



Enhanced Risk Management for Skilled Nursing Facilities

White paper

► The Benefits of a Data-Driven Approach to Risk

Risk management has always been critical to the success of skilled nursing facilities (SNFs). Operators, Clinical Staff, Administrators, and Senior Leadership need a strong understanding of how their buildings are performing, where they are exposed to risk, and the steps they can take to reduce negative outcomes.

However, many facilities have been hindered by their current systems. The slow adoption of technology has meant that they are still performing important functions manually. Pen-and-paper reports or outdated spreadsheets make it difficult to consolidate data and analyze trends, while a lack of consistency and real-time information means it is time consuming and inefficient for staff to interpret the information and develop the right interventions.

Fortunately, SNFs can improve their risk management without tearing down their existing ways of doing things or undergoing a significant organizational change initiative. With the right risk management software, facilities can improve upon their current processes and leverage the data and insights available to them.

This white paper will first review the purpose of risk management before outlining how facilities have traditionally engaged in reducing risk. It will then highlight some of the potential consequences of failing to adopt more efficient, effective, and sophisticated approaches to the way that data is shared, communicated, stored, and used. Finally, it will explain the benefits of a data-driven approach to risk management and how facilities can take advantage of software to improve performance, enhance quality of care, and reduce the costs associated with risk.

As we look toward the future, the SNFs that improve their risk management procedures will be more streamlined, agile, and better positioned for long-term success.



Understanding the Role of Risk Management in Skilled Nursing Facilities

Risk is a constant reality in a skilled nursing facility. Despite efforts made to mitigate and reduce the impact of it, some level of risk will always be present. Common issues involving residents, such as falls or pressure injuries, can all lead to serious legal, financial, insurance, and regulatory consequences that directly impact a facility's performance.

Risk management is the steps taken to minimize this chance of harm in your facility. It is the shift from being reactive and responsive to taking a more proactive and intentional approach that reduces the negative outcome of an incident when it occurs.ⁱ

SNFs are concerned with three primary objectives.ⁱⁱ The first is to provide a high standard for quality of care and resident outcomes. The physical and mental wellbeing of residents should always be the number one priority for any facility. Second, facilities engage in risk management to reduce the likelihood of claims, lawsuits, or other financial penalties. Third, risk management is required to meet state and federal regulations and to ensure the facility complies with all regulatory requirements.

Risk management, therefore, is the first line of defense against costly outcomes such as additional regulatory oversight, increased insurance premiums, and litigation.



The Challenges Skilled Nursing Facilities Face With Outdated Systems

Despite its importance, many SNFs have been slow to adopt a more technology and data-driven approach to risk management. They have continued to use outdated systems such as basic spreadsheets or even, in some cases, pen-and-paper records.

After an incident occurs, the incident report is completed, given to the Director of Nursing for review, and, likely, put away in a file and stored with the rest of the reports.

Not only is this inefficient, but it also introduces far more opportunities for mistakes. Data about the incident may be inaccurate, incomplete, or inconsistent with other documents such as

medical records. Staff may not always use the same metrics or definitions when describing an event, and relevant team members may not be notified right away.

The lack of an integrated system means that it is time consuming and difficult to compare trends and analyze key performance metrics. Front-line staff, who are already busy with their day-to-day tasks, lack the ability to get a clear and concise picture of the data needed when implementing interventions. Similarly, leadership teams overseeing multiple buildings cannot easily combine reports to view high level trends, drill down to conduct root cause analysis, or compare performance across their facilities when making strategic decisions.

On the other hand, those who have embraced technology and adopted software or other solutions have often ended up with a mix of systems that are difficult or impossible to integrate. Instead of making their jobs easier, they end up with silos of data that are in different formats, use different metrics, or require different processes. The result is a lot of data without much ability to turn it into meaningful insights that drive performance.



“This helps every single employee in a facility. Not everyone is a risk manager, but good systems ensure that it’s easy and streamlined for all staff to record and document incidents.”

Shlomo Lehrman
Director of Special Projects
Centers Health Care

Fortunately, the right software solutions do not require facilities to completely redesign their risk management processes or overhaul the way things are done in their facilities. Technology, software, and data can become a valuable tool that empowers staff to make stronger decisions, reduce risk, and achieve better outcomes for residents.

▮ Taking a More Sophisticated Approach to Risk Management

While manual processes and outdated technology create challenges for SNFs, the good news is that improving risk management does not require a complete tear down of existing processes. Instead, technology and software designed and built for SNFs allow facilities to enhance their capabilities with minimal disruptions to workflow and the way staff do their jobs.

With risk management systems in place, facilities gain easier access to the vast amounts of data, reports, analysis, and metrics available to them. It is then far easier for staff at all levels to view trends, understand what’s happening in their buildings, and drill down to conduct root cause analysis. These insights can then be used to develop and implement interventions aimed at reducing the likelihood, frequency, and severity of incidents.

“We start tracking as soon as a high-level event occurs, and we’re able respond as soon as litigation comes in. This has had tremendous value to us, and the more we use it, the more benefits we see.”

Barry Munk – CEO, Marquis Health Consulting Services



The software also ensures that relevant staff are alerted to an incident as soon as it occurs. This rapid response means that details in the reports can be verified, errors or omissions can be identified and resolved, and steps can be taken to reduce the negative outcomes for both the resident and the facility. This can include an immediate review of the residents’ records and care plan and the development of a proactive plan of action.

As a result, technology mitigates the risk of surprises and ensures that the facility can respond swiftly and effectively. These reports and the documentation around the incident can then be relied upon in the future in case of litigation or other regulatory concerns because they’ve already been reviewed at the time of the event.



Challenges of a Manual Approach

- Heightened chance of inaccurate, incomplete, or inconsistent reports
- Different definitions, interpretations, and standards used by staff or nurses
- Delays when notifying relevant team members
- Increased chance of losing reports, data, or records
- Risk of compliance, regulatory issues, or additional oversight
- Negative publicity, bad press, and reputational damage



Benefits of Risk Management Software

- Improved accuracy, consistency, and completeness of documentation and reports
- Automatic notifications to relevant staff through triggers and alerts
- Clear picture of trends in data across facilities, staff members, residents, or other parameters
- Efficient access to detailed data to drill down and conduct root cause analysis
- Proactive approach to interventions that reduce the likelihood and severity of incidents
- Ability to communicate and demonstrate measures put in place to improve facility performance

More Than Data Getting Staff on Board with New Systems

Technology, on its own, does not automatically make a facility good at managing risk. Across industries, too many companies have been caught up in the hype around big data, only to realize that simply investing in technology and software isn't enough.

A 2019 report of large companies in various industries found that while 92 percent were increasing the pace of their investments in big data, only 31 percent considered themselves data driven. What's more, 77 percent said that adopting data initiatives continued to be a challenge.ⁱⁱⁱ The biggest reason for this? Getting people on board.

While getting up and running with dedicated risk management software is relatively straightforward, it is up to leadership to champion the new system and show the value it can provide to staff, residents, and the organization. Staff must be trained and educated on the software, and they must understand how it makes their work easier and better.

That said, because SNF Metrics software has been designed in a way that it does not require a dramatic change to how things are done, staff who see the potential benefits should not find it difficult to embrace the new systems.



“Instead of having to spend so much time collecting and analyzing the data, software allows staff to spend more time focusing on how they will use that information to address problems and reduce risk.”

**Cheryl Swann, Risk Control Consultant
RN- BC, BSN, WCC, LNHA**

The Ability to Affect Change The Benefits for Skilled Nursing Facilities

Ultimately, effective risk management comes down to the ability to affect change in the facility. Third parties, such as insurance carriers, plaintiff attorneys, regulatory agencies, and strategic partners all have data and metrics of their own. They could potentially use this information to determine if a facility is doing everything necessary to achieve the best possible outcomes for residents.

For SNFs, having the right software makes it easier to be more proactive and show their ability to self assess and self correct. They can demonstrate how the facility is performing, the actions that were taken before, during, and after an incident occurred, and how new procedures and interventions are reducing the frequency and severity of incidents.

This puts the facility in a much better position when engaging with outside stakeholders. It better prepares and prevents the facility in the likelihood of legal, regulatory, and financial issues and the costs associated with them.^{iv}

Insurance premiums have always been a major expense for skilled nursing facilities. As premiums increased, some buildings have seen premiums in the hundreds of thousands or even millions of dollars each year.

One company has reduced this expense by leveraging the power of reporting, tracking, and analytics tools. When it was time to renew their policy, they met with their insurance provider and demonstrated the scope of data available to them, the systems in place to reduce risks, the reports they had access to, and the ways staff used this information to implement effective interventions.

The insurance provider was very impressed by the capabilities. Because the facility was able to respond immediately to incidents and take all necessary steps to achieve a positive outcome, the provider recognized that they had significantly reduced their exposure to lawsuits or other financial penalties.

While other carriers quoted premiums over \$300,000, the facility was able negotiate a rate of only \$60,000 per year.

▮ Reduced Risk of Litigation and Lower Settlements

Lawsuits are often filed months or years after an incident. At this point, it's far too late for a SNF to verify information or take action to improve the outcome of the case. Software ensures that staff know about an incident as soon as possible so that they can swiftly respond with a plan of action.

Accurate, complete, and consistent documentation, as well as a record of all steps taken before and after can all be used as part of the defense. As a result, SNFs can negotiate lower settlements, mitigate the costs of litigation and lawsuits, and reduce the frequency of a case making it to court.



▮ Lower Insurance Premiums

Insurance is a significant cost for SNFs. Premiums are trending up across the board, but especially for facilities that have a recent history of claims. Because of these rising costs, the potential savings from implementing a more sophisticated approach to risk management can be substantial, especially when looking at it across multiple buildings.

Instead of relying on star ratings or other metrics which are not necessarily a reliable predictor of risk, insurance companies want to see the processes that are in place to mitigate it.^v They want information on staffing, procedures, documentation, incident reports, and the data behind how decisions are made. Put simply, the more information a SNF can provide to an insurance provider on how risk is being managed, the more leverage they have when negotiating premiums.

“An insurance carrier wants to see that you’re hands-on and involved. They want a partner. The mere fact that you have and use systems is meaningful to an insurance carrier. But most important is your ability to affect change. Being able to identify your biggest risks, understand what drives them, control them, and correct them, that’s something insurance carriers want to see.”

Shlomo Freundlich CPA – VP of Risk Management Marquis Health Consulting Services

Improved Compliance and Reduced Regulatory Oversight

Like insurance providers, regulatory bodies also want to see the procedures and systems that are in place to reduce risk and improve quality of care. There are growing expectations that organizations become more sophisticated in using their data and understanding their metrics and trends.

For example, a facility may record a sudden increase in falls over a given period. Regulators will be interested in why those falls occurred and what measures were put in place in response. A facility that can point to the data, conduct root cause analysis, and rapidly intervene will demonstrate that they know what’s happening in their building and reduce the likelihood of additional oversight.

Better Marketing, Public Relations, and Partnerships

The financial costs of a lawsuit or poor regulatory outcome go well beyond the immediate settlements or fines. Bad press can have a long-term negative impact on revenue and profitability as residents look elsewhere for their care.

Similarly, hospitals and other strategic partners who work closely with SNFs want to ensure that they are sending their patients to facilities that they can trust. If the first articles to come up when searching for a facility are negative stories of poor performance, they may decide to partner with another organization.

Improved Resident Outcomes and Quality of Care

In the end, SNFs must always remember that residents come first. They are their reason for existing. Though the financial, regulatory, and legal implications are important, quality of care is the foundation that holds everything together when it comes to risk management.

By leveraging data to develop effective interventions, SNFs gain the ability to be more proactive in their approach to residents so that they can deliver better outcomes.

Leveraging Software to Enhance Facility Performance

The common thread across each of these benefits is the ability to easily view trends, drill down into the details to conduct root cause analysis, develop and implement effective interventions, and demonstrate how these actions reduced risk.

Risks management procedures do not need to be completely overhauled or replaced. Instead, software can take what already exists and make it better, more streamlined, and easier to use. It can uncover the data that facilities already have and show patterns and links that were previously hidden. Operators, Clinical Staff, Administrators, and Senior Leadership can all take advantage of these insights to make stronger decisions that improve performance.

Though some SNFs have traditionally lagged when it comes to the adoption of technology, the time is now to start enhancing risk management. Regulatory bodies, insurance providers, litigators, and the residents themselves all have greater expectations, and the facilities that fail to adapt will be left behind.

Those who embrace the solutions that are available and effectively implement them throughout their facilities will create a competitive advantage that positions them for long-term success.

i <https://www.mcknights.com/blogs/guest-columns/demystify-risk-management-in-nursing-homes/>

ii <https://onlinelibrary.wiley.com/doi/abs/10.1002/jhrm.5600120307>

iii <http://newvantage.com/wp-content/uploads/2018/12/Big-Data-Executive-Survey-2019-Findings-Updated-010219-1.pdf>

iv <https://www.mcknights.com/blogs/guest-columns/demystify-risk-management-in-nursing-homes/>

v <https://www.propertycasualty360.com/2019/04/16/risk-management-in-elder-care-facilities/?slreturn=20201010122225>



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