

Relationship of the Theory of Regulatory Compliance, Key Indicators, & Risk Assessment Rules with Weights and Compliance Data

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There is a relationship between general regulatory compliance levels, weights and how these work within the risk assessment and key indicator differential monitoring approaches. What generally happens is that there are high compliance levels with high risk assessment/weighted rules and with moderate weighted rules and low compliance levels with more low weighted rules which led to the Theory of Regulatory Compliance and an emphasis on substantial regulatory compliance. This is a general pattern and there are exceptions to every rule. Please see the chart below which depicts this relationship.

The reason for pointing this relationship out is for policy makers and researchers to be cognizant of these relationships and to be alert for when certain rules do not follow this pattern. Regulatory compliance data are very quirky data and because of its non-parametric characteristics can be difficult to analyze. I know that these results and relationships may seem self-evident, but they need emphasis because it is easy to overlook the obvious and to miss "the forest in looking at the trees".

Compliance	Weights	Approach	Violation of Approach
High	High	Risk Assessment Rules	Low Compliance with Rule
High - Medium	Medium	Key Indicator Rules	False Negatives
Medium	Low	Substantial Compliance	100% Compliance with all Rules

Let's walk through this chart.

High compliance means being in compliance with all or a substantial number of rules, but always keep in mind that when we are discussing regulatory compliance, being in high compliance means 100% - 99% in compliance with all rules. This is a very high standard and most programs can achieve these levels.

Medium compliance is still rather high regulatory compliance (98% - 97%) and is generally considered a high enough level for issuing a full license with a brief plan of correction. This is a level that is considered legally to be in substantial compliance with all rules. This regulatory result of substantial compliance led to the Theory of Regulatory Compliance and the public policy suggestion that substantial and not full (100%) regulatory compliance is in the best interests of clients. Low regulatory compliance, although not part of the chart above, happens very rarely. Programs that do not meet basic health and safety rules are issued cease and desist orders and are put out of business.

High weights are rules that place clients at greatest risk and should never be out of compliance. These are the Risk Assessment Rules that are always reviewed when a licensing inspection is completed, either when a full or abbreviated/differential monitoring visit is conducted. A licensing inspector does not want to leave a facility without having checked these rules.

Medium weights are rules that are very important but do not place clients at greatest risk. They generally add to the well-being of the client but will not jeopardize their health or safety. Generally, but not always, we find these rules as part of a licensing key indicator abbreviated inspection in a differential monitoring visit. For whatever reason, facilities in high compliance generally have these in compliance and facilities in low compliance generally have these out of compliance or not in compliance. These are our predictor rules that statistically predict overall regulatory compliance.

Low weights are rules that do not have a real risk impact on the client. They are generally paper oriented rules, record keeping type rules. A lot of times they make it into the Key Indicator Rule list because it has to do with attention to detail and at times this will distinguish a high performing provider from one that is not doing as well. However, it can also have the opposite effect and these rules can "muddy the waters" when it comes to distinguishing between really high performing facilities and facilities that are just mediocre by contributing to data distributions that are highly skewed and difficult to find the "best of the best". Licensing researchers and policymakers need to pay attention to this dichotomy.

Risk assessment rules are those rules which have been identified as the most critical in providing the safeguards for clients when in out of home facilities. These rules are very heavily weighted and usually always in compliance. A violation of this approach is finding low compliance with specific risk assessment rules. These rules constitute approximately 10-20% of all rules.

Key indicator rules are those rules which statistically predict overall compliance with all rules. There is a small number of key indicator rules that are identified, generally less than 10% of all rules. These rules are in the mid-range when it comes to their weights or risk factor. And the rules are generally in high to substantial compliance. A violation of this approach is finding a facility in compliance with the key indicator rules but finding other rules out of compliance or the facility in the low group. (Please go to the following website for additional information <http://RIKInstitute.com>)

Substantial compliance is when the majority of the rules are in compliance with only a couple/few rules being out of compliance which are generally low weighted rules, such as paper driven rules. These rules are in the low-range when it comes to their weights or risk factor. Nice to have in place in being able to say we have "crossed every 't' and dotted every 'i'" but not critical in protecting the health, safety and well-being of the client. A violation of substantial compliance would be requiring full (100%) compliance with all rules.

This short RIKI Technical Research Note (#71) provides some additional guidance and interpretation of how particular patterns of licensing data impact and relate to each other. It is provided because of the nuances of regulatory compliance/licensing data which have limitations from an analytical perspective (Please see the RIKINotes blog on the RIKInstitute.com website).

Here is another way of looking at the chart presented on page 1 which incorporates all the elements elaborated in the chart: **Compliance, Weights, Approach, and Violation of the Approach (V).**

			Weights	
		High Risk	Medium Risk	Low Risk
Non-	High NC	VRA	False Negative	TRC
Compliance	Medium NC		Key Indicators	
(NC)	Low NC	Risk Assessment	False Positive	VTRC

VRA = Violation of Risk Assessment; VTRC = Violation of Theory of Regulatory Compliance.

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