

# 5 Healthcare Compliance Red Flags

AN INFORMATIVE GUIDE BY  
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# Consider this

When investors contemplate healthcare mergers and acquisitions, knowing the compliance red flags that could arise during due diligence is vital. Healthcare organizations may be exposed to financial loss or legal risks without proper care and attention.

Here are **five healthcare compliance red flags** to look out for...

# 01

## **Poor Document Retention Practices**

Documents related to healthcare operations must be retained to demonstrate compliance with applicable laws and regulations.

Any gaps in document retention could leave an organization vulnerable to regulatory action.

# 02

## **Inadequate Internal Controls or Monitoring**

Healthcare organizations should have well-defined internal controls and monitoring in place to ensure proper accounting and reporting of healthcare operations.

If internal controls are inadequate or not functioning correctly, healthcare organizations could be exposed to regulatory or financial risks.

# 03

## **Unclear Compliance Policies/Procedures**

Healthcare organizations must have written policies and procedures that define their compliance program.

These policies and procedures must be kept up-to-date and communicated throughout the organization to avoid any compliance violations.

# 04

## **Inadequate Training**

All healthcare personnel should receive regular training on healthcare-related topics such as HIPAA, coding and billing, patient privacy, etc.

Failing to do so could expose healthcare organizations to legal and financial risks.

# 05

## **Poor Risk Assessment Practices**

Healthcare organizations must conduct a thorough risk assessment of all healthcare operations to identify potential areas of non-compliance that need immediate attention.

With proper risk assessment processes, healthcare organizations may address compliance issues before an audit or investigation.

# Consider it again

Healthcare compliance should not be taken lightly, as it can have severe repercussions for healthcare organizations. Healthcare organizations must be aware of the five healthcare compliance red flags outlined above to ensure they remain compliant with all applicable laws and regulations.

It's also essential for healthcare organizations to consult a healthcare compliance expert as part of their due diligence process when considering healthcare mergers and acquisitions. Compliance experts can assist with identifying any potential regulatory pitfalls or areas of non-compliance that may arise from the transaction. These steps will help healthcare organizations minimize the risk associated with mergers and acquisitions.