



Risk Management Plan

CCHSA AIM Standards require that:

The governing body and managers prevent and manage any risks to the organization. (L&P 9.0)

Introduction

This risk management plan template was developed in order to:

- Provide background information on risk
- Provide information on the risk management process
- Describe the key elements of a risk management plan (helpful if your province mandates risk management committee requirements, as in Quebec)
- Provide a sample risk management plan (template in Appendix I)
- Encourage organizations to share their successful risk management plans with CCHSA



Please note:

This information and template are provided only to assist organizations. You do not have to follow this risk management plan outline. If your organization already has a risk management plan that works well, continue on with it. This template will be useful to those organizations that have little experience developing and using risk management plans, as well as those that want to enhance their risk management plan.

Risk

Risk is inherent in most things in life, and the health services area is no exception. In fact, the mix of patients/clients, staffing shortages, increased complexity of care, stressful work environments, fiscal restraints, new technology, specialized

equipment, aging physical structures, increased integration across the continuum and new partnerships can pose any number of potential risks.

A successful risk management plan can help your organization identify, assess and control potential risks before an adverse event happens. In fact, “integrating the work of risk into organizational and managerial culture and making it an explicit step in the decision-making process is critical to future successful management of corporate health risk.”ⁱ

Risk management and accreditation

From the point of view of accreditation, CCHSA recognizes that risk is part of delivering health services. It is the **degree to which the risk is effectively managed** that becomes important when deciding an organization’s accreditation status.

CCHSA considers risk to be “managed” if:

- The team (of care and service providers) within the organization or the organization as a whole recognizes, assesses and manages the risk;
- The leadership in the organization supports teams in their efforts to identify, assess and develop a process to monitor, manage and reduce risk; and,
- An evaluation of the effectiveness of the actions is done (CCHSA, 2002)

CCHSA’s definition of risk

Chance or possibility of danger, loss or injury. For health services organizations this can relate to the health and well-being of clients, staff, and the public; property; reputation; environment; organizational functioning; financial stability; market share; and other things of value.

(CCHSA AIM glossary)

Risk management

As previously mentioned, CCHSA requires organizations to prevent and manage risks. Specifically, CCHSA expects that organizations will carry out a process to identify, report, assess and manage risks. (L&P 9.1)

Risk management is a proactive strategy which has as its components:

- Risk identification
- Risk assessment

ⁱ Knox GE. Risk management or safety first? Quality and Safety in Health Care 2002;11(2):116.

- Risk control
- Evaluation of risk management activities

Risk identification means to anticipate risks so as to lessen exposure or frequency and severity. This requires a thorough scan of the internal and external environments to detect your risk areas. You need to gather and analyze information from a variety of sources, such as (from L&P 9.1 Guidelines):

- occupational health and safety
- infection control
- security
- emergency preparedness
- incidents and adverse events
- complaints
- coroners' reports
- litigation status
- insurance
- claims management

As with other quality-related activities, a clear commitment from the organization's leadership is required for successful risk management.

Appendix II provides a model loss exposures by operational activity and type of exposure to help you understand the scope of risk management issues to consider.

Risk assessment includes the frequency, cost and probable circumstances of risk. Once you have identified risk areas, you need to consider the probability of the risk occurring, as well as the impact or severity of consequences. This is similar to the review by surveyors when writing survey recommendations. Surveyors consider the *likelihood* of an adverse event occurring, and also consider the *severity* if it were to happen. These factors determine the recommendation's *urgency* rating. High urgency recommendations need to be addressed immediately. Low and medium urgency recommendations can take longer to address.

Risk assessment will guide your risk control activities. Appendix III provides one model for risk assessment.

Risk control may involve taking action to deal with risk by either preventing risk or controlling it, including risk financing. Action can include any number and type of activities (policies, processes, programs, staff, etc.) The risk management plan in Appendix I provides some examples.

Evaluation of risk management activities

Your organization should regularly ask itself, *How effective is our risk management system?* Council's AIM standards (L&P 9.5) also require an organization's risk management practices to be evaluated. This includes:

- reviewing the frequency and severity of losses
- analyzing incident and occurrence trends
- reviewing policies and procedures that might prevent or minimize risk
- assessing new or increased risk
- assessing the effectiveness of risk management education and communication strategies.

Communication to staff and other stakeholders on the effectiveness of risk management practices is also important. Moreover, feedback and involvement from leaders indicates that they understand and support risk management throughout the organization.

Risk management plan

A risk management plan is the process by which organizations identify, assess, control risks throughout the organization. The results of the plan enable organizations to evaluate their risk management activities. The risk management plan should be updated on an annual basis. Risk management practices should be ongoing, dynamic and integrated into the operational activities of the organization.

Appendix I contains a sample risk management plan for a small organization.

Risk management education

Staff education is an important factor in successful risk management. One education model divides training into three main areas:ⁱⁱ

- Induction
- Raising awareness
- Specific risk management training for particular staff

ⁱⁱ Wall D, Eynon R, Bullock A. An evaluation of risk management training in the West Midlands. *Journal of Clinical Governance* 2000;8:191-194.

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Induction

Risk management induction should be provided for everyone. Key topic areas include *What is risk? Risk issues. Risk management. The organization’s risk management structure and policies.*

Raising awareness

This component helps everyone to understand their role and responsibility in managing risk. Risk management practices should also be included in this training.

Specific training

Some staff will need more in-depth risk management training. This may include specific methods and techniques such as tracking, trending, monitoring and projection; investigation and administration of incidents; risk control, etc.

Communicating the risk management plan

Since all staff, health services providers, volunteers, partners and even patients/clients play a role in risk management, the risk management plans, practices and results must be well communicated. Include communication to groups outside your organization, such as the community, your partners and government.

Once you determine all the groups you want to communicate to, you need to identify your key messages, communication vehicles and timeframes.

Questions and Answers

1. Our organization is small and doesn’t employ a “risk manager.” Who should oversee the implementation of our risk management plan?

While some organizations do have staff whose responsibilities focus on risk management and quality management activities, CCHSA does not specifically require this. What is important is your organization’s coordinated efforts to manage risks. In fact, Council expects your risk management practices to be integrated into the organization’s activities. While the organization’s leadership is ultimately accountable for risk management, all staff, providers and volunteers have a risk management role to play. As these authors point out, “Managing risk is about corporate design and improvement and changing systems of work rather than a staff function assigned to an office or someone labeled ‘risk management’.”ⁱⁱⁱ

ⁱⁱⁱ Kuhn AM, Youngberg BJ. The need for risk management to evolve to assure a culture of safety. *Quality and Safety in Health Care* 2002;11:158-62.

2. Are occurrence reports the best way to identify risks within our home care organization?

The earlier section on identifying risks reminds organizations to gather information from a variety of sources. That said, occurrence reports are a useful tool to capture events that are not consistent with an accepted standard or policy.^{iv} For example, the following incidents would be reportable following the initiation of home care (not exhaustive):

- increase in size of decubitis
- development of a urinary tract infection
- unplanned referral or return to hospital or another licensed program
- request for a different caregiver
- increase in functional deficits
- patient status change
- equipment failure/misuse of equipment
- medication incidents/adverse or allergic reactions
- complications of treatment
- burns
- falls
- noncompliance, refusal of treatment
- client/family complaint

3. With increased integration of health services, how can we manage our increased exposure to risk?

Your overall objective is to minimize risk and poor outcomes and thereby minimize liability. CCHSA's AIM standards require that each organization:

- Monitor the risks that are posed by products purchased from suppliers. (L&P 9.1)
- Review the risk management practices of partners and other organizations when making decisions about how to manage risk. (L&P 9.1)
- Develop strategies for communicating risk management issues to different groups. (L&P 9.1)
- Obtain accurate, comprehensive and timely information on expected levels of risk and other risk issues to help make decisions. (L&P 9.2)

^{iv} Gann C. Risk management in nonhospital settings: Impact of managed care. Home Health Care Management & Practice 1997;10(1):10-18.

4. **How does the concept of “patient/client safety” fit into risk management and quality?**

CCHSA believes that care cannot be of high quality unless it is safe. Therefore, patient safety has always been a main concern for CCHSA. Your organization’s risk management and quality management activities work together to improve processes and outcomes, and to minimize risks. From the point of view of accreditation, your organization’s self-assessment, on-site survey, follow-up on recommendations and use of indicators provide a greater ability to detect, prevent and learn from patient safety issues.

CCHSA also expects risk management practices to be integrated into the health care organization’s broader activities. Risk management focuses on reducing risks for both the patient and the providers, and on improving quality and safe care.



Appendix I: Sample page from risk management plan

Symptom	Risk Identified	Risk Assessment	Risk Control and Timelines	Responsibility	Outcomes	How will Outcomes be Measured?
Patients do not always understand what is going to happen with their care	Informed consent not consistently obtained	Medium probability, High impact Take action.	<p>June 2004: Review process to obtain informed consent on a consistent basis. Ensure that:</p> <ul style="list-style-type: none"> ▪ client is capable ▪ client is informed ▪ consent is voluntary ▪ consent refers to the care/service and the provider who is responsible for the care/service <p>June 2004: Update informed consent form</p> <p>July 2004: Educate staff</p>	<p>Informed consent task force</p> <p>All staff</p>	Informed consent consistently obtained 100%	<p>Chart audit to be completed in July 2005</p> <p>New informed consent question on client satisfaction survey to be analyzed in 2005</p> <p>Service providers must verify that client understands information and must review consent form with client</p>

Appendix I: Sample page from risk management plan (cont'd)

Symptom	Risk Identified	Risk Assessment	Risk Control and Timelines	Responsibility	Outcomes	How will Outcomes be Measured?
<p>Staff safety concerns from 2003 survey</p> <p>One fall in parking area</p> <p>One auto-theft</p>	<p>Parking facility is dark, far from main door and lacks signage</p>	<p>Medium probability, Medium impact</p> <p>Take action</p>	<p>May 2004: Install new lighting</p> <p>June 2004: Install signage</p> <p>June – Dec 2004: Monitor need for call buzzer/alarm/parking escort service</p>	<p>Environment team</p>	<p>Safe parking facility</p>	<p>Client and staff satisfaction with parking (use staff satisfaction survey in 2005)</p> <p># incidents in parking area between July 2004-Dec 2004 (6 months)</p>
<p>Dementia clients not adequately served</p>	<p>Resource allocation and budgeting not meeting client needs</p>	<p>High probability, High impact</p> <p>Take action</p>	<p>June-Aug 2004: Develop new source allocation method (so that resource allocation is linked to strategic directions and organizational priorities)</p>	<p>Management team</p>	<p>Effective resource allocation (resource allocation part of planning cycle and linked to organizational priorities)</p>	<p>2005 budget linked directly to organizational priorities, as determined through planning cycle</p> <p>Client services in place to meet needs</p>



Appendix I: Sample page from risk management plan (cont'd)

Symptom	Risk Identified	Risk Assessment	Risk Control and Timelines	Responsibility	Outcomes	How will Outcomes be Measured?
Increased infection rate re home care clients with catheters	Inconsistent infection control in clients' homes	Medium probability, High impact Take action	May-June 2004: Identify key areas of concern: <ul style="list-style-type: none"> ▪ handwashing ▪ method for catheter insertion and removal ▪ catheterization frequency July 2004: Educate staff Begin July 2004: Educate home care clients	Infection control team, including home care providers	No catheter-related infections among home care clients using catheters	# infections in home care clients, as measured July 2004-Dec. 2004 Client outcome measure (health status) to be determined by care providers

Appendix II: Representative Loss Exposures by Operational Activity and Type of Exposure

The following table identifies risk areas according to categories of daily activity in a typical home care organization.^v This model may help you to identify risk areas in your organization.

	Civil Exposures	Regulatory Exposures	Contractual Exposures	Financial Exposures	Reputational Exposures
Providing Care	<ul style="list-style-type: none"> Substandard care Lack of consent Patient abuse Medication error Missing property 		<ul style="list-style-type: none"> Failing to meet service standards Failure to provide required data/reports Assumed liability of contractor 	Risk of utilization review denials	Negative publicity due to adverse patient event
Dealing with Staff	Auto accident involving staff	<ul style="list-style-type: none"> Workers Compensation injuries/illnesses Attacks on staff Discrimination allegations 			Negative publicity due to allegations by angry worker
Dealing with Contractors	<ul style="list-style-type: none"> Liability of contractors Contractor unable to indemnify agency 	Violation of federal laws on referrals and reimbursement issues	<ul style="list-style-type: none"> Breach of contract due to onerous terms Contractor's failure to perform contractual obligations 	Assumed capitation risks	Negative publicity due to poor performance by contractor

^v Benda C. Risk management: Meeting the operational challenges of home care. CARING Magazine Sept. 1996: 10-12.

Appendix II: Representative Loss Exposures by Operational Activity and Type of Exposure (cont'd)

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	Civil Exposures	Regulatory Exposures	Contractual Exposures	Financial Exposures	Reputational Exposures
Billings and Collections	Violation of patient confidentiality	Violation of governmental billing regulations		Assumed capitation risks Risk of utilization review denials	
Gaining Customers & Contracts	Misrepresentation in marketing materials				Lack of or loss of accreditation Negative publicity from losing contract
Fending off Competitors	Misrepresentation in marketing materials Defamation	Violation of competition laws			Lack of or loss of accreditation Negative publicity from competitors

^v Benda C. Risk management: Meeting the operational challenges of home care. CARING Magazine Sept. 1996: 10-12.

Appendix III: Risk assessment model

The following model is based on a standard approach for risk management. It is offered as one way to assess the risk areas that your organization has identified.

For each risk, determine the **probability** (likelihood) of the risk or adverse event occurring. It is to be rated as low, medium or high.

For each risk, determine the **impact** of the consequences to the organization or partners if the risk were to materialize. It is to be rated as low, medium or high.

Use the grid below to help determine what your organization should do to mitigate the risk, i.e. take action, ignore or defer action.

Typically, red lights require action. Yellow lights require caution, and possibly action. Green lights should be noted and monitored, and possibly action.

Impact	High	Y	R	R
	Medium	G	Y	R
	Low	G	G	Y
		Low	Medium	High
	Probability			

R=red; Y=yellow; G=green; High =likely or definite (80% or more), Med=could reasonably happen (30-79% certain), Low=unlikely (20% or less)

An exciting opportunity for knowledge transfer!

If you are interested in sharing your organization's risk management plan, please contact CCHSA at (613) 738-3800. CCHSA is always looking for good examples to share with other organizations (with your permission), or to include in future templates.