Physician Practice
Risk Management-
Through the ERM Lens

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Learning Objectives

- Describe the basics of enterprise risk management
- Explain how to use ERM to identify, assess and mitigate risks in a physician/group practice setting
- Describe how by using ERM principles, the risk manager can demonstrate the upside of physician practice acquisition
Agenda

• Introduction to ERM 101
• Introduce ERM Domains - Risk List for Physician Practices
• Identify and Prioritize Risks
• Mitigations Strategies.
• Next Steps - Takeaways
Disclaimer

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The presenters have nothing to disclose.
ERM- A Quick Primer
ASHRM’s ERM Definition

ERM in healthcare promotes a comprehensive framework for making risk management decisions which maximize value protection and creation by managing risk and uncertainty and their connections to total value.
What is ERM?

- Decision making process to recognize, analyze and manage enterprise risks and anticipate imminent risks
- Provides knowledge to capitalize on opportunities and avoid the pitfalls of the unknown
  - Mitigate the impact of adverse events
  - Improve compliance oversight
  - Foster culture and collaboration between divisions, departments and disciplines
  - Enhance governance by allowing for more informed decision-making
- Increases transparency
- Tone from the top
- Enhances 3 lines of defense (aka everyone's a risk manager)
Addressing the Full Spectrum of Risks

- Focus on the organization’s structure, values, and perceptions of risk
- In-depth analyses to address the full spectrum of risks for your enterprise:

- Clinical
- Strategic
- Financial
- Human Capital
- Legal/Regulatory
- Technology
- Operations
- Hazard
ERM = Opportunity

Downside - what we could lose

Holistic Approach

Value Protection

Uncertainty Management

Value Creation

Upside - what we can gain - aka a Physician Practice Acquisition
ERM Risk List
<table>
<thead>
<tr>
<th>Clinical/Patient Safety</th>
<th>Strategic</th>
<th>Operational</th>
<th>Human Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety Culture</td>
<td>Mergers &amp; Acquisitions</td>
<td>Policies &amp; Procedures</td>
<td>Professional/Patient Boundaries</td>
</tr>
<tr>
<td>Access to Care</td>
<td>Joint Ventures</td>
<td>Test Tracking</td>
<td>Scope of Practice</td>
</tr>
<tr>
<td>Patient Education</td>
<td>Competition</td>
<td>No Shows</td>
<td>WPV</td>
</tr>
<tr>
<td>Medication Safe Practice</td>
<td>Ownership/Private Equity</td>
<td>Terminating Patients</td>
<td>Employee Engagement</td>
</tr>
<tr>
<td>Infection Control/Universal Protocol</td>
<td>Growth Plan</td>
<td>Disclosure</td>
<td>Directors &amp; Officers Insurance</td>
</tr>
<tr>
<td>Clinical Procedures</td>
<td>Governance Structure</td>
<td>Peer Review/Credentialing</td>
<td>Employee Benefits</td>
</tr>
<tr>
<td>Medical Emergencies</td>
<td>Mal alignment with mission and goals</td>
<td>Incident Reporting</td>
<td>Competencies</td>
</tr>
<tr>
<td>Triage</td>
<td></td>
<td>Care Coordination/Pop Health</td>
<td></td>
</tr>
</tbody>
</table>
## Risk List (cont)

<table>
<thead>
<tr>
<th>Financial</th>
<th>Legal/Regulatory</th>
<th>Technology</th>
<th>Hazard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay for Performance</td>
<td>OSHA</td>
<td>EMR</td>
<td>Security of Premises</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>EEOC</td>
<td>Social Media</td>
<td>Life Safety/ Fire Safety</td>
</tr>
<tr>
<td>Provider Contracts</td>
<td>Medical Malpractice</td>
<td>e-health</td>
<td>Construction/Renovations</td>
</tr>
<tr>
<td>Profit/Loss/ Margins</td>
<td>CLIA</td>
<td>TeleMedicine</td>
<td>Workplace Violence</td>
</tr>
<tr>
<td></td>
<td>Stark Anti Kickback</td>
<td></td>
<td>Medical Device Safety and Procurement</td>
</tr>
<tr>
<td></td>
<td>Joint Commission</td>
<td></td>
<td>MSDS</td>
</tr>
<tr>
<td></td>
<td>ADA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Prioritization- Risk Map

“where do we start...making good decisions”
Risk Management Process... it still applies in ERM

A decision making process
Methodologies

- Interviews
- Surveys
- Focus Groups
- Informal queries
  - Key Questions
Prioritization Model

Qualitative and Quantitative Measures

Risk Priority Number (aka Severity Score) 1-25

- Impact or Severity
- Frequency or Likelihood
- Efficacy of Risk Controls (if any)
- Velocity (how fast something bad happens)

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>x</th>
<th>Impact</th>
<th>=</th>
<th>Risk Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a value 1 to 5)</td>
<td>(a value 1 to 5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>x</td>
<td>1</td>
<td>=</td>
<td>1 (lowest possible score)</td>
</tr>
<tr>
<td>5</td>
<td>x</td>
<td>5</td>
<td>=</td>
<td>25 (highest possible score)</td>
</tr>
<tr>
<td>Risk Category</td>
<td>Severity</td>
<td>Likelihood</td>
<td>Risk Rank (1 to 5) X L(1 to 5) = Risk Score</td>
<td>Opportunity to Protect/Create Value</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>----------</td>
<td>------------</td>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Strategic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Failure to develop/execute a strategy</td>
<td>Very High</td>
<td>High</td>
<td>20</td>
<td>Look at growth options and pursue while containing exposures</td>
</tr>
<tr>
<td>Insufficient new customer revenue and decreased profit</td>
<td>Very High</td>
<td>High</td>
<td>20</td>
<td>Seek growth in market share</td>
</tr>
<tr>
<td>Failure to execute on a business model</td>
<td>High</td>
<td>Moderate</td>
<td>12</td>
<td>Accountability and performance indicators</td>
</tr>
<tr>
<td>Failure to drive strategy with data and objective information</td>
<td>High</td>
<td>Moderate</td>
<td>12</td>
<td>Establish KPI's</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient SIR reserves to cover losses/ adverse event risk</td>
<td>Very High</td>
<td>Low</td>
<td>10</td>
<td>Outside consultant validation periodically; Every 90 day review; Reinsurer limits increased.</td>
</tr>
<tr>
<td>Decrease in investment returns</td>
<td>Moderate</td>
<td>Moderate</td>
<td>9</td>
<td>Investment guidelines are tight and progressing to convertibles slowly</td>
</tr>
<tr>
<td>Financial ratios—adverse</td>
<td>Very High</td>
<td>Low</td>
<td>5</td>
<td>Quarterly monitoring — internal and external benchmarks</td>
</tr>
<tr>
<td>Stress testing downside scenario—poor</td>
<td>Very High</td>
<td>Low</td>
<td>10</td>
<td>Conduct stress testing annually and at any time average ratios are adverse</td>
</tr>
<tr>
<td>Credit risk</td>
<td>Low</td>
<td>Low</td>
<td>4</td>
<td>Monitor</td>
</tr>
<tr>
<td>Human Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unplanned resignations at management level</td>
<td>High</td>
<td>Low</td>
<td>8</td>
<td>Executive monitoring— enhance team building</td>
</tr>
<tr>
<td>Insufficient management depth</td>
<td>High</td>
<td>Low</td>
<td>8</td>
<td>Use external consultants as applicable</td>
</tr>
<tr>
<td>Insufficient key staff retention initiatives</td>
<td>High</td>
<td>Low</td>
<td>15</td>
<td>Ensure feedback loop in coordination with competitive salary/bonus structure</td>
</tr>
<tr>
<td>Failure to recruit talent</td>
<td>Moderate</td>
<td>Low</td>
<td>6</td>
<td>Keep eye on the market and talent ability to make moves as needs arise</td>
</tr>
</tbody>
</table>
So how does this ERM stuff work?

The day in the life of a risk manager....
Example- Westeros™ Medical Group LLC

- Primary Care Family Practice
- LLC, 4 partners, Private Equity Investor
- 30 Physicians
- 15 APPs (10 FTE NPs and PAs)
- 120 FTE Team Members
  (Support staff per FTE pt)
- CFO
- Administrator
- 4 office locations
- Urban settings
ERM is a team sport!

✓ Tone from the top
✓ Multidisciplinary
✓ Culture
✓ Accountability
✓ Transparency
# Risk Register

<table>
<thead>
<tr>
<th>Risk Name</th>
<th>Category / Domain</th>
<th>Risk Defined</th>
<th>Likelihood (L), Frequency, numbers #, Probability</th>
<th>Impact (I), Financial severity $, harm index</th>
<th>Risk Score (RS) L x I = RS</th>
<th>Risk Response (in place &amp; needed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opioid addition crisis</td>
<td>Operations/ Clinical</td>
<td>Inc in addictive and BH patients</td>
<td>5</td>
<td>4</td>
<td>20</td>
<td>Poor response</td>
</tr>
<tr>
<td>LGBTQ Population Health</td>
<td>Legal/ Regulatory</td>
<td>Lack of education spec for LGBTQ</td>
<td>5</td>
<td>4</td>
<td>20</td>
<td>Needs improved</td>
</tr>
<tr>
<td>Competencies - Scope of Practice</td>
<td>Strategic/ Human Capital</td>
<td>Scope creep, not functioning at top of license</td>
<td>4</td>
<td>5</td>
<td>20</td>
<td>Needs significant improvement</td>
</tr>
<tr>
<td>Telemedicine</td>
<td>Technology</td>
<td>Implemented telemedicine with local nursing home. Plan is to expand this service</td>
<td>5</td>
<td>5</td>
<td>25</td>
<td>Poor controls</td>
</tr>
</tbody>
</table>
Risk Mitigation/ Risk Controls
Operational Risks

- Opioid addition crisis impact to your patients
Operations - Opioid Crisis/Chronic Pain Management

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase in number of patients with chronic pain</td>
<td>20</td>
</tr>
<tr>
<td>• Increase in addictive behaviors and opioid abuse / overdoses in community</td>
<td></td>
</tr>
<tr>
<td>• Challenged with behavioral health patients with addictive history</td>
<td></td>
</tr>
</tbody>
</table>
Operations- Opioid Crisis/Chronic Pain Mgt Mitigation Strategies

- Deep Dive Assessment/Gap Analysis of Current Program
- Mission and philosophy of the group practice
- Defined scope of services
- Goals of the program
- Clinical Guidelines
- Human Resources
- Referral network (Pain Med and Behavioral Health)
- Contracts
Operations- Opioid Crisis/Chronic Pain Mgt Mitigation Strategies

▶ CDC Guideline for Prescribing Opioids for Chronic Pain

https://www.cdc.gov/drugoverdose/prescribing/guideline.html

▶ Opioid Prescribing Guidelines by State

Legal and Regulatory Risks

- LGBTQ patients/ Potential for Discrimination Claims
### Legal/Regulatory - LGBTQ

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase in number of LGBTQ patients acknowledging identity</td>
<td>20</td>
</tr>
<tr>
<td>• Using terms appropriately</td>
<td></td>
</tr>
<tr>
<td>• Customer non-discrimination Act</td>
<td></td>
</tr>
<tr>
<td>• Healthcare providers lack of knowledge</td>
<td></td>
</tr>
<tr>
<td>• New healthcare concerns related to the LGBTQ community</td>
<td></td>
</tr>
</tbody>
</table>
Legal/Regulatory - LGBTQ Mitigation Strategies

- Laws passed federally and State wide
- New England States leading the way for equality for LGBTQ
- Increased education and research within the healthcare community
- Proactive education on protective factors to the LGBTQ community
- Promote positive skills, competencies and positive relationships within the community and healthcare community
Legal/Regulatory - LGBTQ Mitigation Strategies

- Promote family and community acceptance
  - Display brochures and educational materials about LGBTQ health concerns.
  - Visibly post a nondiscrimination statement.
  - Display posters from nonprofit LGBTQ or HIV/AIDS organizations.
  - Customize intake forms

- Community Standards of Practice for the Provision of Quality Health Care Services to LGBT Clients

- List your practice in the GLMA Provider Directory.

- See how your practice is rated on The Healthcare Equality Index or sign up to participate.
Legal/Regulatory- LGBTQ Mitigation Strategies - Resources

- [https://www.glad.org/post/this-is-how-we-win-new-england-is-leading-the-way-for-equality-across-the-country/](https://www.glad.org/post/this-is-how-we-win-new-england-is-leading-the-way-for-equality-across-the-country/)


- [National LGBT Health Education Center](https://www.natl-lgbt-health.org/)


- [Health & Well-being for Lesbian, Gay, Bisexual and Transgender Americans](https://www.dhhs.gov), U.S. Department of Health & Human Services

- [World Professional Association for Transgender Health (WPATH)](https://www.wpath.org)

- [https://fenwayhealth.org/the-fenway-institute/](https://fenwayhealth.org/the-fenway-institute/)


Strategic/Human Capital Risks

- Advanced Practice Providers (APP’s)/ Scope of Practice
### Strategic/ Human Capital Increase Use of APPs/Scope of Practice Issues

<table>
<thead>
<tr>
<th>Driver</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recent decision to hire 5 new advance practitioners</td>
<td>20</td>
</tr>
<tr>
<td>• Confusion around coverage and supervision</td>
<td></td>
</tr>
<tr>
<td>• Competencies are questionable with some of the APPs</td>
<td></td>
</tr>
</tbody>
</table>
Strategic/Human Capital - Increase Use of APPs/Scope of Practice Issues Mitigations Strategies

- Growing number of advanced practice practitioner
- Scope of practice
- Credentialing, peer review, competency
- Prescribing authority
- Procedures
- Supervision and oversight
- Communication and handoffs
- Chain of command
- Practice agreements
- Billing compliance
Strategic- Increase Use of APPs/Scope of Practice Issues Mitigations Strategies--Resources

AANP Resources By State

AANP NPs in Primary Care

PA Scope of Practice (AMA)
Technology Risks

- Telemedicine
## Technology/ Telemedicine

<table>
<thead>
<tr>
<th>Driver</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Implemented telemedicine with local nursing home. Plan is to expand this service</td>
<td>25</td>
</tr>
<tr>
<td>• Plan to embed TelePsych into practice.</td>
<td></td>
</tr>
<tr>
<td>• Lack of standard operating procedures related to documentation</td>
<td></td>
</tr>
<tr>
<td>• Lack of confidence in the technology (downtime etc)</td>
<td></td>
</tr>
</tbody>
</table>
Technology- Telemedicine Mitigation Strategies

- ASHRM’s Telemedicine Risk Management Considerations- Whitepaper
  

- Telehealth Resource Center
  
  [https://www.telehealthresourcecenter.org/](https://www.telehealthresourcecenter.org/)

- Telemedicine and Telehealth
  
Telemedicine Risk Management Checklist

✓ Privacy, security and patient confidentiality
✓ Credentialing
✓ Informed consent
✓ Maintaining continuity of care
✓ Ensuring reliability of the technology
✓ Training and Competency
✓ Record Maintenance/Documentation
✓ Choosing the appropriate clinical context/Protocols
✓ Quality Mgt/Metrics
✓ Providing the oldest form of telemedicine — telephone advice
Telemedicine Metrics

Outcome measurement
(clinical, efficiency and satisfaction outcomes):
- Patient/client complication and morbidity rates.
- Compliance with provider performance criteria.
- Diagnostic accuracy.
- Adherence to clinical protocols.
- Referral rates.
- Patient/client satisfaction levels.
- Cost per case.
- Delays in accessing consultations, referrals or specialty providers.
- Average waiting times.
Telemedicine Protocols

Standardized clinical protocols:
✓ Enhance quality and efficiency
✓ Improve consistency of care and performance of staff
✓ Vetted and approved by all providers
✓ Ensure that test results are delivered in a timely, accurate and confidential
Telemedicine Interactive Consults

Interactive consultations, protocols *minimally* should advise providers on how and when to:

✓ Schedule a consultation.
✓ Arrange for a consulting room.
✓ Set up necessary equipment.
✓ Establish network connections.
✓ Prepare and advise the consulting provider, patient/client and telemedical presenter.
✓ Document consultation findings.
✓ Secure and back up required data.
✓ Prepare reports.
✓ Inform patients/clients and other providers of test results.
# Enterprise Risk Management Action Plans

<table>
<thead>
<tr>
<th>Domain</th>
<th>Assessment Date</th>
<th>Risk Description</th>
<th>Drivers</th>
<th>Risk Priority Number</th>
<th>Admin Lead (name)</th>
<th>Action Steps</th>
<th>Due Date</th>
<th>Status</th>
<th>Outcomes</th>
</tr>
</thead>
</table>


Measure and Monitor

How will you know if you are changing to improve or simply changing to change?

- Key indicators
  - Outcome measures
  - Process measures
- Communicate
Recap--Learning Objectives

- Describe the basics of enterprise risk management
- Explain how to use ERM to identify, assess and mitigate risks in a physician/group practice setting
- Describe how by using ERM principles, the risk manager can demonstrate the upside of physician practice acquisition
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