

Conducting an Internal Investigation: Managing Messages, Risks and Outcomes

Hypothetical

We will discuss the following hypothetical during our webinar. You may wish to have this document available during the program.

ZZ Hearing Aid Corporation, a publicly-traded company, is the largest seller of hearing aids in the United States. ZZ has a large sales team that markets its products to Ear, Nose and Throat physicians (ENTs). One member of the sales team is Sid Prokwo. Sid's sales territory covers California. Many of the physicians who are contacted by Sid care for patients who participate in California's Medicaid program. California Medicaid pays ZZ for hearing aids supplied to Medicaid recipients when the hearing aids are prescribed by an ENT. Medicaid recipients may need hearing aids in one or both ears depending on the extent of hearing loss. California Medicaid pays more for binaural (two) hearing aids than for a monaural (one) hearing aid. Of course, ZZ's sales increase when a physician orders binaural hearing aids for a patient.

ZZ has a written compliance program that instructs its sales team not to encourage physicians to prescribe binaural rather than monaural hearing aids when binaural hearing aids are not medically necessary. Sid is well aware of ZZ's compliance plan, but he is also painfully aware that he hasn't received a bonus in the past 3 years. Sid's supervisor has told Sid he's likely to get a big bonus this year if his sales volume increases by 20 percent or more. Thus, Sid has been offering physicians free golf trips if they prescribe at least 20 ZZ binaural hearing aids per month.

Bill Wright is another ZZ salesman. Bill's sales volume has been lower than Sid's volume. At ZZ's weekly sales meeting, Bill has heard endless praise for Sid's performance and repeated criticism from the sales manager that Bill is not keeping pace with Sid. Bill can't bear the thought of seeing the smirk on Sid's face when Sid is declared the sales leader at next week's meeting. This has led Bill to investigate how Sid has managed to be the top ZZ salesman for the last several months. Bill has discovered Sid's sales "technique" and now reports his discovery to you, ZZ's compliance officer. What do you do?