



Enterprise Risk Management

**Texas Tech University Health
Sciences Center**

Dale M. Dunn MD, MBA, FCAP, FASCP



What is a definition of risk?

Definition of Risk

Risk is the probability or threat of any negative occurrence caused by internal or external vulnerabilities interfering with achieving objectives that may be mitigated or avoided by preemptive action.



**What areas in Texas Tech University
Health Sciences Center
expose us to risk?**

Areas of Risk

Operational: Maintaining a successful core business operation .

Financial: Earning, raising or accessing new capital.

Human: Managing human resource issues such as hiring, terminating, employee compensation or conflict resolution.

Strategic: Achieving and expanding our objectives while meeting emerging challenges.

Legal / Regulatory: Meeting statutory and regulatory compliance.

Technological / Research: Developing new informational technology and biomedical research.

Education: Meeting the requirements of educational accrediting bodies and providing optimal education for our students.

Environmental: Ensuring a safe environment for our students, patients and employees.




**What is a definition of Enterprise
Risk Management (ERM)?**

Definition of ERM

Enterprise Risk Management is the identification and prioritization of risk severity across an entire enterprise by determining the degree of negative impact generated by each specific risk.

Steps are taken to mitigate the risk through the implementation of regularly monitored processes and internal controls which are utilized uniformly and comprehensively while constantly scanning and identifying new emerging risks.

ERM also eliminates the “silo” approach toward managing risk and improves communication enhancing both local and enterprise wide operational effectiveness.



**What are the main functions of a
Enterprise Risk Management
(ERM) program?**

ERM Functions

1. Develop a uniform, comprehensive and understandable risk management plan designed to identify, prioritize and mitigate risks.
2. Distribute the plan and educate all core users.
3. Implement the plan with enterprise wide usage .
4. Monitor to ensure the plan is both effective and appropriately utilized.



**How do we identify and prioritize
risks in multiple areas?**

Identifying and Prioritizing Risk

Risk Priority Matrix

		Risk Frequency	
		High	Low
Risk Category	High	HF, HI	LF, HI
	Low	HF, LI	LF, LI

High > 1 occurrence / month
Low < 1 occurrence / month

HF – High Frequency
LF – Low Frequency
HI – High Impact
LI – Low Impact

Decreasing
level of
risk or threat
severity ↓

HF, HI High Priority – Red Tab
HF, LI Moderate High Priority – Yellow Tab
LF, HI Moderate Low Priority – Blue Tab
LF, LI Low Priority – Green Tab

A color tab for each
policy or procedure
highlights the level of
risk or threat severity



**What factors determine risk
severity?**

Factors Determining Risk Severity

Site Specificity:

An identified risk in one area might not have the same impact as in another. As an example, a 15 minute power outage in an office might cause an inconvenience but could prove catastrophic in an operating room during a surgical procedure.

Risk Impact or Threat:

As a rule, the greater the number of areas a risk impacts, the greater the risk threat or severity it presents.

Scope of Responsibility:

Usually, the greater the number of people responsible for mitigating a certain risk, the higher the probability this risk will be poorly handled.

Factors Determining Risk Severity

Financial Impact Risk:

The greater the financial impact of the risk, the greater the severity it presents.

Institutional Reputation Risk:

The greater the potential risk to the reputation of an institution, the greater the severity of the risk.

Risk Frequency:

The more often the risk occurs, the more closely and frequently the risk needs to be monitored.

Statistical Analysis:

Using historical data, the statistical probability of an adverse event occurring can be determined. The greater the amount of data over a longer period of time, the greater the predictive accuracy of identifying risk severity.



**Who should determine the risks that
generate the most severe threat?**

Task Force to Determine Risk Severity

- A task force with a designated team leader will be assembled to assess each of the potential risks in their respective areas by identifying and prioritizing the severity level of each risk and the threat posed.
- Effective communication between task force team leaders is vital when risks or threats are found to have impact beyond one's own specific area in order to break down "silos" of risk management.
- There must be a unified, concerted and coordinated team effort in order to successfully prioritize broad based or system wide risks.
- It is important to take upon the responsibility of initiating dialogue when such risks are identified and not to assume that someone else will.
- If certain risks identified are particularly problematic and longstanding, it is often helpful to ascertain how other comparable institutions are handling similar issues to benefit from their experience.



**What is the starting point to
determine risk severity?**

Starting Point to Determine Risk Severity

As we begin the process to determine risk severity, it is important to note that any policy or procedure is designed to mitigate risk and facilitate a favorable outcome while attaining a specified objective. For example, a procedure that addresses turn around time is designed to decrease it (favorable outcome) and not to increase it (unfavorable outcome) with a specific objective identified. Reviewing existing policies and procedures could be a starting point toward establishing a risk severity analysis.



**What are the individual steps to
determine risk severity?**

Steps to Determine Risk Severity

1. Review the current policies and procedures and identify the risk(s) addressed in each one.
2. Assess the severity or threat of the risk(s) identified.
3. Color tab (red, yellow, blue or green) each policy and procedure according to risk severity.
4. Identify any remaining risk(s) which are not already addressed.
5. Develop a policy or procedure to deal with the newly identified risks.
6. Assess the level of severity or threat these identified risks represent.
7. Color tab each new policy or procedure according to risk severity.
8. Formulate a Risk Management Assurance Map to ensure ongoing and effective risk prioritization and mitigation.



**What is a Risk Management
Assurance Plan (RMAP)?**

RMAP

A Risk Management Assurance Plan (RMAP) is a methodology that can be utilized to uniformly and effectively manage severity prioritized risks with processes or internal controls in place to deal with each risk individually. This consistent approach to risk mitigation can maximize risk management (proactive) and minimize crisis management (reactive).

Depending on the scope of the area involved, the size of an RMAP can be quite variable.

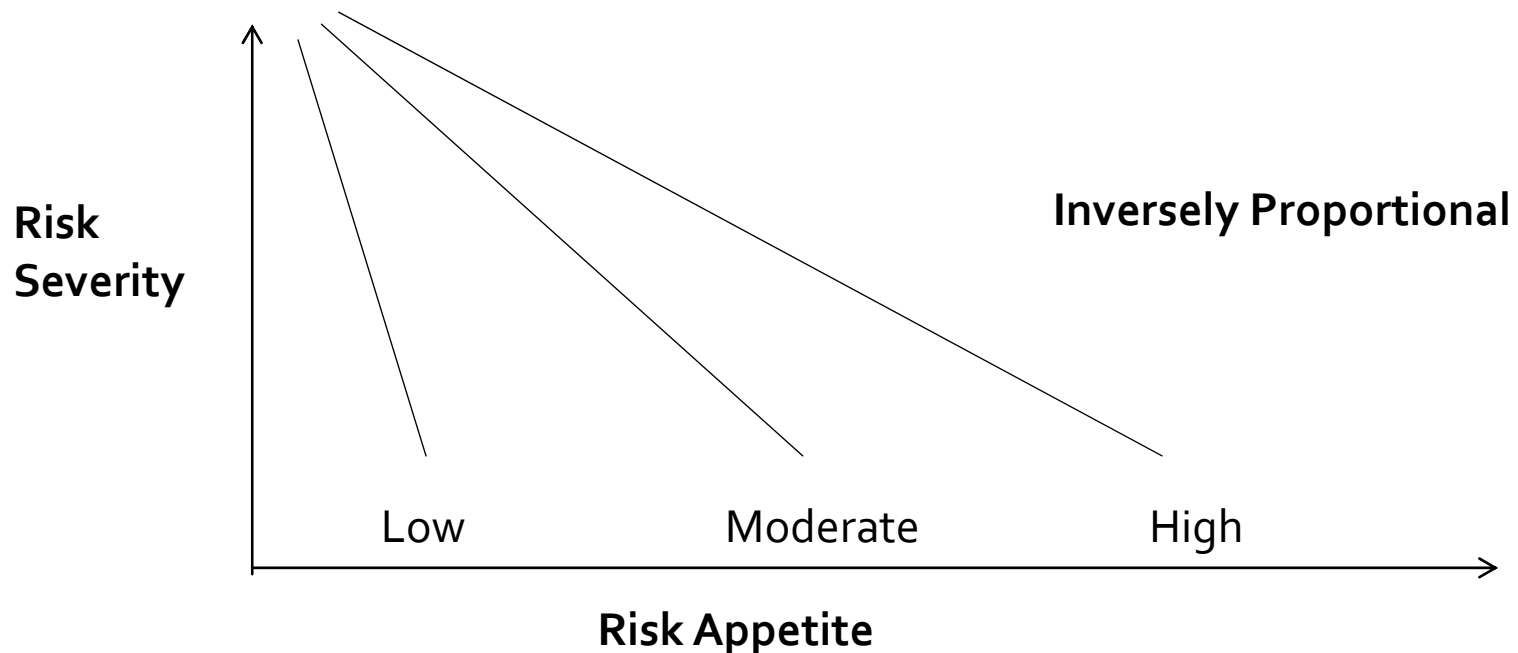
This methodology incorporates risk management principles as outlined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) .



What is an institutional appetite for risk and how does it affect the RMAP?

Institutional Appetite for Risk

The institutional appetite for risk is the level of risk that an institution is willing to assume and can determine how aggressive any RMAP should be developed and implemented.



Appetite for risk is usually inversely proportional to the severity of the risk. The steeper the incline, the lower the appetite or tolerance (high aversion) for risk and the more graded the incline, the greater appetite or tolerance (low aversion) for risk. An Enterprise Risk Management program at TTUHSC should have a low appetite for risk with each RMAP having aggressive processes in place to mitigate each identified risk.



What is the format of an RMAP?

RMAP Format

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
1.					
2.					
3.					
4.					

- A Prioritized Risk is a severity ranked risk which negatively impacts achievement of the objective.
- The Objective is a goal, metric or mission the risk negatively impacts.
- The Action Plan can be a written procedure, policy or program designed to mitigate the specific risk which can cause failure to attain the objective.
- The Risk Owner is the person designated and accountable to carry out the Action Plan.
- Monitoring determines the effectiveness of the processes and internal controls in place and addresses the manner the Action Plan and risk mitigation is being periodically reviewed.
- Documentation demonstrates written proof of assurance the Action Plan is being carried out successfully to mitigate the specific risk intended and achieve the objective.



**Who should be responsible for
formulating an RMAP?**

RMAP Formulation

The same task force that determined risk severity ranking could take on the function of establishing an RMAP to assess and mitigate each risk individually.



What is an example of an RMAP?

The RMAP was designed by a task force assembled for the Department of Pathology in TTUHSC School of Medicine.

Example RMAP

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
Specimen Turnaround Time for Department of Pathology	Achieve 100% completion of surgical and cytological cases in a timely manner.	Report surgical and cytological cases within 72 hours of specimen receipt or notification of delay to the attending physician documented in patient report. (HP-2.00010 Quality Management Plan)	Warren Hatley will monitor the turnaround times for surgical and cytological cases.	Turnaround Times are reported at the biennial Performance Improvement Committee meeting. This QA monitor will be reviewed Quarterly by the Medical Director or designee.	Turnaround time monitoring is documented and placed in the minutes of the Department of Pathology Performance Improvement Committee. The signed documentation by the Medical Director will be maintained by the Cytology Supervisor.
Cytological Histological Correlation	Maintain 85% - 100% correlation with no discrepancies, 0% - 15% correlation with minor discrepancies and 0%-05% correlation with major discrepancies.	Monitor on monthly basis the correlation between cytological and histological specimens. (HP-2.00040 Cytology/Histology Correlation)	Warren Hatley will monitor the correlations between cytological and histological specimens after the Pathologist review.	A monthly report will be generated through the laboratory LIS to compile the number of correlations entered by the reporting Pathologist at the time of specimen sign out.	Monthly reports will be compiled, reported and placed in the minutes of the monthly UMC Health System Quality Management Governance Committee and biennially at the Department of Pathology Performance Improvement Committee.

Example RMAP Continued

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
Sending of Non-Secured email's with Patient Information outside of the TTU Computer/Intranet.	100% compliance is the expected goal for ensuring all emails with patient Information are sent as "Secure/Encrypted".	All personnel, both faculty and staff, will be educated that all emails containing patient information must be sent as "Secure/Encrypted". (HP-1.00090 Email of Sensitive Patient Information)	Notification of failure to comply will be reported by individual section supervisors to Cheryl Hutton and the responsible individual will be counseled.	Since there is no means of monitoring individual emails at the quarterly Risk Management Task Force meeting, all supervisors will be reminded to reemphasize the need for security measures to all subordinates and colleagues.	Documentation of failure to comply will be reported quarterly at the Risk Management Task Force meeting. This will be made part of the minutes of the Risk Management Task Force Team meeting.
Documentation of unsuspected results will be noted and being to the clinician.	100% documentation of notification is the expected goal.	Pathology coding department will monitor all new malignancies to ensure that documentation of physician notification is in the patient report. (HP-10.00020 Reporting of Cytology Cases)	Reports that do not contain documentation of notification will be returned to the reporting Pathologists to amend the report. A copy of the report will also be given to Laboratory Director Warren Hatley.	The total number of reports without documentation along with the Pathologists responsible will be identified.	Quarterly reports will be reported to and signed off by the Medical Director.

Example RMAP Continued

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
Courier vehicle left unlocked and unattended with patient specimens onboard.	100% compliance with securing the courier vehicle when unattended.	Written procedure put in place defining the procedure for pickup and transport of patient specimens with special instructions on securing the transport vehicle when unattended. (HP-1.00080 Departmental Vehicles and Courier Service).	Tim Detrixhe	Ride along observation of couriers daily operations. Written reminders to lock transport vehicle will be placed on all updated courier Route Sheets .	Courier will be written up when vehicle is found unsecured. Write ups and Courier Route Sheets will be saved for documentation and a report will be presented to the Quarterly Risk Management Task Force meeting and entered into the minutes.
ICD 10 Coding & Reimbursement	Loss of revenue due to changing coding rules.	Maintain current level of billing and reimbursement.	Cheryl Hutton	Monitored daily.	Will be available in the patient billing records.

Example RMAP Continued

	Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
	Specimens that are Improperly routed and or lost from the Operating Room.	100% of specimens for pathology and clinical laboratory should reach their destinations.	Contact Nurse Manager for the Operating Room to establish a quarterly meeting with Pathology to incorporate the CME training for the operating room staff. (HP-3.00031 Lost or Missing Specimens).	Dr. Lisa Smith will report problems to the Nurse Manager for the Operating room during quarterly meetings and at OR staff CME.	Teri West from histology will monitor specimens for histology, Warren Hatley from Cytology will monitor specimens for cytology.	Documentation of improperly routed specimens and lost specimens will be incorporated into the Risk Management Task quarterly minutes and into the Operating Room CME.

Example RMAP Continued

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
Conflicting data between Initial H&E slides and Recut H&E slides for consultation and legal requests	100% review of all recut H&E slides by Pathologists prior to sending.	Have all H&E recuts for outside consults and legal requests will be reviewed by the Pathologist who originally signed out the case. (HP-2.00080 Material mailed for Extra-Departmental Consultation and Off Site requests.)	Teri West is to ensure recut slides are taken to the Pathologist. Diana Kimbrough is to ensure the Pathologist signature of review is on the "pink" recut request prior to sending slides.	"Pink" slide recut requests are reviewed by transcription for Pathologist signature prior to sending slides.	"Pink" request will be filed with the initial slide request from the requesting institution.
Disposal of tissue that has not been evaluated by a Pathologist	100% compliance is expected by the Department of Pathology in order to avoid potential legal issues arising from disposal of tissue without documentation or description of the tissue.	All tissue entering the Department of Pathology must be accompanied by a request for a minimum of a "Gross Only" diagnosis. (HP-2.00020 Surgical Pathology Exclusion)	The gross room personnel, the Pathologist on duty and the Histology Supervisor will be responsible for rejecting tissue for disposal due to lack of a Pathology examination request.	The Histology Supervisor will be notified whenever a tissue is rejected for disposal due to lack of a Pathology examination request.	The Histology Supervisor will record the number of events that occur each quarter and will report this at the quarterly Risk Management Task Force meeting.

Example RMAP Continued

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
Proper shipping of hazardous materials	100% compliance with State and Federal Shipping regulations is the expected goal.	Transcription department will be responsible for ensuring that all hazardous materials being shipped are packaged and labeled in accordance with state and federal guidelines (HP-6.00080 Shipping of Hazardous Material)	Cheryl Hutton will ensure that all personnel are properly trained in shipping of hazardous material and that training is documented.	The transcription supervisor will be assigned to ensure that these specimens have been properly prepared for shipment.	Documentation of training in proper shipping of hazardous materials from all authorized shippers will be maintained in their personnel records.
Materials not delivered by the mail room workers in a timely manner.	100% of time sensitive and confidential patient information will be sent out by the mail room staff on the same day they are picked up.	Contact General Services Department to identify potential problems with their procedures of ensuring that mail is properly sent. (HP-2.00080 Material mailed for Extra-Departmental Consultation and Off Site requests.)	Tim Detrixhe will contact the mail room staff to explain the situation and question if policies are in place to avoid future incidences. Diana Kimbrough will monitor outgoing mail and report noncompliance to the Risk Management Task Force .	Email confirmations received from the mail room on all items shipped will be printed and attached to the original shipping document. If there is no confirmation the following morning after mailing, the Mail Room Supervisor will be contacted.	A copy of General Services procedures, if any, will be filed as part of the minutes of the Risk Management Task Force. Problem calls to the Mail Room Supervisor will be documented, and if more than one item per month is found to have been unsecured or delayed, the Task Force will move the issue to the Department Chair.

Example RMAP Continued

Prioritized Risk	Objective	Action Plan	Risk Owner	Monitoring	Documentation
<p>Online Pathology Collection Manual</p>	<p>Within the next year assess the viability of building a web site for the Department of Pathology so the Pathology Collection Manual can be accessed by all clients of the Department of Pathology.</p>	<p>Contact the TTUHSC IT department to investigate what is needed to establish a web site for the department, not just a department home page, but an actual site that allows clients to access collection manuals and other pertinent information about the department. (HP-9.00240 Specimen Collection Manual).</p>	<p>Warren Hatley will contact the TTUHSC IT department to start information gathering for the process. Dennis Metcalf will be engaged in the actual web site building process and act as a liaison between the Department of Pathology and the IT Department of Pathology.</p>	<p>Monitoring and maintenance of the Department of Pathology web site will be conducted by the Department of Pathology IT person, Dennis Metcalf.</p>	<p>Yearly review of the Department of Pathology Collection Manual will be conducted by the Histology Supervisor, the Cytology Supervisor and the Medical Director. Changes will be made by the Department IT personnel .</p>



**What value can the RMAP model
provide?**

RMAP Value


The Risk Management Assurance Plan model can be used to assist management in making solid and informed decisions by establishing a uniform and systematic approach to managing current and emerging risks. With proper risk prioritization, limited resources will be utilized most judiciously providing maximal operational efficiency and the greatest return on investment.



**How often and by whom should an
RMAP be reviewed?**

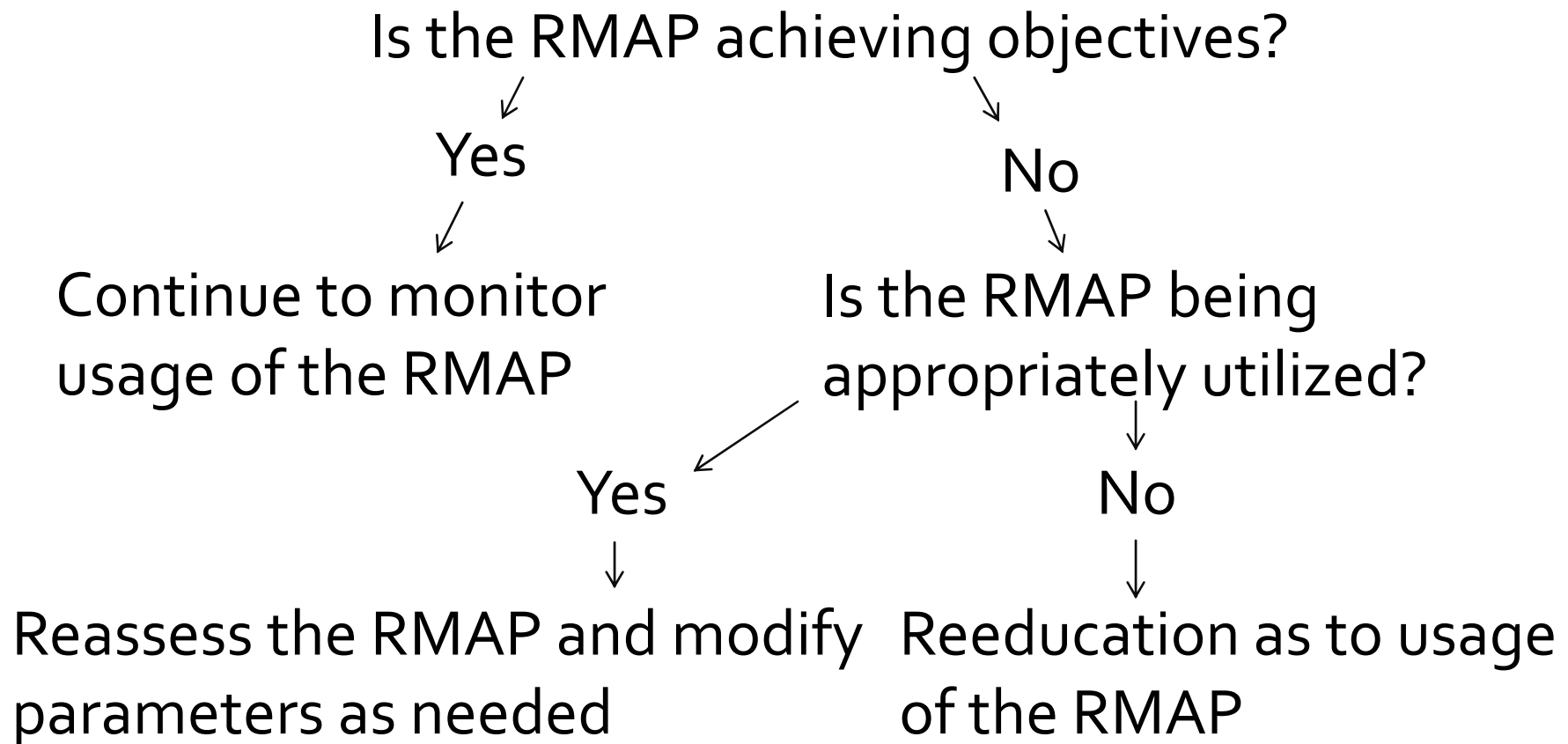
RMAP Review


The Risk Management Assurance Plan should be reviewed by the same task force that formulated the RMAP as often as required but at least once annually. This ensures the risk severity ranking is appropriate and can determine the effectiveness of the RMAP in attaining specific objectives through risk mitigation.



**How can the effectiveness of an RMAP
be determined?**

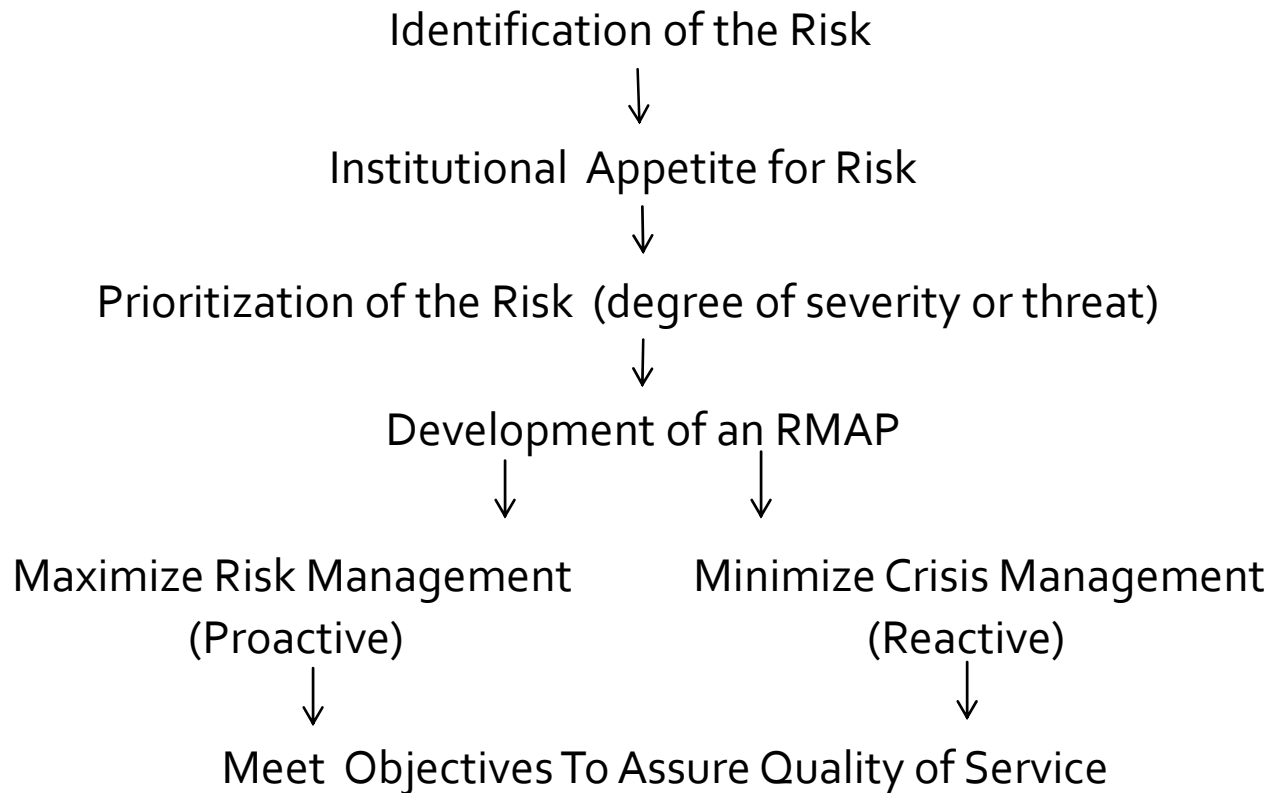
Determination of RMAP Effectiveness





**How can we summarize the RMAP
process?**

RMAP Process Summary





**How can an RMAP and the Office of
Audit Services interrelate?**

RMAP and Audit Services

The mission of the Office of Audit Services is to assist management in identifying, avoiding and mitigating risk.

With access to a Risk Management Assurance Plan, the Office of Audit Services will be able to more readily assess the effectiveness of the processes or internal controls in place to mitigate risk and assist management toward correcting the root cause of any problem identified to prevent recurrence.

Audit Services can also assist management in identifying commonalities and best practices in comparable areas within the institution and help establish and maintain risk management uniformity and consistency across Texas Tech University Health Sciences Center.



Can an RMAP be used to meet the requirements of an external accrediting organization?

Accreditation RMAP

The Risk Management Assurance Plan model can be used to assist management in achieving a successful accreditation outcome by establishing a systematic approach toward identifying and meeting the requirements and standards of any external accrediting organization.



What are the possibilities for expansion using the RMAP model?

RMAP Expansion

With leadership support, a coordinated team effort and site specific risk assessment and prioritization, the Risk Management Assurance Plan (RMAP) model can be successfully implemented in any area within Texas Tech University Health Sciences Center. An Enterprise Risk Management website will be developed to inform and educate about ERM and help explain the benefits the program can provide.

Our mission is for the Enterprise Risk Management program initiated at Texas Tech University Health Sciences Center to ultimately span the entire Texas Tech University System and become a statewide recognized and emulated program for Health-Related Institutions.



Questions and Discussion