Insurance and Risk Management as Competitive Advantage

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Advice for Work and in Las Vegas

Basic Risk Tenets

- Don’t retain/risk more than you can afford to lose
- Don’t risk a lot for a little
- Consider events likelihood and Impact
- Insurance ~~Equal~~ Risk Control
- Bad Insurance = Unintentional Retention
- Each Exposure Requires at least 1 Risk Control and 1 Risk Financing Technigue

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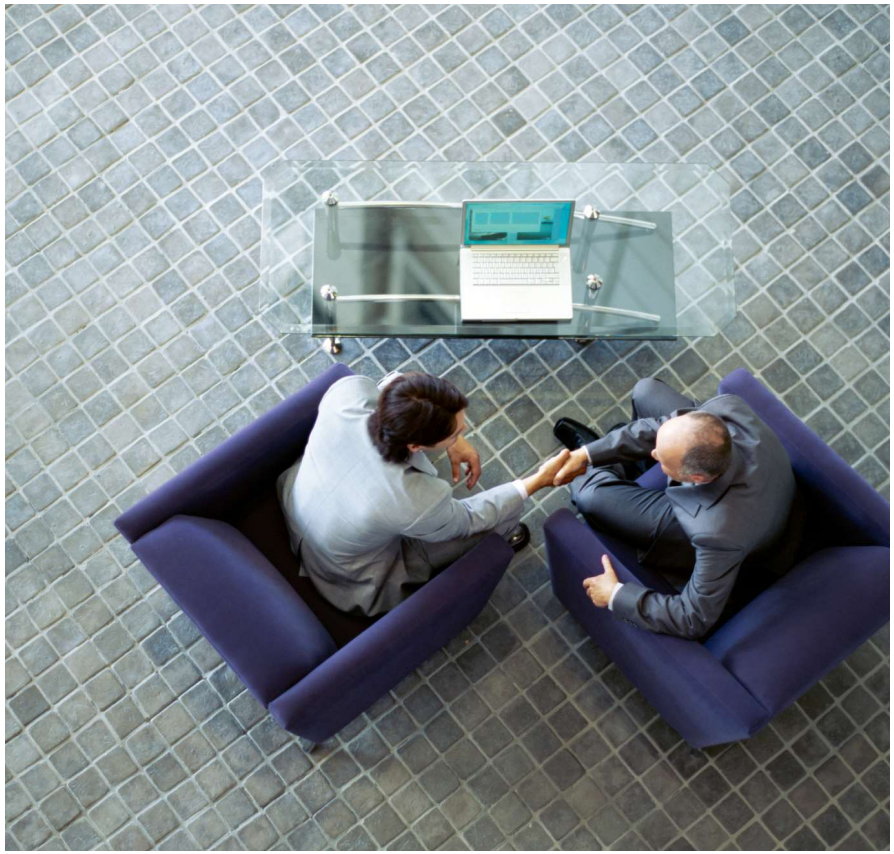
Accidents – Claims – High Premiums

Why dealing with Insurance/Employee Benefits/Employees is Painful?

- Seems costs are uncontrollable
- Requires time and effort
- Complex and Confusing
- Does not always work

But if you are a good risk manager, insurance costs can be a competitive advantage



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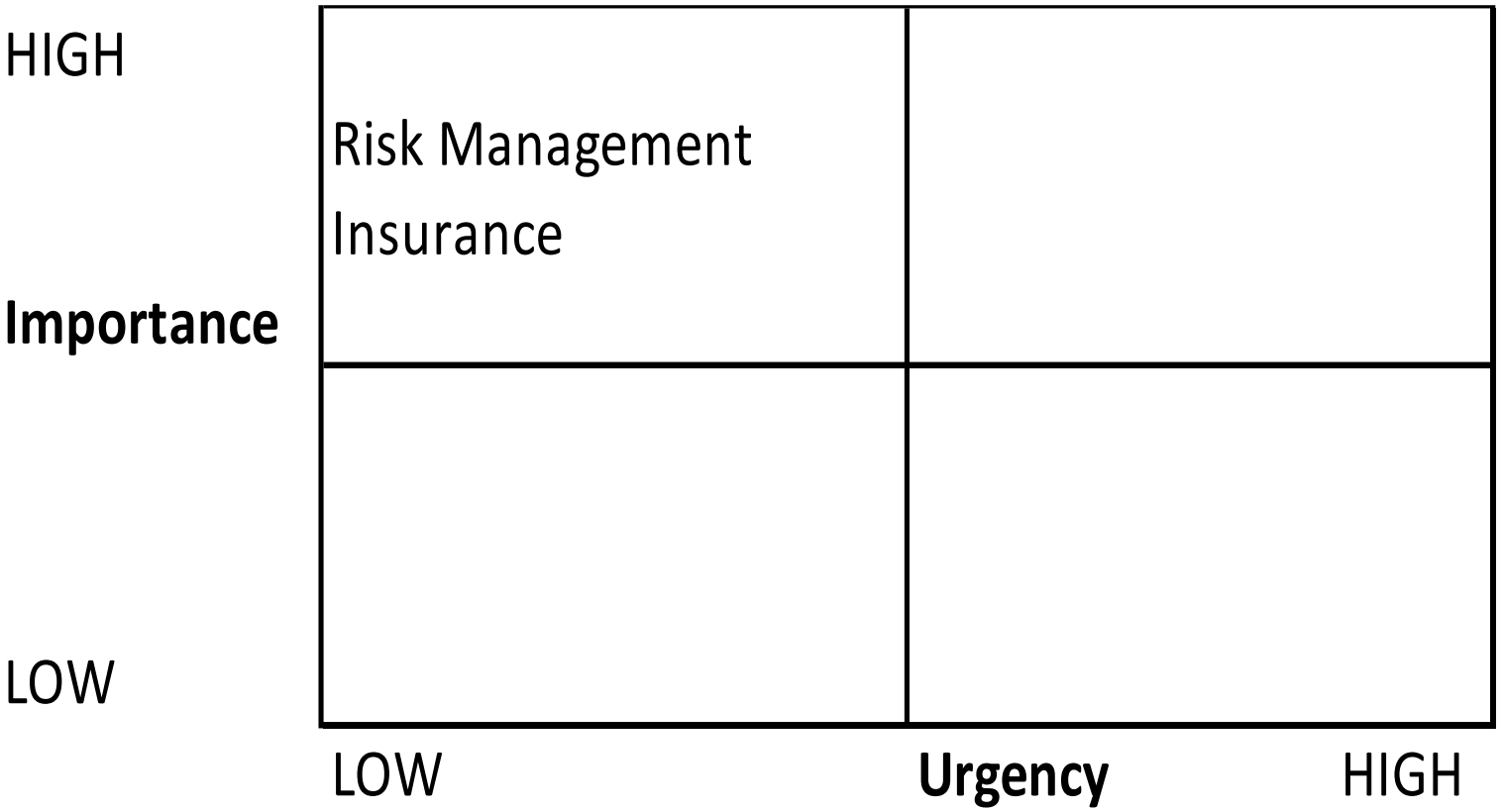
Good, Better, Best



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Risk Management Process

- Risk Identification
- Risk Analysis
- Risk Control
- Risk Financing
- Risk Administration

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Risk Identification

Logical Classifications of Risk

- Property
- Human Resources
- Liability
- Net Income

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Risk Analysis

Qualitative (What?)

- Risk Assessment
- Financial Assessment
- Loss Data Assessment

Quantitative Analysis (How Much?)

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Risk Financing

- **Retention**
  - Intentional
  - Unintentional

- **Transfer (Insurance and Non Insurance)**
  - Quality Insurance (watch out for unintentional retention)
  - Contractual Risk Transfer/Vendor Contracts

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Risk Control

Two Theories

- Human Approach (people cause accidents)
- Engineering Approach (processes cause accidents)

Five Techniques of Risk Control

- Risk Avoidance
- Prevention
- Reduction (pre-loss and post loss)
- Segregation/separation/duplication
- Transfer (contractual, physical or both)

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Risk Administration

- Implementation
- Monitoring

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Risk Management Matrix

HIGH Severity	Fire/Interruption	**Transfer**		**Transfer**
	Car Accident	Prevent (training)		
	Vendor Errors	Reduce	Lack of Care	Avoid
	RX Management	Duplicate	Stupidity	Reduce
	Soft Tissue			
Impact	Top Claims Study			
Cost				
Effort				**Transfer/Retain**
				Alternative Risk
			Chemicals	Segregate
	Deductible	**Retain**	Kitchen	Separate
LOW			Trips and Falls	Duplicate
	LOW	Likelihood	Frequency	**HIGH**

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Risk Management Administration

Claims and Mitigation

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Distribution of Case Volume by State

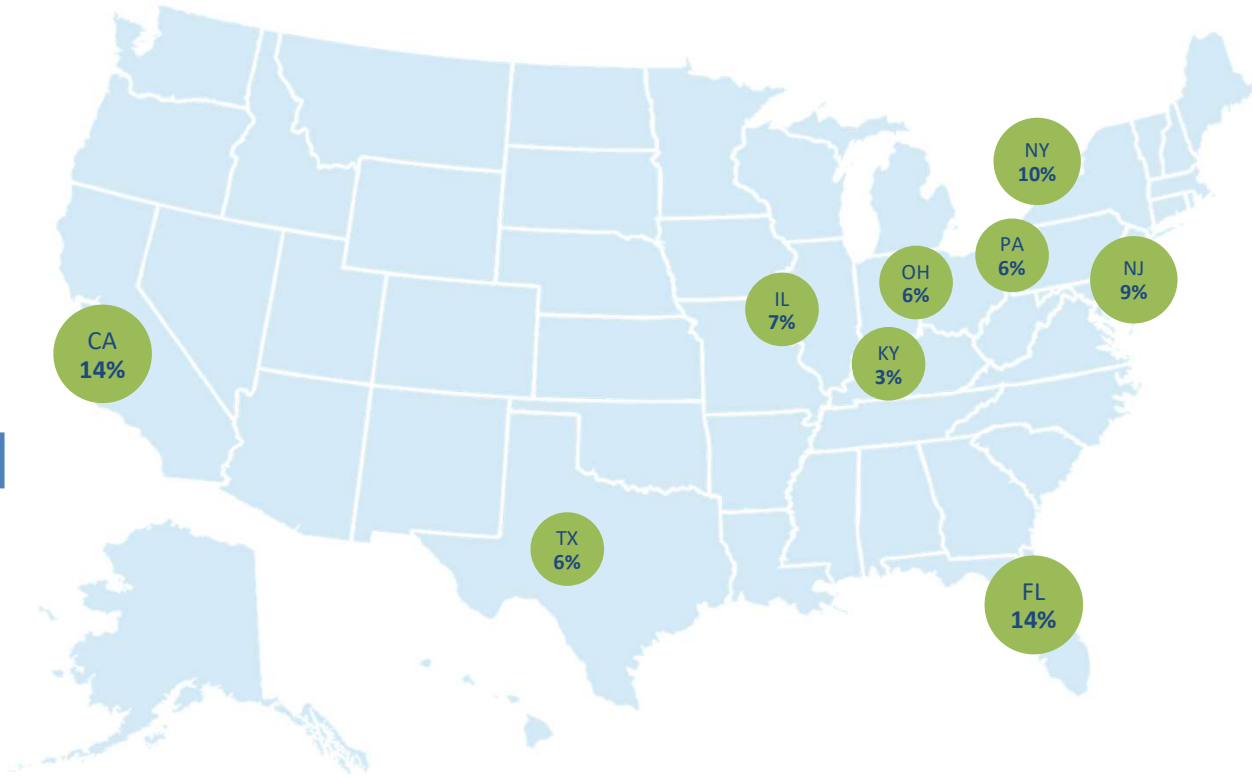
9 states noted account for:

- 74% of all case volume
- 74% of total dollars paid* on closed cases

All other states account for </= 2% of case
Average total dollars paid per case, all states & facility types = $165,000

Average total dollars paid per closed case for each of the 9 states noted:

CA	$286,000	NY	$121,000
FL	$137,000	OH	$110,000
IL	$190,000	PA	$116,000
KY	$209,000	TX	$111,000
NJ	$104,000		



MedPro Group senior care cases opened between 2016-2020. *Total paid = expense + any indemnity dollars paid; financial valuation as of 6/30/2021

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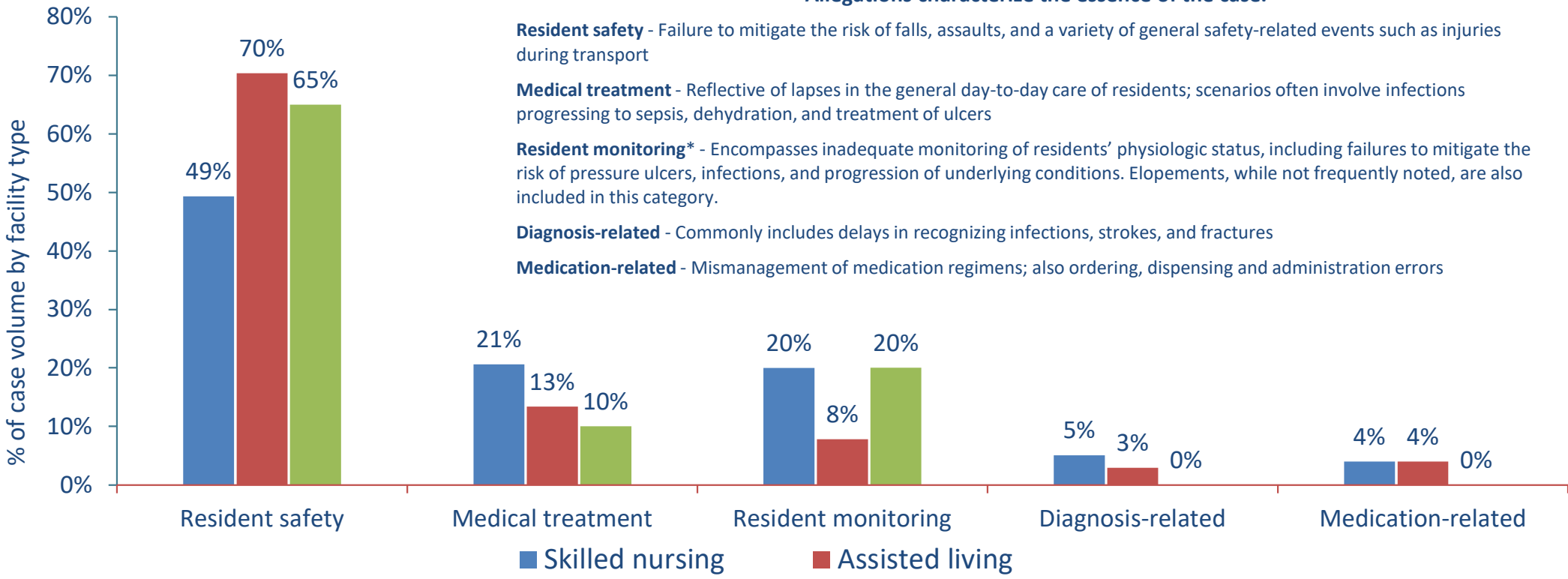
Most Common Primary Allegation Categories by Facility Type



Allegations characterize the essence of the case.

Resident safety - Failure to mitigate the risk of falls, assaults, and a variety of general safety-related events such as injuries during transport

Medical treatment - Reflective of lapses in the general day-to-day care of residents; scenarios often involve infections progressing to sepsis, dehydration, and treatment of ulcers

Resident monitoring* - Encompasses inadequate monitoring of residents' physiologic status, including failures to mitigate the risk of pressure ulcers, infections, and progression of underlying conditions. Elopements, while not frequently noted, are also included in this category.

Diagnosis-related - Commonly includes delays in recognizing infections, strokes, and fractures

Medication-related - Mismanagement of medication regimens; also ordering, dispensing and administration errors

MedPro Group senior care cases opened between 2016-2020; *Resident monitoring cases on average are 48% more expensive to defend and resolve than the average of all other cases. The very few independent living cases attributed to this category reflect inadequate monitoring of residents with known medical issues (includes the issue of whether emergency pendants/call lights in resident apartments are functioning/monitored).

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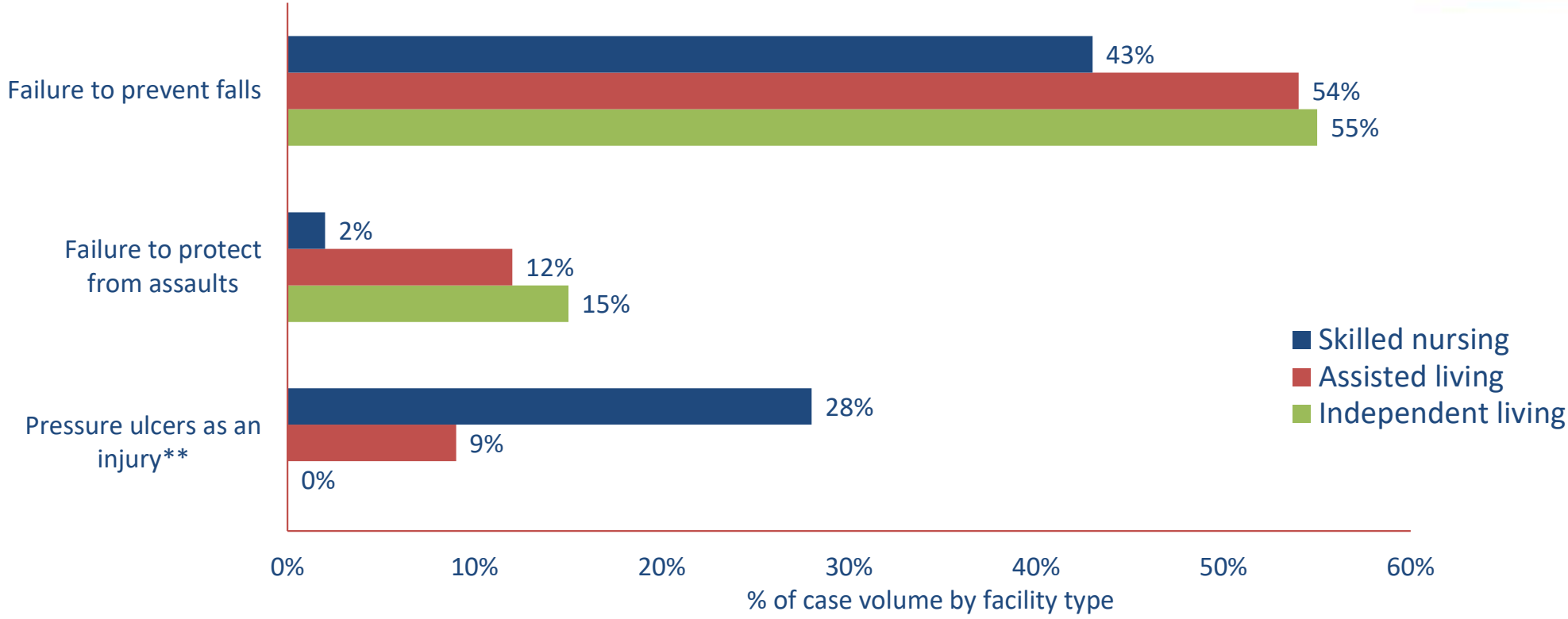
Focus: Common Resident Safety Allegation Details* by Facility Type



MedPro Group senior care cases opened between 2016-2020; *Reflective of combined primary & contributory case allegations. There is always one primary allegation, but cases can reflect more than one contributory allegation. Combining the two provides greater insight into the true volume of cases per allegation. **Pressure ulcer-involved cases are captured with an injury code, not as an allegation; they are noted primarily in allegations of inadequate monitoring & improper management of medical treatment.

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Common Allegation Details* by Facility Type: Financial Severity

Average total dollars paid*** per allegation by facility type

	Skilled	Assisted	Independent
Failure to prevent falls	$100,000	$102,600	$134,000
Failure to protect from assaults	$44,400	$150,600	$329,300
Pressure ulcers** as an injury	$133,100	$99,000	N/A
Elopements	$185,000	$213,900	N/A

While infrequent, elopements are noted in 6% of assisted living cases, and in just 1% of skilled cases. These cases are financially severe and can result in critical resident injuries or death.

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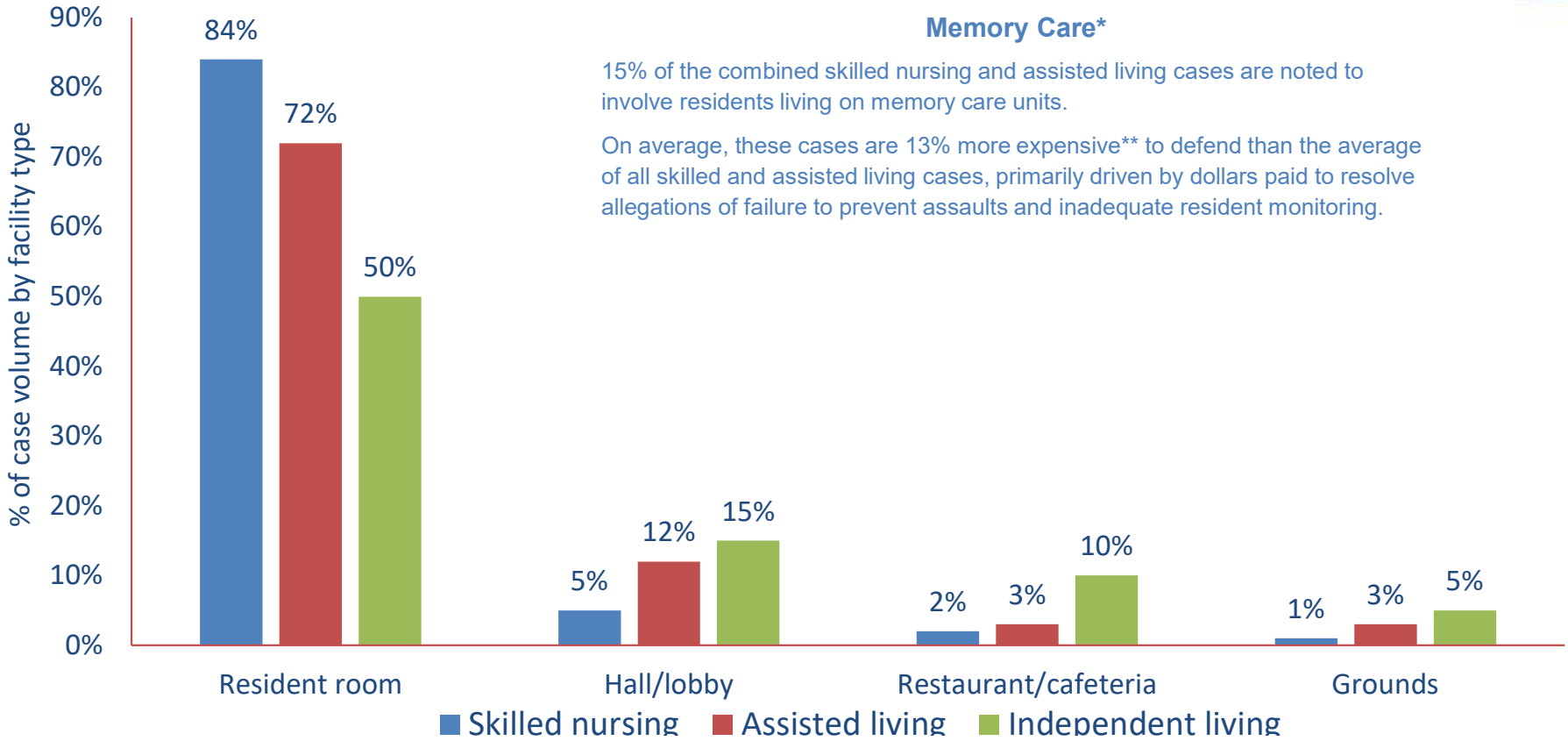
Most Common Location of Events by Facility Type



Memory Care*

15% of the combined skilled nursing and assisted living cases are noted to involve residents living on memory care units.

On average, these cases are 13% more expensive** to defend than the average of all skilled and assisted living cases, primarily driven by dollars paid to resolve allegations of failure to prevent assaults and inadequate resident monitoring.

MedPro Group senior care cases opened between 2016 & 2020; *Memory care units are documented in the case coding only if verified in the associated case file documentation. Within the coding taxonomy, memory care is not a specific location, but rather a unit of the facility; **Total paid = expense + any indemnity dollars paid; financial valuation as of 6/30/2021

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Assisted Living

CLINICAL SEVERITY

MEDIUM

SETTLED

$100,000

STORYLINE

A woman receiving hospice care had a signed DNR order in effect. When she was found unresponsive in a common area, a med-tech called 911 and began CPR. When informed by an aide about the DNR, the tech continued CPR, stating that "best practice" was to perform CPR until emergency personnel arrived. The resident was revived and sustained rib fractures. The facility was found to have no express policies/training related to CPR, and the med-tech was found to have committed abuse.

SETTLED

$212,000

STORYLINE

A woman fell in her shower and couldn't reach the emergency call cord. Thirty-six hours later, her neighbor notified staff that she hadn't seen the resident. The woman was found on the floor suffering from dehydration and speaking incoherently. She was admitted to a skilled nursing unit for acute rehabilitation. She ultimately returned to her apartment, although accelerated cognitive decline was observed. The facility was cited for failing to perform any of the variety of daily checks intended to ensure resident safety.

MedPro Group senior care cases opened between 2016-2020

CLINICAL SEVERITY

HIGH

SETTLED

$332,500

STORYLINE

A private care aide was the only staff member on duty overnight. A resident eloped; he was found the next morning outside, suffering from hypothermia, and required transfer to a skilled facility to manage a subsequent decline in health. His aide did not perform any visual checks on the night he eloped. Subsequent investigation revealed that other aides were also unaware of the policy for visual bed checks overnight.

SETTLED

$300,000

STORYLINE

A woman was found on the floor during the night and returned to her bed by staff. They did not notify their supervisor, nor did they document the event in her chart. During subsequent days, the resident repeatedly complained of wrist pain, but no treatment other than aspirin was provided by nursing staff. Ultimately, she fell again, suffering significant injuries, and died two weeks later.

MedPro Group senior care cases opened between 2016-2020

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CLINICAL SEVERITY

HIGH

SETTLED

$55,000

STORYLINE

During an outing sponsored by the facility, a man became tired and sat on the seat of his rolling walker. The bus driver attempted to push the resident back to the bus, but the walker hit an obstacle on the sidewalk, causing the resident to fall backwards, hitting his head. He was treated for scalp lacerations, and four days later experienced a seizure (unknown if related).

SETTLED

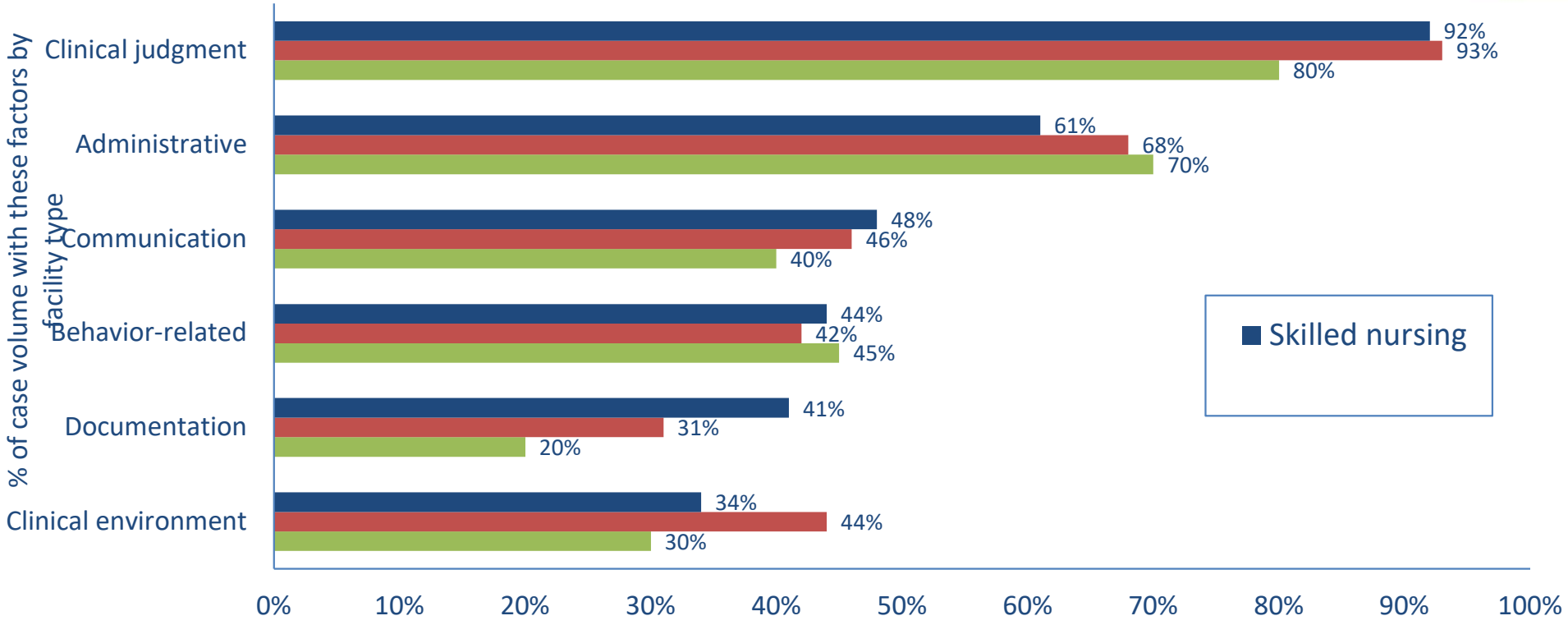
$600,000

STORYLINE

A resident was murdered by another resident's private duty caregiver. Investigation revealed that families of residents living in the facility routinely provided building keys to third party caregivers, exterior access doors were routinely left unlocked, the front entrance was unstaffed, parking lot gates were left open overnight, and there were no security cameras.

MedPro Group senior care cases opened between 2016-2020

Most Common Failed Processes of Care



MedPro Group senior care cases opened between 2016-2020; *The number of independent living cases is low, therefore rendering any percentage-based statement about “common failed processes of care” less than optimal.

Assisted Living

SETTLED

$950,000

CONTRIBUTING FACTORS

Administrative
Failure of staff to follow multiple policies/procedures.
Inadequate staff training/education

Clinical environment
Night shifts

Clinical judgment
Choice of care setting
Inadequate assessments/monitoring

Communication
Failure to notify physician and caregiver of elopement attempt

Documentation
Insufficient documentation of adverse events

STORYLINE

The resident was admitted to the facility after a psychiatric hospitalization for paranoid delusions, visual hallucinations, and alcohol abuse. He had exhibited violent behavior with hospital staff, and was diagnosed with psychosis/associated dementia. While hospitalized, the plan had been to find placement in a secured facility.

Despite this plan, his caregiver opted to release resident to the assisted living facility (not a secured/locked-down facility). Records show that the facility was informed of the resident's history and his propensity for wandering and agreed to accept him. Orders were in place for him to receive psychotropic medications which were never obtained nor administered.

The first night, he attempted to climb out of his window. Nursing staff did not notify the caregiver, but told the aide to "keep an eye on him." The next night, he was found wandering the facility, was redirected back to his room, but subsequently discovered to be missing again. He was found outside the facility on the ground. Surveillance video showed him pushing out a window screen and falling to the concrete. He underwent surgery to repair multiple fractures, but never returned to baseline. He was subsequently admitted to a skilled facility.

An investigation revealed that staff had failed to assess resident for wandering propensities, and did not prepare/initiate an appropriate care plan. Documentation reflected that a 1:1 aide would be provided by the facility, but that did not occur.

MedPro Group senior care cases opened between 2016-2020

Questions and Comments

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