

# Health Care Risk Management

It's not just patient care...



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## Health Care Risk Management

Robust risk management requires extensive preparation, significant investment and qualified administrators to develop, implement and monitor an organization's plan.



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## Health Care Risk Management Planning

- Create a Health Care Risk Management Plan
  - Operational
  - Clinical & Patient Safety
  - Strategic
  - Financial
  - Legal & Regulatory
  - Technological
  - Environmental and Infrastructure based hazards



## Health Care Risk Management Enterprise Risk Management

- Enterprise Risk Management in health care promotes a comprehensive framework for making risk management decisions
  - Maximize value protection and creation by managing risk and uncertainty in connections to total value
  - Use of technology to synchronize risk mitigation efforts across the entire organization and remove risk associated with siloed departments or business units.
  - Use of data analytics for monitoring decision making, risk prioritization and resource allocation



## Health Care Risk Management Process

- Identify Risk
- Quantify & Prioritize Risk
- Invest in Robust Risk Management Information System
- Find the Right Balance of Risk Financing/Transfer/ Retention
  - Understand the numbers
  - Invest in training/loss control education
  - Review contracts and agreements



## Health Care Risk Management Cyber

- Health Care as an industry is hit with the highest number of ransomware attacks with 750 reported cyber incidents in 2017.
- These numbers are expected to Quadruple by 2020.
- The Statutory Cost of a breach in the US is \$225 per line of "name".
  - 5,000 names = \$1,125,000
  - 100,000 names = \$22,500,000
- Nearly half of security risks stem from having multiple security vendors & products.



## Health Care Risk Management Cyber

- Recently Introduced Federal Cyber Privacy Bill calls for fines, prison for executives deemed responsible for violations.
  - Federal Trade Commission would have authority to write privacy regulation
  - Maximum fines – 4% of revenue
  - Prison time
- California implementing it's own legislation
  - Passed in 2018 - Effective 2020
  - Civil Penalties of \$7,500 per violation
  - Statutory damages between \$100 and \$750
  - Individual rights of action



## Health Care Risk Management Cyber – What to do?

- Know your data
- Create file back-ups, data back-ups, back up bandwidth capabilities
- Train employees to recognize phishing attempts
- Background checks on employees
- Limit administrative capabilities for systems and social footprint



## Health Care Risk Management Cyber – What to do?

- Ensure systems have appropriate firewall and anti-virus technology
- Use data breach protection tools and intrusion detection
- Timely update of security software patches
- Include Denial of Service capabilities
- Have a plan in place to manage a data breach



## Health Care Risk Management Financial Risks

- Moving from “Fee for Service” to “Value Based Reimbursement” models
- Regulatory Costs
  - \$39 Billion per year
- Cost of Data
  - Data is great, but it costs a lot to acquire, maintain and protect
  - Integrate claims data with clinical data to provide breadth, timeliness, and adequate detail for analytics
  - Validate claims data – a million here a million there...



## Health Care Risk Management Employment Practices/Disability Litigation

- 2017 average EPL lawsuit award was \$500,000
- Settlements from 10 largest class actions increased 55% between 2016 and 2017
- With the growth of the various “Me To” movements “harassment” has become a headline risk
  - Magnified by public and social media
  - Significant threat to company reputation
- ADA – by the end of 2018 there will be close to 10,000 suits based on accessibility of websites for deaf and blind people.



## Health Care Risk Management Employment Practices/Disability Litigation

- Train all employees
  - Clearly delineate unacceptable workplace activity
  - Document management/supervisor training – prevention is their responsibility
- Document all employee incidents
- Conduct regular evaluations



## Health Care Risk Management Employment Practices/Disability Litigation

- Regulate computer use
- Know the Fair Labor Standards Act
- Create respectful company culture
  - Establish cultural expectations and norms
    - Job descriptions
    - Performance management



## Health Care Risk Management Employment Practices/Disability Litigation

- Tailor compliance program to fit specific operational structure and culture of health care entity
- Regular Federal and State compliance risk assessment review
- If your program is not updated at least annually, you are out of compliance



## Health Care Risk Management Regulatory Issues

- 2017 Hospitals, health systems and post acute care providers spent almost \$39 billion on administrative tasks related to regulatory compliance
- 629 discrete Federal regulatory mandates in nine domains
- Four Federal agencies
  - CMS – Centers for Medicare & Medicaid Services
  - OIG - Office of Inspector General
  - OCR – Office for Civil Rights
  - ONC – Office of the National Coordinator for Health Information Technology



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## Thank you!

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