



# Health Ethics Trust Certification Course February 26, 2021

Presented by  
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# 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”

# “|” 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 #

# “|” 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/Marginal/Absent	2019 Acuity Score with Controls Applied	2020 Acuity Score with Controls Applied	2020 Risk Level Migration	Mitigation Strategy: Control/Reduce/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

# 3 Year Trend Analysis

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