



Five Areas of Focus For Managing Risk

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2016-17 Stocktake of risk and insurance arrangements across Victorian government departments gleaning insights and areas of interest for health services.

- Surveyed 98 Victorian health services
-  Interviewed 10 senior executives.
- 5 Areas of focus for health services:
 1. Raise risk management to the strategic level
 2. Strengthen governance of the risk management framework
 3. Know your insurance coverage
 4. Make better use of data and insights
 5. Govern inter-agency risks

Health services operate in environments of increasing volatility, uncertainty, complexity and ambiguity.



Volatility – situations can change quickly in unpredictable ways.

Uncertainty – it isn't possible to arrive at conclusions about future states of affairs.

Complexity – events and phenomena emerge from highly interdependent interactions of cause and effect.

Ambiguity – signals can be interpreted in a number of ways

By raising risk management to the strategic level, the Board can:

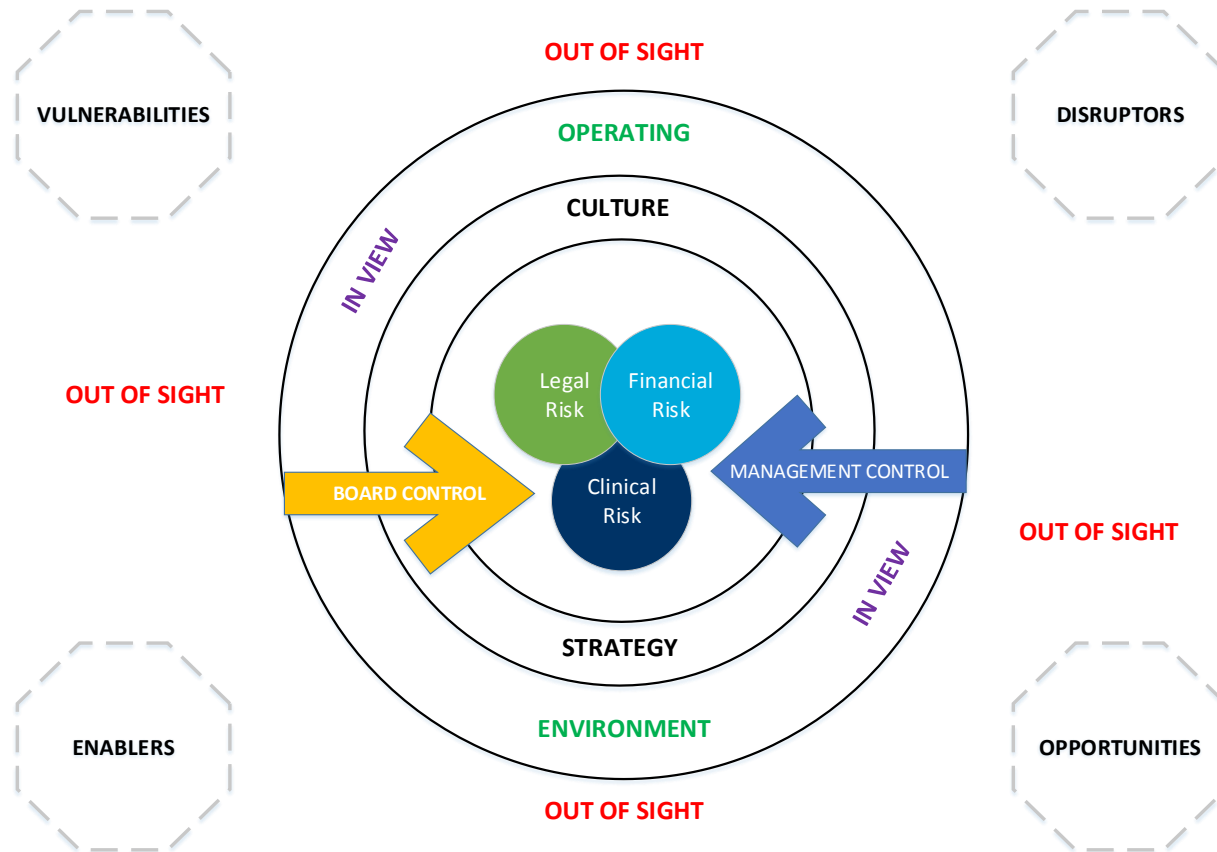
- Properly scrutinise risks to strategic objectives
- Make sound decisions about the health service's future
- Optimise organisational performance across key areas
- Make the health service more resilient

Make risk identification a formal part of the corporate cycle



Focus Area 1: RISK - A Key Strategic Consideration (continued)

Consider 'out-of-sight' risks and opportunities



Focus Area 1: RISK - A Key Strategic Consideration (continued)



- ☑ Monitor progress and the environment

Focus Area 2: Strengthen Governance of the Risk management Framework



- The Board, working with the executive team, should create a culture of asking questions about the purpose and effectiveness of the risk management framework, and lead in its review and improvement

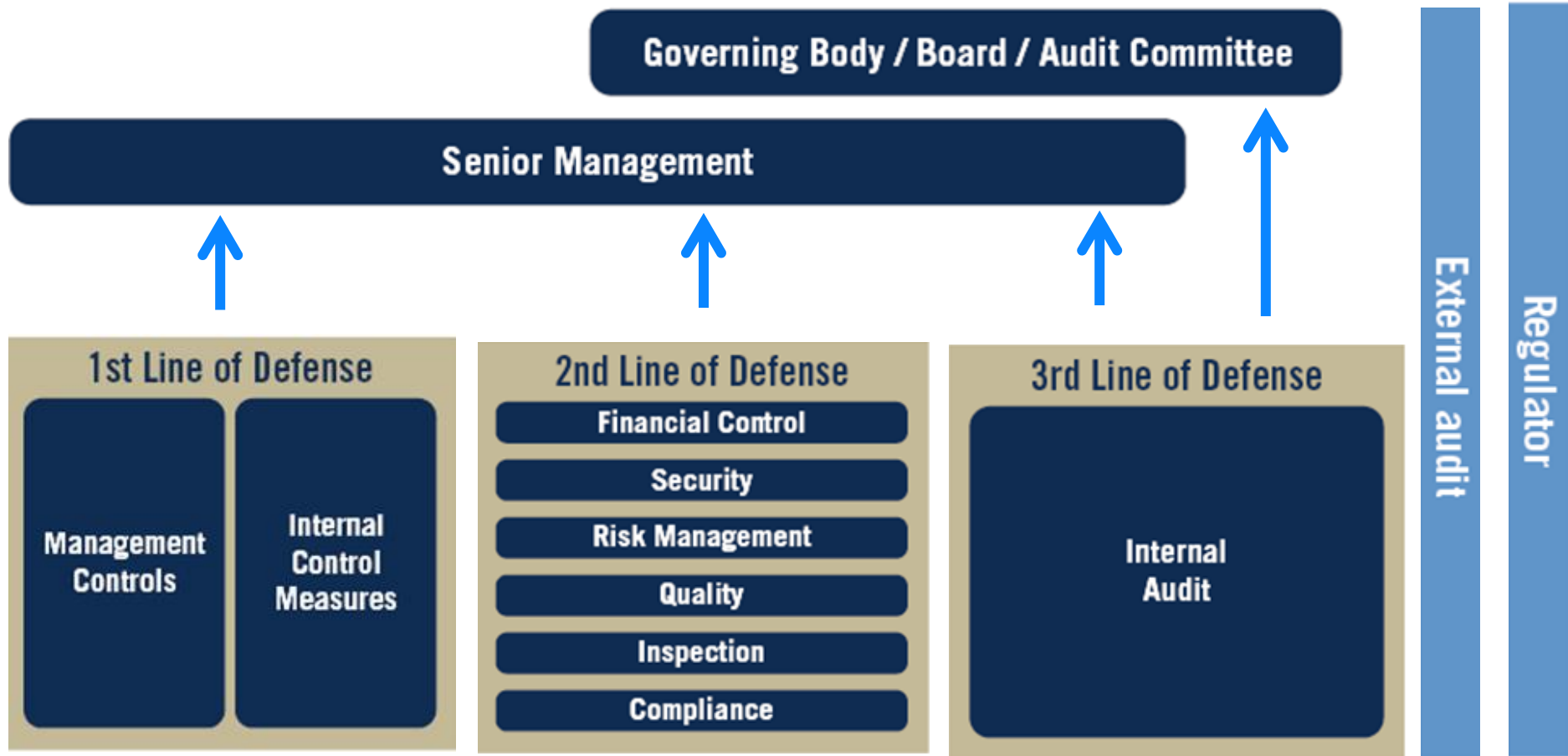
Focus Area 2: Strengthen Governance of the Risk Management Framework



There are 3 ways the Board can strengthen its risk governance role and show leadership when it comes to the risk management framework:

1. Understand the mandatory requirements of the VGRMF and the risk management attestation process
2. Develop a risk management strategy
3. Apply the 'three-lines-of-defence' model

3 Lines of Defense



- While a Board has limited discretion when it comes to what insurance the health service has, it must, as the responsible body for the health service, attest that its insurance activities are well-governed and integrated into the broader risk management function.

Focus Area 4: Make Better use of Data and Insights to Navigate Uncertainty



- Health services have access to a wide range of data and information within their organisations, from VMIA and other external sources, which they can analyse for insights.

Four lines of enquiry to better understand uncertainty:

1. Uncertain inputs into decisions
2. Uncertainty that decisions will be implemented as intended
3. Uncertainty that the effect will be as intended and beneficial to the organisation's purpose
4. Uncertainty that later things may change

- ❑ Health Services should consider some risks in collaboration with other agencies where they share objectives and depend on each other to deliver and sustain services.

VMIA can assist you to:

- Review your insurance program and identify insurable risks and gaps.
- Identify and assess your ‘out-of-sight’ risks.
- Plan to improve the way risk is reported and monitored.

Focus Area 2: Strengthen Governance of the Risk Management Framework



VMIA can:

- Advise on attestation processes and build knowledge of mandatory requirements
- Assist you to develop a plan to improve risk maturity
- Help you implement the 3 lines of defence model
- Help you assess the risks in delivering high quality care.

VMIA can:

- Provide training and advice on the role of insurance in managing risk.
- Advise on trends and changes in the environment that have implications for your health service's risk profile.
- Provide claims data both of your organisation and the sector at agreed frequencies.

VMIA can:

- Provide claims reports and a broad range of insights based on our knowledge of government and the health sector.

VMIA can assist you to:

- Assess interagency risks.
- Broker partnerships with other agencies.
- Advise on how risk in the wider environment of your health service may impact on your organisation.

For further information



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