

CHI OWNER BEST PRACTICES FOR RISK MANAGEMENT PROGRAMS

STANDARD 1: Designing an Effective Risk Management Program

The **first standard** for demonstrating Best Practices for a Risk Management Program focuses on how an organization values the Risk Management Program. Optima Healthcare Insurance Services (Optima) believes the following elements contribute to an effective program.

1. Program Structure

The program is structured in a way that Risk Management is important from the Governing Body on down through the organization.

2. Surveillance

There is a facility-wide surveillance (event reporting) program that captures potentially compensable events.

3. Risk Management Education

Risk Management education is considered an integral part of the program and given high priority.

4. Communication

Systems exist to ensure communication occurs effectively within the organization, between the organization and patients/residents/families, and between the organization and external agencies.

5. Program Management

The program is monitored for effectiveness.

6. Risk Financing

Risk Financing is recognized as a part of the Risk Management function and is integrated into the program. This is especially important in organizations where insurance purchasing and other risk financing techniques are the responsibility of another department besides Risk Management.

Key Components of Effective Structure

Risk Management Plan: For smaller facilities, the Risk Management Plan may be integrated with a Quality Management or Performance Improvement Plan. Corporate level Risk Managers with multiple facilities may have a corporate plan over all the facilities or establish an expectation for each facility to have a specific plan.

Designated Risk Manager: When Risk Management is combined with other job responsibilities, the job description must still reflect the specific duties and authorities for Risk Management. A key component to an effective program is having a Risk Manager with the education and experience needed to manage the program. If the position is filled from within the organization by someone without training, the organization should commit resources to providing the education for the employee.

Concepts with Enterprise Risk Management

As defined by the 2006 Monograph by the American Society of Healthcare Risk Management, **Enterprise Risk Management (ERM)** utilizes a process or framework for assessing, evaluating and measuring all of an organization's risks. In essence, it is integrated risk management. ERM quantifies risks to determine significance, groups them into components or "domains" looking for either interrelatedness or inter-dependency and devises strategies to manage each risk". ERM should be considered when developing and/or revising an existing risk management program. The entire three-part series of the ASHRM monograph on ERM can be viewed [here](#). ASHRM Health Care Enterprise Risk Management Playbook can be purchased from ASHRM [here](#).

Effective: 2007

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