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Paul Mayer (pmayer@bonadio.com, [linkedin.com/in/paul-mayer-027710b/](https://www.linkedin.com/in/paul-mayer-027710b/)) is Executive Vice President and Partner at The Bonadio Group's Compliance Solutions Division. With more than 15 years of experience in nonprofit settings, he has held positions of Corporate Compliance Officer, Director of Corporate Compliance, Process Integrity Coordinator, and Case Manager for organizations regulated by local, state, and federal laws.

Developing, implementing, and maintaining effective compliance programs

by Paul Mayer

A compliance program is generally defined as a company's set of internal policies and procedures established to comply with laws, rules, and regulations. Effective compliance programs are essential in mitigating risk and avoiding penalties associated with regulatory requirements. As risk factors increase and the regulatory landscape continues to shift, maintaining an effective compliance program has become more important than ever. That's because the consequences of not following an effective program are serious. Not only can there be significant monetary implications, but even criminal charges—depending on the severity of the offense.

One development highlighting the increased need for effective compliance programs is government audits of provider relief funds. Provider relief funds are any kind of funding provided by the government to hospitals and other healthcare providers to compensate for revenue loss and higher costs associated with the pandemic—as well as other COVID-19 federal stimulus acts and programs. These include the Coronavirus Aid, Relief, and Economic Security Act, the Coronavirus Response and Consolidated Appropriations Act, and the American Rescue Plan Act. To prevent fraud, waste, and abuse, federal agencies are now performing audits, investigating fraud claims, and prosecuting funding recipients accordingly. As a result, organizations must have effective compliance programs in place to ensure they closely follow all stimulus funding regulations.

Other recent developments underscoring the significance of effective compliance programs include regulatory compliance updates. For example, in New York State, the Office of Medicaid Inspector General recently updated the 18 NYCRR Part 521 regulations to meet the New York State Social Service Law Section 363-D amendments.^[1] This provider compliance program covers providers' eligibility to receive medical assistance payments for care, services, or supplies and guidelines for submitting claims.

The updated compliance regulations were finalized on December 28, 2022. Enforcement of these updated regulations began on March 28, 2023—90 days after they became effective. These revisions resulted in several key compliance program regulatory updates, requiring providers to understand and implement these updates to avoid noncompliance penalties.

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