

# RX FOR RISK

## ERM in the Healthcare Industry



Say your materials management group tries to save money by ordering the lowest-cost safe needle – but quality issues end up generating significant claims. Would that information get back to materials management in time to prevent additional claims? Meantime, if even one of those claims goes viral, what could that do to your reputation?

Healthcare systems today are under tremendous pressure to get it right every single time. You have to be able to immediately grasp all of your current risks, anticipate what’s around the corner, and understand what it means to the organization. And there’s no room for error.

That’s a tall order for traditional risk management where each risk is viewed individually. Old-school techniques struggle to connect the dots between insurable and noninsurable risks or make sense of the big picture. Complex risks need to be viewed collectively – and a growing number of healthcare organizations are accomplishing this with enterprise risk management.

ERM pulls all of the pieces together so you can anticipate, assess, mitigate, and monitor every form of risk from every corner of the organization. It helps you understand the full impact of risk – negative and positive – so you can better capitalize on opportunities, while minimizing threats. With ERM, risk transforms from an organizational liability into a strategic advantage.

Having the right technology is critical to managing risk at an enterprise level. But that’s just the beginning. To be successful, the ERM mindset must be embedded into the very fabric of the organization. After all, risk is everywhere.

This ebook will help you understand what ERM is, why it’s worthwhile, and how to begin holistically managing risks and opportunities in a truly integrated way.

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# What is ERM?

ERM is a structured, proactive, and continuous process that is applied across the organization to better understand all risks, how they relate to each other, and the cumulative impact on the organization. It looks to increase an organization's value by both minimizing losses and maximizing opportunities for growth.

While traditional risk management generally focuses only on those risks that are insurable, ERM goes a step further and includes risks that are best managed in other ways. An organization's reputation, for instance, can't be directly insured. But you can reduce the risk of damage by proactively identifying and managing potential threats.

Equally important is to recognize what ERM is not. It is not just one more risk management tool that can coexist alongside separate tools for patient safety, compliance, or patient experience.

True ERM integrates risk management across the organization. It breaks down departmental silos and helps all disciplines work together more efficiently. It also recognizes that risks are interrelated, helps eliminate duplicate efforts, and provides the big-picture view necessary to identify trends and potential risks early enough to do something about them.



# ERM vs. Traditional Risk Management

<b>TRADITIONAL RISK MANAGEMENT</b>
Focuses primarily on hazards and other insurable risks.
Aims to prevent or mitigate loss through insurance or safety improvements.
Analyzes risk independently.
Assesses risks at certain points in time.
Siloed
Reactive
Department by department



<b>ENTERPRISE RISK MANAGEMENT</b>
Focuses on all risks and opportunities that affect an organization's performance, including intangibles like reputation.
Aims to increase the organization's value through increased efficiency and better decision-making.
Analyzes risks collectively, how they relate to each other, and the holistic impact on the organization.
Assesses risks and opportunities continually.
Integrated
Proactive
Enterprise-wide

A close-up photograph of a healthcare worker's hand in a blue nitrile glove holding an elderly patient's hand. The patient's hand is resting on a metal bedrail. The background is a soft, out-of-focus light blue, suggesting a hospital room. The overall tone is professional and caring.

## ERM @ Work

Say a patient falls out of bed because the bedrails were in disrepair. Many disciplines – risk, quality, safety, etc. – have an immediate interest in finding out what happened and fixing the problem to protect other patients from injury. But when each function operates independently, they all could unknowingly conduct separate, parallel investigations on the same event.

ERM can handle the specialized requirements of different disciplines, while seamlessly granting each real-time access to complete and consistent data. Everyone has what they need when they need it – and can easily collaborate with each other to solve problems and act quickly.

With ERM, you can get more done with fewer resources, better protect patients, and build a culture of safety – all at the same time.

# How ERM Creates Value

The idea of managing risk on an enterprise-wide basis may seem daunting. But migrating toward ERM can be well worth the effort when you consider all that can be gained. Here are five ways ERM creates value specifically for healthcare organizations:

- 1. Improves the quality of patient care.** ERM gives you the unobstructed vision necessary to pick up on small warning signs before they become big problems for patients – and the organization.
- 2. Facilitates compliance.** It's easier to stay in compliance when you have software that consolidates all risks into one location, tracks each step of an action plan, and automatically follows up with the appropriate parties.
- 3. Elevates resiliency.** ERM identifies both the upside and downside of risk, which can help you better withstand hazards and take advantage of opportunities in a changing marketplace.
- 4. Enhances investment decision-making.** ERM has a flexible process for identifying risks, prioritizing actions, and measuring results in terms of the value created for the organization.
- 5. Streamlines processes.** ERM breaks down silos, eliminates duplicate efforts, and encourages communication and collaboration across all areas of the organization.



# How technology can help

Managing risk at an enterprise level is virtually impossible with spreadsheets or point solutions, which is why ERM has historically been more of an idealistic concept for healthcare organizations than a practical solution. It takes the power of today's cloud-based technology to successfully manage high-level risks on such a broad scale.

ERM software integrates all risk-related information into one source – which alone adds value to the organization by increasing efficiency in the process, as well as accuracy and consistency in the data. The software also can:



**IDENTIFY THREATS** – including operational, financial, and strategic risks, as well as emerging issues



**ASSESS THE IMPACT OF RISKS** – both positive and negative



**VISUALIZE INTERDEPENDENCIES BETWEEN RISKS** – by frequency, severity, and exposure for both insurable and non-insurable risks



**ENHANCE COMMUNICATION** – with reporting and dashboards



**PRIORITIZE RISKS** – so you can take action where it matters most

# 10 Questions to Ask a Healthcare ERM Software Vendor

Technology is critical to implementing ERM. Success depends on selecting the vendor that understands the needs of the organization, as well as of every stakeholder. Here are 10 questions to help you make the right choice:

- 01 How secure is the system?**

Healthcare data is sensitive. Make sure your vendor offers end-to-end security in the form of password policies, security roles, encryption, and audit logs. Vendors with a cloud-based platform should be able to explain how the data is secured and guarded. Data centers also should be audited regularly.
- 02 How reliable is the system?**

Look for a system that is fast and reliable. Technology should provide information on-demand, with virtually no wait times for queries, searches, or analysis. Invest in a system with minimal downtime from a vendor that offers up-to-the-minute details on planned maintenance.
- 03 Is it scalable?**

Healthcare is always changing, and risks are always evolving. Give priority to a system that can grow with your needs without costly and time-consuming overhauls.
- 04 Is it integrated?**

Look for a system that includes a multitude of solutions – patient safety, incident management, return to work, and more. Integrating all of these areas will give you more powerful insights for better decision-making.
- 05 Who should be included in the buying process?**

ERM touches many functional areas, and it's important for all voices to be heard.

**06 Can we take the software for a test drive?**

Take the time to request a demo or trial. How easy and intuitive is the user experience? Are all the features you need accessible from a tablet, phone, and laptop? Are the reports and analytics sophisticated enough for your needs? And are they easy to do?

**07 Whom will we be working with?**

Technology is great, but people make the real difference. You want to work with people you like and trust who will be your partner. Will the person answering your call know you, your organization, and the healthcare industry – and will they be able to resolve issues within a reasonable amount of time?

**08 What about service?**

Find out what type of support is offered – phone, online portal, or email – and the guaranteed response time.

**09 What is included?**

Have a clear understanding of what features and services are included in the pricing structure, and what it might cost if your needs change.

**10 Will you have our back?**

Always make sure the vendor has demonstrated expertise in the healthcare industry, as well as technology and risk – and the longevity and resources to go the distance with you. You want a partner, not just a vendor.





# How to Build Support for ERM

Managing uncertainty, while creating and protecting value at a strategic level, has obvious appeal to risk managers and leaders alike. In reality though, different departments often take separate paths to the same destination – that is, a safer environment for patients, visitors, and employees. With traditional risk management, there is no practical way to eliminate those silos. But with an integrated ERM program, you can.

Today’s ERM software can break through the silos and pull all the pieces together for one powerful picture of healthcare risks. It can aggregate large amounts of data to uncover the individually rare, but collectively important, problems that make up a significant portion of things that go wrong. And administrators have the insight to move quickly and change the trajectory. The whole is truly greater than the sum of the parts.

Limited budgets and thinly stretched staffs, however, can make it a challenge to generate enthusiasm for what can be a significant undertaking. And it can feel uncomfortable at first to involve disciplines outside the risk management department. Is worth the time and effort to implement a new approach?

The answer is yes.

ERM software will certainly boost productivity by eliminating duplicate efforts. And being able to manage risks proactively instead of reactively will likely reduce costs related to claims, litigation, workers’ compensation, and more. But the real value lies in ERM’s ability to help you deliver the best care in the safest environment.

## ABOUT RISKCONNECT

Riskconnect is the leading integrated risk management software solution provider. Our technology empowers organizations with the ability to anticipate, manage, and respond in real-time to strategic and operational risks across the extended enterprise.

More than 2,000 customers across six continents use our unique risk-correlation technology to gain previously unattainable insights that deliver better business outcomes. Riskconnect has more than 800 risk management experts in the Americas, Europe, and Asia.

Visit [riskconnect.com](http://riskconnect.com) to learn more – or schedule a meeting with our experts here.

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## RISKCONNECT’S INTEGRATED RISK MANAGEMENT SOLUTIONS

- Risk Management Information System
- Claims Administration
- Third-Party Risk Management
- Enterprise Risk Management
- Environmental, Social, Governance
- Business Continuity & Resilience

- Internal Audit
- Compliance
- Policy Management
- Project Risk
- Health & Safety
- Healthcare