ENTERPRISE RISK MANAGEMENT ….Surviving the Compliance Storm: Beyond a Risk Assessment Partnering with the C-Suite to Develop an Enterprise Risk Management System

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Course Objectives

- Develop an approach for identifying, evaluating, responding to, and monitoring risks and opportunities. This method helps you develop a systematic approach to analyze both the internal and external environmental factors impacting your enterprise.
- How to partner with clinical stakeholders to identify risks impacting the enterprise and discover ways to develop a risk response strategy and cascade these risks and mitigation strategies throughout the organizational structure with “C” Suite buy in.
- Demonstrate an Enterprise Risk Management model which includes a risk register, risk assessment tool, sample interview questions and risk project plan. These tools will help illustrate a methodology used to implement a comprehensive enterprise risk plan

2

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Polling Question

- Data from the audience
  - Who is attending
    - Compliance Officer; Risk Manager; Quality Manager; Other

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Polling Question

- Data from the audience
  - What type of entity do you work for…
    - Healthcare Network; Hospital; Group Practice; SNF; Vendor; Other

Polling Question

- Data from the audience
  - Do you feel that your current risk assessment process fully captures your entity's risks
    - Yes/No/Unsure

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Objective 1

- Develop an approach for identifying, evaluating, responding to, and monitoring risks and opportunities…
  - Why did we make the change
  - Organizational structure context
  - Stove-piped ("Silo")
  - Environmental scan

Why did we make the change

- Antiquated methodology for identifying risk—narrow focus/not comprehensive
- Lacked system-wide approach
- Multiple reporting channels for risk
- Corporate level identification of risk trends—small or large health systems
- Capture quality activity to make it a true enterprise risk capture
- Provide C-suite with a tool to truly quantify risk

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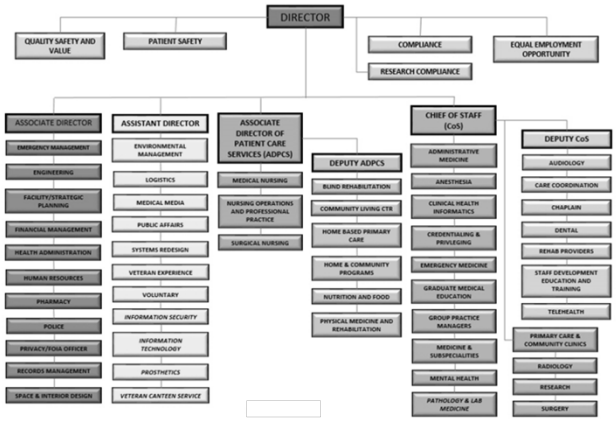
Organizational Structure

Stove-Piped

- How services are organized—people worked vertically



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Environmental Scan

- Preparation
  - OIG Reports
  - Policy Reviews
  - Identify Who, What, When, How
  - Developed risk facilitation questions
- Execution
  - Meet with individual services/departments
  - Capture and quantify the data

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Objective 2

- How to partner with clinical stakeholders and C-Suite…
  - Our journey…
    - It started with an idea…
    - Consulted with C-suite mentor
    - Solicited broader C-Suite concept development
    - Formulated a team of change agents
    - Process finalized…key component is standardized definitions and questions

11

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C-Suite Discussion

- C-Suite Mentor Discussion
- C-Suite Concept Overview/Development

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Organizational Structure Review

- Identified which risks belonged to the following committees:
  - Compliance Advisory Committee (focused on business integrity and policy issues)
  - Quality, Safety, and Value Executive Board (focused on patient safety, quality of care issues)
- Both committees ranked/selected top 5 to track actions as a part of the committee
- Identified Mitigation Activities and Responsibilities
- Established committee follow-up schedule

13

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Team

- Compliance Officer
- Risk Manager
- Patient Safety Officer
- Chief, Quality, Safety, and Value
- Year 2 added Health Administrative Services Chief (Business Operations)

14

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Developed/Finalized Plan

- Developed Methodology
- Establish Schedule
- Identify Standardized Definitions*
- Standardize Data Capture Tool*
- Develop Prioritization/Formulas-Methodology*
- Develop Questions

*Veteran's Health Administration (VHA) Office of Compliance and Business Integrity (National Office)

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Polling Question

- Which of the following do you feel would most appropriately capture risk likelihood…
  - Standard Compliance likelihood definition
  - The Joint Commission likelihood definition
  - Other

Risk Likelihood Terminology Defined

- Here is what we used…

Back To Read First

RISK ASSESSMENT METHODS - Likelihood Table
(Likelihood Levels - Only one likelihood level per risk)

Level	Description		Definition
1	Very Unlikely	☐	*Rarely encountered; almost no likelihood of occurrence (~10%)*
2	Unlikely	☐	*Hypothetically possible; but uncommon in similar sets of circumstances (~30%)*
3	Possible	☐	*Even likelihood of occurrence; often encountered in similar efforts (~50%)*
4	Highly Likely	☐	*Expected to occur; typically occurs in efforts of a similar nature (~70%)*
5	Near Certainty	☐	*Most always encountered; practically unavoidable (~90% or greater)*

17

MLA1

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We are Considering incorporating these definitions from The Joint Commission SAFER Matrix …

Likelihood to Harm

- **High:** Could directly lead to harm without need for other significant circumstances or failures.
  - *Likely*
- **Moderate:** Could cause harm directly, but more likely to cause harm as a contributing factor in the presence of special circumstances or additional failures.
  - *Possible*
- **Low:** Undermines safety/quality or contributes to an unsafe environment, but very unlikely to directly contribute to harm.
  - *Rare*

The Joint Commission 10

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Slide 18

MLA1 find a color one
Moore, Lisa A., 2/1/2019

Definitions

- Inherent Risk: (OMB Circular A-123) "Inherent risk is the exposure arising from a specific risk before any action has been taken to manage it beyond normal operations."
- Likelihood: the probability that a given risk event will occur (the likelihood of the "if" and "then" of your risk statement)
- Severity of impact: related to the impact on the ability to meet mission goals & objectives, quality performance, compliance with regulations, applicable laws & directives, and safeguard reputation

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Risk Tool

Risk Name (Req'd)	Risk Statement (If, Then)	Impact	Likelihood	Inherent	Controls	Residual	Compliance Requirement	Current Mitigation

Calculations

Impact x Likelihood = Inherent Risk
Inherent Risk/Controls= Residual Risk

(Tool also captures current responses/comments as they relate to current risk mitigation)

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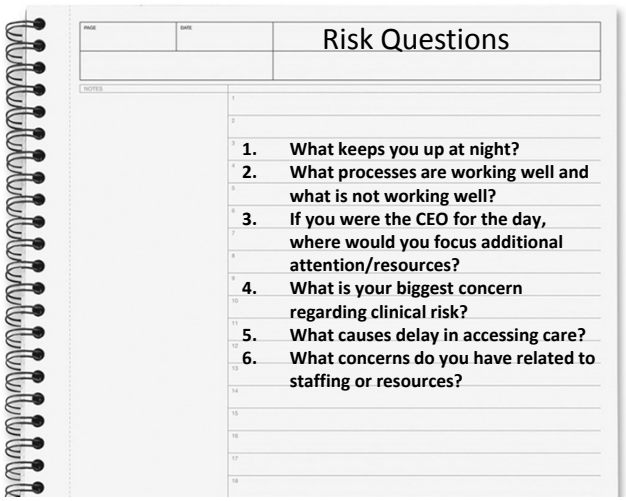
Polling Question: How Do You Know…Mitigating Risk

- How do you know…is it an absence of something?
  - Litigation
  - Reputation
  - Absence of OIG interaction
  - Customer Satisfaction Ratings
  - Other
  - All of the above



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Objective 3

- Demonstrate an Enterprise Risk Management model…
  - Our organizational governance structure
  - Demo of Risk ERM process and tools

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Demo

[*template/tool developed by VHA Office of Compliance and Business Integrity (National Office)]

Risk Name (Req'd)	Risk Statement (If, Then)	Impact	Likelihood	Inherent	Controls	Residual	Compliance Requirement	Current Mitigation	Summary of Proposed Mitigation
Anti-Kickback and Stark Violations	if processes are not in place to ensure strict procedures for outside referral (by part time providers), then the organization risks enabling a process of self-referral	(3) Moderate	(3) Possible	9	(3) Moderate Control	3	Stark Laws	FY19 Policy requires providers to send referral requests for specific capabilities/departments versus to a specific provider/individual	Develop standardized referral template
Provider Coding Innaccuracy	If Providers inappropriately code medical care, then the facility risks inappropriate claims billing	(4) Significant	(3) Possible	12	(3) Moderate Control	4	Coding Guidelines	Establish provider training opportunities by documentation improvement specialists	Real time trainer weekly rounding with provider team in XXX clinic.
Space in clinical area xxx	If we do not have adequate treatment areas in clinical area xxx, then we risk decreased patient privacy	(4) Significant	(3) Possible	12	(3) Moderate Control	4	Patient Safety/privacy, the Joint Commission standards, and HIPAA requirements	Work Group established . Working to improve processes to reduce LOS, maximizing current spaces,	5 year plan--construction project-open east entrance to expand clinical areea.
Tracking of patients with malignancies	If the patient doesn't show up for a follow-up visit, then there is a risk of lack of follow-up (ie. urology prostate cancer follow-up)	(4) Significant	(2) Unlikely	8	(4) Well Controlled	2	Standard of Care	FY18 current mitigation efforts: Surveillance unit is currently tracking XXX. FY 19 Clinical Surveillance Unit is now tracking XXX in addition to FY18 tracking.	FY 19 Continue new process of Clinical Surveillance Unit tracking.

25

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Lessons Learned

- Standardized Definitions
- Importance of Psychological Safety
- Good Communication
- Documentation of Risk Status and/or Disposition
- Utilization of Standardized Tool
- Willingness to refine your process and tools
- Risk Severity and Risk Stratification is in the eyes of the beholder…different vantage points…different lens…

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Benefits

- Scanning the environment for similar risks
  - Classify similar risks to identify problem/focus areas
- Capture the pulse of the staff
  - Ground up identification of concerns that might not otherwise rise to the C-Suite
- Empower the staff to raise concerns
- Connect departments
  - Facility Management example

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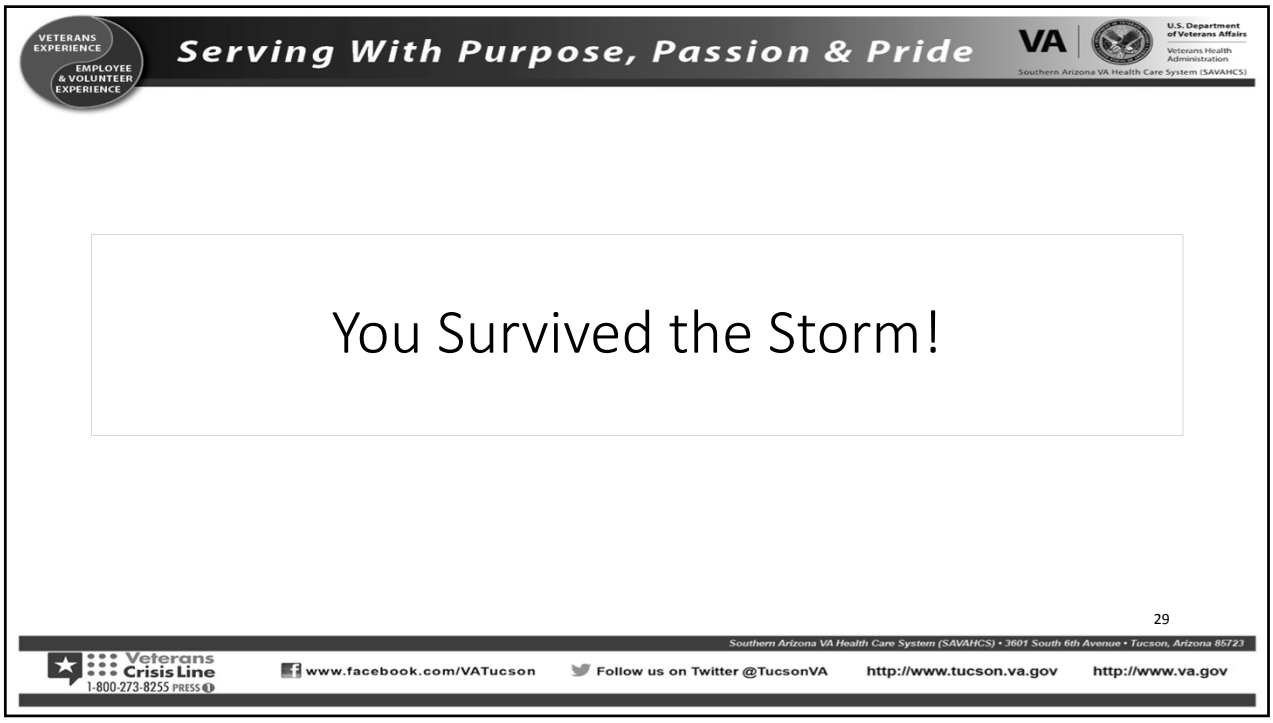
Questions???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