

CAYMAN ISLANDS.
CLEARLY BETTER BUSINESS.

Buyer Beware: Pre-acquisition Risk Assessments to Plan and Manage Integration

Gretchen Ruoff, MPH, CPHRM

Sr. Program Director, Patient Safety Services, CRICO Strategies

Ellen C. Varney

SVP and Chief Financial Officer, CRICO

Elizabeth Mort, MD, MPH

SVP Quality and Safety, Chief Quality Officer,
Massachusetts General Hospital



DISCUSSION AGENDA

“ About CRICO, CRICO Strategies, and Massachusetts General Hospital

“ Assessing risk in new acquisitions or affiliations

- Before or after the deal?
- Assessing risk and managing integration

“ Different Perspectives

- The Insurer
- The Hospital

“ Issues and questions for discussion

- Culture vs. strategy
- Integration

ABOUT CRICO

Protecting providers. Promoting safety.

CRICO Insurance Program

A group of companies owned by and serving the Harvard medical community

40 years of proven success in data-driven risk management and patient safety

Members

- " 25 hospitals plus more than 300 other health care orgs
- " more than 13,000 physicians
 - Inc. 3,500 residents and fellows
 - Plus 100,000+ employees

CRICO Strategies

A division of Risk Management Foundation*

20 years as a comprehensive risk management partner

- " risk assessment
- " MPL data analysis
- " consulting

Partners

Health care organizations and insurers representing 400+ hospitals and 175,000 physicians

NATIONAL COMPARATIVE BENCHMARKING SYSTEM (CBS)

Together we represent more than 500 organizations and a database of nearly 400,000 medical malpractice cases

CRICO FOCUS

- “ Focus is on **insuring and reducing liability risk** – primarily medical professional
- “ **Strong patient safety program** development and sponsorship
- “ **Strong claims handling** – defend the assets and reputations of our members and clinicians
- “ **Strong partnership** with member organizations
- “ **Risk anticipation, mitigation** and program/product development

THE CRICO COMMUNITY

CRICO PROGRAM SHAREHOLDERS/MEMBERS

- ” Partners HealthCare System
- ” Care Group, Inc.
- ” Boston Children’s Hospital
- ” Dana-Farber Cancer Institute
- ” Atrius Health, Inc.
- ” Massachusetts Eye and Ear Infirmary
- ” Joslin Diabetes Center
- ” Judge Baker Children’s Center
- ” Presidents & Fellows of Harvard College
- ” Massachusetts Institute of Technology

ABOUT MGH . BOSTON, MASSACHUSETTS

MASSACHUSETTS GENERAL HOSPITAL - FOUNDED IN 1811

1,000 bed academic medical center

- “ 48,000 inpatients
- “ 1.5 million outpatient visits
- “ More than 100,000 emergency room visits
- “ More than 42,000 operations

MGH Family includes:

- “ 4 affiliate hospitals in two states
- “ Many physician service agreements with institutions in four states

Founding member of:

- “ Partners HealthCare
- “ CRICO insurance program



THE INSURER'S PERSPECTIVE

Ellen C. Varney

SVP and Chief Financial
Officer, CRICO

Gretchen Ruoff, MPH, CPHRM

Sr. Program Director,
Patient Safety Services,
CRICO Strategies

What are the **insurance/underwriting impacts** of acquisitions on your captive's risk profile?

What is the **role of risk assessments** in acquisition?

What tools are available for **quantitative and qualitative assessment** of new acquisitions?

How do you **integrate new organizations** into your program in a way that **minimizes losses, improves outcomes, and supports success** in the long term?

THE INSURER PERSPECTIVE

ORGANIZATIONAL VULNERABILITIES CAN THREATEN PATIENT SAFETY EFFORTS...

Despite significant effort and good implementation,
many organizations continue to face the very incidents their patient safety programs are designed to prevent.

ORGANIZATIONAL VULNERABILITIES CAN THREATEN ACQUISITION INTEGRATION...

Despite thorough due diligence, many acquiring organizations may struggle to effectively identify more veiled risks that could impact the growing enterprise's risk profile

THE INSURER PERSPECTIVE

Adjunct risk assessments identify
clinical patient safety vulnerabilities

• *and—*

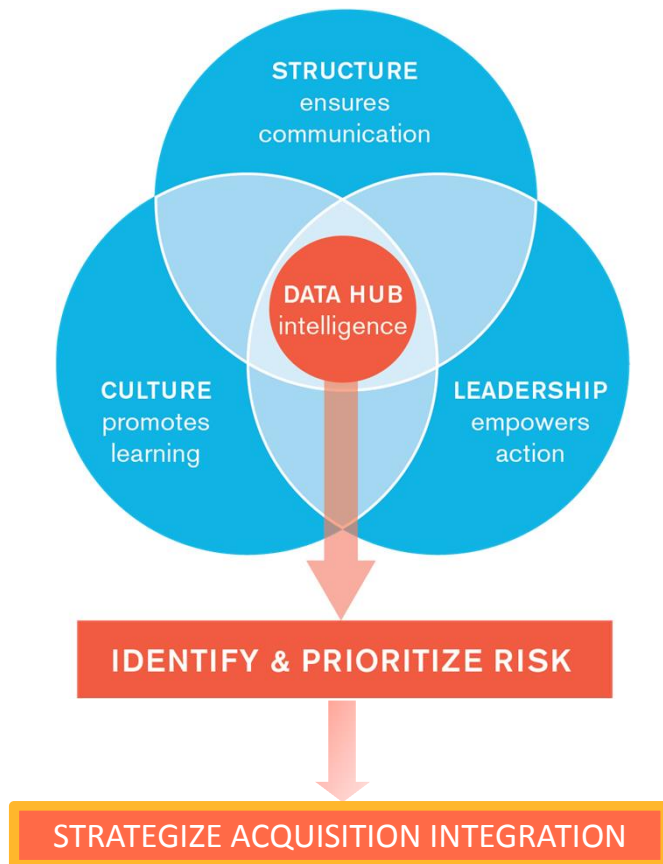
organizational barriers

that limit the effectiveness of patient safety programs

and maximize the success of acquisition integration.

THE RAP+

Risk Appraisal and Planning Process . An Adjunct Assessment



Structure: How is key risk and safety information captured, assimilated, and communicated for action?

Culture: Is there a Just, learning, transparent, psychologically safe environment to deliver care and raise concerns?

Leadership: Are leaders visible and accessible? Do they model and promote a safe, trusting environment? Do they provide resources to enable action?

THE RAP+

A culture-based assessment tool

Don't underestimate the value of qualitative insights to help in your quantitative evaluations

Adjunct interview-based assessment examines safety culture and impacts of leadership approach at all levels

Yields **in-depth insights from broad cross-section** of senior executive leaders to front-line caregivers

- Evaluates staff appreciation for their role in front-line risk assessment and safety improvement
- Identifies root causes/drivers of safety culture responses

Qualitative assessment with prioritized opportunities and recommendations for senior leaders

- Empowers local and enterprise leaders with roadmap to staff engagement and leadership collaboration on patient safety/risk management efforts

THE INSURER'S PERSPECTIVE

CRITICAL SUCCESS FACTORS IN ACQUISITION INTEGRATION

1. **Clear ownership** and **close connection/oversight** of new acquisitions ensures awareness of key risk issues and provides pathway for support
2. **Early, comprehensive evaluation** on key fronts minimizes surprises and increases likelihood of success

Focused Risk Evaluation (FRE) – pre-acquisition insights

- Provides early-stage risk evaluation and business insights
- Requires confidence that sensitive deal information not shared across captive members

Network expansion discussion guides (CRICO and Ariadne Labs)

- Clinical and business development checklist developed for evaluation *and* integration focus

RAP

- Provides insights into culture and leadership factors impacting organizational health and culture of patient safety

THE HOSPITAL PERSPECTIVE

Elizabeth Mort, MD, MPH
SVP, Chief Quality Officer
Massachusetts General Hospital

How do **business development and hospital safety leaders collaborate** throughout the acquisition process?

How can **due diligence be enhanced** for proactive evaluation of culture and safety issues prior to acquisition?

How does a safety leader **plan for and manage acquisition integration** to minimize risks and maximize benefits?

Learning the **value of RAP to advance Q&S goals:**

- “ Incorporating post-acquisition intelligence
- “ Leveraging pre-acquisition intelligence

THE HOSPITAL PERSPECTIVE

ACQUISITION RISKS

- “ While critically important, **due diligence processes are a snapshot in time...**
- “ **Culture eats strategy for lunch ...** need to assess culture
- “ **Leverage for making improvements** may be better before the deal is signed than after, but sometimes harder ...
- “ It takes **focused, sustained effort on culture of safety ...**

THE HOSPITAL PERSPECTIVE

ACQUISITION RISK AND OPPORTUNITY



- “ All **patients can benefit**
 - “ Patient care, safety
- “ Smaller institutions with **extraordinary variability in size and circumstance**
- “ **Access** to tertiary/quaternary care
- “ **Innovation** and health care delivery
- “ **Population** health

THE HOSPITAL PERSPECTIVE: LEARNING THE VALUE OF ASSESSING CULTURE

Comprehensive RAP

- “ **CRICO reviewed all major MGH affiliations, including new/recent acquisitions**
- “ **Methods**
 - Review data
 - Leadership discussions
 - Interviews with front line and leadership
 - Vetting and report outs

Findings:

- “ MGH Family has best practice and excellence
- “ Variation across sites

Opportunities:

- “ Leverage expertise in Lawrence Center for Q&S (hub for patient safety efforts)
- “ Consider spread of the Department Quality Chair model
- “ Address specific areas of interest such as culture of safety

We realized that the RAP was capturing important information which was not part of our earlier acquisition review process

THE HOSPITAL PERSPECTIVE: BEING PROACTIVE

Pre-acquisition RAP

- “ CRICO RAP review as part of expanded due diligence
- “ In-depth interviews across acquired organization

Findings:

- “ Reinforced due diligence processes
- “ Served as a validation process

Opportunities:

- “ Was felt to be helpful for both organizations and was very helpful to have a third party execute the review during the due diligence process

Both organizations were prepared and established better integration relationships based on advance assessment and efforts!

THE HOSPITAL PERSPECTIVE

TOOLS TO LOOK AT HIGH RISK SAFETY ISSUES



- “ Led by Atul Gawande, MD
- “ **Tools for assessing clinical patient safety risks** were drafted, reviewed and piloted by CRICO members
- “ **Discussion guide** developed
- “ Clinical targets include **high risk safety areas** such as OB, EM, Surgery

THE HOSPITAL'S PERSPECTIVE: ESTABLISHING A QUALITY & SAFETY COUNCIL

MGH Family Quality and Safety Retreat

Strengthening Systems to
Accelerate Improvement

Friday, June 23, 2017,
7:30am-3:00pm

Partners HealthCare – Assembly Row (West)

Speaker

Atul Gawande, MD, MPH

Executive Director of Ariadne Labs,
Renowned Surgeon, Writer and
Public Health Researcher



An outcome of our assessments: established family-wide quality and safety council

Networking
Share services and best practices
Right care right place
Basic needs
Shared vision and goals
Technology

THE HOSPITAL PERSPECTIVE

CRITICAL CONSIDERATIONS SUMMARY

1. **Integrate** business development and patient safety efforts
2. Ensure **robust due diligence for go/no-go decision – eyes wide open**
3. **Leverage external assessment** for deeper evaluation of known concerns and broader front-line safety perspective
 - External review preserves relationships
 - Pre-acquisition: provides roadmap for integration
 - Post-acquisition: prioritizes opportunities
3. Develop **structure for ongoing collaboration and clinical integration planning** across the enterprise
4. **Assess, re-assess, rinse, repeat.**

SUMMARY

Collaboration between insured and insurer is key

Leverage relationships for impact

Key is to **integrate perspectives** of business development, clinical leadership, insurer risk assessments

Questions?

**CAYMAN ISLANDS.
CLEARLY BETTER BUSINESS.**

Gretchen Ruoff

gruoff@rmf.Harvard.edu

Ellen Varney

evarney@rmf.Harvard.edu

Elizabeth Mort

emort@partners.org

www.caymancaptive.ky

