

RISK ASSESSMENT

Risk Assessment
Is the identification, measurement and prioritization of likely relevant events or risks that may have a material consequence on an organization's ability to achieve its objectives.

©2016 Aegis Compliance & Ethics Center, LLP 5

CHALLENGES

©2016 Aegis Compliance & Ethics Center, LLP 6

ENTERPRISE RISK MANAGEMENT

A structured analytical process that focuses on identifying **and** eliminating the financial impact and volatility of a portfolio of risks rather than on risk avoidance alone. Essential to this approach is an understanding that risk can be managed to gain competitive edge.

(Risk Management Handbook for Health Care Organizations (4th edition))



©2016 Aegis Compliance & Ethics Center, LLP

7

Challenges



©2016 Aegis Compliance & Ethics Center, LLP

8

Essential Principles of ERM

1. Recognize a **broad range** of risks confronted by the organization and **acknowledge** that those risks represent either **sources of capital** or **potential for losses**.
2. A **comprehensive**, or **holistic** approach is critical to **managing** the **diverse risks**. An enterprise wide view **recognizes all** of the **potential threats** to the organizations **business and strategic objectives**.

(ECRI Risk Management reporter Dec.1-6, 2002)



©2016 Aegis Compliance & Ethics Center, LLP

9

Risk Categories

- Operational
- Financial
- Human
- Strategic
- Legal/Regulatory
- Technological



©2016 Aegis Compliance & Ethics Center, LLP

10

Healthcare Compliance Risks

- Physician Contracting
- Joint Ventures
- Meaningful Use
- Quality Process Improvement
- ICD 10 Transition
- Accountable Care Organizations
- Denials Management
- Two Midnight Rule
- IT Application Post Implementation
- 340B Drug Pricing Program

©2016 Aegis Compliance & Ethics Center, LLP

11

Healthcare Risks (cont.)

- Physician Practice Revenue Cycle
- HIPAA
- Financial Statement Close Process
- Billing & Collection
- Third Party Vendor Oversight
- Charge Capture
- Health Insurance Plans
- IT System Access
- Payroll
- Purchasing
- Acquisitions

©2016 Aegis Compliance & Ethics Center, LLP

12

Risk Intelligence

“The organizational ability to think holistically about risk and uncertainty, speak a common risk language, and effectively use forward-looking risk concepts and tools in making better decisions, alleviating threats, capitalizing on opportunities, and creating lasting value.”

• --Leo Tilman, Columbia University

©2016 Aegis Compliance & Ethics Center, LLP

13

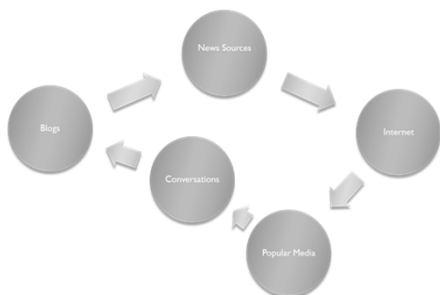
Intelligence should be first step



©2016 Aegis Compliance & Ethics Center, LLP

14

However: Information gathering is often random and unplanned....



©2016 Aegis Compliance & Ethics Center, LLP

15

Changing the Paradigm....

©2016 Aegis Compliance & Ethics Center, LLP 16

The Risk Intelligence Process

Assess risk universe across the organization

Merge the various risks into risk registry utilizing cross functional representation and discussion

Provide ongoing, deliberate collaborative oversight of common risk infrastructure, mitigation, and reduction.


©2016 Aegis Compliance & Ethics Center, LLP 17

Risk Intelligence Organization

©2016 Aegis Compliance & Ethics Center, LLP 18

True Risk intelligence requires...

Establishing a culture of information sharing, exploration, questioning...



©2016 Aegis Compliance & Ethics Center, LLP 19

Intelligence Gathering

Information More information

Encouragement for new information Discussion of Information

Practice based on information

©2016 Aegis Compliance & Ethics Center, LLP 20

Become Intelligence “Savvy”

- Share and discuss risks
- Ask questions
- Allow leaders to not be experts
- Lead by example
- Look for warning signs—they do not always come from the obvious
- Bring intelligence to the table in concerted effort
- Brainstorm

©2016 Aegis Compliance & Ethics Center, LLP 21

Tool for Risk Intelligence Implementation

Scenario Planning:

is a tool for motivating people to challenge the status quo, or get better at doing so, by asking 'What if?' Asking 'What if?' in a disciplined way allows you to rehearse the possibilities of tomorrow, and then to take action today empowered by those provocations and insights."

• Fulton and Searce (2004)



©2016 Aegis Compliance & Ethics Center, LLP

22

How Scenario Planning Helps

Improves planning

Resolves conflict

Challenges mindsets

Improves organizational dialogue

Lends coherence

Brings back choice

©2016 Aegis Compliance & Ethics Center, LLP

23

True Risk Intelligence: Merging the two concepts

Intelligence Gathering

Scenario Planning

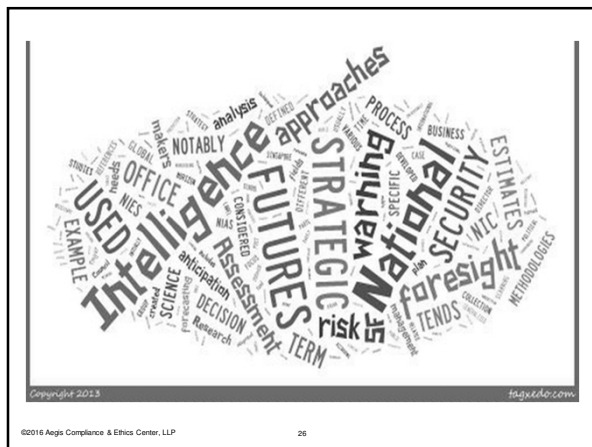
©2016 Aegis Compliance & Ethics Center, LLP

24

Having Risk Intelligence

"...is more than understanding the rudiments of probability theory and human psychology. It is also about being able to make judgments when the data are not available, when the situation is very complex, or when there isn't time to calculate the risks."

- Gerd Gigerenzer „The Economist .
"Risky Business" 5/28/14



Questions

