



## The Value and Purpose of Risk Management in Healthcare.

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Does Risk Management provide value in healthcare? I sure think so. But, my opinion is based on being a former risk management executive for about as long as I can remember. Healthcare administrators may, or may not, agree but if there are dollars to be saved and if patient outcomes are improved, it may be difficult to argue against risk management principles in the healthcare setting.

So, what is risk management anyway? Wikipedia defines risk management as the identification, evaluation and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability or impact of unfortunate events.

There is more to the definition, but the above definition provides the basics for this discussion. In more simple terminology for healthcare, it is taking note of something that is out of the norm that either has or has the potential to cause injury or damage, assess what has gone wrong or the probability of something going wrong, do a cost analysis and in most cases, fix it.

Unfortunately, in healthcare something has already gone wrong, maybe more than once before the faulty process or procedure is recognized. A decision is made to do a "root cause analysis", a risk management term, that is simply defined as "what happened"? And why are medical processes and procedures not fixed until something goes wrong? Because no one in healthcare really believes it is possible for things to go wrong until they do. Medical misadventures include a variety of wrong site surgeries including amputation of the wrong limb, right procedure on the wrong patient, foreign body left in a surgical site, mis-sent critical lab results, prescribing and dispensing errors. There are many more examples on the "never event" list. These unfortunate errors still occur despite efforts to prevent these errors from occurring.

There are two risk management disciplines. There are clinical risk management staff who are primarily administrative in a clinical setting. Organizational

approaches to clinical risk management all differ. However, common clinical risk management responsibilities may include patient safety, credentialing, policy and procedure development and peer review to name a few.

The second risk management discipline focuses on legal and financial matters, risk prevention and hopefully serves in a consultative role serving providers and administration.

So, what is really needed is to make legal/financial risk management more relevant in the healthcare setting? Legal/financial risk management professionals need to be used proactively in the development of processes and procedures as an outsider looking in, rather than what risk managers usually are told "this is how we have always done it".

Risk managers have the benefit of managing many cases resulting in adverse outcomes in a variety of disciplines. Knowledge is gained through investigating what happened, what went wrong, why it went wrong and hiring medical experts to

review and provide analyses of what went right and what went wrong. Unfortunately, most of this knowledge goes toward evaluating cases for settlement purposes and not back to the system for procedural improvement.

The value and purpose of legal/financial risk management in healthcare is really influence. Influencing medical leadership by: suggesting educational opportunities, arranging meetings with medical and legal experts, demonstrating what can be changed to improve processes and patient outcomes, provide an understanding of the costs of litigation versus using dollars for preventive measures to reduce legal liability expense and promoting proactive, rather than reactive, measures for process improvement. The hope is for improved patient outcomes and often substantial financial considerations

