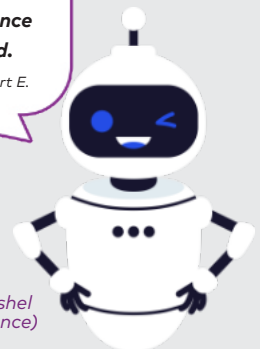


# THE IMPORTANCE OF HEALTHCARE VENDOR MONITORING

*The better the knowledge of OIG Exclusion Monitoring an organization has, the more effectively non-compliance penalties and sanctions can be avoided.*

-Art E.

**Take a read...**



Art E. Fishel  
(Intelligence)

## History of Vendor Exclusion Monitoring

The history of vendor healthcare exclusion monitoring can be traced back to the False Claims Act (FCA) of 1863, which was enacted during the American Civil War to combat fraud by government contractors. The FCA imposes liability on individuals and companies that submit false claims to the government for payment. In 1986, the FCA was amended to include provisions that allow the government to exclude individuals and entities from participating in government programs if they have engaged in certain types of misconduct.

The healthcare industry has been particularly vulnerable to fraud and abuse, and the government has implemented several measures to combat these issues. One such measure is the establishment of exclusion lists that identify individuals and entities that have been excluded from participating in federal healthcare programs, such as Medicare and Medicaid. These exclusion lists are maintained by the Office of Inspector General (OIG) of the Department of Health and Human Services (HHS) and the General Services Administration (GSA).

**Organizations that participate in federal healthcare programs or receive federal funds are required to check these exclusion lists to ensure that they are not doing business with excluded individuals or entities. This requirement is intended to prevent fraud and abuse and to protect the integrity of federal healthcare programs.**

In recent years, there have been several high-profile cases of healthcare fraud and abuse, and the government has increased its enforcement efforts. As a result, organizations that participate in federal healthcare programs or receive federal funds are under greater scrutiny than ever before. Failure to properly check exclusion lists can result in significant penalties and damage to an organization's reputation.

## What is Vendor Exclusion Monitoring

Vendor exclusion monitoring is the process of regularly checking the exclusion lists maintained by various government agencies to ensure that your vendors and contractors are not listed as excluded or barred from doing business with the government. This is an important compliance activity for organizations that do business with the government or receive federal funds.

The requirements for vendor exclusion monitoring vary depending on the industry and the regulations that apply. However, here are some general requirements to consider:

- **Frequency:** Vendor exclusion monitoring should be conducted at least once a year, but it is recommended to check the exclusion lists monthly or quarterly.
- **Applicability:** Vendor exclusion monitoring applies to all vendors and contractors with whom you do business or plan to do business with.
- **Scope:** The exclusion lists to be checked may vary depending on the industry and the regulations that apply. For example, the System for Award Management (SAM) is a database of all vendors and contractors doing business with the federal government, while the Office of Foreign Assets Control (OFAC) maintains a list of individuals and entities that are subject to economic sanctions.
- **Verification:** When conducting vendor exclusion monitoring, it is important to verify the identity of the vendors and contractors against the exclusion lists. This can be done by collecting the necessary information from the vendor or contractor, such as their legal name, address, and tax identification number.
- **Documentation:** It is important to document the results of the vendor exclusion monitoring process, including the date of the check, the exclusion lists checked, and the results of the check. This documentation should be retained for a period of time as required by applicable regulations.

## What are the Penalties

The penalties for not checking exclusion lists can vary depending on the specific regulations that apply to your organization and the severity of the violation. Here are some potential consequences:

- **Fines:** If your organization is found to be in violation of exclusion list regulations, you may be subject to fines. The amount of the fine can vary depending on the severity of the violation, and fines can range from a few thousand dollars to millions of dollars.
- **Contract Termination:** If your organization is found to be in violation of exclusion list regulations, your contract with the government may be terminated. This can result in a loss of revenue for your organization.

- **Suspension and Debarment:** If your organization is found to be in violation of exclusion list regulations, you may be suspended or debarred from doing business with the government. This can prevent your organization from bidding on future contracts, which can have a significant impact on your bottom line.
- **Criminal Penalties:** In some cases, violations of exclusion list regulations can result in criminal penalties. This is more likely to occur if your organization knowingly and willfully violated the regulations.
- **Civil Liability:** Your organization may be subject to civil liability if you fail to check exclusion lists and do business with a vendor or contractor who is on the list. For example, if a vendor on an exclusion list provides faulty products or services, your organization could be held liable for damages.

One such example is the case of Tenet Healthcare Corporation. In 2006, Tenet Healthcare Corporation paid \$900 million to settle allegations that it had submitted false claims to Medicare and Medicaid. The claims were based on services provided by physicians who had been excluded from government healthcare programs due to prior misconduct. Tenet Healthcare Corporation had failed to properly screen the excluded physicians and had continued to bill government healthcare programs for services provided by these physicians.

Another example is the case of Kellogg, Brown, and Root (KBR), a subsidiary of Halliburton. In 2010, KBR paid \$579 million to settle allegations that it had violated the False Claims Act by billing the government for services provided by subcontractors who were on the government's exclusion list. KBR had failed to properly check the exclusion lists and had continued to use these subcontractors to provide services to the government.

These cases illustrate the importance of proper exclusion list monitoring and the potential consequences of failing to do so. It is essential for organizations that do business with the government or receive federal funds to regularly check exclusion lists to avoid penalties and ensure compliance with applicable regulations.

### **Difficulties with Vendor Exclusion Monitoring**

Exclusion lists contain large amounts of data, and there can be many variations in how a vendor's name or other identifying information appears. This can lead to false positives, where a vendor is flagged as being excluded even though they are not. False positives can be caused by simple typos or inconsistencies in data, as well as more complex issues such as name changes or mergers and acquisitions.

To avoid false positives, vendor exclusion monitoring requires careful attention to detail and a thorough understanding of exclusion list requirements. This can be a time-consuming and resource-intensive process that requires significant effort to ensure accuracy and completeness.

By outsourcing vendor exclusion monitoring to a specialized service provider, organizations can benefit from the provider's expertise and experience in managing false positives. Service providers may use advanced technologies such as artificial intelligence and machine learning to help identify and filter out false positives, reducing the burden on internal staff and improving the accuracy and efficiency of the monitoring process.

Overall, while vendor exclusion monitoring is a critical compliance task, it can be challenging and labor-intensive, especially when dealing with false positives. Outsourcing this task to a specialized service provider can help organizations manage the complexity of exclusion list requirements and improve the accuracy and efficiency of their monitoring efforts.

## **THE EXCLUGO DIFFERENCE**

### **How Artificial Intelligence (AI) can assist with Vendor Exclusion Monitoring**

Artificial Intelligence (AI) can assist with some of the labor-intensive tasks associated with vendor exclusion monitoring. Here are some ways that AI can be used to improve the monitoring process:

- **Automated data matching:** AI-powered algorithms can automate the process of matching vendor data against exclusion lists, which can significantly reduce the time and effort required for manual data entry and matching. AI can also help to identify variations in vendor names and other identifying information, which can reduce the risk of false positives and increase the accuracy of monitoring results.

- **Data analysis:** AI can be used to analyze large volumes of data and identify patterns and trends that might be difficult to spot manually. This can help organizations to identify potential compliance issues and take action to address them before they become more serious.
- **Risk assessment:** AI can be used to assess the level of risk associated with each vendor and prioritize monitoring efforts accordingly. By assigning risk scores to vendors based on factors such as their history of compliance issues, the nature of their work, and the level of interaction they have with patients or other sensitive data, organizations can focus their monitoring efforts on the vendors that pose the highest risk.
- **Reporting and alerts:** AI can be used to generate automated reports and alerts when potential compliance issues are identified. This can help organizations to respond quickly to potential issues and take appropriate action to address them.

### **Exclugo Incorporates the Power of AI into Vendor Monitoring**

Exclugo uses artificial intelligence (AI) as part of our vendor exclusion monitoring program to help automate and streamline certain tasks and processes, and to enhance the accuracy and efficiency of our monitoring services.

Here are some of the ways that we use AI in our vendor exclusion monitoring program:

1. **Natural Language Processing (NLP):** Exclugo uses NLP to analyze and understand the natural language used in exclusion list records. This allows us to accurately identify matches to vendor names and other identifying information, even when there are variations or misspellings.
2. **Machine Learning:** Exclugo uses machine learning algorithms to continuously improve the accuracy of our exclusion monitoring services. Our algorithms learn from past matches and non-matches, and adjust their matching criteria over time to improve accuracy and reduce false positives.

Overall, Exclugo's use of AI helps to automate and streamline certain tasks and processes, while also enhancing the accuracy and efficiency of our monitoring services. By combining AI with expert support and a user-friendly interface, Exclugo provides a comprehensive solution for managing compliance risks and ensuring regulatory compliance.

Exclugo is a vendor exclusion monitoring service that offers a number of features that set it apart from other monitoring solutions. Here are some of the key differences:

- **Real-Time Data:** Exclugo utilizes cutting-edge technology to continuously scan and monitor various exclusion lists, such as the Office of Inspector General (OIG) List of Excluded Individuals/Entities (LEIE) and the System for Award Management (SAM) Exclusion List, as well as individual state databases.
- **Comprehensive monitoring:** Exclugo monitors more than 50 federal and state exclusion lists, as well as sanction and debarment lists from international organizations. This comprehensive approach helps to ensure that organizations are fully compliant with exclusion list requirements, no matter where their vendors are located.
- **Customizable monitoring:** Exclugo allows organizations to customize their monitoring based on their specific needs and requirements. Users can set up automated monitoring schedules, select which lists to monitor, and choose which vendors to monitor based on risk level or other factors.
- **Advanced filtering:** Exclugo uses advanced filtering technology to reduce the number of false positives, which can be a significant issue with exclusion monitoring. By filtering out matches that are likely to be false positives, Exclugo helps organizations to focus their resources on the vendors that pose the highest risk.
- **User-friendly interface:** Exclugo's user-friendly interface makes it easy for organizations to manage their exclusion monitoring activities. Users can quickly view their monitoring results, access detailed reports, and track their compliance status over time.
- **Expert support:** Exclugo provides expert support to help organizations navigate the complexities of exclusion monitoring. Their team of compliance experts is available to answer questions, provide guidance, and help organizations stay up-to-date with the latest regulatory requirements.

Overall, Exclugo offers a comprehensive, customizable, and user-friendly solution for vendor exclusion monitoring. With ad-

## Unique Identifiers (UI)

Exclugo uses advanced filtering technology to help limit false positives and increase the accuracy of vendor exclusion monitoring results. One way we do this is by associating unique identifiers to each vendor to reduce the risk of matching errors.

When monitoring exclusion lists, it's common to encounter variations in vendor names and other identifying information. This can lead to false positives when vendors are incorrectly identified as matches to exclusion list records. To address this issue, Exclugo associates unique identifiers to each vendor, such as Tax IDs or NPI numbers. These identifiers help to ensure that vendors are accurately matched to exclusion list records, even if there are variations in their names or other identifying information.

By using unique identifiers, Exclugo can significantly reduce the number of false positives that occur during the monitoring process. This helps organizations to focus their resources on the vendors that pose the highest risk and avoid wasting time and money on false alarms.

Overall, Exclugo's use of unique identifiers is just one of the many ways we help to increase the accuracy and efficiency of vendor exclusion monitoring. By combining advanced filtering technology with expert support and a user-friendly interface, Exclugo provides a comprehensive solution for managing compliance risks and ensuring regulatory compliance.



For any follow up questions or comments,  
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