Health Ethics Trust Washington Executive Course May 4 - 6, 2022

Presented by

K. Michael Walker Ph.D.

Health Ethics Trust, Senior Vice President

Risk Management: High Level Review

- Due Diligence for Governance
- Standard Business/Best Practice
- Synergy of RM, IA, Compliance, Legal
- Board Oversight/Communications
- Defines Responsibility for Action Plans
- Provides Structure and Efficiency
- Repeatable, Inclusive Process
- Process Ranges from Basic to Complex

Focused in Four Major Areas:

- Strategic-High level goals

- Operational-Across the organization

- Reporting-Reliability, timeliness

- Compliance-Applicable laws and regulations

Risk Management

- What does it mean to assess risk?

- Generally recognized as a process to
  - Inventory
  - Evaluate
  - Act
  - HET MODEL: "I-E-A"

"I" Inventory-Risk Universe

- Multiple sources
  - Literature review
  - Surveys
  - Interviews
  - Litigation
  - Government initiatives
  - Government publications-OIG Work Plan
  - DOJ enforcement actions
  - Start BIG, then downsize to a manageable #

"I" Inventory-Risk Universe

- Sources Continued—

  ◦ Past Audits

  ◦ Organizational initiatives

  ◦ Organizational leadership and culture

  ◦ Malpractice claims

  ◦ Hotline analysis

  ◦ Qui Tam

  ◦ Black Swans

  ◦ Autonomous Operations/ Satellite locations

  ◦ Environmental-Business, Political, Local

"E" Evaluate

- Post Inventory Process to **prioritize** risks—Elements and tools

  ◦ Spread sheets

  ◦ Heat maps (Probability and Impact)

  ◦ Dash Boards

  ◦ Root Cause Analysis

  ◦ Policies and Procedures

  ◦ Determine your High-Medium-Low Risks

"E" Evaluate--continued

- Elements and tools—continued

  - Control Assessment Reviews
  - Interviews/Surveys
  - Qualitative application
  - Previous Actions Plans
  - Audit results
  - Governance guidance/priorities

"A" Act   AKA-Risk Response

- Response Strategies: Each Strategy Should Have an Action Plan

  ◦ Avoid

  ◦ Reduce

  ◦ Share

  ◦ Accept

Avoid

- Stop the activity
- Probability or Impact is High
- Could be Off-strategy
- Substantial reputational damage
- Hard to monitor
- Difficult to manage

Accept

- Inherent to operations
- Manageable Impact
- Gain is worth the risk (appetite)
  - Growth
  - Revenue $$
  - Stature

Share

- Insurance-Malpractice Ins., OCIP, etc.
- Consortium-spreading out the impact
- Diversification, e.g., Multiple Products
- Geographical dispersion
- Economic-private payor vs.. government
- Auxiliary revenue, e.g., Research

Reduce/Mitigate

- Policy/Procedure review-enforcement
- Education/training
- Establish new /stronger controls
- Resources, e.g., software, staffing, etc.
- Audit and monitoring plans
- Enhanced reporting to boards
- Action Plans implemented/monitored
- Synergy-Audit, Compliance, RM, etc.

Risk Assessment: Example

RISK AREAS/RISK ASSESSMENT	Probability Score Without Controls Applied.	Impact Score without Controls Applied.	2020 Acuity Score without Controls Applied.	Control Environment To reduce Probability/Impact: Present/Effective, Present Marginal/Absent	2019 Acuity Score with Controls Applied	2020 Acuity Score with Controls Applied	2020 Risk Level Migration	Mitigation Strategy: Control/Reduce/Accept/Avoid
VERY HIGH 90-60	(1-10)	(1-10)	0-100		0-100	0-100	13 Areas Migrated to a lower level (12.6%)	
BOARD								
Reporting accurate, timely, sufficient detail, dashboards	8	8	64	Present/Effective	54	40	Yes-Lower	Control
Specific Responsibilities outlined in the CIA	7	9	63	Present/Effective	53	49	Yes-Lower	Control
Strategic Planning/Vision/Business opportunities (new clinics/partner)	8	9	72	Present/Marginal	69	60	Stable	Control
Compliance Staffing (only one person deep)	8	8	64	Present/Marginal	61	61	Stable	Control

14

3 Year Trend Analysis

SUMMARY RISK BY LEVEL	# 2018	# 2019	# 2020	2018-2020 % Change
VERY HIGH 90-60	27	17	10	63% Decline
HIGH 59-49	41	16	19	54% Decline
MEDIUM 48-30	53	66	68	28% Increase
LOW 20-Below		14	14	
TOTAL	124	113	111	

Questions?

Risk Management Workshop

- 1. 10 Participants (est)

- 2. Two groups w/common business lines

- Objective: Using the "IEA Model"-Identify the highest priority risk to "their" organization.

Workshop-continued

- Process
  - Identify top 5 macro risks-Provide Examples
  - Evaluate and Score-Provide Heat Map
  - Select the highest priority risk
  - Identify top 3 sub risk categories
  - Score on a Heat Map
  - Discuss controls in place
  - Prioritize
  - Formulate an Action Plan
  - Report to the "Board" a Comprehensive Action Plan