

## Chapter 3

# Management of Risk and Adverse Events in Medical Entities

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### **ABSTRACT**

*The purpose of this chapter is to point out that effective risk management, also in healthcare units, can contribute to the effective reduction of adverse events and, consequently, the compensation claims of the patients. Also defined is the concept of risk and outlines the necessary elements that should be included in effective risk management. As far as medical entities are concerned, risk management is primarily about dealing with adverse events. Conscious control and limiting the occurrence of these events affects patient safety in a medical facility.*

### **INTRODUCTION**

Each company to take a risk to achieve the planned results. A free market creates both opportunities for extra profits and the risk of loss as a result of unfavorable changes in the business environment and mistakes within the organization. Therefore, more and more companies are choosing to implement a risk management system. The same situation applies to healthcare units. The primary goal of every healthcare provider is to provide health care services in the highest possible quality.

Quality of services affects the safety of the patient in the context of achieving the goal of treatment – full recovery, as well as avoiding the risk of complications as a side effect of treatment. It is important to be aware that the complications, that accompanies the healing process, can be a part of the process itself. The point is to avoid or minimize the potential risk of culpable complications. The essence of each system, including healthcare, is the cooperation of its participants and their cooperation.

Such cooperation, however, is prone to certain types of risk, which, in the age of competition on the medical services market, have to force management authorities to take conscious decisions supported by very substantive and constructive quantitative analyzes. All institutions that act as stakeholders in

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the healthcare system – i.e. public payers such as the National Health Fund, the government, local governments, healthcare providers, and finally a single patient - coexist and work together within a single health system and at the same time are functioning as independent units. Each of the parties is exposed to their own risks, but also determines the emergence of such risks in other exchange groups on the market. Risk management, therefore, must be systemic, integrating all the processes taking place in a given unit.

## **Risk Management: The Essence and Legal Conditions**

Risk management is a relatively new branch of management science, focused on the reasonable minimization of risks that the organization is exposed to.

In Poland, the genesis of risk management is reflected in the Legal Act On Public Finances from 27 August 2009.

Starting in 2010, management audits have been introduced in Poland as a way of directing and overseeing the public finance sector, with the aim of managing the effectiveness, efficiency and adequacy of all processes.

According to art. 68 of the Legal Act On Public Finances, management control is all activities undertaken to ensure that objectives and tasks are implemented in a lawful, effective, economical and timely manner.

A relevant part of management control is risk management. These are the procedures, policies and coordinated actions taken by both the management of the entity and its employees, which, by identifying and analyzing risks and identifying adequate risk responses, increase the probability of meeting and accomplishing the objectives.

The head of this unit plays a key role in the shaping and subsequent functioning of the risk management system at the public-sector unit level. His attitude and commitment influence how the risk management is perceived by the other employees. The cited law puts on him the responsibility for ensuring adequate, efficient and effective management control. The unit manager must therefore seek to create an effective risk management system.

In the Statement No. 6 of the Minister of Finance (6th December 2012) on detailed guidelines for the public finance sector in the area of risk planning and management, there are detailed instructions on how to conduct this process to be effective

For this reason, the state-owned medical institutions are obliged by law to carry out management control and, consequently, conduct risk management (Statement No. 23 of the Minister of Finance). This requirement is respected in particular by the founding bodies of the medical entity, which are: local authorities, universities and the Ministry of Health.

## **The Definition of Risk**

The term risk comes from the ancient Greek word *riza*, which meant the reef, the basic danger in ancient shipping, and from the beginning was being seen as a symbol of serious threat in uncertainty.

Tadeusz Kaczmarek (2010) points out that: “the first work in the field of risk referred to research into the probability of occurrence of particular events and were published in the 17th century by B. Pascal, Ch. Huygens, E. Halley and n. - creators of probability theory and precursors of statistics” (p. 11).

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