



Health Ethics Trust Certification Course August 11-13, 2021

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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”

“1” 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 #

“1” 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

3 Year Trend Analysis

<u>SUMMARY RISK BY LEVEL</u>	# 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