COMPLIANCE RESOURCE CENTER

The Ultimate Guide to Engaging a Hotline Vendor

The U.S. Sentencing Commission Guidelines and HHS Office of Inspector General Compliance Guidance (OIG) call for a hotline, and results from our 2024 Healthcare Compliance Benchmark Survey show that most organizations outsource their hotline. But with more hotline vendors than ever, how can healthcare compliance teams be confident they are getting the best possible service at a fair cost?

This article explores how you should evaluate prospective hotline vendors. It will equip leaders with a comprehensive process to ensure their vendor meets all requirements – and offers the best deal possible. But first, let's establish why so many healthcare organizations outsource in the first place.

Why Outsource Your Compliance Hotline in Healthcare

A compliance hotline is an avenue through which employees can safely report potential regulatory violations or compliance failures without fear of retribution. In ordinary circumstances, staff might avoid reporting a potential or actual violation of law, regulation, or internal policies and procedures to their employer for fear of retaliation (e.g., losing their job); for example, 30% of cybersecurity professionals have avoided reporting a data breach because they feared personal repercussions.

But running such hotlines creates three clear problems:

- **Staffing Challenges:** Regulatory guidance highly recommends that Hotlines operate 24/7 to allow for around-the-clock reporting, and most organizations struggle to hire qualified FTEs to handle that burden. For vendor lead hotlines, operators oversee the hotline as their sole responsibility.
- **Ineffective Training:** Internal staff, especially those answering calls part-time, often lack proper training and experience to manage the process well.. Most vendors have trained their operators on how to take an effective report (e.g., tone, questions to ask, details to include in reports, maintaining and reinforcing confidentiality and anonymity).

- **Budget Limitation: T**he cost of operating an internal hotline is often prohibitive. From creating space where calls can be taken anonymously to the extra staffing costs required, running a hotline will put a big dent in most compliance budgets.
- **Hotline Efficacy:** Hotlines only work if your staff feel their identity is anonymous and their jobs are safe. This presents a problem - especially in smaller organizations - where those answering the call may recognize those reporting problems or fear that their reports will be held against them. In fact, enforcement agencies often question the credibility and effectiveness of internal hotlines.

Outsourcing hotline management eliminates these problems and enables healthcare organizations to gain the full benefit of a compliance hotline.

Yet this presents a new challenge: how to identify the best possible vendor for your hotline.

5 Steps to Evaluate Hotline Vendors

The following process ensures compliance leaders have considered prospective vendors from every important angle:

1. Reputation and Suitability

Begin your evaluation process by looking at each vendor's industry reputation and background. There are three core factors to consider:

- **Industry Expertise:** Seek vendors with knowledge, experience, and understanding in handling specific types of complaints and concerns unique to the healthcare sector. Those vendors generalized to all sectors will have operators who may not understand how to fully debrief and develop necessary details.
- **Track Record:** Hotline vendors come and go. It is easy to "hang out the sign," but succeeding in this rapidly evolving technology arena, especially for web-based reporting, is a challenge most cannot meet. On average, new vendors usually fade from the scene within about five years. Select a time-tested vendor with ten or more years of experience.
- **References:** Ask vendors to provide references to verify their experience, reliability, and quality of service.

These factors will eliminate a large number of vendors – leaving you with a far more manageable shortlist of companies to consider in more detail.

2. Operational Factors

The next step is to assess how the vendors' hotlines operate – and whether they meet all your requirements. These are the bare minimum requirements for a hotline operator:

- **24/7 Availability:** All vendors being considered should meet the standard of having operators answering calls 24 hours a day, 365 days a year. Many of the most significant and urgent calls will come outside normal working hours or on weekends.
- **Healthcare Knowledge:** Live operators who answer calls 24/7 should understand healthcare issues and be trained in carefully debriefing concerned callers reporting on sensitive matters. They should have back-up support when addressing difficult matters.
- **Customer Service/Support:** Vendor responsiveness to your hotline needs is very important. If something comes up, will there be a responsible live human being available with whom you can communicate issues and concerns? There should be regular communication and updates on hotline activity, as well as training and guidance on how to effectively use the hotline.
- **Policies & Procedures:** Vendors should assist with providing operating protocols and policies for taking appropriate action on allegations and complaints received through the hotline.
- **Quality Control:** The vendor should have continuous monitoring and quality checks on how well their staff manages callers and prepares high-quality written reports. This is vital for maintaining high standards.
- **Multilingual Capability:** Today's workforce includes many employees whose native language is not English; vendors must be able to converse with callers in many languages. As such, asking whether the vendor has this capability is a reasonable question.
- **Multiple Channels**: In today's world, live operator service alone is not adequate. Reporters today are split on reporting through live operators and a web-based system. A vendor must be able to provide multiple channels for reporting that include taking live operator calls as well as web-based reporting. Having either approach alone has deficiencies that undercut value.

All this ensures the hotline is able to operate properly and fulfill its purpose – that of enabling safe and anonymous reporting.

3. Reporting Capabilities

Now, consider the full range of reporting capabilities and how they will fit within your larger compliance program. There are numerous factors to look at here, including:

- **Report Delivery**: The manner in which the report is delivered is important. There are security issues with reports sent by facsimile or email, in that others may gain access to information being sent. Insist on secure web-based reporting to a secure address with notification of a report being provided via email.
- **Timely Notification:** Insist on the provision in the agreement that requires a full written report within one business day of receipt of the call. For urgent matters, immediate notification is needed.
- **Urgent Reports:** There is also the problem of the recipient being away, in transit or simply at a meeting when serious and urgent issues arise, warranting immediate attention. The vendor should have the phone numbers and email addresses of authorized report recipients to permit direct contact for urgent matters and to provide verbal information about what is being sent through channels. It is important to have primary and secondary contacts to be contacted, especially during off hours or on weekends.
- **Reporting Clarity:** Reports should not be cryptic bullet points but provide detailed information that clearly defines the nature of issues reported and provides logical leads for acting upon that information. This also enables you to identify patterns and trends.
- **Report Presentation:** Written reports must be clear, concise, and logically presented to permit proper action. Discuss with the vendor the process by which staff are trained in report preparation and delivery.
- **Integration:** It is desirable for the hotline vendor to be able to integrate the delivery of reports with the client delivery system.

Vendors that meet all these criteria are rare, but this is still not enough to identify the perfect hotline provider.

4. Data Protection

All hotline services must adhere to the most stringent data privacy rules; your program is still subject to HIPAA requirements. Vendors are only safe to work with if they cover the following areas:

- **Privacy Partnerships:** In the healthcare sector, there is always the potential for protected health information (PHI) to be included in calls made to the hotline. As such, the vendor should execute a Business Associate Agreement (BAA) to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA). Robust data privacy policies, including confidentiality agreements and background checks for employees, are also essential to protect sensitive information. In the healthcare sector, there is always the potential for protected health information (PHI) to be included in calls made to the hotline. As such, the vendor should execute a Business Associate Agreement (BAA) to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA). Robust data privacy policies, including confidentiality agreements and background checks for employees, are also essential to protect sensitive information.

- **Data Security:** Ensure the vendor has secure data storage and encryption practices to ensure that standards are met, protect anonymity, and comply with applicable regulations.
- **Confidentiality and Anonymity:** A critical factor for any hotline vendor is possessing strong confidentiality and anonymity features. Both the DOJ and OIG stress the importance of protecting those contacting the hotline. Strong controls, operator training, and processes are important features to consider.
- **Message Encryption:** 70% of employees said they would be more likely to report issues to their hotline if there was a truly anonymous method. An encrypted messaging system will allow you to stay in contact with the anonymous submitter so you can get additional information while also ensuring psychological safety and protection from retaliation to the feedback submitter.

Any vendor that meets all these requirements should be considered a real contender – and can now be evaluated in pure business terms.

5. Financial and Vendor Management Factors

The final question to ask of a prospective hotline vendor is simple: Is this the best possible partner from a business perspective? You want to maximize service while minimizing costs, risks, and unnecessary management challenges – and that involves evaluating multiple areas:

- **Cost**: Hotline vendor costs range widely. For budgetary and control purposes, it is useful to engage a vendor at a set rate and not a variable that may run costs far higher than is needed. Depending on the size of the employee population and other variables, the cost should be around $2/employee/year or less, along with any set-up fees.
- **Hidden Fees:** Know what you are about to pay for and avoid hidden fees. Ask a vendor about what support, customization, and enhancements are included in their service, as well as whether there are any other potential costs for added services. This is critical for budgetary concerns.
- **Added Services:** The best-qualified vendors usually offer added-value services at no extra cost. Knowing what these services are is important as they may provide significant value.. Knowing what these services are is important as they may provide significant value.
- **Vendor Management:** Few things are more frustrating than trying to get someone to address a question or concern, whether it is a billing, contract, or report issue, or answering a simple clarifying

question. Ask whether there will be a single client manager or other contact person who is easily accessible and who manages your contract.

- **Contract Termination:** Clients should be retained by good service, not by contracts. Avoid contracts that trap clients in term contracts that do not permit cancellation by a 30-day simple written notice.
- **Partnership Services:** The difference between a good and great hotline partner is more than the features of the service offered. The vendor should keep you up to date on hotline-related issues. They should also be prepared to assist in educating people on how to manage call reports, receive feedback, and respond to issues reported. on how to manage call reports, receive feedback, and respond to issues reported.

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