



Rethinking Risk: Inspirien’s ‘Inspired Quality’ (IQ) Pilot Program Demonstrates Need for Healthcare Organizations to Regard “Risk Readiness” as an Organizational Competency

Introduction

In January 2018, the American Medical Association (AMA) published a series of reports on the state of medical liability in the United States. Through their own investigations and a review of existing studies, the AMA reported¹ that more than a third of physicians (34 percent) would have a medical malpractice claim filed against them at some point in their careers. The average cost of that incident, if it closed, was \$54,165 – or at least, it was back in 2015.

There is no account of the total cost of medical malpractice in the U.S. in recent years. The latest ‘total figure’ published was back in 2010 by the Harvard School of Public Health in a study published in *Health Affairs*². Then, nearly a decade ago, the amount was a staggering \$55.6 billion a year.

Beyond the financial impact of medical malpractice claims, the emotional toll on healthcare leaders and providers is immense. Moreover, there is the opportunity cost in time and attention that these claims take away from healthcare organizations seeking to improve the cost, quality, and access of care. Sometimes, maybe if the provider is part of a small, rural hospital, these kinds of claims can even be the difference when it comes to ‘staying in business’ from one year to the next.

Headquartered in Alabama, Inspirien is a professional and general liability company that has insured healthcare providers in the Southeastern U.S. for over thirty years. The company has been known for its ‘people around the policy’ who have provided risk management, claims management, and risk financing consulting to its insureds as well as to other insurance companies as a third-party administrator.

In recent years, as healthcare expenses have skyrocketed, Inspirien began to aggressively challenge its own internal ideas about healthcare risk, defining a new way

¹ <https://www.ama-assn.org/press-center/press-releases/ama-studies-show-continued-cost-burden-medical-liability-system>

² <https://www.forbes.com/sites/rickungar/2010/09/07/the-true-cost-of-medical-malpractice-it-may-surprise-you/#1561a9b22ff5>

to view risk that extends beyond the elements of patient care that could trigger medical malpractice charges against a practitioner.

The reality of risk in healthcare, as they see it, is that it in fact encompasses the entire range of services provided by a healthcare facility, and that healthcare leaders would be better off if they stopped thinking about risk as an expense and a loss. Instead, liability coverage, along with legal case settlements, should be considered an investment in the business of healthcare. The way hospital leaders proactively manage risk has a direct impact on an organization’s ability to attract and retain both clinicians and patients as well as its ability to increase reimbursements for the services it delivers.

To test these beliefs – that risk should be regarded by healthcare organizations as strategic, tied to the bottom line, capable of impacting revenue, and an element of culture rather than an activity required for compliance – Inspirien launched a pilot program to test the idea that ‘risk readiness’ should be regarded as an organizational core competency in healthcare businesses.

Creation of the IQ Pilot Program

In 2017, Inspirien’s executive leadership team met to discuss how to better connect the company’s risk management efforts to its underwriting process, specifically at the point of application and renewal. The meeting’s discussion centered on a chart that plotted clients on a matrix based on the amount of their premium payments versus the amount that was paid out in insurance claims.

While most of Inspirien’s client base fell into the ‘green’ category, the conversation turned to those in the ‘yellow.’ What could be done to ensure that providers in the ‘yellow’ move toward ‘green’ instead of ‘red’? And, could those in the ‘red’ category improve with targeted interventions aimed at reversing negative trends?

The Inspirien executive leadership team began candidly discussing anecdotal differences between the organizations that were ‘green’, who were consistently better at managing their risks and claims, and those that were in the ‘yellow’ or ‘red’.

LOSS COST	
FACILITY	LOSS COST %
Hosp 17	26.08%
Hosp 13	26.10%
Hosp 2	28.65%
Hosp 19	36.43%
Hosp 11	42.52%
Hosp 18	45.86%
Hosp 1	53.88%
Hosp 15	57.59%
Hosp 20	58.27%
Physicians	64.12%
Hosp 10	65.70%
Hosp 8	74.39%
---- 77% LOSS AND PROVISIONAL BUDGET ----	
Hosp 16	78.71%
Hosp 9	89.03%
Hosp 5	89.04%
--- 100% OF WRITTEN PREMIUM ---	
Hosp 12	104.18%
Hosp 7	109.38%
Hosp 14	112.02%
Hosp 6	123.69%
Hosp 4	148.95%
Hosp 3	165.22%

All Insured, 2012-2016

The discussion led Inspirien to set out and

create its own intervention that would address what the leadership team referred to as the “risk readiness” of a healthcare facility.

Inspirien defines “risk readiness” as a healthcare organization’s ability to manage the cost of healthcare risk proactively, as well as when claims occur. Risk readiness is not simply a function of risk management, but instead an organizational competency that extends throughout its culture, underpins its business activities, and guides its policy, protocols, and procedures. It’s less a state of being “ready for risk” than it is a characteristic tied to an organization’s ability to be dynamic, strategic, and forward-thinking.

To further refine the idea of ‘risk readiness’ as organizational competency, a multidisciplinary program development team was formed to include Inspirien’s risk managers, medical malpractice attorneys, risk financing experts, actuaries, underwriters, and insurance administrators. Their goal was to establish a program that provided:

- 1) a standard way for assessing a hospital’s ‘risk readiness’
- 2) a cost-effective process for building ‘risk readiness’ as core business competency
- 3) a cycle to allow for implementation of course correction efforts and reevaluation
- 4) a tool to measure changes in an organization’s ‘risk readiness’

The team committed nearly a year to the development of the program, which was led by Inspirien’s risk managers who, with their combined 50 years as hospital risk managers, plus additional experience in quality and healthcare leadership, were key in ensuring that ‘risk readiness’ assessments, interventions, and metrics were going to be practical, useful, and scalable across healthcare institutions.

To ensure this ‘real-world’ viability, the risk managers advocated that all assessments and interventions tie to industry-leading best practices for healthcare enterprise risk management and measurement, as well as current regulatory guidance from Centers for Medicare and Medicaid Services (CMS), The Joint Commission (TJC), as well as other pertinent national professional accrediting bodies.

Added to the body of reference work were Inspirien’s own proprietary tools: a comprehensive hospital survey built upon both CMS and Joint Commission regulations, additional department and/or service specific surveys built upon these regulations, and best-practice and regulatory information from over 50 risk-related educational courses. In 2019, the Inspirien team also partnered with ECRI to utilize the INsight program which houses a robust toolbox of surveys, action plans and references.

To ensure connection to risk financing priorities and outcomes, Inspirien utilized its own underwriting applications, which are used to evaluate a healthcare organization’s risk and insurability. Information derived from these tools include medical specialty and procedures performed, practice history and locations, hospital credentialing, education

and training of staff, hours worked as well as loss history, coverage history (such as prior acts for claims made coverage), and medical board actions.

The Inspirien Inspired Quality initiative, or Inspirien IQ (IQ) program, was born from the processes, documents, and data captures outlined above.

Inspirien IQ: Four Steps, Six Areas of Focus

Inspirien IQ is a simple, four step-program to assess the 'risk readiness' of a healthcare facility across six areas of focus with the intent to not only improve care quality and reduce patient and employee risk, but to also prevent the types of costly medical malpractice claims that put the very financial stability of the organizations at-risk as well.



Step 1: Quality Assurance 360 (QA 360)

The IQ Program starts with an assessment step named the QA360, short for 'Quality Assurance 360.' Risk management consultants are deployed to the facility to personally conduct in-depth risk surveys, which they augment with data from internal hospital safety, quality and cultural assessments, claims histories, and other information provided by the organization as part of the insurance application process.

Step 2: Quality Quotient Report & Action Plan Presentation

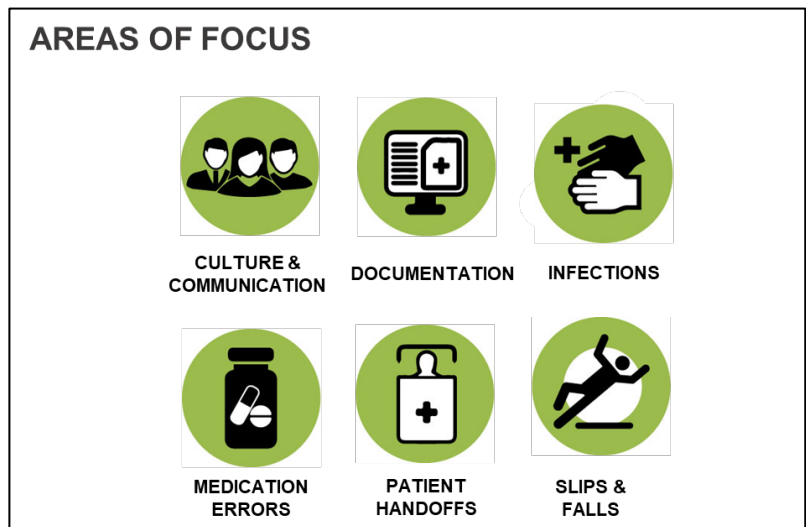
The 'findings' of the QA360 are then pulled together for review in the Quality Quotient Report, which is used to identify and prioritize areas that bear the greatest risk to the organization's risk readiness.

The report is accompanied by a customized Ideas for Action Plan, which identifies specific goals across IQ's six focus areas that the organization can then choose to prioritize improve their risk readiness over the next year.

Areas of Focus

When choosing the core dimensions upon which to focus the Action Plan, Inspirien chose to focus on the following six areas as levers of risk readiness:

- 1) Culture & Communication
- 2) Documentation
- 3) Medication Safety
- 4) Patient Handoffs
- 5) Infections
- 6) Slips & Falls



These six areas were selected for three primary reasons:

- Years of experience in risk management, along with documented quality assurance best practices, indicated that these areas were easy to influence with low-cost interventions;
- These areas were inclusive and could engage all levels of personnel across the healthcare facility, thereby impacting culture and leadership as a whole; and
- Failure in these areas historically generate the bulk of medical malpractice claims, meaning that improvement in any of these areas provides the best opportunity to impact patient safety, quality care, and operational cost.

Step 3: Action Plan Implementation

Once facility leadership signs off on the Action Plan and its recommendations across the 6 focus areas, implementation begins. Inspirien provides additional risk consulting, educational programs, coaching, policy reviews and updates, and additional services to support the organization's strategic initiatives to improve its risk readiness.

Step 4: Annual Review & Re-evaluation

The final step is an annual review, whereby the a new QA360 is administered and scored, compared to the previous year's QA360, and the Action Plan is re-evaluated to determine progress and accomplishments. Based on results, the Action Plan is tweaked for the following year and the process is repeated. Ultimately, IQ is expected to improve the facility's ability to mitigate risk and provide safer patient care, which can then prevent medical malpractice claims therefore reducing the facility's premiums or likelihood of severe or regular malpractice claims.

The final step is an Annual Review that brings together the Inspirien team, hospital leadership, and the IQ team to review progress and accomplishments along with current loss ratio data. This discussion sets the stage for continued partnership and identifies the following year's IQ Action Plan activities.

Ultimately, as time goes on, the expectation is that IQ will strengthen the organization's 'risk readiness' competency to the degree that the facility's ability to mitigate risk and provide safer patient care will become self-sustaining and will be able to not only reduce medical malpractice claims, but also positively impact the facility's premiums.

The Pilot (2018-2019)

In February 2018, a cohort of three hospitals was selected to participate in a pilot to 'test' the validity of the IQ program.

The purpose of the pilot was three-fold:

- 1) First, to test the concept of 'risk-readiness' and the metrics defined to assess it;
- 2) Second to establish the validity and effectiveness of the interventions designed to improve it; and
- 3) Third, to demonstrate cost savings to the healthcare facility as a result of improving their 'risk readiness.'

In short, Inspirien hoped to work with pilot participants show that by evaluating a healthcare organization's 'risk readiness,' and intervening at weak points, that overall patient and staff safety improved in a manner that, over time, could reduce medical malpractice incidents, claims, and costs.

Pilot Participants

The three hospitals selected for the IQ pilot exemplified varying trends related to claims history data:

- One participated as a measure to address significant loss ratio trends which were negatively impacting the hospital as well as Inspirien as its insurer;
- Another aimed to address recent risk trends that could potentially create challenges for the facility in the future;
- The final participant sought to determine whether or not its current strategic focus was actually fostering a 'risk readiness' environment or not.

In each case, both the facility and Inspirien each recognized a critical need for change in order to ensure the financial longevity of both organizations.

In addition to the varying motivations for participating in the IQ pilot, the three facilities were also diverse in terms of location, size, services offered, financial strength, and organizational culture.

To protect the anonymity of each healthcare organization, only basic details are provided to establish context.

- **Provider A** is a large hospital with 300+ beds that includes multiple specialty services including oncology, OB, emergency service, cardiovascular, intensive care, surgery, and psychiatric services.
- **Provider B** is a rural hospital with fewer than 100 beds that operates a diverse array of services including oncology/radiology, cardiovascular care, surgery and a wound care center.
- **Provider C** is a rural acute care hospital with approximately 100 beds and operates an ICU, emergency room, and provides surgical and OB.

Method


All three pilot participants were introduced to the IQ program in February 2018.

Invitation to participate in the IQ pilot was treated with the utmost regard and commitment, requiring a member of the C-suite at each organization to sign a symbolic 'participation pledge' to indicate commitment of leadership, team, time, and financial resources to executing IQ in their healthcare facilities.


In each case, a core team of leaders within each provider organization was established as accountable for the IQ program. All teams included senior leadership from the organization and its top risk management executives.

By May 2018, each pilot participant completed the QA360, which led to the development of their Quality Quotient Report and Action Plan that identified areas of focus across the 6 IQ domains. Highlights from these are provided below.


Focus Area 1: Culture & Communication

IQ Focus Area	Participant	Needs	Initiatives
Culture & Communication 	Provider A	<ul style="list-style-type: none"> • Additional Education • Staff did not feel familiar with locating Policies and Procedures • Surge Plan for OB, L&D, Nursery and ED 	<ul style="list-style-type: none"> • Process reviews • Additional drills in L&D and training for Fetal Heart Monitoring • EMTALA training • ED sharing huddles
	Provider B	<ul style="list-style-type: none"> • Improvement with orientation and RM education • Secure texting education • Need for med-mal communication with medical students • Incident report system issues • Culture of Safety assessment 	<ul style="list-style-type: none"> • HIPAA education • Implement secure texting processes (collaborate with CIO) • Revamp onboarding program to include secure texting info in general orientation and add a detailed component on quality/risk for new nursing staff • Med-mal education program for med students • Review 'incident reporting system' needs with nursing leadership to develop financially viable way forward • Conduct Culture of Safety assessment
	Provider C	<ul style="list-style-type: none"> • Greater consistency of leadership rounding 	<ul style="list-style-type: none"> • Implement best practices for rounds • Review Culture of Safety assessment


Focus Area 2: Documentation

IQ Focus Area	Participant	Needs	Initiatives
Documentation 	Provider A	<ul style="list-style-type: none"> • Additional education on documentation best practices • Consistency across physician templates 	<ul style="list-style-type: none"> • Documentation education • Conduct medical record review • Standardize physician templates
	Provider B	<ul style="list-style-type: none"> • Consistent Policy & Procedures review • Additional education on documentation best practices 	<ul style="list-style-type: none"> • Documentation classes for department managers, nurses, medical students • Policy & Procedures team to initiate a concerted effort to update P&P's and utilize software to support effort
	Provider C	<ul style="list-style-type: none"> • Additional education on documentation best practices • Medical record review 	<ul style="list-style-type: none"> • Implement annual documentation classes • Repeat documentation survey within 6 months of class


Focus Area 3: Medication Safety

IQ Focus Area	Participant	Needs	Initiatives
Medication Safety 	Provider A	<ul style="list-style-type: none"> • Checklist prior to initiating Dilaudid PCA pump with OB patients • Consistent utilization with end-tidal CO2 detectors with PCA pump use 	<ul style="list-style-type: none"> • Implement necessary OB checklist for Dilaudid PCA pump • Review best practices for end-tidal CO2 detectors with PCA pump use
	Provider B	<ul style="list-style-type: none"> • Review pharmacy and nursing processes related to medication safety • De-risk process for 'over-rides' in Pharmacy • Increase medication safety education 	<ul style="list-style-type: none"> • Meet with Pharmacy Director to drill down into 'over-rides' and review with nursing process and leadership teams • Review both pharmacy and nursing override processes to ensure coherence • Add information to nursing orientation packets re: medication safety topics • Update Pain Management Policy and train staff
	Provider C	<ul style="list-style-type: none"> • Consistency with safe medication processes hospital-wide 	<ul style="list-style-type: none"> • Focus on building consistencies into medication processes to ensure effectiveness and patient safety


Focus Area 4: Patient Handoffs

IQ Focus Area	Participant	Needs	Initiatives
Patient Handoffs 	Provider A	<ul style="list-style-type: none"> Improvement in ED when admitting patients and handoff report 	<ul style="list-style-type: none"> Strategy for adding to initiatives already in place (bedside handoff, safety huddles, ED case managers)
	Provider B	<ul style="list-style-type: none"> Focus on ensuring HIPAA is maintained with communication processes 	<ul style="list-style-type: none"> Ensure processes are HIPAA compliant organizational wide, including secure texting processes
	Provider C	<ul style="list-style-type: none"> Inconsistencies with processes and documentation More consistent bedside reporting 	<ul style="list-style-type: none"> Address leadership rounding Improve reporting policies & procedures, documentation

Focus Area 5: Infections

IQ Focus Area	Participant	Needs	Initiatives
Infection Prevention 	Provider A	<ul style="list-style-type: none"> Improve sepsis bundle 	<ul style="list-style-type: none"> Femoral line insertions in ED need to be tracked and trended
	Provider B	<ul style="list-style-type: none"> Not an area of focus due to already effective internal processes 	<ul style="list-style-type: none"> Continue organizational approach to effectively managing IP practices and safety huddles
	Provider C	<ul style="list-style-type: none"> Observe cleaning after c-diff patient Address dates/times IV tubing and dressing changes Observe Handwashing compliance 	<ul style="list-style-type: none"> Conduct Hazard Surveillance and provide recommendations for patient safety issues along with resources and opportunities for improvement

Focus Area 6: Slips & Falls

IQ Focus Area	Participant	Needs	Initiatives
Slips & Falls 	Provider A	<ul style="list-style-type: none"> Not an area of focus 	<ul style="list-style-type: none"> Not an area of focus
	Provider B	<ul style="list-style-type: none"> Need for falls prevention improvements (high volume of falls recorded) 	<ul style="list-style-type: none"> Falls prevention initiative implementation Revisit Falls Assessment from Sept 2018 to identify opportunities for improvement
	Provider C	<ul style="list-style-type: none"> Need to ensure Falls Assessments are complete and done in timely manner 	<ul style="list-style-type: none"> Follow-up with team to ensure completion

Conclusions & Next Steps

There are three main ‘sets’ of takeaways from the first year of the IQ pilot: 1) lessons learned to refine Inspirien’s IQ program itself; 2) conclusions that can be drawn about the measurement and improvement of ‘risk readiness’ as an organizational competency; and 3) insights as to the potential for ‘risk readiness’ as a metric that can be correlated to a healthcare institution’s strength in terms of both claims prevention and management.

On this final point, further study and more time are required to show definitive, quantitative results that connect IQ initiatives to an increase in patient safety scores and, ultimately, a reduction of medical malpractice claims. Inspirien and the three pilot participants continue to work together to implement IQ initiatives, measure progress, and monitor results. Each of the three healthcare organizations remain Inspirien customers and changes in safety scores and claims continue to be tracked with an eye to publish a 3-year report on pilot results, including claims data, in 2022.

On the matter of whether or not ‘risk readiness’ should be viewed as an organizational competency – as a set of skills and experiences that serve as a strategic strength for the organization as opposed to a ‘state of being’ – the pilot underscores the need for this shift in mindset. This is largely the key finding from IQ pilot and will impact further pilot designs, as well as risk prevention and claims management approaches championed as ‘best practices’ by Inspirien, from this point forward.

Through the IQ pilot, this point – that ‘risk readiness’ must be regarded by healthcare leaders as an organizational core competency – became apparent in several ways:

- **The Demand for Education on Documentation**

QA360 evaluations for all three pilot participants demonstrated a higher-than-expected demand for education across all six focus areas, but rather than courses that focused on traditional areas of risk management (EMTALA, HIPAA, Active Shooter, etc.) the most requested courses were those on the subject of documentation. In a healthcare organization, documentation is a fundamental process equally integral to care delivery as it is to hospital business – it is how teams communicate cross departmentally, it is how patients receive care, and it is how hospitals get paid. Of course, patient records can play an integral role as evidence in a medical malpractice suit, but these types of situations are incomparable when related to the important role documentation plays in effective communication and the daily operations of a healthcare organization. Seeking to improve practitioners’ knowledge and skill sets in documentation is more about improving the day-to-day, minute-by-minute function of the healthcare team to ensure safe, effective quality care, improve the patient experience, increase the ability to gain fair reimbursement, and build effective processes for the hospital staff as a team than it is about creating a better record in the event of a lawsuit.

- **Amount of Effort Devoted to Process Consulting and Change Management**

While education was often requested of the Inspirien IQ team as initiatives to help meet needs identified in the QA360, the bulk of the Inspirien team’s time was spent providing high-touch consulting services related to policies, procedures, and process improvement. This work was cross-departmental and involved thorough understanding of the workings of the providers’ systems, care pathways, and protocols. This work extended beyond simply improving documentation and understanding of policies and procedures that could prevent harm; it required working collaboratively with hospital teams to improve, or, at times, completely revamp processes to ensure buy-in, effectiveness, and adherence to industry standards. With Provider B, for example, a medication safety initiative that began with the nursing team’s intention to ‘de-risk’ pharmacy overrides turned into a cross-team collaboration with the Pharmacy Director to reevaluate both pharmacy and nursing override procedures, create new processes in both departments, and integrate training for both teams. A separate initiative with Provider B, saw the IQ team work with the organization’s Chief Information Officer to improve the security of texting as a mode of communication among provider teams, impacting not only care delivery but also the organization’s IT strategy. Examples like these – that reveal the interconnected nature of healthcare’s systems, processes, and teams – also demonstrate how nearly every healthcare activity can be considered a risk management or claims management activity.

- **Cultivation of organizational skills and expertise requires the involvement of C-suite leadership – not just their endorsement**

As previously noted, all three of the pilot participants had been Inspirien clients prior to partaking in IQ. Each had been offered free risk management services previously – some for years – and each had taken part in bringing Inspirien’s risk management team to their institutions. Yet, implementation of IQ initiatives extended farther, deeper, and were more successful than any previous attempts to address the six identified areas of healthcare risk. What was different? Through focused, strategic efforts of risk prevention and process improvement, and the inclusion of an extensive review of the provider’s medical malpractice claims with the organization’s C-Suite, the QA360 evaluation and subsequent Ideas for Action fostered a comprehensive approach to risk. The review did not just address the circumstances of how the claims arrived, but focused on their financial implications, their impact on premiums, and on the long-term effect continued problems would have on the organization’s ability to remain competitive and thrive. Risk management was put in the context of risk financing, and both were tied to the bottom line. What had been previously the work of risk managers, nurse supervisors, and others whose authority lie more closely to managing care delivery than administrative effectiveness was now re-scoped – and it needed the skills and expertise of the entire organization for implementation.

The year-long commitment required between Inspirien and the pilot participants allowed for frank self-examination on the part of both insurer and healthcare provider alike in regard to risk management strategy. Neither side fully appreciated the breadth and depth of the organizational commitment required to ensure that risk management programs be executed effectively, as neither had ever truly, fully regarded ‘risk readiness’ as an organizational core competency akin to medical care proficiency or systems-based practice.

As Inspirien aims to expand the IQ program to additional participants (and continues to move forward with the three piloting providers) it will introduce more elements of organizational development strategy, change management strategy, organizational culture theory, and leadership development into IQ to truly align the program to the very operational underpinnings of the healthcare organization to inspire improvement, change, and a fundamental ‘rethinking’ of risk.