small physician groups, with a family member as an office manager, and they may not have a compliance program or internal audits. That will surface during the compliance part of the due diligence process.

"When we say, 'Can you tell us about your compliance program,' nine times out of 10, they say, 'Do you mean HIPAA?'" said Dawnese Kindelt, senior compliance director of Dignity Health, which operates in California, Nevada and Arizona. "With due diligence, we are looking at what we have to teach them and what we have to unteach. You aren't assuming their old risks, but you have to orient them to the new culture."

A small practice may be surrounding itself in risk unknowingly, handing out gift cards and billing all visits at CPT code 99214, and that will have to stop if they assimilate into Dignity Health. It may be a culture shock for physicians, a fact that's kept in mind during the compliance-review process. "They are proud of these practices and are proud of the care they provide and are handing their babies over to someone else. You have to be respectful of the work they put into building their practices," Kindelt said.

The role of compliance in due diligence is to provide information to leaders so they can make strategic decisions about physician acquisitions, joint ventures and other deals, said Kindelt, who spoke at the Health Care Compliance Association's Compliance Institute in April. Dignity Health, which is acquiring practices and focusing on population health, divides due diligence into two sections: prework, when it's contemplating a joint venture or acquisition, and onboarding, when the physician or other entity is being integrated.