

RISK MANAGEMENT

Risk Management Defined

Risk Management is a common sense, systematic approach to managing the unexpected results or adverse effects of the many and varied risks associated with providing patient care in an office practice setting. The purpose of a risk management program is to establish and maintain processes that identify, help correct and prevent conditions that could result in injury (to patients, visitors, doctors and/or employees) or financial loss to the practice.

A written risk management plan for your practice is essential to provide a structure for procedures that support:

- timely identification and evaluation of risk issues
- formulation of corrective and preventive actions to eliminate or reduce the identified risks
- follow-up of the effectiveness of corrective actions

An effective risk management plan for your practice can help improve or enhance your clinical patient care and reduce your liability exposure. The commitment and efforts of all physicians and staff to quality patient care and patient satisfaction is essential.

Risk Areas in a Physician Office

Risk management in the physician office focuses on effective communication, direct patient care activities with the potential for liability for inappropriate or incorrectly performed care and office policies and procedures which, when not established or not followed, can result in patient dissatisfaction or an adverse or unanticipated outcome.

The following are some of the categories of risks that are typically addressed in a risk management program for a physician practice:

- patient care
- medical and other licensed staff credentialing
- human resources
- office safety
- communication/information management
- financial risks

Goals for a Risk Management Program

An effective risk management program is guided by ongoing, meaningful, and measurable goals and objectives. The practice's governing body or physician director approves the goals that are also used to evaluate the program at least once a year. Goals for a risk management program typically support the following efforts:

- provide for the safe delivery of health care within reasonable financial and resource limits
- facilitate the timely identification and resolution of risks in an effort to reduce or prevent the potential for injury or loss
- foster effective communication for patient care and safety
- continually improve the ongoing delivery of healthcare services
- utilize internal controls to reduce financial losses associated with professional and general liability claims, and decrease the frequency and severity of those claims

The following sections are examples of risk management activities in an office practice setting.

Adverse Events – Reporting and Investigation

When an unexpected event happens in the office, which either injures or potentially injures a patient or visitor, the practice should investigate it. In small practices this may be a rather informal process, yet it can lead to changes in office processes so that similar events are minimized or prevented. If the event is serious in nature it should be treated as the practice would treat a claim.

Information regarding [reporting](#) and [investigating events](#) can be found in Princeton's Reducing Risk documents on these subjects. A [Sample Event/Complaint Report](#) and [instructions for completing an event/complaint report](#) are included in the toolkit for your use.

Billing and Collection Practices

Sound policies and procedures for billing and collection practices are necessary to minimize risks of loss and avoid problems with your office's billing and collection policies. The following practices are suggested:

- Identify billing situations that require physician review and, possibly, special arrangements for payment or write-off.
- In order to avoid the appearance of an "admission of negligence," do not agree to a request to waive or reduce a fee because of complications that the patient perceives to be the result of the doctor's actions, until you have obtained the advice of legal counsel or Princeton Insurance. Similarly, you should consider very carefully whether to send a bill to a patient who has already experienced an adverse event since this may incite a patient to litigate.
- Carefully monitor your office billing procedures.
- Require approval of a designated individual such as the directing physician before an overdue account is referred for collection. Additionally, you may consider having a policy of not sending accounts for collection.
- Have a HIPAA Business Associate agreement with any outside billing service or collection agency that your office uses.
- Have a private area in your office for confidential discussion of billing matters.

Discharging a Patient from Your Practice

Relationships between patients and physician practices are not always smooth. You may need to consider discharging patients from your practice because of chronic non-adherence to their treatment plan, or inappropriate behavior. They may fail to pay their bills and make no attempt at repayment; and there are other situations that may cause you to turn to the option of termination.

Termination should not be a snap decision and it is important to recognize warning signs in your patient's behavior well before you are ready to consider this option. If possible, you may be able to work with your patient and improve the situation, especially as it relates to adhering to their care plan. Recognizing warning signs is also important because it is necessary to document their behavior factually and to document any conversations you may have had with them about that behavior.

The process of termination should be done very carefully. If done inappropriately, you can leave yourself open to claims of abandonment or discrimination by your patient. NJ Board of Medical Examiner (BME) rules and possibly managed care plan contracts also apply in these situations.

Princeton Healthcare Risk Services has developed a packet of information on [discharging a patient from your practice](#). The packet includes a [sample letter](#) which you can use as a template for the situation with your patient.

Merging or Closing a Practice

As a business, your practice may face changes which will require careful planning and management. A small practice may decide to merge with another, or several other practices for a sense of security and economies of scale as healthcare continues to change and reimbursements remain uncertain.

Other practices may decide to close, or the physician may decide to leave the practice, turning it over to another physician.

Whether you have months to plan this decision, or it is forced on you in a more abrupt fashion by circumstances you do not control, there are steps that should be taken for the sake of the business and your patients.

Whether merging or closing, business decisions will be made regarding the effective date of the change, and other issues regarding staff, policies, and assets. It is important to know and follow the BME regulations for these changes. Your business attorney should also work with you to make sure that the transition protects both the business and the people involved.

Notifications will be made in either situation too. Employees, vendors, and patients are to be made aware of the change. Decisions will need to be made regarding medical records.

More information on [ceasing to practice, or leaving a practice](#) can be found in Princeton's Reducing Risk documents.

Patients Who Do Not Adhere to Their Treatment Plans

A patient who does not follow their treatment plan can be frustrating to their caregiver, a potential danger to themselves, and a potential liability threat for the practice. Avoiding non-adherence begins with good communication between the patient and the physician, establishing a sense of trust between them.

Shared decision making can also help prevent or minimize non-adherence to the care plan. If the patient is involved in decisions on their care, and understands their care plan, they are less likely to stray from it.

When a patient does stop following their plan, communication with them is also important. They may start missing appointments, stop taking medications (or take them incorrectly), or begin to treat themselves (with over-the-counter [OTC] medications or home remedies). However their non-adherence manifests itself, it is important to make an opportunity to speak with the patient. If the patient is missing appointments and finally shows up, that is an opportunity to talk with them about the missed appointments.

When communicating with a non-adherent patient:

- review the care plan and what they have recently been doing (within or outside of the care plan's boundaries)
- attempt to find out the patient's reason for this behavior (are they unable to pay for their medication, or is something else preventing them from adhering to the plan)
- ascertain whether the patient lacks understanding of their condition or of your instructions
- discuss with the patient the consequences of continuing the non-adherent behavior
- look for clues regarding those things that do motivate your patient and find ways (if possible) to use them in your discussions and in the care plan itself

If the patient continues to demonstrate non-adherent patterns of behavior, you can:

- give them a written summary of the care plan and the consequences of their current behavior, have them sign and date their copy and a copy for their medical record
- [discharge them from your practice](#)

A Reducing Risk document focuses on [patients who don't return for follow up](#). These patients are not adhering to their treatment plan and they need to be tracked carefully in the practice's follow-up systems. Their failure to return should be documented in their chart and they should be contacted; that contact should also be documented in the record.

Risk Financing

Risk financing is a management plan to develop the sources and allocation of funds that a practice or organization would need to recover from a loss (e.g., accidental property, net income, liability, and personnel losses). The elements of risk financing are:

- identifying risks – those situations, policies, or practices that could result in financial loss (risk exposure)
- examining alternative risk financing techniques, such as purchasing insurance
- selecting the most appropriate technique(s) for risk financing
- implementing the selected risk financing technique(s)
- monitoring and improving the risk financing program

The process of risk financing encompasses a variety of issues including adequacy of insurance coverage (professional liability, property & casualty, workers' compensation, etc.), rights and obligations under managed care contracts, and mechanisms to evaluate and address the potential for loss in new ventures – to name a few. Your practice's risk financing program should be developed and regularly assessed in conjunction with advice from knowledgeable professionals. These professionals include legal counsel, financial specialists (accountant, financial advisor), and insurance specialists (broker, or agent).

Treating Minors

The New Jersey legislature has given most of the rights of adulthood to persons 18 years old and older. This includes the right to consent to medical and surgical treatment, as well as the right to sue. In most situations, minors (children under the age of 18) cannot be cared for without the consent of their parents or legal guardians.

- cases of emergency, where the child must be treated to save its life or to save it from potentially serious harm

- minors who are married
- minors seeking certain sexual-related care
 - abortion (subject in most cases to parental notification)
 - pregnancy-related care
 - sexual assault (a child of at least thirteen years of age may consent to treatment and parents or legal guardians must be notified immediately unless the physician feels it is not in the patient's best interest N.J.S.A. 9:17A-4)
 - venereal disease (child must be at least thirteen to consent)
 - drug/alcohol use or abuse treatment

More detail on [treatment of minors](#) can be found in a Risk Review article on that subject.

Family practice and pediatric offices often see minors who are accompanied by someone other than their parent or legal guardian. They may come in for a routine visit with an older sibling or with a babysitter. Some offices find it helpful to add space on the office's initial intake form for the parents or legal guardians to name those people they authorize to consent for urgent care for their child if they are not present. In this way, the practice can attempt to reach the parents for all requests for consent, but they also have the parent's written consent to allow another person to consent.