A risk management plan should include systems to identify potential hazards and processes to handle events and incidents that do occur in ways that minimize the effects and costs of these events.

This plan is more than a document that sits in a policy and procedures manual. The written plan is combined with facility policies, tracking indicators, surveys, and inspections. It assures there are processes in place to minimize risk and reduce your exposure to financial and operational losses.

In order to achieve compliance with CMS, your risk management plan must be in writing, approved by your governing body, and evaluated on an annual basis. The implementation responsibilities must be clear to assure accountability. The governing body typically delegates the risk management functions to a specific position within the ASC, such as the clinical director. Education about risk management efforts must be provided to your personnel and medical staff.

Risk Assessment and Reduction
There are many areas of potential risk in all ASCs. Examples of sources of risk assessment or exposure include
- credentialing compliance
- outside contract review and evaluation
- policy/procedure review
- facility/equipment inspections
- peer review
- safety issues
- patient complaints
- patient satisfaction questionnaires
- licensing/certification/accreditation results
- compliance audits

A risk assessment involves looking at potential issues in all risk areas. For example, assume you consider credentialing at your facility at high risk due to issues surrounding practitioners who may not have full credentials or who may have practice issues such as “excessive” malprac-
Risk Management Activities

Following are four specific risk management activities that help ensure that your risk management plan is complete. They include (1) incident reports, (2) compliance plans, (3) compliance audits, and (4) insurance coverage.

Incident reports. It is important not only to create a work atmosphere where incident reporting is non-punitive, but it is also important to track, trend, and report incidents. Tracking the incident reports provides data on frequency and severity. When safety trends are noted, action can be taken and processes changed or developed to minimize occurrence of future incidents.

Incident reports should be reported through your committee structure, all the way up to your Board. Be sure to check with your accrediting body and state department of health to determine if you are subject to any mandatory reporting of incidents.

Compliance plans. The adoption of compliance plans is a growing trend in the ASC industry. The plan should be used to educate your employees and medical staff on ethical and legal responsibilities in preventing, detecting, and determining criminal conduct or unethical behavior. The plan should include procedures that allow safe reporting methods (such as a hotline) and prompt, thorough investigation and corrective action to any misconduct. A compliance officer should be appointed to oversee the program.

A compliance plan should address the following items:
- Regulatory issues such as the Stark Act, Medicare/Medicaid fraud and abuse, and HIPAA
- The responsibility to refrain from illegal conduct, accept gratuities, and improperly benefit from employment or association with the ASC
- Disclosure of conflict of interest of self or family members
- FMV (fair market value) for all material relationships such as lease or equipment purchases
- Ethical coding and billing practices

Compliance audits. Compliance audits are used to monitor compliance and assist in the reduction of identified problem areas. Consider the use of an outside auditor to complete this.

The audits should focus on the following:
- Items that have substantive exposure to government enforcement actions, such as laws governing kickback arrangements and other rules or policies that are a focus of particular attention from Medicare carriers, OIG, and law enforcement initiatives
- Claims development, submission, and reimbursement
- Adequacy of the accounting system
- Confirmation of accuracy of accounts receivable
- Verification of the existence of assets
- Verification of bank balances

Insurance coverage. Appropriate insurance coverage minimizes financial risk in your facility. There are several types of insurance available. Your Board should determine which would be most beneficial for your ASC:
- Directors and officers (D&O)
- Property (business and personal)
- Commercial general liability (fire, damage, terrorism)
- Professional liability (malpractice)
- Workman’s compensation
- Business disruption insurance
- Key man insurance

It is important to know the details of your plans thoroughly. For example,
- What is your total cost?
- Does your malpractice insurance cover all procedures performed in your facility or are there exceptions? Who, specifically, in your facility does your malpractice cover?
- Does D&O cover employees or only directors and officers?
- What, specifically, do the coverage and exclusion clauses address, and are they appropriate for your facility?

Bottom Line

Risk management is an important component in assuring safety in your ASC. A comprehensive plan helps not only to minimize any financial/legal exposure but also to improve patient outcomes.