

A healthcare professional, a Black woman with short grey hair, is wearing a white lab coat over a teal shirt. She is holding a black tablet and looking at the screen with a slight smile. The background is a blurred clinical or laboratory setting with shelves and equipment. A large diagonal grey and red graphic element is overlaid on the left side of the image.

HEALTHCARE INDUSTRY SPOTLIGHT

Enterprise Risk Management

An Engine for Achieving Performance

IBDO[®]



Five Questions Healthcare Leaders Should Ask About Enterprise Risks

Today's healthcare organizations — encompassing hospitals, health systems, and physician groups — face a shifting and wide-ranging set of enterprise risks. Cyberattacks targeting protected health information, workforce shortages in clinical roles, and margin compression from reimbursement models are just a few of the risks that, if left unchecked, can derail patient care and operations before leaders have time to respond. As a result, enterprise risk management (ERM) has become less about compliance and more about operational survival.

Some organizations still manage these risks in isolation — a compliance report here, a heat map there — treating risk management as a periodic exercise rather than an operating discipline. That approach is no longer sufficient. A strong ERM strategy connects risk directly to performance, giving leaders the coordinated visibility and accountability needed to support patient outcomes, maintain operations, and make faster decisions under pressure.

The following questions and answers shed new light on ERM and how an ERM assessment can help healthcare organizations reduce risk and operational disruption.

What Are the Most Significant Enterprise Risks Facing Healthcare Organizations Today?

- ▶ **Financial stability and margin compression** are ongoing concerns because reimbursement often fails to keep pace with rising operating costs, especially workforce expenses and technology modernization.
- ▶ **Cybersecurity and data privacy** remain top priorities. Due to the sensitive nature of protected health information (PHI), the potential for both financial and reputational damage is high.
- ▶ **Patient safety and clinical quality** risks extend beyond economics. Healthcare organizations routinely face risks associated with patient outcomes, patient safety, and care delivery.
- ▶ **Labor shortages and workforce-related challenges**, especially in clinical and specialized roles, may jeopardize an organization's ability to provide patient care and maintain downstream revenue.
- ▶ **Regulatory changes** require providers to comply with evolving requirements while managing resource and budget constraints.
- ▶ **Mergers, acquisitions, and other business transactions** can affect strategic planning for healthcare organizations and heighten competitive pressures.
- ▶ **Digital transformation initiatives** — including cloud migration, AI adoption, ERP modernization, and data management programs — introduce operational, security, and governance risks that require careful oversight.
- ▶ **Supply chain disruptions and third-party dependencies** can affect clinical operations, patient care, and financial performance.



How Have Top Risks Changed in Recent Years, and What New Risks Are Emerging?

- ▶ **AI governance** has emerged as a significant risk area as healthcare providers explore new uses for artificial intelligence while establishing appropriate controls and oversight.
- ▶ **Technology adoption** has been slow for some healthcare providers, creating challenges in maintaining operational efficiency and competitiveness.
- ▶ **Digital innovations**, including cloud migration and technology modernization initiatives, are creating implementation, integration, and business continuity risks. As healthcare organizations' dependency on technology grows, digital transformation is becoming a larger component of the enterprise risk landscape.
- ▶ **Cybersecurity** remains a top enterprise risk, in part because of the growing digitization of records. New threats can disrupt clinical, financial, and operational functions.
- ▶ **Regulatory uncertainty** has become more pronounced as policy and funding changes can quickly affect revenue streams, operations, and patient care priorities.
- ▶ **Physician burnout and workforce** capacity challenges are becoming increasingly significant, particularly in primary care, where staffing shortages can create broader operational and financial consequences.
- ▶ **Reimbursement models** continue to change, with a greater emphasis placed on outcomes rather than volume.
- ▶ **Research and clinical trial programs** may face increased risk as funding from government agencies declines.

Where Do Healthcare Organizations Most Commonly Struggle With ERM?



Healthcare organizations may spend considerable time identifying and reporting risks but struggle to **translate those efforts into meaningful action**, accountability, and measurable outcomes. Leaders may focus more on the development of ERM strategies than on execution.



Organizations may excel at managing clinical and patient safety risks, but struggle to **identify and address operational and strategic risks**. Leaders may be reluctant to formally classify recurring operational challenges as enterprise risks, delaying mitigation efforts and corrective action.



As healthcare organizations become more dependent on technology, **digital transformation should be evaluated as an enterprise risk**. Technology decisions can affect far more than accounting and finance functions; healthcare providers must also consider the potential impact on patients, clinicians, and other staff.



Execution can be challenging when **risk ownership is unclear or mitigation activities are not embedded** into day-to-day operations.



Crisis management plans are critical for healthcare organizations, and **failing to test** those plans can create additional vulnerabilities instead of reducing risk. Organizations may **fail to regularly validate the response plans, recovery procedures, and internal controls** that can improve effectiveness before disruptions occur and strengthen resilience afterward.



How Can Healthcare Leaders Better Connect Risk Management to Operational Performance and Strategy?

- ▶ **Develop a strong ERM program** then embed it into strategic planning while evaluating all initiatives through a risk lens. Operational and clinical performance present diverse risks, all critical to the organization's resilience.
- ▶ **Assign clear accountability** to pertinent stakeholders rather than centralizing risk ownership within a single compliance function. Doing so connects ERM directly to the people responsible for the organization's strategic operational, clinical, and patient care outcomes.
- ▶ **Focus on decision making** rather than reporting. Healthcare organizations navigating a complex regulatory environment can turn ERM from a compliance exercise into a dynamic operating capability.
- ▶ **Provide key stakeholders with access** to both quantitative and qualitative data to help them understand how risks could affect organizational performance. Define strategic goals and identify the conditions needed for success, then consider risks and obstacles that could prevent those goals from being achieved.
- ▶ **Align risk management with strategic planning and operational performance** to help ERM function as more than a defensive activity and support cost savings, efficiency, and better resource allocation. For healthcare organizations operating on slim margins, these improvements can support both financial stability and long-term resilience.
- ▶ **Conduct a thorough ERM assessment** to identify and prioritize risks across the organization. This may seem like a Herculean task for healthcare leaders striving to maintain patient outcomes while managing limited resources, but a deeper understanding of organizational risk can help prevent future operational disruptions.



How Can an ERM Assessment Build Resilience and Agility?



An ERM assessment provides **visibility into interconnected risks and creates opportunities** for communication and collaboration across the organization. Healthcare organizations can use insights gained during an ERM assessment to enhance crisis management planning by clarifying roles, responsibilities, and accountability during a crisis.



By gaining a deeper understanding of potential disruptions and **emerging risks**, organizations can align ERM processes with shifting business conditions and strategic objectives. It's critical for healthcare providers to understand where to invest time and resources to achieve the greatest risk-reduction impact.



The results of an ERM assessment can help a healthcare organization **establish controls, create clear escalation triggers, and clarify ownership and accountability**. While healthcare leaders should consider ERM a business discipline, they are also bound to comply with a complex array of standards, laws, and regulations.



Embedding risk considerations into broader business processes, rather than treating ERM as a standalone function, can **position the organization to withstand operational and financial disruptions** while adapting to technological change.

Turning Risk into a Performance Opportunity

For healthcare leaders, unaddressed risk can show up as delayed patient care, weak crisis management, and further pressure on thin margins. An enterprise risk management assessment helps turn risk management from a reactive, compliance-driven exercise into a capability that actively supports strategic objectives, protects operational and clinical performance, and strengthens long-term resilience. Organizations that make this shift are better positioned to maintain operational continuity during disruptions and remain focused on strategic objectives rather than constantly reacting to the latest crisis.

BDO's eBook, **Enterprise Risk Management: An Engine for Achieving Performance**, explores how healthcare organizations are replacing static heat maps and siloed risk efforts with an integrated ERM strategy that strengthens resilience, improves accountability, and supports better decision-making across the enterprise. BDO's [ERM services](#) offer tailored risk management strategies designed to help healthcare leaders protect their organizations and achieve their performance goals, with a cross-functional approach spanning protection, innovation, and operations.

Explore the **Enterprise Risk Management: An Engine for Achieving Performance** ebook ►





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our **Enterprise Risk Management services**
and how we can help your organization
build resilience for the future.

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