The Purpose and Goals of Risk Management

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RehabCare®

Enthusiasm without knowledge is like running in the dark.

Unknown

Objectives

I.   Overview Of Risk Management As a Concept.

II.   What Is the Purpose of Risk Management and What Are Its Goals?

III.   Define How the Goals of Risk Management Impact the Health Care Facility.

IV.   Tips for Structuring an Effective Risk Management Department.

I.   Questions.

The Purpose and Goals of
Risk Management
in the
Health Care Setting

Risk Management in the Health Care Organization

Risk Management was introduced into the health care industry in response to the "malpractice crisis".

- Hospitals were facing higher settlements and more plaintiff verdicts.

- Higher insurance rates.

- Decreased availability of some specialties.

Risk Management

"…the process of making and carrying out decisions that will assist in the prevention of adverse events and minimize the effects of those events.

Risk Management

Two terms prevalent in risk management literature as defined by the International Risk Management Institute, Inc. (1991), are:
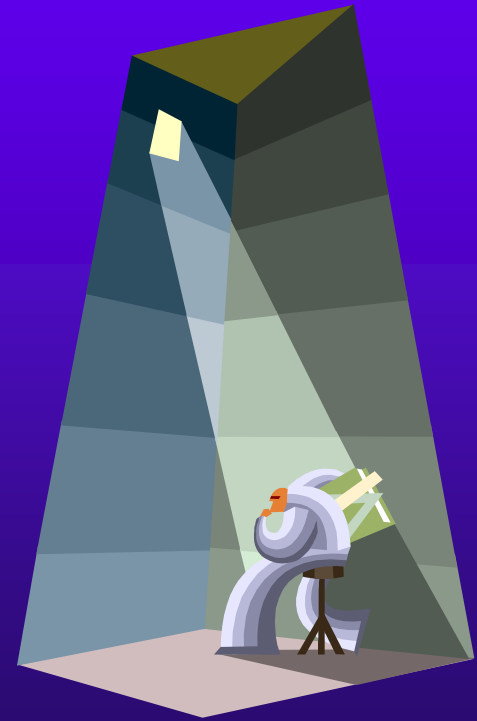
Risk: "Uncertainty arising from the possible occurrence of a given event".

Exposure: "A state of being subject to loss because of some hazard or contingency".

Risk Management in the Health Care Setting

Historically, health care organizations managed risks in a reactive manner.

Each department worked independently to resolve its own issues.

Risk Management in the Health Care Setting

This lack of centralized reporting led to disparate, duplicative efforts and unnecessary spending.

Relevant trends and patterns were overlooked because it never occurred to one department to share certain information with another.

The study of overall data was difficult or impossible.

For Example:

The lab implements a process to reduce labeling errors in response to repeated patient incidents; however, nursing was not part of the development process, as a result:

- The process required multiple revisions;
- Patient safety was compromised by the repeated revisions; and
- Additional costs were incurred because of the duplicative efforts.

Risk Management in the Health Care Setting

Turbulent economic times led health care organizations to take a broader perspective on managing risks.

- *Tort Reform was the lawmakers' response to the turbulent economic times.*

There has been a SHIFT from "reactive risk management" to "strategic risk management".

Strategic risk management utilizes a <u>centralized incident management and/or reporting system</u>.

Risk Management in the Health Care Setting

A Centralized Incident Management and Reporting System:

- Improves communication and insight between collaborating departments.

- Reduces and contains risks, cuts costs and improves process efficiency.

- Trending and analyzing incident data keeps the health care organization one step ahead of the issues they face.

For Example

♦ A patient suffers an injury as a result of receiving treatment based upon erroneous lab values.

♦ An incident report is filed:

  ➢ Old Method – No collaboration between departments.

  ➢ Using a <u>centralized incident management and reporting system</u> = collaboration between nursing and lab to determine where the process breakdown took place.
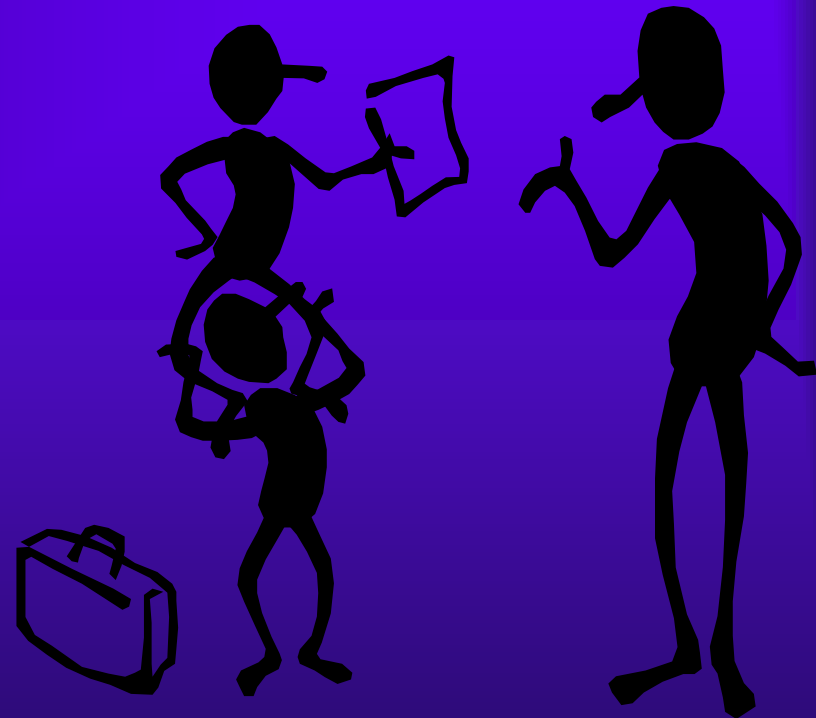
Risk Management in the Health Care Setting

As a result, the role of Risk Management has evolved to include:

- Integral roles in Patient Safety & Quality and the protection of patients, visitors, staff and the assets of the institution;

- Working to identify and address all sources of risk and loss;

- A collaborative relationship with the legal department in investigating adverse events; and

- Working with all departments in the hospital to achieve and maintain regulatory compliance.

Risk Management's Role in Compliance
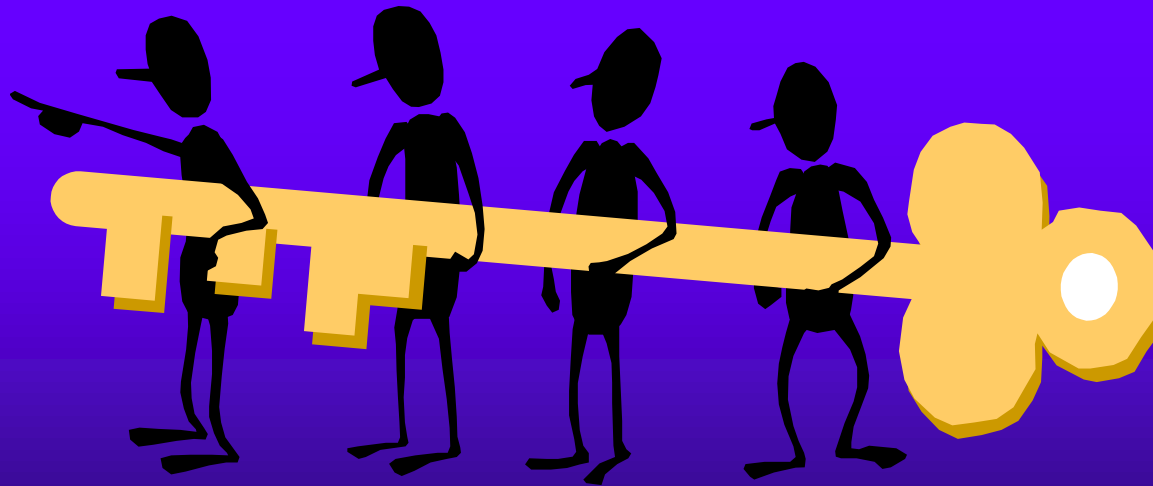
Regulatory Compliance

◆ Regulatory Compliance describes the policies and procedures used to ensure that the laws, rules and regulations that control hospitals are followed.

◆ Regulatory Compliance also describes the goal of ensuring that personnel are aware of and take steps to comply with relevant laws and regulations.

Along with success comes a reputation for wisdom.

Euripides

Regulatory Compliance

♦ Centers for Medicare and Medicaid Services (CMS) Conditions of Participation (CoP) and Joint Commission (JCAHO) standards.

♦ State Laws.

♦ HIPAA, EMTALA and other rules or regulations.

CMS' Conditions of Participation

Medicare Conditions of Participation

- *CoP (42 CFR 482 et seq.)*

- Conditions that must be met by the hospital in order to participate in the Medicare program.

CMS' Conditions of Participation

Hospitals are intermittently surveyed to determine whether they are in compliance with the CoPs set forth at 42 CFR § 482 *et seq.*

Joint Commission (JCAHO)

Joint Commission is an essential element of the hospital accreditation process.

Hospitals are required to demonstrate through compliance with the Joint Commission standards, that they are providing safe, high-quality care.

State Laws

♦ Risk Management plays an important role in maintaining compliance with relevant State laws.

♦ Most states have very specific hospital licensing regulations that must be complied with in addition to the regulatory requirements.

♦ In some instances, State requirements are more restrictive than the JCAHO or Federal requirements, in those instances, the facility will follow the <u>State law</u>.

HIPAA

- "HIPAA" not "HIPPA";

- 45 CFR Parts 160 and Subparts A and E of 164;

- Congress reflecting its expectation that HIPAA would force the healthcare industry to adopt "standards".

HIPAA

♦ Original purpose was creating electronic means for paying and collecting claims data (Standard Transaction and Code Sets);

♦ Focus became privacy and security – codified state privacy laws;

♦ Did not pre-empt state law – HIPAA Privacy is the federal floor, but acknowledges that some states laws' provide even more rigorous protections. (e.g., those covering HIV disclosure, mental health records, etc.)

HIPAA

Established broad new patients rights relating to:

- <u>Access</u>, <u>authorization</u> and <u>release</u> of medical records as well as requests for <u>restrictions</u> on the use and disclosure of medical records and/or <u>protected health information (PHI)</u>;

- Patients are able to request <u>amendments</u> to and <u>accountings</u> of the disclosures that have been made of their medical records; and

- Legislation has recently been enacted that, on February 17, 2010, will give the patient a private right of action in circumstances in which breaches in security have led to identifiable PHI disclosure.

EMTALA

♦ Emergency Medical Treatment and Active Labor Act (EMTALA) of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

♦ This Act provides for non-discriminatory medical screening exams and stabilization (if needed) of any individual who comes to any area of a hospital characterized as a Dedicated Emergency Department (DED) with a "medical condition".

EMTALA

Sanctions and Reporting:

- **Sanctions**: Termination from the Medicare and State Health Programs.

- **Civil monetary penalties:** of up to $50,000 per violation (includes hospitals and physicians).

- **Mandatory Reporting**: Receiving hospitals are required to report suspected improper transfers (e.g., no notice of transfer from other hospital, financial "dumps," etc.) within 72 hours or be in violation itself for not reporting.

Compliance

Risk Management works collaboratively with all other departments to ensure compliance with the standards that control the operation of the hospital.

How Do the Goals of Risk Management Impact Patient Safety & Quality?

Success is the sum of small efforts, repeated day in and day out.

Robert Collier

Purpose and Goals of Risk Management in the Health Care Organization

It is the goal of Risk Management to:

- Enhance the safety of patients, visitors, and employees; and minimize the financial loss to the hospital through risk detection, evaluation, and prevention.

- Provide education, either hospital-wide or department specific, suggested as a result of tracking and trending organizational data.

# Purpose and Goals of Risk Management in the Health Care Organization

♦ Within the Health Care Organization Risk Management serves to:

- Provide A Mechanism To Ensure Compliance With Regulatory Requirements;

- Improve Patient Safety & Quality Through Organizational Education;

- On A Day-to-day Basis, Serve As A Resource and/or Advisor for Incidents Occurring within the Facility.

Patient Safety & Quality

In recent years there has been an integration of the Risk Management and Quality Management Departments, the result has been:

- Improved identification of processes that may lead to adverse events;
- More interventions aimed at reducing the likelihood of recurrence;
- More thorough monitoring of systems aimed at preventing the recurrence of adverse events; and
- A common data base where data regarding adverse events or other outcomes can be evaluated.
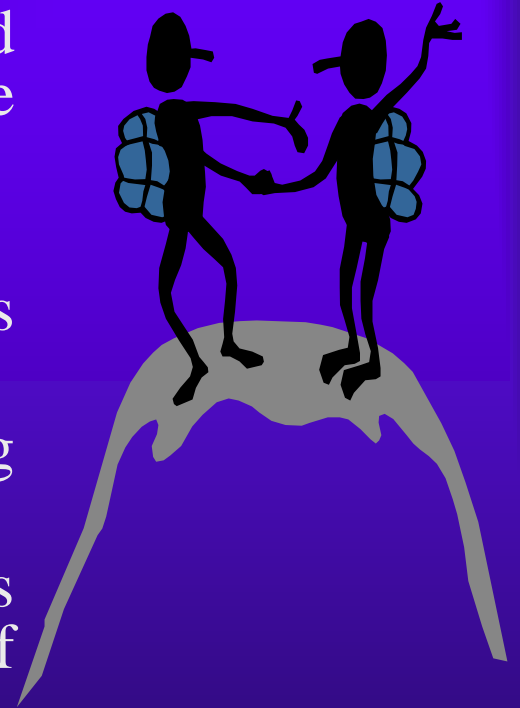
Integration of Risk and Quality

This collaboration enhances the health care facility by:

- Identifying opportunities for improvement in clinical, operational and business areas.

- Establishing a system of policies which allow the hospital to conduct its business in accordance with the prevailing regulatory standards.

Putting It All Together

Key Elements of an Effective Risk Management Program
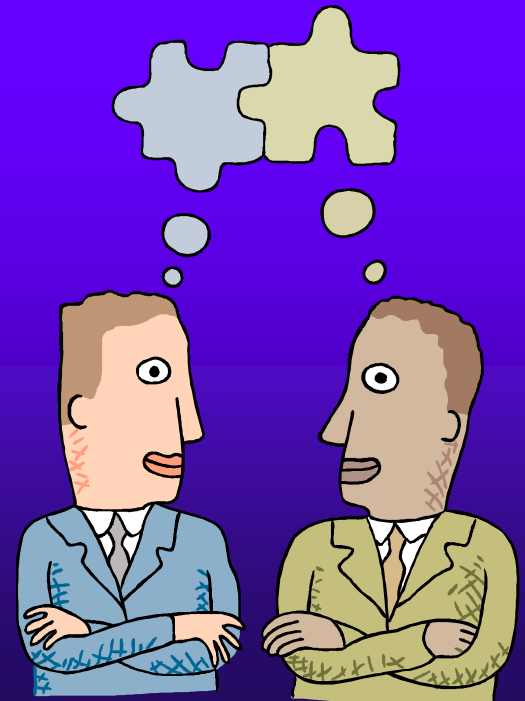
They can because they think they can.

Virgil

Risk Management Structure

♦ The systematic effort to reduce risk begins with a formal, written Risk Management Plan that:

- Declares the organization's goals;
- Describes the program's scope, components and methods;
- Delegates responsibility for implementation and enforcement;
- Demonstrates commitment by the Board; and
- Delivers guarantees of confidentiality and immunity from retaliation for those who report sensitive information.

Guarantees of Confidentiality and Immunity from Retaliation

♦ Risk Management must work diligently to send the message that incident reporting is NOT a punitive process!

♦ If employees are too intimidated to report, data analysis is stymied at the assimilation stage.

Risk Management Structure

Identify Risks

- **Incident Reporting System**
  - Who reports
  - Who reviews
  - What immediate actions are to be taken
  - Who follows up
  - How is the aftermath monitored
  - How are events trended and/or analyzed

- **Complaints**
  - Who is notified when a complaint is received
  - Who is responsible for responding to the complaint?
  - Who is responsible for monitoring follow-up and resolution of complaints

The Risk Management Program

Take Action

- **Prevention** through proactive risk awareness and safety programs for patients, employees and medical staff.

- **Correction** through post-incident remedial actions aimed at minimizing the impact of an event and preventing future or similar occurrences.

The Risk Management Program

Take Action (cont.)

- **Accurate Complete Documentation,** central to legal defense in the event of a claim, and more importantly KEY to superior patient care, safety and quality.

- **Education** through creative and meaningful in-service seminars given at orientation and annual intervals.

  - Topics should be relevant to quality, regulatory and other legally required topics.

The Risk Management Program

Take action (cont.)

♦ **<u>Departmental Coordination</u>** aimed at creating an overall risk management framework that encourages department managers to work together toward the common goal of improved patient and staff safety.

Education

Accurate and Complete Documentation

Incident Reporting

Risk Management

Complaints

Departmental Coordination

Prevention

Correction

Keep steadily before you the fact that all true success depends at last upon yourself.

Theodore T. Hunger

Questions???

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