11 Tips for an Effective Compliance Hotline Operation

Shelby Cole | July 2024

Effective compliance communication is critical to effective compliance programs and must include a hotline operation. It is a program that enables employees to report concerns, suspected and potential violations of laws, regulations, policies, Code of Conduct, or other wrongdoing by phone, email, website, text message, or any other appropriate form of communication.

The goal is to encourage employees to report wrongdoing and to create, nurture and promote a culture of integrity and compliance. The quality of the hotline operation and how effectively it is communicated to employees will significantly impact whether an individual first reports internally or to a regulator, attorney, media, or other outside authority. The following are suggestions and tips to consider in ensuring the hotline function operates effectively:

1. **Communicate hotline awareness.** To be truly effective, the availability of the hotline and how it works needs to be actively promoted. It should be addressed in the Code of Conduct with additional guidance in policy documents. In addition, it should be promoted with posters in work areas, newsletters, fliers, emails, etc. For those organizations with an Intranet, the description of the availability and means of using the hotline should be available there. Availability of the hotline and employee duty to report should be a significant part of compliance education and training programs.

2. **Tone at the top.** The board and management leadership must set a positive 'tone at the top' for the duty to report suspected wrongdoing, making employees feel less intimidated when they decide whether to report internally or to outside parties. The message should underscore protection against retaliation for reporting in good faith.

3. **Provide alternative reporting methods.** Employees should be encouraged to report concerns through management channels or directly to the compliance office, HR, or legal counsel with the option of using the hotline.

4. **Confidential and anonymous reporting options.** The U.S. Sentencing Commission, OIG, and DOJ all make it clear that employees who report potential violations and wrongdoing have their confidentiality maintained and have protection against retaliation and be given the option of reporting anonymously. This permits individuals to decide which method of reporting provides the best reassurance when making a report. These options should be spelled out in policy documents.

5. **Warrant non-retaliation for reporting.** Those making reports must be guaranteed they will not be subject to any retaliation. A separate policy documentdescribing this is important.

6. **Establish a formal duty to report policy.** Reporting wrongdoing should not be an option but a duty. It should be made clear that anyone knowing potential violations must report them and that failure to do so could result in adverse action being taken. It is advisable to consider a policy document on this subject.

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7. **Call management system**. This begins by having a log of all calls received that describes, in general, the nature of the information provided, when it was received, to whom action was assigned, how it was resolved, and when. This is critical for control, management, and evidence of proper handling of information.

8. **Establish a process for investigating complaints and allegations.** It is advisable to have a policy that describes the process by which hotline complaints and investigations are addressed. This should include how matters would be investigated and by whom. For example, most hotline complaints involve matters that fall to HR for resolution. The jurisdiction between the compliance office and HR should be spelled out in a policy document.

9. **Hotline vendors.** Most healthcare organizations use a vendor to manage their complaint intake process. Employees better trust reporting to individuals outside the organization. Also, it is the only cost-effective means to provide live, professionally trained operators to answer calls 24/7. Any vendor being considered for this service should also provide web-based reporting. It is a best practice to have in the contract the right to terminate the contract at any time and to have the service at a fixed fee to enable budgeting the costs.

10. **Analyzing hotline information.** Information from the hotline should be reviewed for trends, root cause analysis of identified problems, and any locations or programs most frequently implicated in the reports.

11. **Hotline Monitoring and Auditing.** As with all programs, the hotline operation should be monitored and periodically audited to evaluate and test how calls are received, recorded, and managed accurately and timely. This includes (a) the hotline log is being properly maintained, (b) all calls are being fully documented, (c) verifying all reports are being acted upon appropriately, (d) caller confidentiality is being protected, and (e) needed remedial actions have been taken.

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