


<b>CHAPTER</b> Fiscal Management	<b>CHAPTER</b> 06	<b>SECTION</b> 002	<b>SUBJECT</b> 60
<b>SECTION</b> Accounting		<b>DESCRIPTION</b> Risk Management Plan	
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**APPLICATION:**

<input checked="" type="checkbox"/> CMH Staff	<input checked="" type="checkbox"/> Board Members	<input checked="" type="checkbox"/> Provider Network	<input checked="" type="checkbox"/> Employment Services Providers
<input checked="" type="checkbox"/> Employment Services Provider Agencies	<input type="checkbox"/> Independent Contractors	<input checked="" type="checkbox"/> Students	<input checked="" type="checkbox"/> Interns
<input checked="" type="checkbox"/> Volunteers	<input type="checkbox"/> Persons Served		

**POLICY:**

The Lapeer County Community Mental Health (LCCMH) Risk Management Plan is established to assure the quality of care, minimize injury to persons and property, and meet legal obligations and preserve assets.

**STANDARDS:**

A. Goals and Objectives

1. The goals of the Risk Management Plan:

- a. Integrate clinical and administrative risk management activities related to the care and safety of the persons served through collaborative risk identification and evaluation efforts, formal reporting, communication, and networks.
- b. Strive to provide a safe physical environment for the delivery of quality behavioral health services within resource limits.

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- c. Facilitate timely identification and resolution of the property risks through quality management review activities.
  - d. Develop effective communication and educational programs on risk, safety, and equipment management issues.
  - e. Promote continuous quality improvement in the delivery of behavioral health services and strengthen professional competence.
2. Objectives established to achieve the goals are developed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), then reviewed and approved annually by the governing Board of Directors.
- B. The Risk Management Plan includes the mechanisms for overseeing and accomplishing the risk management objectives.
- C. The scope of the Risk Management Plan encompasses activities to conserve agency financial resources in the face of risk or loss. The scope of the plan includes:
1. Identification of loss exposure
  2. Analysis of loss exposure
  3. Identification of how to rectify identified exposures
  4. Implementation of actions to reduce or mitigate risk
  5. Monitoring actions to reduce risk
  6. Reporting results of actions taken to reduce risk
  7. Inclusion of risk reduction in performance activities
- D. Effective Risk Management minimizes the adverse effects of accidental losses to the organization. The categories of potential loss include:
1. Clinical
  2. Fiscal

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3. Legal
4. Health and Safety
5. Human Resources
6. General

E. Management strives to reduce both the frequency and severity of losses to the organization via risk control and risk financing techniques. Management is either responsible for the following areas to minimize these losses:

1. Occurrence / Incident / Employee Accident Reporting
2. Investigation, Monitoring and Resolution
3. Risk Financing and Insurance
4. Safety Management and Loss Control
5. Disaster (Crisis) Management and Preparedness
6. Employee Health and Accidents
7. Quality Assessment and Improvement
8. Utilization Review
9. Infection Control
10. Provider Privileging and Credentialing
11. Provider Network Monitoring
12. Administration and Operational Activities
13. Employee Benefits and Personnel
14. Staff development and Training

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15. Ancillary Department Hazard Analysis and Medical Practice Standards

16. Building and Grounds Safety and Management including Fire Suppression

17. Internal Claims Administration

F. Management evaluates the identified or potential loss to the organization through current reporting mechanisms. These mechanisms include:

1. Utilization Review
2. Service Activity Reports
3. Health and Safety Reports and Recommendations
4. Financial Reports
5. Annual Financial Audits
6. Annual Compliance Audits
7. Annual Contract Review
8. Periodic Building and Grounds Inspections
9. Recipient Rights Reports
10. Safety Reports
11. Incident Reports
12. Critical Incident reporting and review

G. Administration is responsible for developing, monitoring and revising the Risk Management Plan.

1. The CEO functions as internal claims administrator for claims against the facility(s). Claims activity, pending investigations, pending legal actions, liaison with attorneys and claims consultants are the CEO's responsibility.

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2. All legal actions, small claims defense, employee summons for LCCMH business, immediate hazards and compensable injuries are reported immediately to the CEO and followed by appropriate report documentation.
3. All LCCMH contracts are reviewed for compliance at least annually in accordance with LCCMH Policy 01.002.30 Provider Network Maintenance and Monitoring. All LCCMH contract boilerplate language is reviewed at least annually. Service contracts are presented to the LCCMH Services Board annually for approval.
4. Liability insurance is reviewed each year by the CEO to ensure LCCMH has adequate loss coverage and meets the minimum requirements in the Region 10 Prepaid Inpatient Health Plan Contract.
5. Risk financing is implemented, administered, and monitored by the Finance Department (retentions and insured exposures).
6. The employee benefits program is administered by Lapeer County Administration in consultation with the agency's Human Resources Department as outlined in the collective bargaining agreement
7. Administrative policy and statutory / regulatory compliance is the responsibility of the CEO as it applies.

H. The objectives, scope, organization and effectiveness of the Risk Management Plan are evaluated annually and revised to ensure the plan meets the Commission on Accreditation of Rehabilitation (CARF) requirements for conformance to quality.

**REFERENCE:**

LCCMH Policy 01.002.30 Provider Network Maintenance and Monitoring

ELM:lr

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This policy supersedes  
#07/06046 dated 07/20/2006  
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