



**Strengthening Oklahoma's Safety Net,  
One Community At A Time**

## **Board Bulletin**

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### **Risk Management: Safeguarding CHC Assets - Part 1**

Because we live in an era where frivolous lawsuits abound, health centers must take measures to protect against litigation. They should also engage in fraud risk assessment as this is another area of vulnerability. Risk management involves developing protocols designed to reduce liability exposures by applying 'structured common sense.' Health centers should conduct risk assessment in both historical (actual) and current terms (possibilities) -- not only what *has* happened but what *could* happen.

#### **Categories of Risk**

- **Operational** - Damage to buildings, office equipment and theft or dishonesty are included in this category. Is your facility and its contents adequately insured? Do you have 'replacement' costs versus actual value specified in the insurance policy? Because information systems (MIS) are typically one of the greatest CHC expenses, health centers must have appropriate insurance coverage to protect against loss of equipment. Health centers should also be proactive to incorporate policies that prevent loss to theft. Is there an inventory system in place that accounts for equipment and supplies? Are there purchasing protocols to ensure the appropriate use of CHC dollars?
- **Legal Liability** - Areas of concern in this category include quality of care issues, statutory responsibilities of employers to employees, tort liabilities, and alleged injuries to patients or employees. Does your health center closely examine each area to ensure every effort is being made to prevent liability claims? Do you think about what could happen and proactively take steps to 'head off' potential problems? Does the CHC's Human Resources department understand all laws regarding employer/employee relationships (e.g., Fair Labor Standards Act)? Has the board set policy that provides proper direction for these issues? Do all board members understand they have one employee - the health center CEO/Executive Director? If a board member directly approaches any other CHC employee to comment on their job performance, that board member is violating policy and has subjected the entire Board to possible litigation. Does the CHC purchase Directors and Officers Liability coverage to protect board members from lawsuit claims? Does the CHC have a Quality Improvement program that documents the health center's activities to address quality of care issues? Does the CHC incorporate employee training on how to reduce risk of injury on the job? Do employees know how to handle incidents when visitors allege injury on health center property? Many claims are decided on how the incidents were handled as opposed to actual injury.
- **Regulatory** - Is your health center in compliance with federal, state and local regulations (e.g., OSHA, Oklahoma Employment Commission rules)? Health center boards should set policy and ensure that a corporate compliance program is in place to satisfy the Office of Inspector General (OIG) guidelines. Does the health center have protocols that assure compliance with regulations regarding federal funding? Is there a system (i.e. 'tickler' files) that reminds employees to complete necessary reporting requirements? Does the health center proactively meet all requirements instead of relying on notifications by agencies that reports are due?

Next month's issue of *Board Bulletin* will further explore risk management in the area of fiscal management. If you have questions or want further information, please contact OPCA by phone or e-mail [jgrant@okpca.org](mailto:jgrant@okpca.org).

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