



EMORY
UNIVERSITY

EMORY HEALTHCARE

Enterprise Risk Management

“Breaking Down the Barriers at Emory”

**Willis Healthcare Forum
Nashville, TN
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The Emory Enterprise

- Teaching, research, and academic healthcare
- 21,000 employees
- 3,200 faculty members
- \$ 2.6 billion operating budget
- \$ 4.7 billion endowment



Emory Healthcare

- **Largest healthcare system in Georgia**
- **1,184 hospital beds**
- **9,700 employees**
- **954 employed physicians**
- **2 tertiary care & geriatric hospitals**
- **Outpatient pediatric center**
- **Long term care & independent living facilities**
- **\$ 1.4 billion patient services revenue**
- **\$ 70.0 million charity care**



Enterprise Risk Management

A Top – Down Push

Board Audit Committee Chair



Internal Audit



EVP for Finance and Administration



President is on board



Why ERM?

ERM improves ability to ...

- *identify significant risks*
- *assess vulnerability based on probability and impact*
- *determine risk appetite*
- *accept or invest resources to mitigate*
- *plan pro-active response*

ERM = NO SURPRISES!

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ERM Organization at Emory

ERM Executive Sponsors Committee (Reputational & Strategic Risks)

- **President (Committee Chair)**
- **Executive VP for Finance and Administration**
- **Executive VP for Health Affairs**
- **Executive VP for Academic Affairs and Provost**
- **President and CEO, Emory Healthcare**
- **Senior VP and General Counsel**
- **Senior VP and Dean for Campus Life**
- **VP and Secretary**
- **VP of Communications**
- **Chief Audit Officer**

ERM Steering Committee

- **Senior Director, Office of Risk and Insurance Services (Co-Chair)**
- **VP of Research Administration**
- **VP of Investments, Chief Investment Officer**
- **VP of Finance**
- **VP of Campus Services**
- **Director of Critical Event Preparedness & Response**
- **Deputy General Counsel (Co-Chair)**
- **Executive Associate Dean, Research**
- **VP of Human Resources**
- **Senior Vice Provost/Academic Planning and Faculty Development**
- **Director of Financial Serv. / Campus Life**
- **VP of IT, Chief Information Officer**

Finance and Investment

Healthcare

Healthcare and Research

Research

Information Technology

Campus Safety and Physical Plant

Governance and Corporate Affairs

Academic and Student Affairs

Human Resources



The Process is Key

Phase 1

- **Sub-committees identified 555 risks**
- **Ranked by severity and frequency**
 - What is the potential impact to the organization?
 - What is the likelihood of occurrence?
- **Steering Committee reduced to 141 risks**
 - Eliminated duplications
 - Consolidated similar exposures
 - Edited for consistency of description
 - Assessed rankings



The Process is Key

Phase 2

- **Identified Primary Operational Leaders for top 57**
 - Primary operational responsibility over functional area where risk has greatest potential impact
 - CEO, COO, Dean, EVP, Provost, etc.
- **Identified Risk Management Process Owners (RMPOs)**
 - Sufficiently familiar with the risk to prepare coherent Risk Management Plan
 - e.g. Directors, Quality Officers, VP



The Process is Key

Phase 3

- **President charged each RMPO with preparing a two-page plan within 90 days**
 - **Steps being taken to manage risk at an acceptable level**
 - **Operational response to adverse occurrence**
 - **Communication response to adverse occurrence**



The Process is Key

Phase 4

- **Steering Committee reviewed 57 draft plans**
 - **Need to be clear on who is responsible and accountable for specific actions**
 - **Distinguish between existing interventions and “wish list”**
- **RMPOs revised Risk Management Plans**
- **57 plans submitted to Executive Committee**

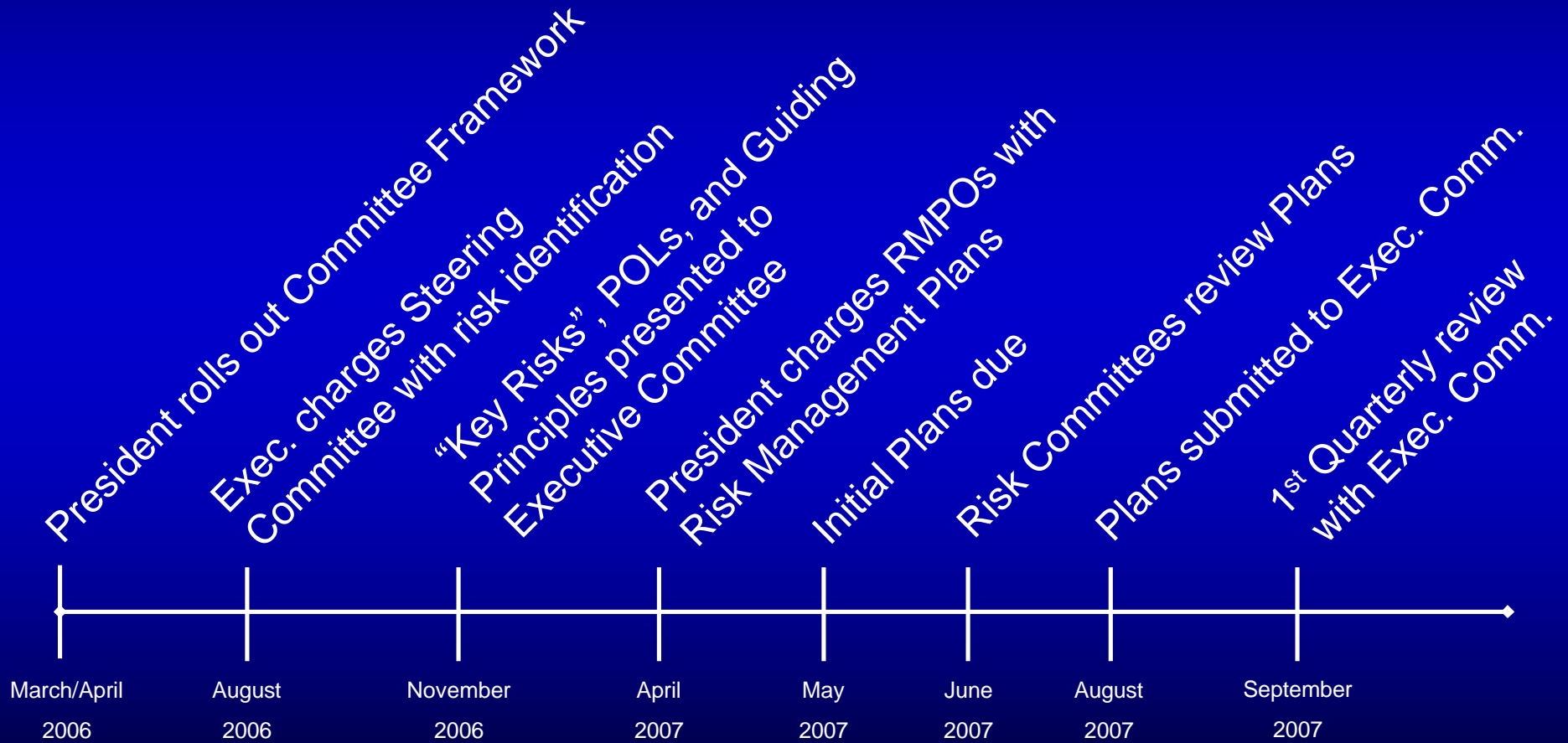


Executive Review

Phase 5

- Quarterly review, three-hour sessions
- Each session devoted to distinct operational area(s)
- Individual presentations followed by total risk overview
- Identify gaps between risk and response plans
- How are costs of mitigating risk balanced with achieving strategic goals?
- Identify and incorporate “best practices”

18 Months and Counting



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Emory University

Enterprise Risk Management

Guiding Principles

- **Emory upholds an early-warning system for identification of adverse occurrences;**
- **All individuals are empowered to report problems and concerns early on, without fear of retribution;**
- **Reports of adverse occurrences are responded to promptly and thoroughly;**
- **Investigations of adverse occurrences, complaints, and concerns are conducted with integrity and continue until the fact-finding process is concluded;**
- **Reliable and useful information is shared promptly with leadership and other key constituencies;**
- **Communication with the Emory community and the public at large is pro-active, honest, and respectful of individual privacy;**
- **Emory maintains a framework for regularly assessing the effectiveness of risk management practices and a culture that fosters process improvement when indicated.**

These are the principles to which we hold ourselves, and those with whom we partner.



Assessment Tool

Ranking Key:

Likelihood of occurring (frequency)

1-low: <10% chance of occurring in 2 years

2-medium: <25% chance of occurring in 2 years

3-high: <50% chance of occurring in 2 years

4-very high: >50% chance of occurring in 2 years or already occurring

Potential Impact (severity)

1-minor: unlikely to have a permanent or significant effect on Emory's reputation or achievement of its strategic objectives

2-moderate: will have a significant impact on Emory but can be managed without major impact

3-serious: will have a significant effect on Emory and requires a major effort to manage and resolve the occurrence, as well as its ramifications

4-very serious: will threaten the existence of the institution if not resolved

Risk factor = [(0.50) x (frequency)] + (severity)

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Lessons Learned

- **Process itself reveals trends and opportunities for risk mitigation**
- **Facilitates discussion of entity's risk tolerance**
- **Focus on critical risks and don't over-engineer the process**
- **Link to resource allocation**
- **Priorities change over time in response to internal and external factors**
- **Risk related material is privileged and confidential**



Perspective

Broad based management ownership

+

Principled action

+

Common sense

=

Success

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