Risk Management: Physician Practice Overview

What’s the Risk?
A physician office practice setting presents many sources of risk exposure, including administrative risks, patient care risks and environmental safety risks. Physician practices have also been impacted by the creation of accountable care organizations (ACOs) and patient-centered medical homes (PCMHs). An ACO is a group of local or related providers who are held accountable for the costs and quality of care delivered to a population. A PCMH is a care model that focuses on care coordination and communication to increase quality, lower costs and improve the care experience for both patients and providers.¹

These changes are impacting how healthcare is being delivered in physician practices and also changing the levels of risk exposure in areas such as compliance, fraud and abuse, privacy and data breaches, corporate negligence, and antitrust.² These new models of delivering care make it even more important for physician practices to have a strong, deeply embedded culture of safety, one in which there is effective teamwork, an unimpeded and timely flow of communication, and collaboration across the continuum in the care and management of the patient.³

Many physicians find themselves involved in medical professional liability claims that are not prompted by actual medical negligence, but by problems due to the lack of appropriate administrative policies and procedures, lack of oversight and adherence to policies and procedures, lack of documentation, and a lack of or breakdown in communications. In the absence of risk management systems, errors made by competent and well-meaning physicians may be compounded by poor communication, poor documentation and/or administrative failures and can place the physician in an indefensible position in court.

When Is This Risk an Issue?
The purpose of risk management is to develop and implement appropriate strategies to prevent or reduce those risks that could result in loss.

Administrative systems
Physician practices must have administrative systems in place to ensure that office staff members comply with laws and regulations while performing their functions, as well as to ensure that operations are efficient, executed accurately and performed in a safe environment. Physician practices should also have clear policies and procedures for the various office functions, including but not limited to office finance; billing and coding; office access and scheduling; telephone protocols; record keeping; employee hiring; and employee orientation.

¹ Coverys Risk Management.
² Updated: January 2015.
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and training on infection control, OSHA standards, corporate compliance, HIPAA privacy and security, and emergency procedures.

Patient Safety
In well-functioning physician office practices, patient safety is part of everyday management discussions. Staff members are empowered to communicate concerns and problems, and issues are addressed with a focus on implementing systems that eliminate or reduce the potential for errors. The practice also demonstrates a commitment to patient safety, teamwork and respect. This allows for identified errors to be reported and acted upon appropriately so that patient safety is not compromised. Processes and systems are assessed and analyzed to ensure that they are performing as expected. One example is the system used for tracking of tests and referrals. The process should ensure that the provider is timely notified of any tests or consults that are received and that appropriate actions and follow-up with the patient take place every time. For help with this assessment, see the sample Physician Practice Self-Assessment Tool and the sample Risk Management/Patient Safety Questionnaire for the Office Practice.

Many healthcare services previously provided in the hospital setting are shifting to physician office practices. Along with those services, the related risk exposures shift as well. As practices take on new services, increased vigilance must be exercised to ensure that the attendant risk exposures are addressed. Conducting proactive risk assessments will help identify potential exposures that may be introduced through new services, new equipment, new treatment modalities and procedures, new electronic medical record systems, and telephone triage systems. For help with this analysis, see the sample Clinical Service Risk Analysis Algorithm. When the practice offers new services, it must be sure to also address related requirements, such as staff member training, written patient educational materials, informed consent, and modifications to the physical environment.

Documentation and Communication
Decisions regarding patient care must be carefully documented in the patient’s medical record and adequately communicated to the patient, a member of the patient’s family members when appropriate, and pertinent staff members. Complete and thorough documentation that captures the essence of key discussions pertaining to the care and treatment of the patient is essential, not only to providing high-quality care, but also to being able to provide an effective defense in the event of a claim. The lack of complete and accurate documentation can also cause a breakdown in communication, increase the chance of important findings not being acted upon, and increase the potential for patient dissatisfaction, patient harm and a liability claim.

Physician practices should actively involve patients in their plan of care and encourage patients to share their thoughts and ideas. This will help to assess the patient’s level of understanding...
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about their medical condition and determine whether more education is needed. Fostering an atmosphere in which patients are encouraged to communicate will also help with patient compliance and prompt discussions that may help to identify potential issues early on so they can be addressed.

PCMHs and ACOs
Physician office practices that are part of an ACO are no longer acting independently. This care delivery model is very different from past models and involves a large healthcare team of which the office practice is an integrated part. These value-based models encourage best possible quality care to be delivered in the most appropriate and cost-effective setting. These goals also need to be balanced with providing adequate testing, screening and disease management. Failure to provide services could result in increased failures in diagnosis and more claims.

Documentation is required for PCMHs and ACOs to show that their practices are meeting patient-centered guidelines. In order to facilitate the coordination of care with other members, the patient’s plan of care must be thoroughly documented in the medical record.

Sharing patient information among the members of the ACO increases the risk of a data breach and the number of patients in a given ACO may be quite substantial. Any breach within the organization could result in fines and requests for compensation from the involved patients.

Evaluation of Systems
A quality monitoring process should be in place to evaluate the effectiveness of the risk management plan. This will help to identify risks that were not initially identified and determine whether the implemented processes are effective in reducing or eliminating errors and risk.

How Can I Reduce Risk?
Effective risk management provides numerous benefits, such as improved quality of care, decreased financial losses, increased goodwill among patients, and improved physician-patient relationships. If every action performed by every member of the practice is directed toward patient safety, healthcare providers can minimize the risk that a medical-legal issue may arise. Proactive risk management activities can greatly reduce liability exposure. Even in situations in which a deviation in the standard of care has occurred, good patient relations skills and well-functioning risk management systems can serve to minimize the liability exposure and the possibility that a medical malpractice claim may be brought. The following suggestions seek to reduce those risks.

### Control Risk Exposure

| Implement a risk identification process | • Develop and implement a process to identify clinical, financial, business and insurable risks prior to |

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Control Risk Exposure

beginning a new program or re-engineering an old program, for example, a new surgical procedure or a new clinical service. Determine whether the identified risk can be managed (risk prevented or reduced) or if the proposed service should be avoided until the risk can be appropriately managed.

Consider using a clinical service algorithm

- Consider using a clinical service algorithm to help determine whether a new clinical service can be appropriately managed. See the sample Clinical Service Risk Analysis Algorithm.

Identify and Control Administrative Risks

Control administrative risks

- Be proactive by implementing systems to address the possibility of administrative risks. These risks include, but are not necessarily limited to, the following:
  - Failure to have actively updated policies that address regulatory requirements;
  - Failure to provide ongoing education on regulatory policies and procedures to staff members;
  - Lack of telephone triage protocols or failure to follow established telephone triage protocols;
  - Lack of administrative policies and procedures pertaining to office functions;
  - Lack of effective tracking systems for follow-up on high-risk test results;
  - Ineffective scheduling (for example, excessive wait times for patients, inadequate time for first appointments and annual examinations);
  - Failure to communicate laboratory or other test results to providers and patients;
  - Inaccurate billing and/or coding;
  - Incomplete medical record documentation;
### Identify and Control Administrative Risks

- Failure to follow-up on missed appointments, consultations, etc.;
- Failure to have a plan for medical and environmental emergencies;
- Failure to have a plan on managing difficult, angry or violent patients/family members;
- Failure to have a comprehensive orientation plan that addresses the job-related responsibilities for all employees;
- Failure to have a policy on copying and releasing patient medical records; failing to define what constitutes the legal health record;
- Failure to monitor staff members for compliance with policies and procedures; failure to prevent or stop potentially dangerous workarounds and/or unsafe practices.

### Identify and Control Patient Care Risks

**Control patient risks**

- Be proactive by implementing systems to address the possibility of patient care risks. These risks include, but are not necessarily limited to, the following:
  - Incomplete and/or inadequate informed consent;
  - Failure to document informed refusal or non-compliance with the treatment plan;
  - Failure to provide interpreter services and/or other necessary equipment and/or services required by the Americans with Disability Act (ADA);
  - Inappropriate termination of the physician-patient relationship;
  - Inadequate training and/or compliance with respect to medication administration policies and procedures;
### Identify and Control Patient Care Risks

- Inadequate medication management processes (for example, drug refills, medication samples, incomplete medication history);
- Failure to provide appropriate interventions for pain management and drug-seeking patients;
- Failure to have a process for managing chronic pain (for example, narcotic contract, drug testing, reassessment requirements, prescription monitoring system);
- Inadequate/incomplete discharge instructions;
- Failure to establish evidence-based standards for cancer and preventive health screenings and failure to implement an alert system when testing is due;
- Failure to diagnose (missed diagnosis) or delay in a diagnosis due to a lack of care coordination among multiple providers;
- Failure to appropriately communicate patient care and treatment information to the patient, the patient’s family (as appropriate) and/or the healthcare team;
- Breach of confidentiality;
- Failure to adopt and support a culture of safety in which staff members are encouraged to report concerns, adverse events and error;
- Failure to address errors and near misses using a systems-based approach and just culture.

### Identify and Control Safety and Environmental Risks

**Control safety and environmental risks**

- Be proactive by implementing systems to address the possibility of safety and environmental risks. These risks include, but are not necessarily limited to, the following:
  - Lack of appropriate repair and/or preventive maintenance on equipment;
Identify and Control Safety and Environmental Risks

- Lack of adequate infection prevention and control policies, procedures and/or protocols;
- Failure to have adequate policies, procedures and/or protocols regarding the cleaning and sterilizing of equipment and instruments;
- Failure to have safe injection practices and training;
- Improper security with regard to medications and controlled substances;
- Existence of environmental hazards that can contribute to accidents (for example, slips and falls);
- Improper disposal of hazardous wastes;
- Failure to comply with occupational safety and health regulations;
- Failure to comply with fire safety rules.

Identify and Control Value-Based Healthcare Model Risks

Implement a risk identification process

- Develop and implement a process to identify clinical, financial and business risks prior to entering into a value-based model of care and reimbursement. Ensure that identified risks have been addressed and systems are in place to successfully transition to the new model of care.
  - Establish advanced care teams for managing the patients’ care across the continuum (nurse care managers, pharmacists, nutritionists, etc.).
  - Implement an electronic health record system that can be accessed by the care team members. Ensure that documentation is completed timely, so that information is available when needed by any member of the care team.
  - Implement an automated process for capturing the necessary quality metrics and data needed for submission.

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## Identify and Control Value-Based Healthcare Model Risks

| Implement automated processes to address preventive healthcare and wellness. For example, use the clinical decision support systems, alerts and tracking available in the electronic health record system. |
| Implement the impact of the new billing and reimbursement model on the quality and safety of patient care. |

### Implement a patient-centered culture

- Establish a culture which is focused on each patient’s unique needs, culture, values and preferences and supports each patient’s active participation in his/her own care.
- Implement efficient time management processes to ensure that patients have access to care in a timely manner.

### Monitor quality measures and patient compliance

- Monitor performance and processes as part of an ongoing commitment to quality improvement and population health management. Develop and implement an action plan to address areas identified as needing improvement. Evaluate the effectiveness of the actions undertaken.

## Seek Additional Information

### Review the Coverys Physician Practice Risk Management Manual

- Recognize that several other chapters in the Coverys Physician Practice Risk Management Manual address some of the risks and risk reduction strategies mentioned in this chapter. These areas impact the office practice directly and can result in potentially high-risk, high-liability situations if they are not adequately and effectively addressed. For a complete list of chapters, see the Coverys [Physician Practice Risk Management Manual](#).

### Develop a risk management program

- Develop a risk management program tailored to the size of the organization/practice that outlines risk reduction strategies and actions to help minimize liability and harm. See the sample [Risk Management Program](#) and the sample [Risk Management Elements to Complement Office](#).
Seek Additional Information

Manager Job Description as well as the chapter titled Risk Management: Event Reporting.

References: