PROCEDURE # 9.1F		EFFECTIVE DATE	REVISED DATE
TITLE:	RISK ASSESSMENT	10/1/2025	6/3/2026
ATTACHMENT TO		REVIEW DATES	
POLICY #:	9.1	6/3/2026	
POLICY TITLE:	CORPORATE COMPLIANCE PLAN		
CHAPTER:	COMPLIANCE		

I. PURPOSE

A. To ensure Lakeshore Regional Entity (LRE) adequately identifies and monitors potential risks to the entity and establishes action plans to mitigate the risks.

II. PROCEDURES

A. LRE shall routinely monitor the following areas for potential risks:
   1. All managed care functions
   2. Finance
   3. Information Technology
   4. Compliance

B. LRE shall use the quality performance improvement process to manage the risk assessment procedure.

C. At least annually, subject matter experts (SME) in each organizational function shall work with the members of the executive team responsible for oversight of the functional area to identify potential risks. Risk areas are defined as actions/inactions of LRE that may have a negative impact on the entity's reputation, viability, and/or financial health.

D. Once potential risks have been identified, the SME shall work with a risk assessment team to evaluate the identified risk and establish recommendations for actions to mitigate the risk. Members of the risk assessment team shall be independent from the section/department with responsibility over the risk area. The risk assessment team shall, minimally, be comprised of:
   1. The SME,
   2. Chief Operating Officer
   3. Compliance Officer
   4. At least one Quality Improvement Team member

E. The risk assessment team may also include ad hoc members asked to participate based on their expertise and/or proximity to the risk identified.

F. The risk assessment team shall:
   1. Write a brief description of the risk scenario. The risk scenario is a statement of the worst-case if the risk were to be realized.
   2. Identify the legal citation governing LRE's responsibility to address the risk. The legal citation may be a state or federal statute, a contractual obligation, or a

business operational mandate (e.g., must maintain adequate insurance coverage).

3. Identify the administrative area that bears responsibility for organizational performance (this could be an SME or an organizational department).
4. Using a ten-point scale, score the impact on the organization if the worst-case scenario were to occur in the following areas:
    a. Likelihood of occurrence: how likely is the scenario to happen?
    b. Impact on corporate reputation: how would the event impact LRE's reputation in the community (community can be defined as within the public mental health system, a geographical area, or among the Medicaid recipients LRE serves)?
    c. Impact on organizational viability: if this event occurred, to what degree would it impact LRE's ability to continue to operate?
    d. Degree to which LRE currently has measures in place to mitigate the effect.
    e. Cost of occurrence: if this event occurred, how likely is it that LRE could cover the cost to fix the problem?
5. Following establishment of a risk factor score, the risk assessment team shall evaluate current mitigation efforts as well as recommend additional mitigation in the following areas:
    a. Does LRE have written policies in place to ensure compliance with the legal citation?
    b. Has LRE implemented written procedures to ensure compliance with the legal citation requirements?
    c. Does LRE have training to ensure compliance with legal citation?
    d. Is disclosure/filing a report (either internal or external) required? Is there an independent review of the disclosure/report?
    e. Is data collection required by the legal citation?
    f. Is performance routinely measured?
    g. Is physical inspection required by the legal citation?
    h. What other operational controls exist to ensure compliance with the legal citation?
6. Following assessment by the risk assessment team, the SME shall present the assessment and recommendations to the Quality Improvement Committee (QIC). The QIC shall:
    a. Approve, change, or decline support for the risk assessment team's recommendations,
    b. Make additional recommendations,
    c. Establish an action plan to address all approved recommendations.
7. The QIC shall monitor each risk scenario and implementation of the associated action plan until such a time as subsequent risk scoring shows the scenario to be within the limits of an acceptable risk (risk factor score at or below 3.0).
8. Written Risk Assessment action plans shall be provided to the compliance officer, the Compliance Committee, and senior management.

9. Risk Assessment action plans and results shall be provided to the Board of Directors following mitigation actions have occurred and the risk has been reevaluated.

G. The LRE compliance officer shall complete regular, periodic evaluations of the compliance program to determine the program's overall effectiveness.

III. CHANGE LOG

Date of Change	Description of Change	Responsible Party
10/1/2025	NEW Procedure	Compliance Officer
6/3/2026	Addition of a procedural guideline	Compliance Officer