



Uncertain times call for certain measures

Healthcare organizations should stay ahead of emerging events, trends, and risks



The healthcare industry is going through significant change. New laws and regulatory priorities are poised to affect industry consolidation, innovation priorities, and consumer preferences, not to mention capital markets and interest rates.

The Trump administration stated priorities include bringing new discretion to the Department of Health and Human Services (HHS), reducing corporate tax rates and cutting 2 regulations for every 1 new regulation.¹

With the future of Affordable Care Act (ACA) policies facing uncertainty, it remains clear that patients want “real” affordable choices in healthcare coverage. Policy and regulatory changes could readily impact providers, payers, and life science organizations’ bottom lines and introduce a number of emerging risks:

- 1 Changes in health insurance parameters**
- 2 Demand for greater pricing transparency due to rising consumerism**
- 3 Impact of digital labor on human resources and change management issues**
- 4 Growing sophistication of foreign state-sponsored cyberattacks and ransomware**
- 5 Challenges as providers and payers adjust to higher patient deductibles and copayments**
- 6 Greater post-transaction integration challenges due to rising M&A**
- 7 Antitrust rulings against perceived monopolistic consolidation of provider and payer organizations**
- 8 Biotech FDA patent protection and implications of greater use of generics and biosimilars**
- 9 Potential tariffs impacting global supply chain resources**

Triple Aim:

While seeking to manage these new and/or emerging risks, healthcare and life sciences organizations need to continue to advance the Centers for Medicare and Medicaid Services’ Triple Aim. They are still beholden to the mandates to (1) lower cost per capita, (2) raise quality outcomes, and (3) improve population health. They should also manage the implications of each for the evolution of reimbursement models from volume to value.

KPMG can help:

To survive and thrive in this evolving arena, healthcare organizations need to increase their focus on dynamic enterprise-wide risk assessment. KPMG LLP (KPMG) is helping organizations throughout the healthcare and life sciences ecosystem to adjust to the dramatic changes we face and reprioritize risk management activities to win in these challenging times.

¹ Source: The Hill <http://thehill.com/homenews/administration/316839-trump-to-sign-order-reducing-regulations>

KPMG’s Enterprise Risk Management (ERM) methodology

KPMG has developed an ERM methodology and maturity framework that is consistently used on a national basis and includes leading practices and practical implementation steps. It is a holistic approach to helping companies manage risk. Our ERM methodology is designed to help healthcare organizations enhance value through an entity-wide approach to the identification, optimization, and management of the enterprise’s risk portfolio in a cost-effective manner.

A key objective of our framework is to help management use ERM to empower strategy, performance, and governance through:

- Creating a sustainable program, tailored to our clients’ existing culture, to proactively manage risk in a manner that protects against surprises, stabilizes performance, and helps enable management to operate within the organization’s risk appetite
- Identifying opportunities to improve performance, allowing our clients to take maximum advantage of risk opportunities by using an approach that focuses on managing risk and improving performance
- Improving decision making based on the enterprise’s risk profile, considering cost and benefit, as well as improving resource allocation.

KPMG’S ERM Framework



Framework Elements and Components

Risk Strategy & Risk Appetite	Risk Governance	Risk Culture	Risk Assessment & Measurement	Risk Management & Monitoring	Risk Insights & Reporting	Data & Technology
Linkage to Corporate Strategy	Board Oversight and Committee	Knowledge and Understanding	Risk Definition Taxonomy	Risk Mitigation Response and Action Plans	Risk Reporting	Data Quality and Governance
Risk Strategy	Company Risk Operating Structure	Belief and Commitment	Risk Identification	Testing, Validation and Assurance	Business/Operational Requirements	Risk Analysis
Risk Appetite and Tolerance	Risk Guidance	Competencies and Context	Assessment and Prioritization	Monitoring	Board and Senior Management Requirements	Technology Enablement
	Roles and Responsibilities	Action and Determination	Quantitative Methods and Modeling	Risk in Projects/Initiatives	External Requirements	
	Decision Support		Risk Aggregation Correlation and Concentration			
			Scenario Analysis and Stress Testing			
			Capital and Performance Management			

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