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Published on *Healthcare Finance News* (<http://www.healthcarefinancenews.com>)

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## Monitoring risk is key to success

Posted on Sep 23, 2014

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As risks in healthcare get more significant and complex, vigilant monitoring must be a highly deliberate process requiring oversight by a cross-functional team within a hospital.

"Monitoring risk is a process, and if hospitals instead view it on an ad hoc basis or informally, it won't succeed," said Debbi Fitzgerald, a healthcare risk sector leader at Ernst & Young.

"You'll never eliminate risk," she said. However, hospitals must account for risks or potential risks to gain an understanding of where they stand and that requires vigilance and buy-in from team members at all levels.

"I can't speak for the whole industry, but enough studies have been done that indicate that hospitals are acting. It's just a question of to what extent, how structured it is and how consistently it's executed," said Fitzgerald.

Proper monitoring should include an institutional strategy and sophisticated technology to identify and correct potential institutional shortcomings, measure how the institution is doing in its efforts and spot trouble before it occurs, risk experts say.

The ramifications of failing to manage risk could be profound, said Mark Fromberg, assurance partner at accounting firm Marcum. "Hospitals are going to fall on financially hard times and either be consolidated into other groups or closed." The key is learning from data and developing predictive models that will eliminate future crises, he said.

To measure the effectiveness of their risk monitoring practices and tools, hospitals must, for one thing, ascertain how far they've progressed in the monitoring process and compare their performance to other facilities, said Fromberg.

For example, hospitals have to monitor their readmissions and determine the effectiveness of their readmission rate, he said. Most large hospitals and many primary care practices do this through established post-discharge monitoring systems and medical plans for their patients, he said, including contacting patients by phone and sending providers to the homes of patients to check on them post-discharge to make sure they understand and are abiding by discharge instructions.

Hospitals can use technology to efficiently identify what represents high risk and establish a risk metric to determine whether risk is accelerating, declining or being mitigated, said Fitzgerald. For example, many hospitals utilize a computer-controlled, medicine distribution system that ensures correct medicine and dosage and scans patient data to alert of any potential allergy issues.

Ultimately, to help hospitals maximize their ability to effectively implement a risk management strategy, "tremendous buy-in" throughout an institution – including physicians and the medical staff along with strong IT and risk management leadership – is mandatory, said Fromberg. "They have to work together and develop the processes and standards of measure to identify what must be done."

Competing priorities and relatively thin resources may make getting buy-in a challenge, said Fitzgerald. However, top priorities like patient care and care delivery can be achieved alongside risk management priorities if there is a well-crafted risk management process, which includes team members from across departments having regular meetings to offer feedback, discuss root causes and assess how effectively the risk management strategy is working and how it can be improved.

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