

RISK MANAGEMENT ESSENTIALS

Child and family service providers are acutely aware that the licensing, accreditation, and payer communities demand an objective accounting of service value. It is no longer sufficient to point to improving quality of life or to use the “what happens if we don’t...” argument to support the necessary amount or level of care. Outcomes, lost efficiency and “safe practices” are more than buzzwords.

Similarly, actuarial and loss control professionals within the insurance industry ask these same questions. They are just beginning to understand the providers business and are searching for measures to help determine if a provider is worth insuring—a good risk. Our goal together must be to develop and implement an effective system of measures and analysis that demonstrates high quality cost effective behavioral healthcare.

At Brown & Brown it is our belief that by implementing the principles of good risk management this goal can be reached. Experience shows that some behavioral healthcare or child welfare organizations that have had their “feet held to the fire” by accrediting organizations such as the Council on Accreditation of Services for Families and Children (COA), Joint Commission and Accreditation of Healthcare Organizations (JCAHO), and the Commission on Accreditation of Rehabilitation Facilities (CARF), or by licensing bodies such as a State Board of Health, are well on their way to solid risk management programs. Other organizations have just begun the process and are struggling to comprehend, let alone incorporate, good risk management practices into their corporate culture.

What is good risk management? My colleague Charles G. Curie defines it as the “strategies applied by management to minimize the organization’s exposure to potential liability claims.” Risk management begins with the corporate culture necessary to develop, carry out, and coordinate loss prevention and loss control activities. It involves all levels of the organization, centers on employee behavior, and is an essential ingredient in the organization’s quality improvement plan.

A good risk management program includes the following components:

1. A mission statement developed and understood by the board of directors and all levels of the organization. (The organization’s Board of Directors must also understand its accountability).
2. Strategic planning, with routine analysis of goal attainment, driving the organization forward.
3. A quality improvement/assurance plan that is developed and monitored by all levels of the organization.
4. Solid employment practices, including screening and hiring, orientation, annual performance evaluations, and staff development.

5. Consumer satisfaction analysis, including evaluation of the organization's primary customers, referral sources, and community within which the organization does business.
6. A unified clinical care system that is based on a standardized and accepted model of care.
7. A safety program and safety committee that monitors the mechanical/physical plant and holds regular disaster plan drills.
8. A mechanism to control inventory and minimize employee theft.
9. A system to oversee the transportation of clients and the organization's fleet of vehicles.
10. A workers' compensation review, including return-to-work/modified duty policy, and loss analysis.
11. An active training program that focuses on risk management issues.
12. A plan to link all facets of the risk management program to administrative planning and decision-making.

These twelve principles of good risk management will improve the quality of the work you are doing, further your organization's mission, and help control insurance costs.