

Risk Management Methodology

Reference: HCARE-RMM-001

Status: Approved by Chief Risk Officer

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Purpose

The Risk Management Methodology at CareNova Health is designed to guide the identification, assessment, treatment, and monitoring of risks that may affect patient safety, clinical operations, data integrity, and regulatory compliance. This framework uses a qualitative risk assessment model, focusing on non-financial impact and probability to determine appropriate risk responses.

Scope

This methodology applies to all departments, clinical programs, information systems, and third-party services used by CareNova Health.

Reporting Risks

Risks should be reported via the internal Incident & Risk Reporting Tool or emailed to riskmanagement@carenovahealth.org.

Risk Owner

The Chief Risk Officer (CRO) is responsible for the overall coordination and oversight of risk management activities.

Risk Scenarios

Each risk scenario should outline a potential threat to CareNova's operations or patient care. The following details must be captured in the enterprise risk register:

- Risk Title
- Risk Description

- Source (e.g., Clinical, IT, Facilities, Vendor)
- Affected Services or Patients
- Location
- Type of Risk (e.g., Patient Safety, Compliance, Operational)
- Likelihood (Low, Medium, High)
- Impact (Low, Medium, High)
- Overall Risk Level
- Current Controls
- Mitigation Actions
- Residual Risk
- Risk Owner

Assessing Risk (Qualitative Method)

CareNova Health uses a qualitative matrix that considers the likelihood and impact of a risk.

Likelihood:

Likelihood	Description
Low	Unlikely to occur within a year
Medium	Possible within a year
High	Likely or frequent occurrence

Impact:

Impact	Description
Low	Minimal clinical or operational disruption
Medium	Moderate disruption or temporary patient care impact
High	Severe harm or major compliance failure

Risk Matrix

	Impact: Low	Impact: Medium	Impact: High
Likelihood: Low	Low Risk	Low Risk	Medium Risk
Likelihood: Medium	Low Risk	Medium Risk	High Risk
Likelihood: High	Medium Risk	High Risk	High Risk

Risk Decisions

The following responses guide decision-making based on risk levels:

- Accept – No action needed beyond monitoring.
- Treat – Implement controls to reduce impact or likelihood.
- Transfer – Share risk through contracts or insurance.
- Avoid – Cease or change activity to eliminate risk.

Risk Thresholds

Risk Level	Decision Authority	Required Action
Low Risk	Department Managers	Monitor quarterly
Medium Risk	Risk Committee	Develop and implement controls
High Risk	Executive Team	Immediate review and mitigation

Review and Monitoring

- Risks are reviewed quarterly by the Risk Management Committee.
- Risk owners are responsible for implementing and tracking mitigation plans.
- The methodology is reviewed annually or after major incidents.

Exceptions

Any risk-related exceptions to policies or thresholds must be submitted to the Chief Risk Officer for formal approval and documentation.