ROI for Patient Safety:
Demonstrating the Value of Risk Management
Overview

In today’s changing healthcare environment there is an overwhelming need to demonstrate the value creation that enterprise risk management can bring to healthcare. For risk managers, it is no longer just about reacting to identified adverse clinical events but rather focusing on those competencies needed to play a significant role in proactively decreasing risk and being part of the healthcare decision making process. Patient safety can and should be a significant focus of these efforts not only for the benefit of the patients and their families but also for the financial difference it can make to the organization. Being prepared to demonstrate through appropriate metrics and analysis how patient safety initiatives can create value and provide a significant return on investment for the organization can enhance the importance and role of today’s risk manager. This program is designed to provide the risk manager with concepts and ideas on how they can promote patient safety with the appropriate metrics and analysis to demonstrate its value to healthcare and show that patient safety does make “cents.”
Significant Issues Facing Healthcare

- Financial pressures
- Legal, accreditation and regulatory requirements
- Quality and patient safety data is tied to reimbursement
- Mergers and acquisitions
- Changing healthcare delivery model
- New and emerging risks
Healthcare’s Expectation of Value

- Clear transition for Volume to Value
- Challenges with the resistance to change
- Expanding complexities
  - Business performance demands
  - Finance
  - Regulatory compliance
  - Patients and Families – the voice of the customer
- Priority goes to cost savings
Healthcare Risk Management in Today’s Environment

- Exciting time in healthcare – there are new opportunities and challenges.
- Traditional risk management has been reactive.
- Today’s risk management requires us to be proactive.
- Need for risk managers to be leaders with new competencies.
- Enterprise risk management with data analytics to support informed decision making can sustain healthcare risk management.
Core Competencies of Today’s Risk Manager

• Traditional Care and Compassion
  • Patient Safety
  • Clinical Focus
• Expanded Relationships
  • Finance/Auditor
  • Compliance
  • IT/Medical Record
  • Operations
• Facilitation
• Patients and Families
Where do I Start as a Risk Manager?

- Establish and become familiar with your “Go To” data sources.
  - Internal and External
- Identify tools to assist in making the best data choices.
- Learn how to display and show your data to attain your goals.
  - Keep the end in mind
- Don’t be afraid to consult with experts.
Seeking Proactive Solutions – Data Driven

- Identification and analysis of events.
- Making modifications that provide value.
- Demonstrating and measuring the improvements.
- Creating opportunities that support a forward momentum based on sound decision making, broader knowledge and thinking.
- Facilitating decisions that are reinforced by the goals and objectives created by enterprise risk management.
Change is Required

...But change is hard.

There are the “Complacent” – satisfied with the way that things have always been done.

There are the “Successful” – they have thrived in the established system.

There are those who “Have a False Sense of Urgency” – they want to change but are so frustrated, defeated and stressed.

The GOOD NEWS – change can start with you.
Two Abiding Truths

1) Patient Safety Makes

1) Gets Attention
Enterprise Risk Management Challenges

ERM is an essential strategic business discipline.

Risk Managers need to be part of the organizations business objectives and involved in the decision making processes.

ERM allows the organization to manage risk and capitalize on the opportunities found in risk. Patient safety should be part of doing business.

Appropriate data and information from risk management can support and promote appropriate decision making.

The goal is to create and maximize Value to the organization.
Demonstrating the Value of Enterprise Risk Management

- Requires leadership involvement to gain a real appreciation of the cost and potential benefit.

- Failure to manage risk is expensive - cost in the U.S is $38 billion per year as a result of medical error.

- Important to get a realistic understanding of the rate or error and show the correlation. Have to include not only the events but the near misses.
Conveying the Patient Safety Message
Those who tell stories rule the world.” Plato
“There's definitely a huge opportunity for businesses to transform their operations and decision making by using data.”  

Jerry Yang (Former CEO Yahoo)
Stories + Data = Strongest Decisions
Demonstration of Value for Patient Safety Initiatives

- Risk Managers have to know and be able to demonstrate the cost benefit from desired patient safety initiatives.
- Data needs to be available to demonstrate the benefit.
- The total cost of the initiatives needs to be known.
- What will success look like? A need to know it when you see it?
Enterprise Healthcare Risk Management looks at risk across the organization. It is proactive rather than reactive.

Risk managers have to expand their role and understand how these risks can impact patient safety.

There is variation in the areas in which risk is found. ASHRM has identified 8 domains: 1) Operational, 2) Clinical/Patient Safety, 3) Strategic, 4) Financial, 5) Human Capital, 6) Legal/Regulatory, 7) Technology and 8) Hazard.

Risks have to be prioritized and can cross domains.
Increased Costs and Loss of Revenue

- Insurers are not paying for additional costs related to:
  - Falls
  - Pressure Ulcers
  - Wrong Site Surgery
  - Retained Foreign Objects
  - Readmissions

- What are the costs?
  - $43,180 average cost of a pressure ulcer
  - $9,491 average cost of a patient fall with injury
  - Litigation for retained foreign object
Don’t Be a:

DATA RICH INFORMATION POOR
Data Sources

- There are many, many, many data sources.
- Start with the end in mind - Determine what it is that you want to measure before you begin your intervention or change.
- We manage what we measure. The metric needs to address the goal. Staff can meet the metric but miss the point.
- Data needs to validate or change behaviors.
- You are building your business case with the data.
Determine the Outcomes You Want to Achieve

- Process Measures - focus on how well and how often intervention(s) are carried out.
- Outcome Measures – what will occur because the designed and selected interventions are performed
- Clinical Outcomes - clinical results that you will see as a result of the selected interventions
Internal Data Sources

- Event data/claims and PCEs.
- Electronic medical record - provides clinical observations, lab and other test results, early warning system (EWS) data.
- Billing or administrative data - looks at diagnoses, procedure codes and charges.
- Data Warehouse (DH or DHW) or Enterprise Data Warehouse (EDW) – central repositories for data. Many healthcare systems often have this repository for data.
- What are your organizations KPIs – priorities.
- Establish relationships with individuals who can assist you.
  - Finance (financial analysts)
  - Auditor
  - Compliance
Looking at outside data sources gives you the opportunity to get a clearer picture of your performance.

- **Accrediting organizations** (JCAHO, DNV, AAAHC)
- **Patient Safety Culture Comparative Databases** (AHRQ)
- **Healthcare Effectiveness Data and Information Set** (HEDIS) – used by various health plans to show effectiveness of disease and care management (NCQA)
- **Hospital Consumer Assessment of Healthcare Providers and Systems** (HCAHPS)
- **National Database of Nursing Quality Indicators** (NDNQI)
Patient Safety Organizations (PSOs)

- Based on the Patient Safety and Quality Improvement Act of 2005.
- Agency for Healthcare Research and Quality (AHRQ).
- Common formats have been developed.
- Allows for national and state-wide benchmarking.
- Often at a significant cost.
“It is a capital mistake to theorize before one has the data.”  
_Sherlock Holmes_
Use of an Analyst

- Defer to the Experts – part of high reliability organizations.

- You don’t have to do it all yourself. Impossible to do manually.

- Engage the analysts that are available to you
  - Don’t make the scope of what you ask of them too narrow. Allow them to use a broad brush. Brainstorm with them.
  - Challenge to get the data so that it is accessible, is it the right data, and in the right format. Strive for data driven quality improvement.
  - Ask the analyst to look for trends or aberrancies. Sometimes you may find the unexpected.
Analyzing and Evaluating Data

Decision Points

- Be realistic and acknowledge your data limitations - necessary for your credibility.
- Know who you are trying to provide data for and their purpose for the data.
- Definitions should be specific and objective knowing what is included and excluded.
- Data should be reviewed by more than one person.
- Be alert to biases that may exist.
  - Hindsight
  - Severity
  - Selective outcome reporting
  - Choice of outcome measures
Making a Business Case for Patient Safety

- You have to have a plan. Start with the end in mind. Where do you want to go and what do you want to show.

- Show and demonstrate progress towards your goal. Stay on track.

- Make your goals timely. Know when you have arrived.

- Have a time line with specific persons responsible for specific deliverables. Gantt charts can be effective. A time line keeps you on track.

- Outline the cost benefit and cost effectiveness for each measure.

- Use data from your organization or look for comparative data to support your case.
Cost Benefit Analysis/Cost Effectiveness

- Cost Benefit Analysis – Avoided cost/ Cost of Investment – New patient lift = $5,000 decreases employee back injuries by 25% (8/4 = 2 @ $12,500 each) $25,000/$5000 = 5 (reflected as a ratio)

- Cost Effectiveness = Cost of Intervention/Anticipated Avoided Events – New bathroom night lights at a cost of $12,500 will decrease falls with harm by 25% = 8 decreased to 6 at $15,000/fall = $17,500 in savings.
Displaying Data

- Keep it simple. A picture should tell you what you need to know.
- Make it clear what you are trying to show.
- Timeliness is important.
- Format is important. Experiment to get the best reflection of what you want to show to your audience. Must be meaningful to them.
- Be as accurate and complete as possible.
- Must provide information on which to make decisions and promote action.
Risk Managers need to be able to present their case for patient safety.

Presentation skills are important. Practice what you need to say.

Being able to demonstrate a ROI for your proposed projects increases your chances for approval and acceptance.

Have a purpose that is value driven and supports safe patient care. Know your audience and base your presentation on what is important to them.

Strive to get the commitment or endorsement for what you are seeking.
Celebrate Your Successes

- When you make improvements share the successes.
- Show the benefit to the organization.
- Success breeds more success.
- Provides validation that your efforts improve not only patient safety but provides a return for the organization.
1) Total Adventist health system reduction of harm was associated with a decrease of $108 million in total cost, $48 million in variable cost, an increase of contribution margin by $18 million, and savings of 60,000 inpatient care days.

2) Lab redraws were costing an institution $2,896,560.00 per year. Determined via literature well trained phlebotomists were 98% successful on 1st draws. 25 full time phlebotomist staff cost $697,000.00 per year. 407% return on investment.
ASHRM’s Patient Safety Risk Management Playbook
Contact Information

Faye Sheppard

Fayesheppardpsr@yahoo.com