# TITLE- RISK MANAGEMENT IN HEALTHCARE ORGANIZATIONS

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## ABSTRACT

Healthcare organizations are a complex entity that undergo a lot of operations to provide health services to the patients. In the process of providing health services, the organization is vulnerable to many risks. These risks might be clinical associated, patient associated, financial risks, operational risks and physical hazards. The concept of risk management in healthcare began in the 1970s in the USA. Risk is a probable damage or loss caused by the vulnerabilities which can be avoided through proper planning and management. The only risks earlier that were thought and focused on were patient safety and clinical risks. These risks can be mitigated with a systematic process. There are five steps in risk management namely, risk identification, risk assessment, strategy development, strategy implementation and evaluation. The paper aims to focus on what are the various processes in risk management in healthcare management and focusses on the enterprise risk management. This overview explains the various emerging risks in the healthcare and needs to be focused.

**KEYWORDS**- Risk management, Process, ERM, Emerging risks

## INTRODUCTION

Risk is the potential for uncontrolled loss of something of value. It is the exposure to dangers and losses. Risks are also involved in the working of organizations and firms. The risks can cause serious damage to the finances and operations of the firm and also to the end user of the services provided by the organization. In order to sustain in the market and keep the business viable, these risks are required to be managed and mitigated effectively and efficiently. In the management world and literature, risk management is the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to curb the risks.

There are numerous risks that are associated with the healthcare providing organizations and hospitals. In the year 2018, the healthcare sector scrutinized 15 million records out of which 503 breaches were reported. Medical errors are the third most common cause of death in the U.S. There are 2,50,000 cases of death due to medical errors. Healthcare workers are at a greater risk of experiencing workplace violence in their careers. Around 8% to 38% of healthcare workers suffer from violence at their workplace. These are only the cases reported whereas the numbers go up if threatening and verbal abuse cases are counted. These are some of the statistics that show the number of various risks associated with the healthcare organizations.

Healthcare organizations deal with very complex operations that aims to deliver patient care with quality. Being in a sensitive domain of service provision, it is subjected to a lot of risks form both patient and personnel point of view. Risk management in healthcare is about processes involving monitoring, assessment, mitigation and prevention of risks which are clinical and administrative in nature.

Risk management in healthcare traditionally focused on patient safety majorly. But as the healthcare services expand their roles, the risks associated have also increased which are not only limited to patient safety but also business viability and sustainability, financial, legal and political domains. Hence, the hospital services and other healthcare associated organizations

are expanding their risk management domain programs which primarily support and promote patient safety but also proactively safeguards other risk domains pertaining to the business.

This paper is a literature review on the overall aspect of risk management and its niche in healthcare. This overview aims to explain the process and steps that are essential in risk management. The various risks that are associated with healthcare organizations are also explained in detail.

## RISK MANAGEMENT AND THE STEPS INVOLVED

Risk management is development and implementation of strategies to optimize patient well being and to prevent harm or limit patient injury. It also focusses on reducing error to provide ultimate quality of healthcare service to the patients as well as reduce any financial loss and harm to the viability of the organization.

The process of risk management involves five basic and essential steps-

1. Risk identification.
2. Risk assessment.
3. Development of strategies of risk management.
4. Strategy implementation.
5. Evaluation of the strategies.

Risk identification-

It basically revolves around identifying potential risks in the organizations. The risks can be of four main categories. Hazard risks like injuries to the patients or the staff. Operational risks which include turnover failures. Financial risks like economic slowdown. Strategic risks which includes brand value diminishing or upcoming new competitors which are more efficient. Such risks are needed to be identified which are a potential risk to the organization as well as patients.

Risk assessment-

This step involves measuring the frequency and severity of the risks that are identified in the organization. Heat maps or risks maps are generally used to visualize what risks are having which frequency in the organization. This helps in prioritizing the course of action that has to be taken regarding risk management.

Development of strategies of risk management-

Strategies are required to combat the risks that are of potential hazard to the organization. These risks can be developed newly with respect to the risk. Or strategies that were previously used or stated can be used if applicable in the context.

Strategy implementation-

Strategies are then implemented at various levels in the organization. All the staff and employees concerned are oriented regarding the strategies and changes made to take the

necessary steps in their operations. This process involves change management amongst the employees to bring in action the strategies made.

Evaluation-

The strategies implemented are evaluated after a specific period of time like monthly and then quarterly. Continuous monitoring and evaluation are recommended to ensure streamlined functioning and also to address and solve any issues regarding the same.

## ENTERPRISE RISK MANAGEMENT

The healthcare organization faces many potential risks in the operations as well as while delivering services to the patient. Based on the size of the organization various tools are used by the organization to identify and evaluate these risks so as to prioritize the course of action and check the opportunities associated with it.

Enterprise risk management includes the methods and processes used by the organization to manage the risk and opportunities associated with it are seized to achieve their objectives and aims. Enterprise risk management tool can employ the methods to identify the risks, report risks and its incident patterns. The ERM team will take into consideration the brainstorming and focus group discussions, reporting and satisfaction surveys. The ERM team will list down all the risks and compile them together for cross functional risks to be analyzed. Then the ERM team lists down the quick wins or quick fixes. This complete list of risks is called the risk inventory which is organized by the specialization area. There are a various factor that are taken into consideration while evaluating risks. The inventory has a dimension explaining the frequency or the likelihood of the risk to happen. The next dimension that is included in the impact of the risk on the organization, its stakeholders and patients. The third aspect taken into consideration is the speed or velocity that refers to the time taken to anticipate any risk that is going to happen, to realize the outcome and to take necessary measures to take in control the consequences. After the compilation of information, on an X and Y axes, on a Likert scale, the likelihood and impact factor are scored from 1 to 5. This gives a visual representation of the risk and the frequency and impact of it.
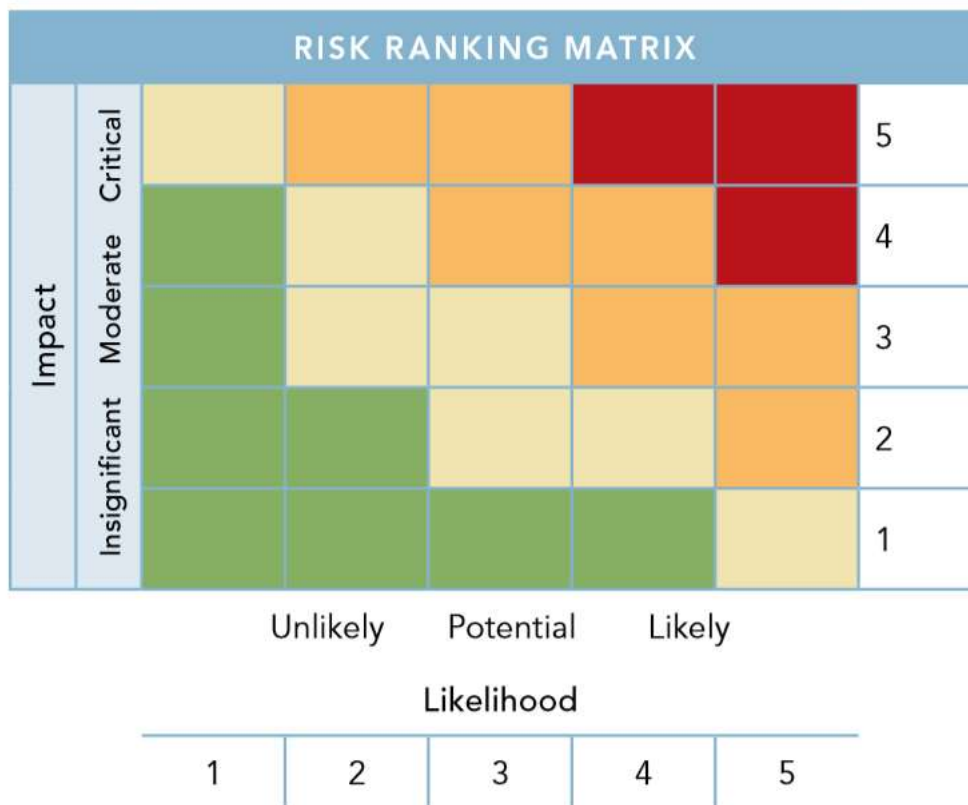
**Figure1: Likert Scale. Source: American Society for healthcare risk management, enterprise risk management: a framework for success,2014**

The ERM aims and approaches to get clarity of the risks and its outcomes and impacts. It enables to easily identify and analyze the risks and the consequences. It helps in a forward-looking approach in the risk management and helps combat any risks.

## EMERGING RISKS IN HEALTHCARE

Apart from patient safety that has been a major focus under risk management the healthcare possesses many other risks that are currently emerging and are a threat. The following sections throws some light on various emerging risks in the healthcare sector.

**Patient privacy breach-**

Safeguarding patient privacy is one of the major challenges that the healthcare organizations are facing currently. Patient privacy and patient data breach is an increasing risk. This risk is very large and expensive in terms of combatting and correction of this risk. Verification is must even in the best practices while interoperating. The communication between the providers as well as between the healthcare providers and patients can cause data breach that might be leaked. Evaluation of data encryption in devices is must. Policies and procedures are needed to be developed when it comes to communication of patients with the healthcare provider and communication between the providers. Communication practices should be standardized and techniques should be innovated in order to assure patient data privacy. Timely audits are always helpful in order to monitor and prevent any issues regarding privacy of the patients.

**Misdiagnosis-**

Misdiagnosis occurs when the clinicians or trainee clinicians are under pressure or are running out of time in an emergency situation to reach up to a diagnosis so as to start the treatment faster. Also, sometimes the clinicians tend to diagnose a particular disease even if they are not sure so as to keep the trust of people intact. The risk of misdiagnosis can cause a huge blow to the organization as it can hamper patient safety and be lethal. Such risks can be managed by having supervisors and monitoring clinicians' practices regularly with daily, weekly or monthly reporting so as to avoid this risk.

**Violence in workplace-**

Violence against healthcare workers is a rising epidemic. This violence can be verbal abuse or even physical abuses at time. According to American journal of managed care, 2019, 75% of nearly 25,000 workplace assaults happen in healthcare settings of which 26% are emergency department personnel and 30% are nurses. Around 47% of physicians have reported that they have physically been assaulted at the workplace. To ensure the safety of the staff is very necessary as they are of utmost importance to the organization. the organizations must ensure staff safety by giving them training for various such incidents. These training should be done under disaster management. Also, the organization should ensure tight security for the same. The organizations should try to restrict entry of attendants with the patients in order to avoid overcrowding. Violence against healthcare workers is a commonplace nowadays and we need to mitigate this problem to safeguard the personnel of healthcare.

**Medical devices-**

Medical devices is a huge emerging and eminent market in the healthcare industry. With advances in technology in healthcare there has been a lot of aid and ease in the processes and operations in healthcare. But with advances do come risks that would always be accompanied with the medical devices. Medical devices continue to give rise to product liability claims and

malpractices too. Providers tend to use the devices off label and do not follow instructions as per manufacturers to save the cost. This can be a risk to both organization image and patient safety. Incorrect use of medical devices to save the cost is a potential risk to the organization. Strict rules for following the instructions regarding medical devices should be made.

**Patient centered care and shared decision making-**

The medical fraternity has been for the longest espoused the patients' engagement value in decision making. The patients are neglected to choose between the treatments that they wish to avail. They are not taken as a part of shared decision making with the clinicians and physicians. However, with the changing times the scenarios are changing. The organizations have recognized the importance of patient engagement in decision making so as to provide customer satisfaction and gives patients a sense of importance and choice to adopt. The patients should be informed and educated about various medical advancements and treatments they can avail from the array of treatments available. The organizations should develop a number of best practices tools to assure patient preferences and finances. The risk managers in the organizations should assign a team so as to consider a shared decision of the patient and guide them through the process.

**Telemedicine-**

Telemedicine is the booming services of the time in healthcare sector. This area is enabling to provide healthcare services to the people who do not have proximal access to the healthcare facilities. Telemedicine has made it easy for e-consultations, monitoring of the patients and diagnosis. As any other technology does, telemedicine possess its risks like educating the doctors and physicians about the technology. It is very important to know the limitations of telemedicine by the providers and they should know how to troubleshoot it. The organization must plan actively the infrastructure that is required for telemedicine and to analyze its value to the staff and patient.

**CONCLUSION**

Healthcare organizations aim at providing healthcare services and ensure patient safety by providing health. the organizations face a lot of challenges on the patient point as well as staff and organization sustainability point of view. These risks are necessary to be mitigated and looked upon in order to safeguard the patients and other stakeholders of the organization that are working endlessly. Risks are a potential threat to the healthcare organizations and are required to be managed. Organizations employ enterprise risk management team in order to work towards managing and focusing on mitigating various risks faced by the organizations. Risk management is needed to be focused on by every health organization in order to streamline the operations of the organization and ensure patient safety and satisfaction.

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