

Integrated Risk Management Plan

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INTRODUCTION TO POSITIVE'S INTEGRATED RISK MANAGEMENT PLAN

Risk management can be defined as the processes and structures that are directed towards realizing potential opportunities, while simultaneously managing possible adverse impacts. Risk management is a continuous activity conducted throughout the life of your practice. It seeks to identify potential risks, evaluate their likely impact, develop mitigation plans, and monitor progress.

The Keystone of the Positive Physicians Insurance Company is the ability to create an Integrated Risk Management Program within our free-standing physician and hospital-based practices.

Experience has proven that this IRM platform improves Patient Satisfaction and Quality of Care at no cost to the group while simultaneously protecting our insureds against claims. In an era of outcome driven reimbursement this platform can be a very persuasive tool in negotiating better payment contracts.

Inherent to this process is the appointment and training of a Risk Coordinator ("RC"). The RC is an existing employee of the clinical group, not a new employee. Therefore, the RC does not result in any additional overhead to the practice. This RC is usually a physician assistant, nurse practitioner or technician. There should be one RC for each geographic office. We train and assist your RC through the risk management planning, defining how to conduct risk management activities. The plan includes how the organization will identify and address events or occurrences that could negatively or positively affect the success of a practice. The plan outlines a methodology to identify, analyze, track, and mitigate risks during the project lifecycle. Identifying and managing risk increases the chance of a successful project completion by reducing uncertainty associated with the project.

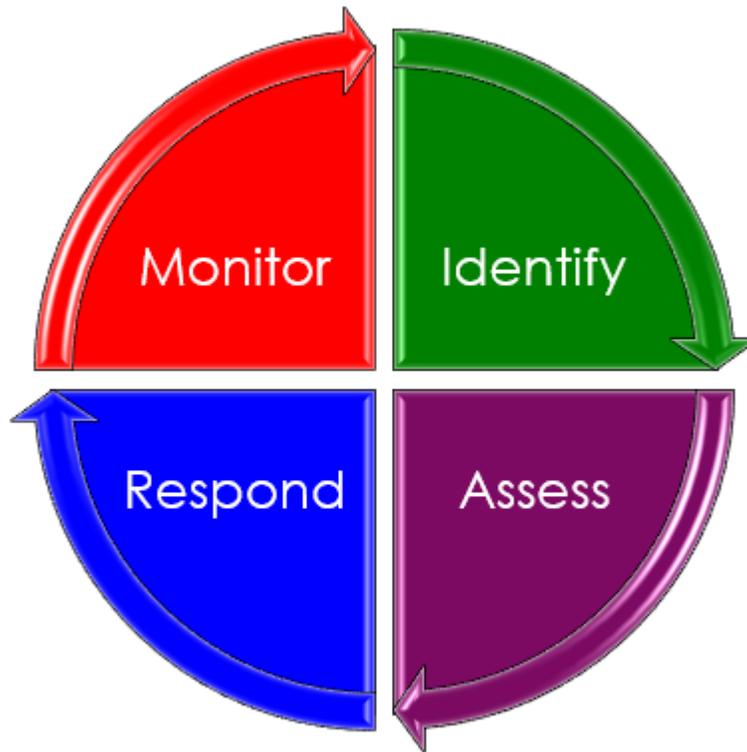
The RC's role is to notify the Positive's Risk Manager and our Third-Party Administrator, Kurt Gingrich Esq., of any untoward events or potentially compensable events (PCE's) that have the potential for litigation. Positive will then actively mitigate these situations by providing the necessary advice, hand holding and patient-centered attention inherent to decompressing the event. No issue is too small for us. Our philosophy is that the closer you get to the event the less chance there is of the event escalating into a claim.

1 Let's Begin

As part of our IRM platform, Positive will provide your medical group with the following assessments:

- An initial Risk Assessment for each office.
 - To be conducted by our Risk Manager- Shannel Windle
 - To Include:
 - Assessment of telephone logs
 - Assessment of message logs
 - Training of front and back office staff as to role of RC
 - Assessment of chart documentation
 - Review of operative permits
 - Review of informed consent forms
 - Patient grievance process
 - Physician communication with the group
 - Complication notification process
 - Billing procedures when faced by dissatisfied patient or complications
 - Medication management
 - Review the EMR for potential template or documentation errors
- Repeat full office Risk Assessments are available at 6-month intervals
 - To assess compliance with policy and procedures
- Review of claim history with each physician from past to present
- Review of informed consent forms
 - Procedure Specific
- Selection and training of the Risk Coordinators
 - Estimated 1 per office location
 - Re-training of Risk Coordinator once per year
- Provide interface between the practice and its management to ensure that the Risk Management program is integrated into the culture of the practice.
- Positive will provide 24/7 Availability to manage Potentially Compensable Events (PCE).
- Positive will provide counseling to each office and the involved physician regarding appropriate handling of each PCE.
- Positive will manage and track all Potentially Compensable Events (PCE).

2 Our Role and Responsibility to You



2.1 Identify Risks

Risk identification is the first step in the risk management process that we will assist you to employ. Risk identification involves identifying risks, identifying which of those risks are likely to affect the practice and documenting characteristics of those risks. Spotting a potential risk is accomplished by recognizing that an event, or condition within your activities may occur with unplanned consequences, which are usually undesirable, however it may be desirable leading to a positive opportunity. All team members are encouraged to identify and report potential risks to your RC immediately upon detection.

Identifying risks is an iterative process because new risks may become known as reporting progresses through its life cycle. Risk information can initially be gathered from the case, accumulated Lessons Learned and an initial Risk Brainstorming Session. There are several Risk Identification techniques including reviewing documentation, brainstorming, interviewing, root cause analysis, checklist analysis, assumption analysis, and expert judgment.

Crucial to risk identification is the input of team members and other Stakeholders to recognize and report risks as soon as possible. Risks can also be identified during team meetings and should therefore be incorporated into the meeting agenda and minutes templates for all risk meetings.



2.2 Risk Register

The Risk Register is a tool used to document potential risks (risk candidates). A Risk Register can be created using a simple spreadsheet or a more sophisticated tool such as a Microsoft's SharePoint list.

2.3 Analyze Risks

The focus of analyzing risks is to examine each identified risk to assess the likelihood of the risk event occurring, and the probability outcomes associated with the risk event in order to determine its potential impact on the practice. This in turn provides the ability to prioritize each risk to ensure that the risks with the greatest potential impact to the practice are dealt with first. The organization can then improve upon performance by focusing on high priority risks.

2.4 Risk Response Planning

Risk Response Planning is the process of selecting the appropriate response strategy for each identified risk. This in turn helps you to avoid risks, transfer responsibility for risks, mitigate the consequences of risks, reduce the probability of occurrence of risks, accept the consequences of risks or enhance the opportunity to benefit from positive risks. There are strategies for both negative and positive risks and include:

Strategies for Negative Risks:

- **Avoid:** Risk Avoidance involves changing the management plan to eliminate the threat posed by the risk. Some risks can be avoided by clarifying requirements, obtaining additional information, improving communication or acquiring expertise.
- **Transfer:** Transferring a risk requires moving, shifting or reassigning some or all of the negative impact and ownership to a third party. This does not eliminate the risk but gives another party the responsibility to manage it. *Positive* is your transfer partner.
- **Mitigate:** Risk Mitigation implies a reduction in the probability and/or impact of a negative risk. Reducing the probability and/or impact of a risk occurring is often more effective than dealing with the risk after it has occurred.
- **Accept:** This strategy indicates that your team has decided not to change the management plan: schedule, approach or reduce scope or is unable to identify another suitable response strategy.

Strategies for positive risks or opportunities:

- **Exploit:** This strategy may be selected for risks with positive impacts where the organization wishes to ensure that the opportunity is realized. This strategy eliminates the uncertainty associated with a positive risk by ensuring that the opportunity definitely happens.
- **Share:** Sharing a positive risk involves allocating some or all of the ownership of the opportunity to a third party who is best able to capture the opportunity for the benefit of the project.
- **Enhance:** This strategy is used to increase the probability and or the positive impact of an opportunity, identifying and maximizing key drivers of positive risks.
- **Accept:** Accepting a positive risk or opportunity is being willing to take advantage of it should the opportunity come along.

2.5 Risk Monitoring and Control

Risk Monitoring Activities

Once a risk is established, it is monitored on an ongoing basis:

- Monitor if a risk escalation trigger has occurred.
- Monitor if risk response actions are as effective as anticipated.
- Monitor if risk responses are implemented as planned.
- Monitor for Residual Risks (element of a risk that remains once the risk assessment has been made and responses implemented).

- Monitor systematically to:
 - Assess currently defined risks
 - Determine actions to be taken
 - Evaluate effectiveness of actions taken
 - Report on the status of actions to be taken
 - Validate previous risk assessment (likelihood and impact)
 - Validate previous assumptions
 - State new assumptions
 - Identify new risks

Risk Control Activities

Once a risk is established, it is controlled on an ongoing basis:

- Validate mitigation strategies and alternatives
- Assess impact on the practice of actions taken (scope, cost, time, schedule, & resources)
- Identify new risks resulting from risk mitigation actions
- Ensure that the Risk Management Plan is maintained
- Revise Risk Response plan(s)

3 Continuous Claims Management

Positive excels at effective Claims Management. Our program is based upon developing close teamwork between our insured, the defense counsel, and our third-party claims administrator, Gateway Risk Services, Inc. (Gateway).

Our policy is to treat every claim as if it is going to trial no matter how frivolous it may appear.

The cornerstone of our claim management program is the development and evaluation of each claim at the earliest possible time. Going forward, we then continuously monitor the claim process. This requires active communication and the coordination of activities between Positive, our insured, Gateway, and defense counsel, as well as the application of common sense and good judgment.

As a doctor driven company, we have the ability to recruit leading experts to serve as defense witnesses. This alone has worked strategically for winning claims on behalf of our doctors.

Close communication at every stage of the litigation process, joint decision-making upon a reasonable course of action, and appropriate file documentation has enabled Positive to achieve its goal of superior results.

Positive wants results and not all defense law firms are created equal.

Our defense attorneys have been monitored and screened over the last 18 years. Their defense strategies are constantly reviewed by our TPA as to effectiveness. They are required to work within the Positive litigation framework.

A Litigation Status Report and Plan (LSRP) is mandated from defense council on a scheduled basis and is reviewed by our Claims Committee, TPA, Dr. Sharps, or a member of our Medical Review Board. This becomes a valuable monitoring tool to assess the strategy and effectiveness of the defense.