



Tuesdays at Ten

Risk Management – IDD & BH Providers

October 1, 2024

Agenda

1. Understanding Risk
2. The Need for Risk Management
3. Principles of Risk Management
4. Tools & Best Practices



What Is Risk?

Understanding Risk

- Risk is everywhere & always present
- Risk is embedded in every industry, every organization, every process, every decision
- Risk is dynamic – always changing
- Risk is not just in the “business of being in business”... but it’s inherent in the “business of life”



What Is Risk?

Risk Defined

- Exposure to a negative event
- Possibility of loss
- Uncertainty regarding an outcome
- Vulnerability to failure, loss, or rejection



What Keeps Us From Taking Risks?

Risk Avoidance

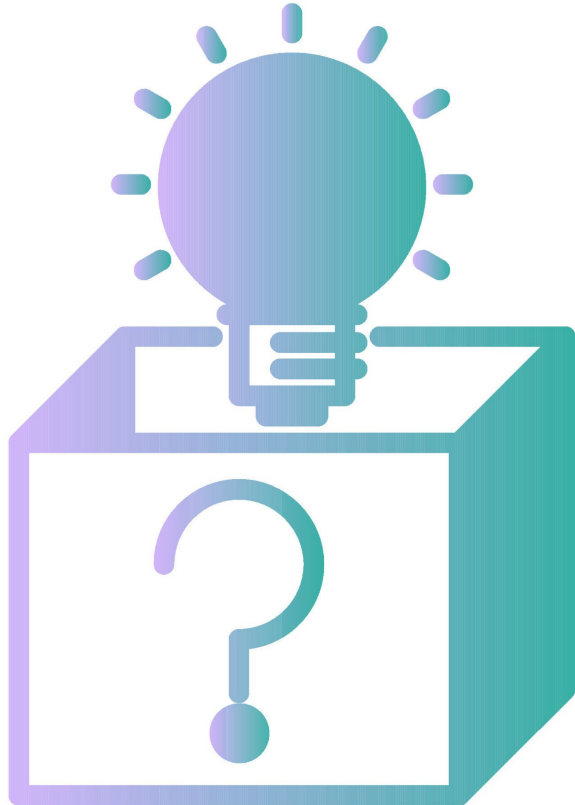
- Strategic Uncertainty
- Stability vs. Innovation
- Fear of Failure
- Stakeholder Pressure
- Regulatory Concerns
- Limited Resources
- Disruption
- History



When Risks Become a Reality

Why Should We Care?

- Brand Reputation & Ability to Execute
- Relationships – Impacting Services



Not All Risks Are Bad

What Is Risk?

Taking Risks

“You miss 100% of the shots you don’t take.”
– **Wayne Gretzky**

“The biggest risk is not taking any risk ... the only strategy that is guaranteed to fail is not taking any risks” – **Mark Zuckerberg**



“Whenever you see a successful business, someone once made a courageous decision”
– **Peter F. Drucker**

“Risk comes from not knowing what you’re doing”
– **Warren Buffet**

“In business, the greater the risk, the greater the reward”
– **Thomas Jefferson**

The Need for Effective Risk Management

Making Informed Decisions

The process of identifying, assessing, & prioritizing risks & determining the strategy to protect the organization's assets, operations, & reputation by addressing the uncertainties that could affect the achievement of objectives.

Shifting to a “**risk intelligence**” mode

- Proactive vs. Reactive – Cultural Shift

Benefits

- Creates business resilience
- Optimizes resource allocation
- Enhanced compliance
- Protects reputation
- Increases operational efficiency
- Supports innovation
- Builds stakeholder confidence



Risk Management Principles

Balance Is Key

Risk Management Principles

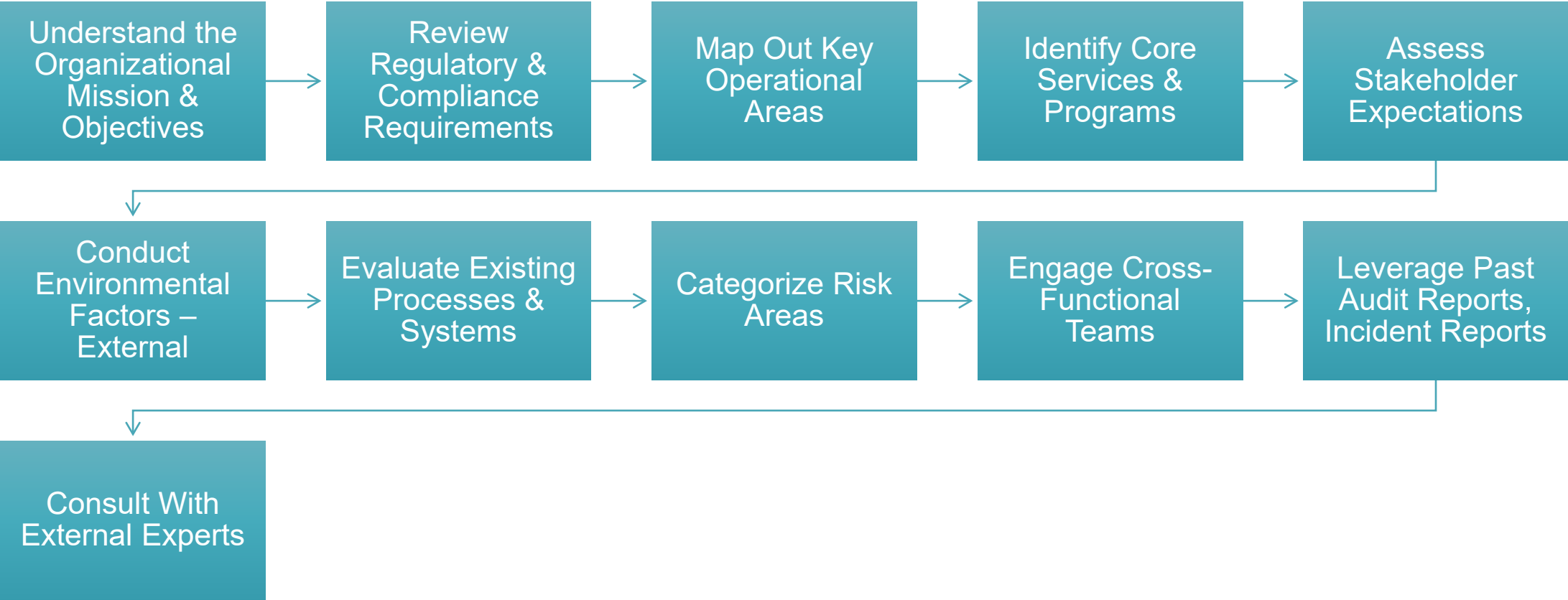
- Identification of Risks
- Assessment of Risks
- Response to Risk
- Monitoring & Review
- Communication & Reporting
- Integration With Organizational Culture
- Building a Strong Risk Culture



Risk Management Principles

Trust the Process

Identification of Risk Universe



Risk Management Principles

Trust the Process

Identification of Risk Universe

Strategic	Operations	Legal/Compliance	Financial/Reporting
Strategy & Initiatives	Service Delivery	Governance	Revenue Cycle
Mergers, Acquisitions & Divestitures	Staffing & Training	Code of Conduct	Budget Management
Communication & Stakeholder Relations	Facilities Management	Litigation	Funding & Grants
Market Dynamics	Client Safety	Regulatory Enforcement	Financial Reporting
Reputation	Physical Security	Information Technology	Tax
	Reputation	IT Governance & Controls	
	Public Perception	Cybersecurity	
	Stakeholder Relations	IT Optimization	
	Crisis Communication		

Risk Management Principles

Trust the Process

Identification of Auditable Units

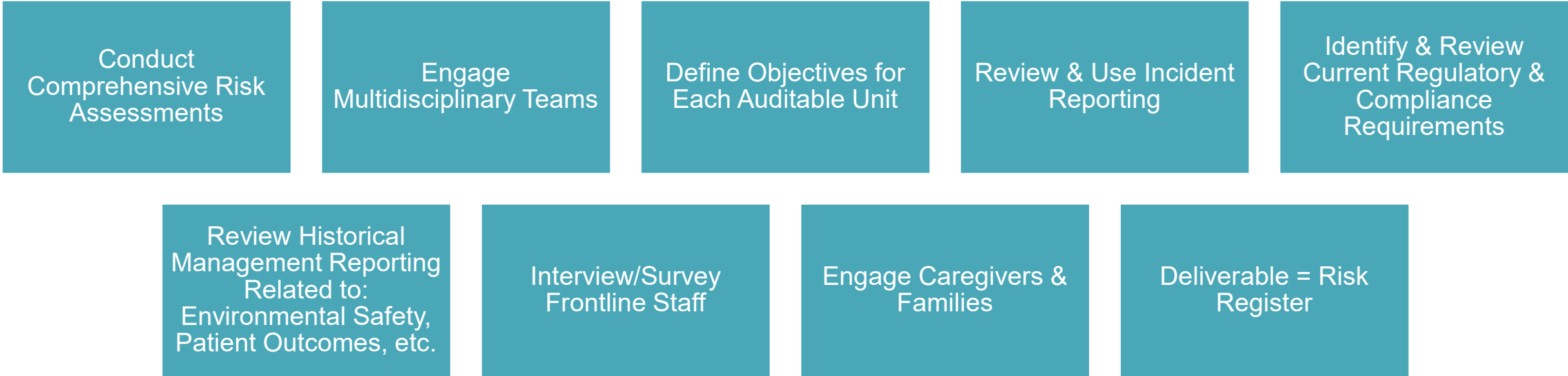
Operational, Financial, Compliance, IT Risks and Impact

Health Provider Risk Map					
Strategic	Operational		Legal/Compliance	Financial/Reporting	IT
Strategy & Initiatives <ul style="list-style-type: none"> - Mission / Values / Ethics - Strategic Vision/ Planning - Policy Reform / Population Health Strategy - Health Information Exchange - Physician Alignment Strategy - Patient Flow Strategy - Technology to Support Strategy - Pace of Change - Foundation / Development - Clinical Program Management - Medical Staff Development 	Marketing & Business Development <ul style="list-style-type: none"> - Marketing & Advertising - Physician Relationships / Referrals - Payer Mix - Pricing & Quality Transparency - Patient Satisfaction 	Revenue: Billing & Collections <ul style="list-style-type: none"> - Managed Care Contracting & Relationships - Quality Charge Capture - Risk Based Contract Strategy - Coding / Documentation - Collections / Remittance Posting - Denials / Overpayments - Reserve Estimation - Credit Balance Monitoring - Multiple System Interfaces - Telephone Consumer Protection Compliance 	Governance <ul style="list-style-type: none"> - Board Structure & Operation - Entity-Level Control Environment - Corporate Social Responsibility - Br& Management 	Market <ul style="list-style-type: none"> - Interest Rate Fluctuations - Investment Valuation - Insurance Risk Pool / Trust & Captive 	Information Technology <ul style="list-style-type: none"> - IT Transformation (ICD-10, MU, Innovation) - IT Infrastructure / Controls - IT Governance - IT Security / Cybersecurity - IT Optimization (Data Analytics) - Data Availability / Reliability - Data Loss Prevention - Mobile Devices / BYOD - Social Media - Cloud Technology - PCI Compliance - EPIC Merge - EHR - Interoperability
Mergers, Acquisitions & Divestitures <ul style="list-style-type: none"> - Valuation, Pricing & Compliance - Due Diligence & Integration - Alliances & Partnerships 	Talent Management <ul style="list-style-type: none"> - Recruiting & Retention / Labor Shortages - Organized Labor - Succession Planning - E-Mobility - Physician & Employee Satisfaction 	Pharmacy <ul style="list-style-type: none"> - Regulatory Compliance - 340B - Space Management - Specialty Pharmacy 	Code of Conduct <ul style="list-style-type: none"> - Ethical Conduct / Reputational Risks - Anti-Fraud Program - Vendor Integrity & Transparency - Fraud Waste & Abuse 	Liquidity & Credit <ul style="list-style-type: none"> - Treasury Compliance & Monitoring - Cash Management - Cost of Capital - Credit Ratings - Financing / Debt Management 	
Communication & Stakeholder Relations <ul style="list-style-type: none"> - Investor Relations - Community Relations - Key Stakeholder Relations - Employee Communications - Religious Stakeholders 	Patient Quality / Safety <ul style="list-style-type: none"> - Clinical Program Management - Peer Review Program - Medical Mistakes - Infection Control - Pay for Performance - Quality Indicators - Outcomes-Based Research - Environmental Regulations - Behavioral Health 	Supply Chain <ul style="list-style-type: none"> - Vendor Contracting - Purchasing / Procurement - Inventory Management 	Legal <ul style="list-style-type: none"> - Legal Structure - Malpractice & General Liability / Captive - Governmental Investigations & Litigation - Contract, Records & EMR Management - Document Retention 	Capital Structure / Margin <ul style="list-style-type: none"> - Debt & Restrictive Covenants - Pension Obligations & Unfunded Liabilities - Margin Risk - Bond Compliance 	
Market Dynamics <ul style="list-style-type: none"> - Geographic economics - Competition - Physician Enterprises - Pricing Pressures - Reimbursement / Volume Shift - Availability & Affordability of HC Insurance - Charity Care - Cost Management - MACRA / MIPS - Telehealth - Government Relations - Value Based Reporting 	Physical Security <ul style="list-style-type: none"> - Health & Safety - Threats of Violence - Buildings / Facilities / Equipment 	Research & Grants <ul style="list-style-type: none"> - Grant Management Compliance - Research Strategy / Clinical Trials 	Regulatory <ul style="list-style-type: none"> - Medicaid Regulations - Government Oversight & Audits - Sanction Screening - OIG Workplan Activities - Compliance with Stark Laws - Physician Credentialing & Licensing - Joint Commission Accreditation - HIPAA / HITECH Compliance - HR / ERISA / DOL Compliance - Anti-Trust / Competitive Practices - Scope of Service - Patient Rights & Non-Discrimination - EMTALA - Cost Reporting Compliance - Meaningful Use - Healthcare Reform Changes - Billing Compliance - Immediate Jeopardy Findings - DOJ / OIG Investigations - State Law & Licensing Statutes 	Financial Reporting <ul style="list-style-type: none"> - Emerging Technical Requirements - Budgeting & Forecasting - Non-Profit / For-Profit Separation - Internal Controls - Significant Estimates <ul style="list-style-type: none"> - Billing Reserves - Third-Party Settlements - Professional Liability - Investments - Pension 	
	Business Interruption / Emergency Preparedness <ul style="list-style-type: none"> - Natural Events - Terrorism & Malicious Acts - Business Continuity / Disaster Recovery 	Capital Spending <ul style="list-style-type: none"> - Construction Management - Space Management - Systems Reporting 	Tax <ul style="list-style-type: none"> - Tax Strategy & Planning - 990 Compliance Reporting - Tax-Exempt Status - Community Benefit Assessment - Property / Sales & Use / Payroll Taxes 		

Risk Management Principles

Trust the Process

Identification of Risks



Risk Management Principles

Trust the Process

Assessment of Risks – Documenting Risks

- Risk Register – Keep it Simple
- The Basics:
 - Risk ID
 - Risk Description
 - Risk Category
 - Scoring
 - Risk Owner

Risk Id	Category	Risk Description	Likelihood of Occurrence	Potential Impact	Severity Rating	Owner
1	Safety	Risk of inadequate maintenance of facilities, poor lighting, obstructed hallways and improperly stored medical supplies. These increase the risk of slips, falls and other injuries to patients, staff and visitors.				Facilities
2	IT	Implementation of a new billing system by YE 24 presents risks to data integrity, staff training, inadequate planning, billing errors and disruptions to cash flow				PMO
3	Legal	Improper handling of patient consent forms or incomplete documentation plans could lead to liability claims and reputational damage.				CLO
4	Operations	Risk of operational disruption due to high staff turnover, leading to reduced capacity to deliver timely and quality care.				COO & HR
5	regulatory/Compliance	New regulatory requirement goes into effect in 2026 related to privacy				Compliance Director

Risk Management Principles

Trust the Process

Assessment of Risks – Risk Scoring

- There are many methods to assessing risks
- **Using a 1-5 scale**
 - **Likelihood of Occurrence**
 - **Potential Impact**
- Risk Prioritization
- Consider Mitigating Factors
- Risk Response

Likelihood of Occurrence	
Rare	1
Unlikely	2
Possible	3
Likely	4
Almost Certain	5

Potential Impact	
Insignificant	1
Minor	2
Moderate	3
Major	4
Catastrophic	5

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5	regulatory/Compliance	Administrative errors in maintaining up-to-date staff training records for non-clinical employees				Compliance Director

Risk Management Principles

Trust the Process

Assessment of Risks – Risk Scoring

- Using a 1-5 scale
 - Likelihood of Occurrence
 - Potential Impact
- **Risk Scoring – Severity Rating**
- Risk Prioritization
- Consider Mitigating Factors

Risk Id	Category	Risk Description	Likelihood of Occurrence	Potential Impact	Severity Rating	Owner
1	Safety	Risk of inadequate maintenance of facilities, poor lighting, obstructed hallways and improperly stored medical supplies. These increase the risk of slips, falls and other injuries to patients, staff and visitors.	1	2	2	Facilities
2	IT	Implementation of a new billing system by YE 24 presents risks to data integrity, staff training, inadequate planning, billing errors and disruptions to cash flow	3	5	15	PMO
3	Legal	Improper handling of patient consent forms or incomplete documentation plans could lead to liability claims and reputational damage.	3	3	9	CLO
4	Operations	Risk of operational disruption due to high staff turnover, leading to reduced capacity to deliver timely and quality care.	4	5	20	COO & HR
5	Regulatory/Compliance	Administrative errors in maintaining up-to-date staff training records for non-clinical employees	5	1	5	Compliance Director

Risk Scoring	
High	15-20
Medium	8-14
Low	1-7

Risk Management Principles

Trust the Process

Assessment of Risks – Risk Prioritization & Mitigation Factors

- Using a 1-5 scale
 - Likelihood of Occurrence
 - Potential Impact
- Risk Scoring – Severity Rating
- **Risk Prioritization**
- **Consider Mitigating Factors**
- Risk Response

Risk Id	Category	Risk Description	Likelihood of Occurrence	Potential Impact	Severity Rating	Owner
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Risk Management Principles

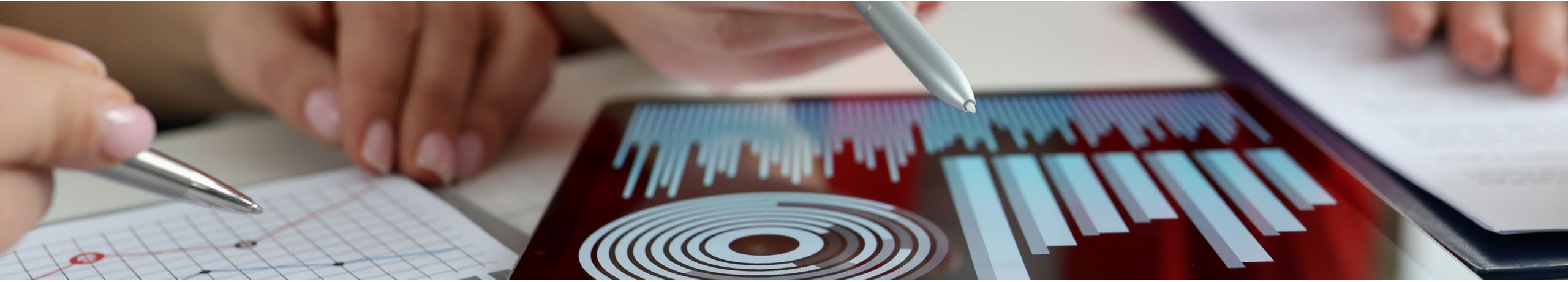
Trust the Process

Response to Risks

Risk Id	Category	Risk Description	Likelihood of Occurrence	Potential Impact	Severity Rating	Owner	Response	Plan	Target Date
1	Safety	Risk of inadequate maintenance of facilities, poor lighting, obstructed hallways and improperly stored medical supplies. These increase the risk of slips, falls and other injuries to patients, staff and visitors.	1	2	2	Facilities	Accept	N/A	N/A
2	IT	Implementation of a new billing system by YE 24 presents risks to data integrity, staff training, inadequate planning, billing errors and disruptions to cash flow	3	5	15	PMO	Mitigate	PMO has detailed testing plans and strategy with go/no go criteria established.	10/31/2024
3	Legal	Improper handling of patient consent forms or incomplete documentation plans could lead to liability claims and reputational damage.	3	3	9	CLO	Mitigate	Training videos to be created and released	12/31/2024
4	Operations	Risk of operational disruption due to high staff turnover, leading to reduced capacity to deliver timely and quality care.	4	5	20	COO & HR	Transfer	Secure outsource arrangements with Temp Agency	10/15/2024
5	Regulatory/Compliance	Administrative errors in maintaining up-to-date staff training records for non-clinical employees	5	1	5	Compliance Director	Accept	N/A	N/A

Risk Management Principles

Trust the Process



Monitoring & Review

- Track response dates
- Track effectiveness of risk responses
- Update Risk Register regularly
- Monitor indicators (KPIs)
- Involve key stakeholders, including management & staff, in regular reviews

Risk Management Principles

Trust the Process

Communication & Reporting



- Clear & Concise
- Frequency of Reporting
- Tailor Communications
- Regular Cadence
- Transparency & Open Communication
- Use of Visual & Metrics
- Data-Driven Insights
- Feedback Loops
- **Timely, Relevant, Actionable**

Risk Management Principles

Trust the Process

Integration Within the Organization



- Risk Management as a Core Value
- Tone at the Top
- Employee Engagement
- Assign Clear Roles & Responsibilities
- Tailored Communication Across the Organization
- Integration Into the Day-to-Day Decision Making – All Levels
- Ongoing Risk Education & Awareness
- Foster a Proactive Risk Culture

Risk management should be integrated into **every level** of the organization from the **executive team** to the **frontline staff**

Risk Management Principles

Trust the Process

Building a Strong Risk Culture

- Leadership Commitment – Tone at the Top
- Embed Risk Accountability Across the Organization
- Promote Open & Transparent Communication
- Regular Trainings & Awareness Programs
- Integrate Risk Management – Decision Making
- Establish Clear Risk Reporting Channels
- Reinforce a Culture of Continuous Improvement



Tools & Best Practices

Trust the Process

Plan, Do, Check, Act



- Training & Staff Development
- Data-Driven Risk Management
- Collaboration & Communication



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Allan brings more than 30 years of experience to the clients he serves, providing a wide range of audit and accounting transaction services. He works with a variety of entities within the nonprofit and healthcare industries, including IDD and behavioral health agencies, social service agencies, managed care organizations and housing entities.

He is a member of the American Institute of CPAs and New York State Society of Certified Public Accountants (NYSSCPA), where he is a former chair of the not-for-profit organizations committee. He is also a member of the NYSSCPA Healthcare committee and assists with a variety of cost reporting and accounting topics through various subcommittees.

A regular speaker, Allan has presented for NYSSCPA, New Jersey Society of Certified Public Accountants, and Connecticut Society of CPAs. Topics have included mergers and acquisitions, fair value measurements, endowments, related-party disclosures, and general accounting and auditing updates for nonprofit organizations.



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Christie is a leader within Forvis Mazars' Internal Audit practice bringing over 25 years of expertise in internal audit. With over 12 years at the firm, she is the nonprofit industry leader in Forvis Mazars' National Internal Audit practice. Christie has experience leading outsourced/co-sourced internal audit and risk management engagements for healthcare clients, bringing an understanding of the industry's unique challenges and opportunities. Prior to joining Forvis Mazars, Christie served as the director of internal audit for a Fortune 40 health benefits organization.

She is experienced in navigating difficult business issues within complex environments, often incorporating data mining and analytics into her consulting engagements. She is skilled at conducting detailed needs assessments to design solutions customized to her client's unique requirements, regardless of scale. She has a proven track record in leading internal audit functions, driving business transformation, assisting in regulatory compliance for clients, and providing a variety of risk advisory consulting services. With a mindset towards continuous improvement, she assists organizations with optimizing business cycles to increase efficiencies, improve control effectiveness, and strengthen compliance using data.

Her internal control projects have encompassed all areas of finance, operations, compliance, and IT cycles across several industries. She is well versed in Third-Party Risk Management (TPRM) concepts, IT general controls (ITGC), application controls, and systems development life cycle (SDLC) concepts. She is trained as an independent assessor to conduct External Quality Assessments (EQAs) for internal audit functions.

Christie is a Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified Risk Management Assurance™ (CRMA®).

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