impression that the medicare program has achieved its cost containment objectives and is now focused on quality. However, additional cuts in medicare funding are proposed in the current federal budget. Unless it can be established that there is additional slack related solely to inefficiency, squeezing more savings out of the system can only aggravate potential quality and equity problems.

As a final comment, a bias common to cost effectiveness studies appears to be incorporated into this analysis. Costs and benefits which are more readily quantifiable are given greater weight than those that are more difficult to document. In this analysis, the conclusion that PPS is "working" appears to be based on the documented savings to the medicare program, despite outstanding quality and equity concerns. In light of current evidence, withholding judgement, or qualifying for whom PPS is working, may be more prudent.

Essentials of Hospital Risk Management; Edited by Barbara J. Youngberg. Aspen Publishers, Inc. 1990.

Reviewed by: Dr. John J. O'Connell, C.V. Starr Professor of International Insurance and Risk Management, The American Graduate School of International Management, Glendale, Arizona

When the review of this book first began I looked forward to a discussion of the entire risk management process as it related to hospitals.
The Table of Contents indicates 5 separate parts:

I. Setting Up A Strong Department;
II. Assessing The Needs Of The Institution;
III. Developing Tools To Manage Risk;
IV. Insurance Concepts; and
V. Management Of Actual And Potential Claims.

A thorough review of all of the topics listed above would provide a risk manager with an invaluable tool to deal with future situations. Unfortunately, one quickly finds that the text almost exclusively addresses risks associated with medical malpractice or professional liability of hospitals and/or practicioners. Although, it's true that professional liability is probably the most pressing problem facing medical facilities and providers, this book should have indicated in it title (or at least early in the text) that only a portion (albeit an important one) of the risk manager's task would be reviewed.

The book is an accumulation of 18 separate chapters written by as many different authors. There are portions of several of the chapters, however, which if followed by anyone other than an expert in the area of discussion would likely result in serious additional exposures to loss. Specific examples will be discussed as this review continues.

Generally speaking, the book contains useful information regarding the risk management of hospital professional liability as well as the importance of integrating quality assurance and risk management programs. Many chapters also contain examples of checklists, survey forms, etc. which could be invaluable to a risk manager in developing his/her own reporting or communications systems. It should be stressed, however, that the book expresses the opinions of a number of risk management, legal and insurance practioners and will not apply to all types and sizes of health care facilities. The approach taken by the book, especially in the area of self-insurance and claims management is quite simplistic and fails to effectively inform the reader of potential additional problems if the recommended approaches do not work.

SECTION BY SECTION REVIEW . . . .

PART I

Part I of the book is entitled: Setting Up A Strong Department. Each chapter outlines many of the factors necessary for establishing an effective risk management department. Probably the most important information for the beginning risk manager involves the questions which must be answered in terms of who to communicate with; items of communication; the importance of documentation and the various areas of expertise required of a risk manager.

PART II

Part II of the book is entitled "Assessing The Needs Of The Institution". Two chapters deal with risk identification strategies and evaluating high-risk specialty areas. The introduction to Part II indicates "These chapters will provide readers with information necessary to analyze the clinical risk areas within their institutions and to develop monitors and department-specific clinical indicators to assess those risks."

The first chapter discusses how existing risk management, in-house counsel and quality assurance activities can be used together to deal with risk situations. The chapter points out that by integrating these activities a broader segment of hospital resources may be brought to bear on the problem of risk control. The second chapter of this section hits the mark in terms of meeting its objective. Many areas of medical specialty are discussed with respect to suggested questions, review reforms and inspections forms. Although all specialty areas are not supplied with sample forms of charts, important areas of concern are elicited for anesthesiology, obstetrics, psychiatry, ambulatory care facilities, emergency departments and hospital-sponsored home health care. This chapter makes you think! I have no doubt that once this chapter is read by others new ideas will arise and the thought process toward the development of monitoring systems and department specific indicators will result.

PART III

Part III of the book is entitled "Developing Tools To Manage Risk". The tools discussed in the three chapters comprising this part are: an occurrence screen tool to integrate quality assurance and risk management; staff education; and patient education. Even tough the content of this part is much narrower than one might expect after reading the PART III title, the tools discussed are certainly important.

The quality assurance chapter does a very good job in describing the need for and the process through which quality assurance and risk management may be integrated. The authors used an occurrence screen tool developed for the University of Wisconsin Hospital and Clinics. The authors use the process of tool development and implementation to indicate the difficult and time consuming nature of the task while at the same time providing the reader with examples of positive results which may come from such activity.

The last two chapters of this part contain information regarding staff and patient education as risk management tools. The education chapters review the reasons risk management education is important; the possible topics covered; and the target audience.

This section provides a good, concise, albeit brief review of the importance of patient education as a risk management tool. Enough content is included to give the reader a good feel for the content of and potential effectiveness of patient education.

PART IV

Part IV of the book is entitled "Insurance Concepts". Five chapters are included in this part. Although each chapter contains interesting ideas it is very important that the reader understand that to actually implement many ideas requires a detailed knowledge of insurance, law and other areas. Even though the ideas presented in this section may be valid, the reader must be informed of the problems associated with acting from a naive position.

The chapters deal only with professional liability coverage. No discussion is provided for property, other liability, workers compensation or other coverages important to the overall risk position of a hospital.

The introduction to Part IV states that "Upon completion of this chapter the reader will have a thorough understanding of (1) the analysis required to determine the amount and type of appropriate coverage; (2) the qualities to look for in brokers and consultants for the hospital's insurance program; (3) policy terms and features; and (4) the critical importance of complying with reporting provisions to guarantee coverage.

I will discuss these four goals in order. First, the chapter entitled "Determining The Need To Purchase Insurance" offers a very simplistic approach to a very difficult problem. The chapter deals only with malpractice insurance. The chapter presents a good review of the types of information necessary to make estimates of future losses, etc. It goes on to indicate the importance of projecting losses based partly upon past loss history. It also points out a number of factors which must be considered but cannot be measured (changing tort system, etc.).

If the reader looks at the chapter up to this point as an explanation of the types of information commonly reviewed to determine one's risk position then the chapter has done its job. However, when the author takes the next step into the determination of coverage limits it should be pointed out that mistakes in the estimation of any variables could be disastrous to a hospital.

Statements such as, "Before selecting which coverage option to select the institution must evaluate the magnitude of loss exposures it faces"; or "The risk manager must determine if past above-average losses are or can be expected to recur before deciding on how much coverage to have in place" are made without much advice as to how the risk manager will properly evaluate loss exposure magnitude or whether past loss scenarios will continue into the future. Risk management answers to the two statements are (in most hospital settings) at best a guess and that fact should be carefully explained. The risk manager following these ideas (without proper guidance) may be in over his/her head quickly with the hospital bearing the results of his/her inexperienced following of "what the book says to do". Although, it is hard for the reviewer to believe the authors intended to provide a cookbook for risk managers in determining insurance needs, their intentions as well as any inherent limitations on their suggestions should have been clearly stated in the beginning of the chapter.

The next objective in Part IV dealt with the qualities to look for in agents and consultants for the hospital risk management program. This objective is met through a listing and discussion of important areas of knowledge and services to be provided by agents/consultants.

The 3rd and 4th objectives were to teach the reader policy terms and features. In the explanation of claims made terminology, the ISO Commercial General Liability policy is used as the example. This is acceptable, but the reader should be informed that many specialty carriers do not use the ISO form and are not bound by the description of the retroactive date, reporting periods, etc. discussed in the book. More emphasis should have been placed on the fact that each policy must be carefully studied to determine its terms and features instead of relying upon the standard wording of claims-made option of the ISO commercial general liability policy.

The final part of the book, entitled Management of Actual and Potential Claims, poses in my mind the most potential problems for the reader. Although the introductory page of the section indicates that a "great deal of expertise must be developed before a risk manager will be successfully able to identify risk, intervene early, monitor potential incidents and manage claims and lawsuits", the text of this part does not warn of the pitfalls associated with not carrying out the above tasks effectively. The text also fails to discuss the impact of insurance company (both primary and excess levels) requirements for early claims submittal to the company.

Although part five of the book includes very good ideas about managing claims, etc. it should add that these functions must be accomplished by professionals in law, claims management, investigation and other disciplines.

I can recommend this book as a method of revealing to risk managers some problems areas and potential solutions regarding medical malpractice and/or professional liability associated with hospital operations. Some portions are very effective in expressing the "essentials" purported in the book's title. I cannot, however, recommend the book as expressing the essentials of hospital risk management because in the final anaylsis it fails to do so.

Financing Rural Health Care, edited by La Vonne Straub and Norman Walzer (Praeger 1988)

Reviewer: Midikira Churchill Kibisu, Insurance Option Coordinator Faculty, Common University of Nairobi

Provision of health care services is an important and expensive undertaking for both consumers and providers all over the world. For nations and states with a large rural population and an agricultural economy, financing problems for health care services is enormous due to various factors. These factors include: inadequate infrastructures such as roads, hospitals, clinics, mortuaries or airports; lack of affordability, especially in the wake of escalating health care costs; and lack of available doctors.

In trying to evaluate the factors affecting financing of rural health care in an American setting, it would be very dangerous to generalize the problems involved. For example, the problems of rural residents depending upon subsistence farming are quite different from the commericial farmers of the midwest. Likewise, rural residents such as the miners in Pennsylvania or people who live in rural Alaska have unique problems. Cultural factors must be considered as well. For example, a traditional American Indian or an Eskimo may not see the need for insurance coverage (or a hospital for that matter). Nor would an insurer be convinced that these individuals are acceptable risks for health insurance.

The book is concerned with how to deal with problems experienced by rural America in financing health care services. Unfortunately, the diversity of problems (such as the ones described above) are not adequately recognized. In fact, it is difficult to identify the geographical area being covered in the book. Chapter one gives the impression that the book is going to concentrate on the experience of the midwest. However the rest of the chapters do not concentrate on any specific geographical area but, rather, deal with national issues (as opposed to issues specific to the midwest).

Some of these problems stem from the fact that the book was put together from conference papers. The latter task is frequently difficult due to the array of subjects covered and differing methodogical approaches. The organization of chapters in this book is affected by this problem. For example, Chapter 2 concerns community support and the economic impact of rural health care.