Partnership for Patient Protection

The Collaborative for Evidence Based Risk & Safety Management

WHITE PAPER
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Evolving Risk Practices to Transform an Industry

Healthcare systems have necessarily evolved in response to sweeping social and political changes. Compounded by challenges of economic circumstances, institutional dynamics, and technologic complexity, medical error remains a pervasive and widespread problem. Institutions, individuals, and governments around the world have persistently striven to reduce medical error; however, as discussed in this paper, from the risk management perspective, better methods are needed to make healthcare systems efficient and effective.

In a landscape of shifting demographics and global economic change, the United Kingdom and the United States of America are simultaneously engaged in reforming their healthcare systems. While some efforts to reform clinical enterprise risk management systems have been attempted in both countries, there does not exist a modern and effective system based on empirical study. (For a comprehensive review of the problem, see co-authored paper: "The Value of Innovation: Responding to Healthcare Reform in the US and UK with Effective Risk Management").

Current clinical enterprise risk management methods are proving insufficient at improving the safety and well being of patients, and the human and financial impacts are staggering. For examples:

- The largest and most detailed survey into hospital deaths in the United Kingdom has revealed that almost 12,000 patients are needlessly dying every year as a result of poor patient care. (The London School of Hygiene and Tropical Medicine based the study on 1,000 deaths at 10 NHS trusts during 2009).

- The NHS Litigation Authority has accrued £26.1 billion in liabilities for known and future claims since 1996. In 2013/14 clinical negligence claims rose by 18% with an estimated cost of £3.8 billion (NHSLA report and accounts 2013/14).

- A recent US study estimates between 210,000 and 440,000 patients each year who go to the hospital for care suffer some type of preventable harm that contributes to their death (Journal of Patient Safety, Sept. 2013).
• A 2010 study revealed that the cost of medical malpractice in the US is running at about $55.6 billion a year – $45.6 billion of which is spent on defensive medicine practiced by physicians seeking to stay clear of lawsuits (Health Affairs, Sept. 2010).

It’s clear that now more than ever, clinical enterprise risk management systems must become more effective at protecting patients while simultaneously creating value in meaningful and measurable ways. Research shows that current methods often fail to do this, and the repercussions are becoming increasingly more apparent. In his book, *The Failure of Risk Management: Why it’s Broke and How to Fix it*, Douglas Hubbard thoughtfully asserts that few risk management systems, when measured objectively, consistently and effectively manage risk.

Hubbard rightfully contends that many risk management systems rely on questionable risk management practices that lack empirical, quantitative techniques for identifying, assessing, and mitigating risk. Furthermore, few risk management systems use empirical analysis to measure their own effectiveness.

Failure to verify if a healthcare risk mitigation strategy is successful can be detrimental in terms of resources, and more importantly, lives. If we can’t measure the outcomes of a risk strategy, how can we know that the strategy is effective? Without measurable evidence, how can we know that we aren’t, despite best intentions, making things worse? The only way to ensure that a clinical risk management system is effective and efficient at mitigating risk, protecting patients, and saving lives is to measure its results.

Thus, the importance of initiating an evidence-based clinical risk management system to strategically manage risk and patient safety for the UK and US health systems can’t be overstated. Using scientific and mathematical proof to demonstrate effectiveness could produce significant results both in financial and most importantly, humane terms.

This brief outlines a four-year collaborative to study, design and implement an effective evidence-based clinical risk and safety management system in the UK and US, sponsored by the Stanford University Medical Network Risk Authority, LLC d/b/a The Risk Authority Stanford (TRA).

**Scholars with Purpose**

The purpose of our study is to design, and implement a modern clinical enterprise risk and safety management system in the UK and US, informed by at least a cumulative four years of empirical analysis. The study will serve as a tool to measure the results of evidence-based clinical risk and safety management, to identify areas in need of improvement, and to pinpoint the factors that contribute to harm, incidents, and medical error and effectively mitigate them.
To accomplish this, data will be gathered from two cohorts, one in the UK and one in the US. Each cohort will be comprised of five participating National Health Service trusts and five US participants respectively, totalling ten participants across two cohorts. An analysis of data from at least the past two years will be conducted for each participant, and will establish a baseline to identify areas in need of improvement. With this work completed, an updated clinical enterprise risk management system will be implemented for all participants within each cohort, based on the TRA Stanford’s four-cornerstone approach (below). After our system has been implemented for all participants in both cohorts, data will be collected and analysed over another two years. We will assess and prioritize mitigation efforts to monitor their effectives over a two-year period beginning January 2015 until at least December 2017. Lastly, at the completion of the study, we will compare data collected from the years 2014 - 2015 to data collected over the years of 2016 - 2017.

The Risk Authority Stanford’s Risk & Safety Management System

Through our years serving the risk and safety needs of Stanford University Medical Center, TRA has developed a proprietary clinical risk and safety management system that consists of, principally, four cornerstones.

1. **Commitment**: To lead, protect, and deliver on the promise of health care by practicing transparency, openness, accountability, and justice – in short, the duty of candour.

2. **Frame**: The International Organization for Standardization’s established risk management framework, ISO 31000, provides a way to consistently and systematically identify, assess, evaluate, mitigate, and monitor risk.

3. **Science**: Intertwining quantitative methods and predictive analytics into the ISO risk management framework at every step of the process gives us the ability to make high-quality decisions in uncertain situations.

4. **Innovation**: The infusion of design thinking into the risk management framework provides us with a foundation for both conceptualizing creative work and reaching for innovative, human-centered solutions.

These four pillars have set the foundation for the The Risk Authority to develop quality care and patient safety programs for Stanford that have achieved demonstrable success. For example, Stanford Healthcare’s clinical effectiveness program has seen a 50% reduction in the rate of harm events over the last 3 years. That program has also seen a 20% increase in event reporting with medical and house staff, and has also resulted in cost savings exceeding $100 million over 4 years.
This simple snapshot reveals a small part of the success we have achieved on behalf of Stanford, and which we are eager to replicate for health organizations everywhere. It is in pursuit of this goal that we have developed our collaborative study, and it is our fervent desire to recreate these results beyond the walls of Stanford.

**Sophisticated Data Collection and Global Collaboration**

TRA Stanford has developed proprietary software called Innovence Pulse. The software, designed by risk managers for mangers of risk, simplifies access to real time, quantitative data. The software can be used to help determine what interventions a health care entity should take to reduce risk, improve safety, as well as create or expand on the value of risk management investments.

Throughout the course of the study, Innovence Pulse will be used to analyze data provided by the UK and US cohorts. Data collected may include: claim frequency, claim severity, incident or medical care variance reporting, patient complaint reporting, indemnity paid, expense paid, report to close dates, employee engagement and customer satisfaction scores, as well as insurance premium paid. However, there is an array of private and public data that may be readily available and may be collected as agreed upon by each participant. The data will inform our participant’s risk intervention strategies, which they will then implement and use the Innovence Pulse software to monitor.

The process of data collection will occur simultaneously with consultation and collaboration between participants. To facilitate the exchange of knowledge, and so that they may learn from and enrich the experience of each other, a once yearly grand collaborative meeting will be held for both cohorts in the UK and US, but participants within each country will meet between two to four times per year. The purpose of these two-day meetings is for respective UK and US cohorts to discuss their data collection and to orient them to ISO 31000, decision analysis, design theory, and the new clinical enterprise risk management system. Meetings will also explore individual and joint projects, success stories, and problem solving.

**Embarking Together**

It is the overarching purpose of this study to design and implement an effective, evidence-based, human-centered risk and safety management program that can reach across a diversity of health systems. Together with our participants, partners and sponsors, we will embark on a journey to explore and combine proven processes with cutting edge analytics, the duty of candour, and innovative thinking. By introducing and implementing TRA Stanford’s clinical risk and safety management program to our cohorts, we hope to develop a holistic and thorough understanding of the effectiveness of our approach. We are eager to work together to achieve new heights of success, and it is our hope that this study will take us ever closer to our vision of perfect patient care and zero preventable harm.
Partnering for Improvement

The CEBRM project is being led by Jeff Driver, Chief Executive Officer of TRA and Chief Risk Officer of Stanford Health Care and Stanford Children’s Health, in coordination with two broker/risk management firm intermediaries – Lockton UK and Aon.

Lockton: The Lockton healthcare broking team is one the largest in the UK, with clients operating more than 2,000 clinical facilities. From an insurance perspective, Lockton advocates proactive incident and complaint management to maximize learning and minimize claims.

Aon: Aon is a leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. With an employee base of 66,000 people working in more than 120 countries, Aon is in a unique position to anticipate how changes in one sector impact another.

The Risk Authority: TRA is an integral part of Stanford Health Care, Stanford Children’s Health and Stanford University School of Medicine delivering daily risk management services to their hospitals and clinics. The TRA team is committed to transforming risk management practices with cutting-edge solutions to deliver quantifiable results.

Stanford Health Care: SHC seeks to service humanity through science and compassion one patient at a time. Across its health system of inpatient care, outpatient health centers, medical groups, health plan offerings, care navigation and virtual care services, Stanford Health Care provides patients with the very best in health and care through its leading edge and coordinated care approach. Stanford Health Care is widely recognized for delivering the highest levels of care and compassion, while also discovering breakthroughs for treating cancer, heart disease, brain disorders, primary care issues, and many other conditions. As the primary teaching hospital for the Stanford University School of Medicine, Stanford Health Care provides a clinical environment for the medical school's researchers as they study ways to translate new knowledge into effective patient care.

Stanford Children’s Health: SCH is internationally recognized for advancing family-centered care of children, adolescents and expectant mothers. It’s one of the few hospitals in the US exclusively dedicated to pediatric and obstetric care.

Stanford School of Medicine: Stanford School of Medicine is consistently ranked as one of the top medical schools in the country, the Stanford School of Medicine is a research-intensive medical school that promotes diversity and empowers future leaders with the skills they need to be adaptable and resourceful. Its Stanford School of Medicine is consistently ranked as one of the top medical schools in the country, the Stanford
School of Medicine is a research-intensive medical school that promotes diversity and empowers future leaders with the skills they need to be adaptable and resourceful. Its integrated vision of research, education and patient care embraces the creation of new knowledge for knowledge's sake, while moving the most promising breakthroughs into real-world applications that advance human health.

About the Author

Jeffrey Driver, JD, MBA, ARM, DFASHRM

Jeff has more than 25 years of experience as a risk management professional and has managed the enterprise risk in community, tertiary, and academic medical centers. A frequent speaker and author on risk management issues, Jeff has expertise in incorporating and managing subsidiary insurance companies, assuring organization corporate compliance, claims and litigation management, patient safety and loss control, employment practices consulting, and the development, reorganization, and implementation of alternate risk financing programs.

Jeff currently serves as the chief executive officer of Stanford University Medical Network Risk Authority, LLC (The Risk Authority), and as the chief risk officer of Stanford Health Care and Stanford Children’s Health. Before joining Stanford, he was chief risk officer and director of regulatory advocacy at the Beth Israel Deaconess Medical Center in Boston.

Jeff is a member of the State Bar of California and has been designated as a Distinguished Fellow by the American Society for Healthcare Risk Management (ASHRM) and an Associate in Risk Management by the Insurance Institute of America. In 2008, he was awarded membership to the Risk Management Honor Roll by Business Insurance Magazine.

He is a past president of ASHRM (2004), served on its board of directors, and was steering committee chair of its JCAHO Liaison, Advocacy, and Legislative & Regulatory Affairs task forces. He has also served as faculty to ASHRM’s Barton Certificate in Healthcare Risk Management Program and to the Harvard Medical School.

Jeff holds a JD from Thomas Jefferson School of Law in San Diego, an MBA from Cleveland State University, a BS in Allied Health Clinical Professions from Ohio State University, and is an AHA Patient Safety Fellow.
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