



Managing the Challenges of Vendor Sanction Screening

Richard P. Kusserow | August 2024

Tips for Compliance Officers in Overcoming Vendor Sanction Screening Challenges

Compliance officers must screen all vendors and contractors against the Office of Inspector General's (OIG) List of Excluded Individuals and Entities (LEIE) to ensure that excluded parties are not providing services that are paid for by federal health care programs, pursuant to Section 1128 and 1156 of the Social Security Act. Under the Balanced Budget Act (BBA) of 1997, civil monetary penalties (CMP) can be imposed for providers or entities that enter into prohibited contracts for items or services that are paid for by federal healthcare programs. The Affordable Care Act (ACA) also modified and expanded OIG's permissive exclusion authority to allow the OIG the authority to fine any party that contracts with an excluded vendor or contractor. The [OIG Special Advisory Bulletin on the Effect of Exclusion from Participation in Federal Health Care Programs](#) describes how exclusions can be violated, and it reviews the administrative sanctions the OIG can impose on those who have violated an exclusion.

Administrative sanctions may include a CMP of \$10,000 for each claimed item or service furnished during the period that the person was excluded. The individual may also be subject to an assessment of up to three times the amount claimed for each item or service. In carrying out the screening mandates, the OIG recommends reviewing each vendor job category or contractual relationship to determine if the item(s) or service(s) are directly or indirectly, whole or in part, payable by federal healthcare programs. If the item(s) or service(s) are found to be payable by federal health care programs, then all persons that perform services under that contract should be screened.



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Sanction Screening Best Practices

[Jillian Concepcion](#) is a highly experienced compliance consultant with extensive knowledge on compliance sanction-screenings. Ms. Concepcion notes that using a screening tool does not resolve the biggest and most costly screening problem – resolving *potential* hits. Sanction screening websites often include many common names. Many names are also transliterated from Cyrillic, Arabic, Chinese, Japanese, and other languages that do not use the Latin alphabet which creates multiple false hits. Further, there is the issue of name changes, which is common among women. Therefore, it is extremely important to have as much identifiable information on vendors and contractors as reasonably possible to confirm a potential hit. The only way to have conclusive verification is with unique identifiers, such as Employee & Tax Identification Numbers (EINs and TINs), Social Security Numbers (SSNs), and State License Numbers. Unfortunately, various agencies with sanction screening authority use different identifiers. Most vendor and contractor potential hits come from the General Services Administration (GSA) Excluded Parties List System (EPLS), which actually has the least amount of verifiable data.

When there is no unique identifier to conclusively match a party to a sanction list, other information can be used to decrease or increase the likelihood of a match. For example, if the name and birth date match a sanctioned party, the likelihood is higher that the finding is a match. This would also be true if a name and medical specialty or location of a party matches information on sanction data. As such, this is critical additional information to gather. Thus, the verification process can be very complicated, labor intensive, and costly. It requires the use of many investigative tools to resolve potential hits.

Compliance officers may wish to use the following tips and best practices to manage their [vendor sanction screening process](#):

1. Establish a location for all vendor and contractor data;
2. Ensure all information is up to date, complete, and accurate;
3. Create a [documented compliance policy](#) that requires the screening of all vendors and contractors, if applicable, that provide medically related products or services payable by federal health care programs;
4. Screen at initial hire or engagement and monthly thereafter;
5. Determine which databases to use for sanction screening;
 - OIG is only interested in screening against the LEIE
 - 40 states have Medicaid sanction databases
 - CMS calls for screening against the GSA EPLS

6. Consider relying on [sanction screening vendors or contractors](#) to conduct screening for applicable persons, but require and maintain screening documentation to ensure that screening was conducted; and
7. Maintain key information about vendors and contractors to resolve potential hits, such as:
 - Full identification including legal and DBA names;
 - Physical addresses;
 - Ownership of entities with whom business is conducted;
 - List of services or products being provided; and
 - Any unique identifiers.

Interested in learning more about sanction screening? Contact Shelby Cole at scole@complianceresource.com.



About the Author

Richard P. Kusserow established Strategic Management Services, LLC, after retiring from being the DHHS Inspector General, and has assisted over 2,000 health care organizations and entities in developing, implementing and assessing compliance programs.