

White Paper

# Technological Advancement and the Impact on Risk Management Plans in Healthcare



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## Introduction

Healthcare organizations are in a unique position these days. Recent events have shaped a business landscape of unpredictable volatility that's as persistent as it is disruptive.

And we're not just talking about a global pandemic. We're talking about an employment crisis that's brought attrition and retention rates back into the forefront of our global conciseness. So it's no surprise that the concept of risk management often plays second fiddle to keeping teams fully staffed.

But risk management isn't something any organization can afford to forget about.

The world is an unpredictable place, and it's impossible, with any level of certainty, to say where we'll all be five years from now. But organizations certainly can – and should – prepare for a future that includes technological disruption, evolving digital threats, and drastic shifts in both data protection and privacy standards.

We understand that every hospital, pharmacy, clinic, and centralized service provider faces specific challenges that require a more hands-on, customizable approach; so there's no one-size-fits-all solution here.

**However, there are several concepts and areas of concern that are considered universal:**

- Patient safety
- Mandatory federal regulations
- Potential medical error
- Existing and future policy
- Legislation affecting the field of healthcare

Here, we'll discuss the value and importance of investing time and energy in the development of a risk management strategy; we'll explore the role technology plays in risk management; and we'll outline how various threats can harm patients, employees, and the viability of any organization.

We'll also provide insights into best practices and walk you through the steps you should take as you build out your own risk management strategy.

# What is risk management in healthcare?



## Data Risks



## Training Risks



## Compliance Risks



## Third-Party Risks

Risk management is the process of identifying threats that impact everything from patient safety and compliance to operations and HR.

**Risk managers are specifically trained to identify, evaluate, and mitigate all levels of risk in several key areas:**

## Data Risks

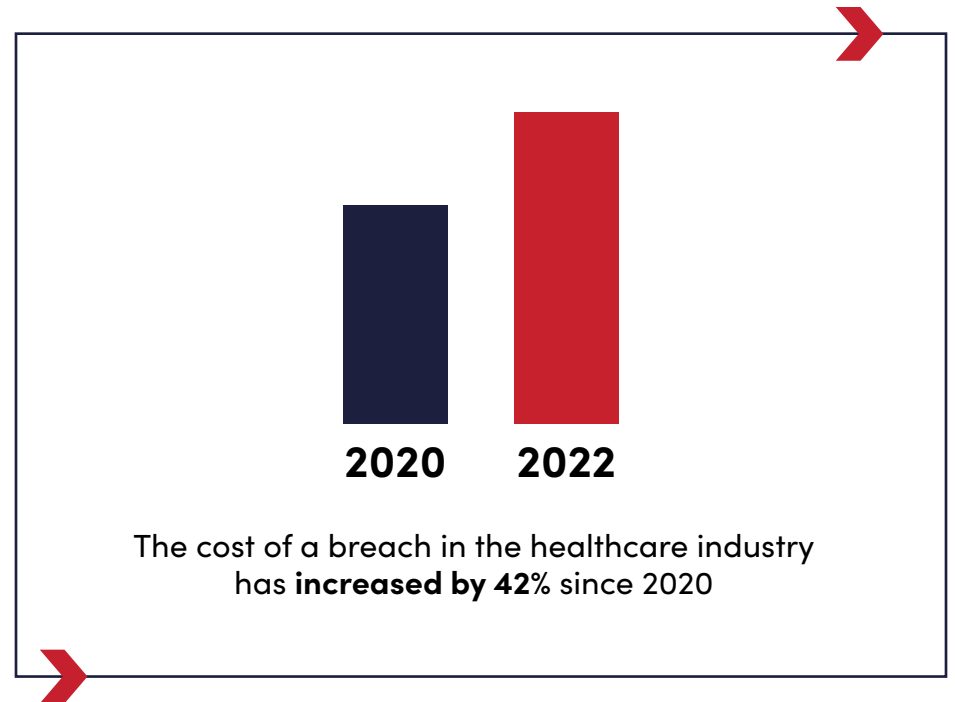
In a world ruled by technology, data is power. According to a [recent survey from Varonis](#), the average healthcare organization has **31,000 sensitive files (including ones that include HIPAA-protected information, financial data, and proprietary research) open to everyone**. When you consider there are roughly 354 thousand sensitive files across the 58 different hospitals, pharmaceutical firms, and biotech companies surveyed, that's **12% of confidential files that are just floating around for anyone to access**.

The leak of this sensitive health information can be catastrophic, undermining your patients' confidentiality and damaging trust in your organization.

[One survey](#) found that **66% of patients would leave their healthcare provider if their personal or payment information was compromised** in a data breach that occurred as a result of the failure to implement appropriate security measures.

Ransomware attacks and destructive attacks are growing costlier, too.

The cost of a breach in the healthcare industry has increased by **42% since 2020**. **For the 12th year in a row, healthcare had the highest average data breach cost of any industry**. Let's put that in perspective: According to



[recent reports](#), data breaches in the healthcare industry cost an average of 6.5 million dollars in 2019. Today, we're talking somewhere in the realm of 10.1 million dollars.

## Training Risks

What makes healthcare such a unique case compared to other industries is that human lives are on the line. Poorly developed skills and knowledge gaps cause mistakes – and those mistakes can be costly.

According to CNN, estimates show that nearly **100 billion dollars (about \$310 per person in the US) are spent every year on malpractice cases and defensive medicine**. And [studies indicate](#) that team-trained healthcare staff can reduce patient deaths by upwards of 15% – a massive swing in the right direction. Still, the impact extends well beyond patient safety.

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# Effective risk management strategies for any healthcare facility should prioritize patient safety, cyber security, compliance, and the prevention of common medical errors while building a culture of transparency and learning.

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Over 70% of high-retention-risk employees will leave their company for greater skills development opportunities. What's more, studies show that employees who feel like they're actively learning and growing within their role are 21% more engaged than those who don't have the same opportunities.

The problem? A lack of engagement is wreaking havoc on bottom lines across the country. When employees feel stagnant, they become disengaged, costing an estimated \$300 million each year — according to [Gallup](#).

## Compliance Risks

Here's the thing you should know about the stakes in healthcare: They're high. Really high. We're talking about a multi-trillion-dollar industry responsible for the care and safety of millions of patients. As such, healthcare is highly regulated, and penalties for noncompliance reflect the astronomical expectations we all have of our care providers.

Legal action, monetary fines, material losses, and reputational damages are all on the table if — and when — a health system does not act in accordance with government laws, industry regulations, or prescribed best practices.

### A variety of federal and state agencies govern health compliance:

- The Drug Enforcement Administration (DEA)
- The Food and Drug Administration (FDA)
- The Department of Health and Human Services (HHS)
- The Office of the Inspector General (OIG)

- The Joint Commission (TJC)
- The National Association for Healthcare Quality (NAHQ)
- The Centers for Medicare & Medicaid Services (CMS)

When it comes to in adherence violations, fines can range from 100 to 50,000 dollars per violation, with a maximum fine of \$1.5 million per violation category. It happens, too. In 2021, one health organization paid a hefty 5.1 million dollar penalty to settle a single HIPAA violation that impacted 9.3 million patients.

## Third-Party Risks

Third-party suppliers have become increasingly valuable (and necessary), offering mission-critical operational services to healthcare providers of all types. So what's the risk? Depending on the nature of their business, these vendors typically have access to PII, PHI, and other valuable data.

As part of the digitization of healthcare, IT vendors now host their various systems and services in the cloud, and organizations have become more reliant on these outside providers to carry out critical operations and provide patient care. This makes outages caused by any sort of cybersecurity intrusion devastating occurrences.

A [2020 survey](#) found that **54% of healthcare vendors experienced a data breach, but only 36% notified their partners** for fear that they would drop them in favor of a competitor.

This reveals a whole new layer in the proverbial onion known as risk management.



By embracing technology, health systems can provide better training, streamline their internal processes, and reduce risks.



## The influence of technology in healthcare.

Risk management is more complex and convoluted than ever before. There are so many moving parts and a growing list of considerations. New reimbursement and performance-evaluation initiatives increase the complexity while expanding the definition of compliance. Digital threats are on the rise, too, heightening cybersecurity and privacy concerns. Not to mention that new tools and platforms seem to hit the market every day – all claiming to be the answer to all your organization’s problems. And these tools all have their own integrations, limitations, functionality, and lifecycle.

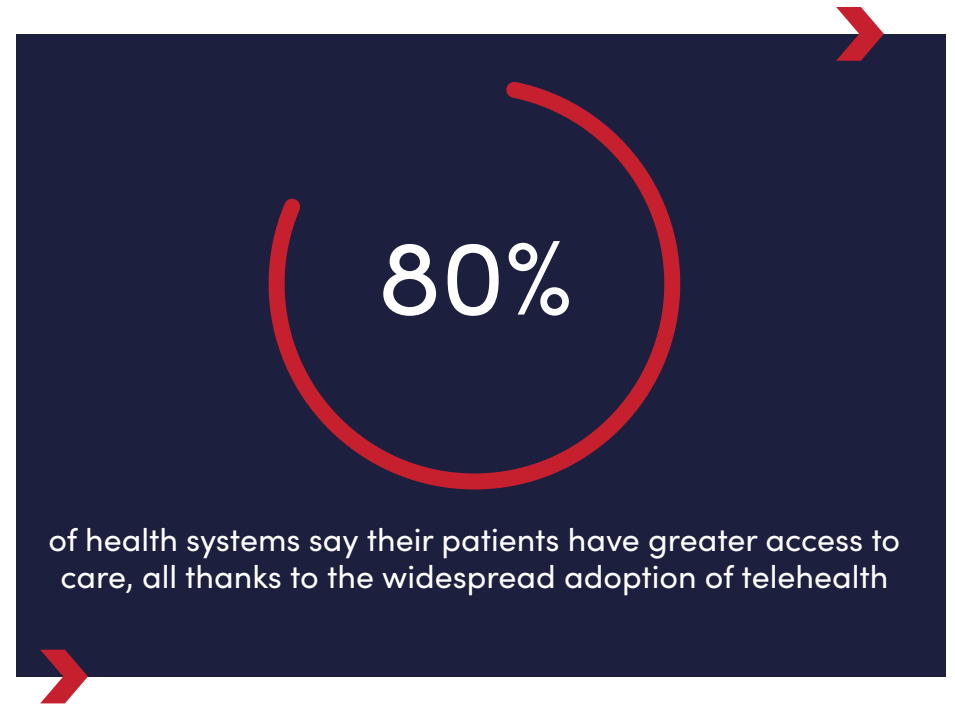
But this complexity shouldn’t be intimidating. Technology, for all its intricacies, can do wonders when it comes to simplifying the hiring, training, and risk management processes. Just look at how much it has done to improve our understanding of complex medical issues and tear down the roadblocks to delivering exceptional care directly to patients.

Telehealth is a prime example of this – perhaps even the example. In the wake of significant global change, telehealth became a critical necessity for most care providers, and as the benefits became more and more definitive, its popularity only seemed to increase. Digital care completely changed the way health systems connect with and treat their patients. It took a traditional standard (like in-person treatment) and flipped it on its head to give people all over the world better access to the care they need.

And that’s not hyperbole.

In **one survey from the American Medical Association, 80% of health systems say their patients have greater access to care**, all thanks to the widespread adoption of telehealth.

Not to imply that this doesn’t come with its own set of challenges. There was a lot for health centers to consider when providing this new technological service: privacy laws, cybersecurity, payment options, and technical limitations all became risks of greater import. And managing those risks got a whole lot harder. Upskilling and reskilling employees to keep pace with the trend also became a priority.



That’s the power of technology: it’s a catalyst for growth and change.

As the industry evolves, 50% of the entire workforce will need to retrain if they want to stay employable. They’ll need to develop new skills like digital literacy, cognitive flexibility, and emotional intelligence – and they’re counting on their employers to help them navigate this new terrain.

So, in their pursuit of a successful healthcare risk management program, every healthcare leader should have a global view of the technological landscape, fully embracing tech when and where it’s most appropriate.



**Here's a deep dive into how technology can add value to risk management plans in healthcare organizations:**

## **Improves Patient Care**

One of the best ways to ensure your patients get the best possible care is to keep your team up to date on all the latest treatments and techniques. Because if they don't have the right skills, they can't perform at a higher level. So how do you do that? By investing in your team's learning and development using an end-to-end platform that helps address knowledge and skills gaps throughout the entire organization. But not all training platforms are created equal. They all have their own sets of pros and cons, and they all vary in terms of complexity and usability. And taking the time to do your homework and explore your options can yield massive returns.

## **Facilitates Compliance**

Maintaining compliance isn't easy. Healthcare is constantly evolving — and so are the standards to which every health system and its employees must adhere. The right software will consolidate all your risks and data in one centralized location and provide timely alerts so you can easily stay in

compliance with the complex requirements for reimbursement, provider-quality evaluations, patient privacy, and more.

## **Future-Proofs Your Org**

Integrated technology identifies specific areas of concern, before they become serious issues, to help you better mitigate risks and take advantage of an evolving landscape. This forward-thinking approach keeps you one step ahead of the industry and allows you to evaluate incoming talent while knowing exactly what skills you need and what skills you will need in the future.

## **Streamlines Processes**

There's almost nothing worse than when the left hand doesn't know what the right hand is doing. Technology breaks down these barriers, eliminates duplicate efforts, and facilitates collaborative communication across the organization. This gives you the foundation to start building a culture of safety, compliance, and learning while upskilling your teams to provide better care.

# How to develop your own risk management plan in healthcare.

The same technologies driving the healthcare industry into the next phase — AI and machine learning, for example — are also increasing risk levels, elevating the sophistication of cyber-attacks. And if there's one thing we've learned from the events of the past three years, **reactive approaches to risk management won't cut it.**

Agility and proactive planning are the answers, and your strategy can't live in a static document or spreadsheet. Your organization's best defense against all these new, almost super-powered threats is a flexible risk management plan that's both comprehensive and actionable.

But this isn't something you can crank out in one afternoon and call it good. It's a continuous process — one that requires commitment and effort from every corner of the organization.

It starts by knowing the directives of governing organizations such as the Department of Health and Human Services, the FDA, and the ASHRM. Then using that knowledge to measure and observe while building out predictive and root cause analyses.

Using the analysis results, risk managers can get a full view of the threat landscape, compare the likelihood of different adverse events, and rank potential risks in terms of severity. Only then can they formulate a plan to mitigate these risks.

So, how do you identify and rank viable threats?

## The Journal of Epidemiology and Preventive Medicine outlines the basic steps of risk management in healthcare:

- Establish context
  - In the world of healthcare, context matters. That's why you should always consider the when and where (night shift in the ER, for example) and the how.
- Identify the risk
  - This is where you and your team raise awareness of the risks in the healthcare services environment. Sources of risk identification include internal discussions, patient journey tracking, industry reports, and patient satisfaction rates.
- Analyze and evaluate the risk
  - Effective risk management is all about understanding. When analyzing risks, you should always consider the risk level or score; underlying or contributing factors; and existing protocols and control measures.
- Manage the risk
  - Every risk treatment plan should include proposed actions for mitigation, the resources needed, the person or team responsible for action, and an estimated timeframe.

Risk score is calculated by multiplying the likelihood score with the severity of impact score as below:

$$\text{Risk score (R)} = \text{Likelihood (L)} \times \text{Severity of impact (S)}$$

## How Carrus can help.

We've spent the last 30 years doing everything we can to close the training-to-employment gap in Allied Health. In that time, we've armed hundreds of thousands of learners with the job skills they need to establish new careers — or advance in their current roles — and helped more than 1,300 health systems cut hiring costs and improve operational efficiency using our trusted solutions.

Our platform delivers critical analytics and strategic insights to boost engagement and create exceptional learning experiences. With an end-to-end JobTech platform, we drive business results by helping health systems assess, evaluate, and elevate their existing teams while also attracting star talent.

### Here's how we do it

## Skills Development

Allied Health systems are more likely to retain star talent, attract strong job candidates, and maintain compliance by offering ongoing career development opportunities to fill organizational gaps.

But learning technology only works if your people use it.

We've designed the Carrus Skills Development library to make upskilling and retraining simple and accessible. It's like a curated bank of foundational and advanced knowledge that's easy to internalize, synthesize, and put into effective action in the workplace.

## Workforce Placement

The cost of turnover for your organization is steep — running as high as 150% of every former employee's annual salary. (Percentages vary based on the role.)

And because it takes an average of 49 days to fill one vacancy, you probably find yourself caught in a revolving door of employees. The problem here isn't necessarily the cost. It's the high level of risk that comes with managing teams that are overworked and understaffed.

The Carrus Workforce Placement portal is built to connect trained, certified, and experienced professionals with the health systems looking to stack their teams with exceptional talent.

Letting risk management slip affects both your bottom line and patient outcomes, while also increasing the potential for fines and liabilities.

Want to learn more about how Carrus can help?

Visit us at [Carruslearn.com](https://carruslearn.com) or call 866-673-5710 to schedule a free demo.



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