Risk management in healthcare: advantages and disadvantages

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1. Risk Management in healthcare facility

The health care environment faces different and numerous of emerging risk, related to health care reform. The purpose of risk management is to pinpoint potential problems before they can affect and occur, so that the organization can planned and invoked ahead of time if needed. The risk handling process can mitigate unfavourable results on attaining objectives of the organization. This is a continuous and vital process of the business and management, and it should address the issues that can affect the achievement of objectives. Risk management must applied effectively that would mitigate and anticipate the risk that can critical the project. The effective risk management can measure by early and aggressive approach with collaboration and actively participation of stakeholders. Stable and strong management are important to build an environment that has open communication regarding possible risk. Internal and external risk must both consider for example cost, technical and schedule.

Enterprise risk management helps ensure effective reporting and compliance with laws and regulations, and helps avoid damage to the entity's reputation and associated consequences. In sum, enterprise risk management helps an entity to get where it wants to go and avoid pitfalls and surprises along the way. (Flaherty, 2004, p. 1)

2. Benefits of risk management in healthcare facility

The healthcare facilities are always experiencing tremendous pressure from its consumer to provide highest-quality, reasonable cost care, workforce and

aging population. Implementing this program has a place from planning to operations for handling crisis especially in healthcare facility where lives are handled. Challenges highlight that need to address in a healthcare facility are patient safety, regulations, policy, medical error and impact of legislation. The potential issues can have a big impact or can create a long term effects. Ignoring the potential risk can compromise patient care, financial losses and increase liability.

Compliance is one of the benefit of implementing risk management, this ensure aspects of accreditation, licensure, medical conditions and coverage. This can prevent and protect the healthcare organization from degrees of loss. It can also provide effective mitigation or lessen the potential loss. " If you follow the principles of risk management you can mitigate collateral losses following an adverse event" (Hiatt, 2007, p. 1). Another benefit is to provide a framework to increase patient outcomes, for example patient's survey can inform the organization if clients are not satisfied with service, and this is an issue to consider for quality improvement. Lastly reduction of adverse effects, the organization should know there strengths and weaknesses to prepare them to face the challenges for providing quality care. Uncertain situation presents both risk and opportunity, it can erode or enhance the organization. Risk management enables the management to effectively face and deal with unexpected situation and increase its value. " Risk management is typically a hybrid function bridging a number of disciplines to reduce the incidence of organizational loss" (Hall, 2015, p. 1)

3. Risk management

1. Reviewing activities and internal environment

This component is the foundation of the framework, and it wraps how the health care facilities view and addressed the risk. It encompasses the management's style and philosophy, it is a set of values, attitudes and practices to deal with risk. This is communicated within in the organization by policy statements and actions as well. The management aligned the people, process, and organization to facilitate successful action to cope in risk appetite. The said style is communicated and must be understood by the member of the organization. Every member of the organization should know the organizations philosophy, ethical values integrity, and culture of the workplace.

2. Setting objectives

Objectives are always aligned with tone of organization and always consistent with the risk appetite. It has four categories the strategic, operations, reporting and compliance. The objective should work well with all levels of risk that the organization accept in order to achieve its objective or risk tolerance. The successful risk management gives an assurance that the objectives will be reached and achieved within acceptable level of residual risk. Setting objectives is a tool that make and create target for the organisation to achieve. The healthcare facility need to set objectives to ensure all staff or employees are on the same level or same page when working in the facility. The employees will need to understand the reason behind the organisation to maximize the effectivity and efficiency. Management also need to set objectives for the employees to meet the level

of expected action within the organization. According to Vitez (2009) "

objectives should be clear, measurable and realistic" (p. 1).

3. Event identification

This refers both on the internal and external circumstances. The organization identifies possible events that may affect negatively and positively on achieving its goals and objectives. Some of the internal categories originally from the choices of management; Operational risk, Empowerment risks, Information technology risk, Integrity risk, Financial risk, and decision risk. " The objective of risk identification is the early and continuous identification of events that, if they occur, will have negative impacts on the project's ability to achieve performance or capability outcome goals" (Mitre Institute, 2007, p. 1).

4. Risk assessment with particular reference to the impact and likelihood risk

The risk are identified, studied its impact, and the basis for determining how to solve and managed them. It's a combination of qualitative and quantitative in order to determined and analyse how to managed and prioritize risk. The risk are ranked by levels this can help the managers to know and visualize future effects. First level is the Low exposition area refers to not significant situation that may be controlled, this usually can solve within the organization among the team. Second level Medium exposition area, this refers fair or not so urgent attention. The impact can be high and or low risk, but should managed accordingly to prevent high impact and

prevent the likelihood. Third level is the High exposition area, refer to risk that need urgent attention, critical importance and on top priorities.

5. Risk response plans

The organizations management select the alternative risk response and the effects on risk that have high probability to happen and also the impact on financial against the benefits. Developing sets of plans to avoid, lessen and accept the risk. The four possible risk ask avoidance, treating, transferring and tolerance. Avoidance refers to response where you avoid or exit the causes of risk. Treating where action is implemented to lessen or mitigate the risk of unfavourable impact. Transferring means reducing or decreasing the likelihood and impact of risk. One of the popular transferring response is insurance. Tolerance refers to no action taken to the present risk. The organization must able to treat risk to know its causes and evaluate whether to manage or tolerate it according to convenience and opportunity of the response.

6. Control activities

Building strong actions plans, policies and procedures to be implemented to make sure the response to risk has positive and favourable outcome. This are also the policies and procedures build and implemented to make sure the risk action are has favourable outcome. Different type of control are preventive controls, manual controls, management controls and others. The control activities are part of the procedures by every organization to reach their objectives. It is the foundation for all other categories and components of internal control, gives discipline and structure.

7. Information and communication

It is important for the organization to have exchange of information that are relevant to risk identification and this should communicated within the organization. Effective communication and reporting is very vital to the organization's risk management. The information can also be assessed through quality such as accurate, accessible, current and timely. The communication is also by shared mission and process, successful both informal and informal internal communication and external communication such as stakeholders. Poor communication has a big impact on the organization through increase of mistake and errors and increases stress and fears among the staff. On other hand, the effective communication of gives success within the facilities.

8. Monitoring

This is evaluation and assessment of the quality performance of the organization. This can be done by activities and different evaluation or can be both. The effectiveness of the organization or healthcare facilities on risk management should be monitored, to able to response properly, changes may implement, and to avoid crisis that may cause losses of the business. " If there was a health care risk management solution that could monitor any changes in criminal history or licensure status and instantly alert the employer if there has been new incident, that tool could be immensely helpful. (Wisjesinghe, 2010, p. 1) This is really important because it can give information to the management for effectiveness and efficiency of the program. Also by means of monitoring the situation is always under control.

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