

Risk & Quality Management

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Risk Management

- **1970's: Term coined by insurance industry in response to medical malpractice crisis**
- **1985: COBRA created standards**
- **1989: Mandated by JCAHO through Accreditation Manual for Hospitals**
- **Present - Standard procedure in all health care organizations**

Risk Management

- “[T]he process of protecting *an organization’s financial assets* against **losses from legal liability.**” [Balsaono RR, Brown MK, Risk Management in *Legal Medicine 4th edition* American College of Legal Medicine @ 223]
- **JCAHO: “Clinical and administrative activities that [health care organizations] undertake to identify, evaluate, and reduce the risk of injury and loss to patient, personnel, visitors, and the [organization] itself.”**

Risk Management

“ The process of making and implementing decisions that will assist in prevention of adverse consequences and minimize the adverse effects of accidental loss upon an organization.”

(American Society for Healthcare Risk Management)

Risk Management

- **Evolved from safety programs that dealt with injury and accident**
- **Identifies and addresses sources of risk and loss (clinical and operational)**
- **Continuously evaluates organization's processes, functions, and facilities for potential risks**

Risk Management

- **Promotes awareness & commitment by organization's leaders and staff**
- **Protects organization's assets by identifying risks that lead to payment of funds**
- **Emphasizes protection of patients, visitors, facility, and staff**

Risk Management

Primary responsibilities

- identify legal risks
- prioritize identified risks
- determine proper organizational response to identified risks
- manage recognized risk cases with the goal of minimizing loss (risk control)
- establish effective risk prevention
- maintain adequate financial resources

Risk Management

Requires knowledge of

- **law and legal process**
- **clinical medicine**
- **organization's structure and function**

Risk Management - Process

Risk identification → Risk analysis →

Risk prioritization → Risk control →

Risk prevention & Risk financing

- **Re - evaluate risks and procedures to address identified risk and new risks that arise**
- **Modify procedures as necessary**

Risk Management

Avenues of identifying risk

- Legal actions
- Medical records requests
- Patient complaints
- Billing disputes
- Incident reports
- Screening for generic indicators

Risk Management Issues

- **Credentialing**
- **Informed Consent**
- **EMTALA**
- **Fraud and Abuse-
billing & medical
record
documentation**
- **Infection control**
- **Readmissions**

- **Security**
- **Fire safety**
- **Slip and falls**
- **Visitors**
- **Access to facility**
- **Complaints**
- **Medical staffing**
- **Employees**
- **Patient deaths**

Quality Assurance

- ◆ ***W. Edwards Deming***: Instructed post-war Japanese about quality assurance and quality control. Led to the Japanese resurgence in business & industry on global scale.
- ◆ ***Deming and Juran*** : 85% of problems encountered in industrial manufacturing were *not with the worker, but with the system* - prevented workers from producing a quality product.

Quality Assurance

Social Security Act (1972): Professional Standard Review Organization (PSRO) - evaluate quality of health care, determine necessity of care, whether care rendered met professional standards, determine whether care rendered was economical

JCAHO (1975): mandated QA process in hospital

Quality Assurance

- **Based on institution's standards**
- **Assumes quality exists**
- **Looks at the individual, not the system or process**
- **Measures outliers**
- **Changes individual conduct, not the system or processes**
- **Departmentalized**

Quality Assurance Issues

- **Accessibility of care**
- **Appropriateness of care**
- **Continuity of care**
- **Effectiveness of care**
- **Efficacy of care**
- **Safety of the care environment**
- **Timeliness of care**
- **Patient perspective issues**

Performance Improvement

- **Proactive**
- **Mandated by JCAHO (PI.1-PI.5)**
- **Focuses on systems, processes, & expectations**
- ***Goal:* continually improve medical care & hospital processes for all “customers”**
- **Scientific:**
 - **Indicators (measurable benchmarks)**
 - **Collection & review of data (scientific)**
 - **Modify process/system based on data**

Performance Improvement

- **Scientific & analytical using benchmarks**
- **Involves entire system/organization**
- **Based on expectations**
- **Looks at aggregate performance**
- **Everyone shares responsibility**
- **Organization wide**
- **Systems & processes continuously evolving**

Process of performance improvement

- **Identify process to be improved**
- **Evaluate, clarify, understand the process**
- **Develop Indicators (benchmarks)**
- **Collect the data**
- **Plot the data**
- **Evaluate the data**
- **Continuously collect & review data**
- **Modify system / process as needed**

Continuous Quality Improvement

- 1) *Risk Management* = risks to organization, patients & staff
- 2) *Quality Assurance* = deviations in behavior or function (outliers)
- 3) *Performance Improvement* = continuously improve organization wide systems and processes

How does this affect you?

- Hospitals/JCAHO mandate physician participation in PI processes
- Hospitals and healthcare organizations (ex. HMO's, PPO's, national companies) mandate ongoing quality assurance monitoring of physician staff
- JCAHO mandates physician profiling based on outcomes, cost-effectiveness

How does this affect you?

- **Medical malpractice insurance companies require evidence of ongoing risk management measures, for example**
 - **Continuing medical education**
 - **Newsletter (updates)**
 - **Complaint management program**
 - **Valid credentials for position sought**
 - **Quality Improvement program**
 - **Risk management site assessment**
 - **Participation in claims management**