

The Role of Risk Management in Healthcare Operations



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Our current economic climate is continuing to force healthcare organizations to evaluate operational efficiencies. Maximizing profits, or at least not operating at a loss, has long been at the forefront of business objectives. Very few organizations can survive in the long run without meeting their expenditures. But how much risk can or should be taken to achieve this objective? While tolerance for risk varies with the culture of the organization, has it come to a point where our assumption of risk is at the expense of our customers? Can more healthcare medical errors be averted by proactive risk management?

Where does the role of risk management fit into your operations? Risk management is typically a hybrid function bridging a number of disciplines to reduce the incidence of organizational loss. Activities can be proactive, attempting to prevent or mitigate a loss or reactive - in other words, damage control. I'm confident that most healthcare organizations would agree that they have a risk management program, but is it proactive or reactive? Proactive risk management may avoid some losses and expenses that could otherwise impact your bottom line.

One problem risk management struggles with is demonstrating its "value" - how can you quantify what doesn't happen because it was prevented? The healthcare industry is focused on benchmarking and measurement. So, how can a business case for risk management be made? The challenge lies in finding a metric that measures its value effectively and efficiently. If it can also demonstrate a cost savings, it speaks to those individuals charged with managing the organization's financials. Here are a few examples for making a business case:

- Correlate a decrease in malpractice claims or indemnity dollars associated with disclosure or patient relations policies - there have been a few recently published reports of success
- Demonstrate a reduction in reported adverse events in conjunction with implementation of specific targeted strategies - for example, reduction of falls after implementation of a falls

reduction program or use of skin care protocols to prevent skin ulcers

- Work with your broker or insurance carrier loss control consultants to acquire risk management credits that favorably affect your cost of insurance.

And while data is important, risk managers must also enhance their visibility as well. Here are some ideas:

- Participate in Board of Director meetings and provide education on internal risk management issues, how the issues are being addressed, and industry trends
- Meet regularly with Senior Leadership to discuss your activities and how your efforts are affecting patient safety and the bottom line
- Be responsive to your stakeholders' requests for assistance
- Make rounds and be a resource so staff knows who to come to with risk management concerns
- Take the lead on projects that support organizational objectives & major initiatives
- Participate on committees and education programs backing important initiatives
- Participate in the planning of new services and products providing risk management input
- Be active in professional associations and organizations
- Follow through on your professional commitments making it a priority to meet deadlines

Healthcare Risk Management Week is recognized every year during the third week in June by the American Society for Healthcare Risk Management (ASHRM). However, it's never too late for a CEO to recognize the individual who leads the risk management function in their organization; nor is it too late for risk managers to take steps to demonstrate that risk management is a valued discipline that affects every aspect of a healthcare organization's operations. The commonly used term "enterprise" risk management has never been more appropriate.