

# ERM - Who Moved My Comfort Zone?

What is the scope of the risks that ERM will consider?

If the exponential increases in healthcare costs are not sustainable, what risks does this pose to the provider and what can be done about these risks?

How does ERM relate to quality?

What is the implication of the increase in disease resistant bacteria to ERM?

Does the effort to integrate patient records to reduce overlap and provide a more holistic treatment enhance or reduce privacy risks?

What is ERM's role in addressing potential and actual conflicts of interest?

# ERM - Who Moved My Comfort Zone?

Are you ready to treat victims of a pandemic or terrorism event? What is the role of ERM in disaster planning, not only ensuring there is a plan but making sure it is effective?

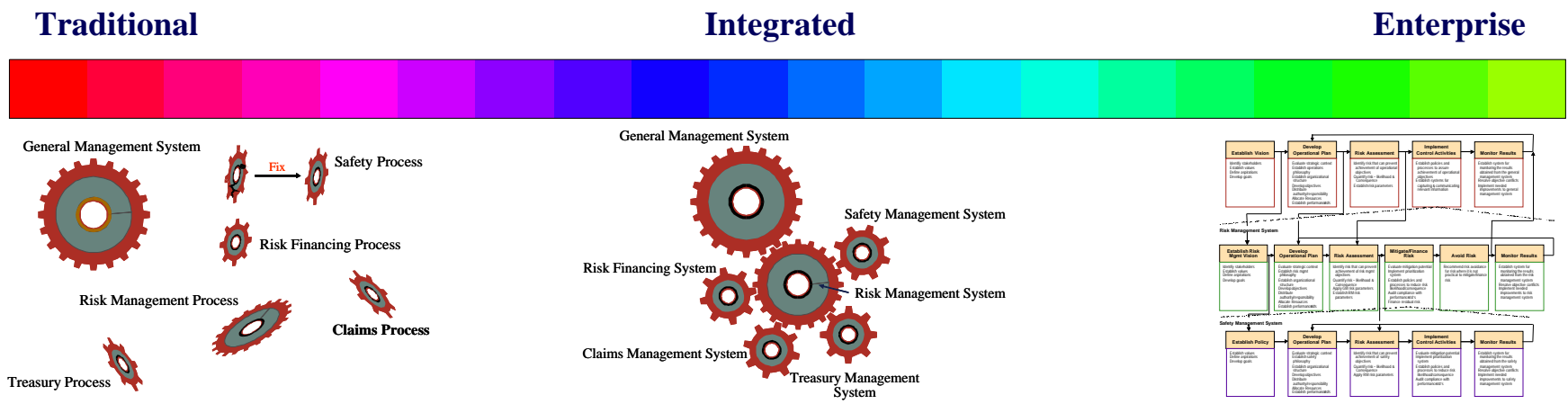
What is the anticipated value of ERM to the organization and how will that value be measured?

How quantitative will the ERM measurements be?

When the practice of medicine itself is becoming more and more about measurement of results—outcomes, procedures, etc.—can ERM be purely qualitative?

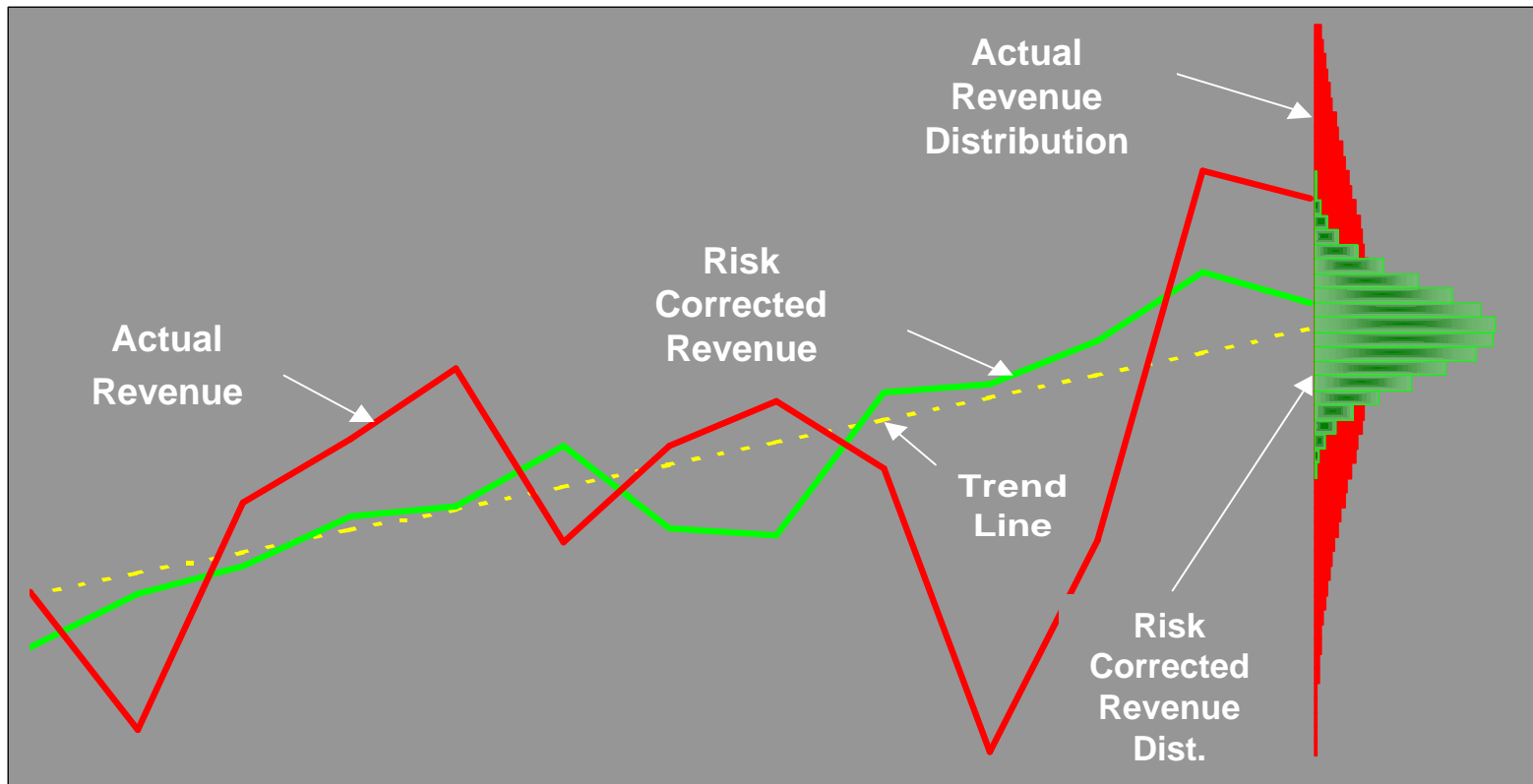
Is there a non-financial metric for effective risk management?

# Risk Management Spectrum



# ERM Today – What It Is

ERM is a comprehensive framework for doing business in which all activities are evaluated for potential variation from expected outcomes – better or worse – in a consistent manner.



## ERM Today – What It Is Not

- Merely a compliance exercise
- Just a tool for comparing program options
- Limited to any one risk category – insurable, operational, financial
- Something that has to be done all at once & therefore is insurmountable

# Common Drivers of ERM

- Compliance with regulatory bodies and internal audit
- Need to know more about risks and need for better protection
- Shift from event management to process management
- Sarbanes Oxley, et al
- Need to explore risk financing alternatives and increase efficiency of capital allocation
- Increased Board responsibilities: understand and concur with the organization's risk appetite (COSO)

# ERM Keys to Success

- Leadership that sets the direction and empowers others to act
- Establishment of ERM objective and clear communication of that objective
- Discipline in planning and execution
- Participation of cross-section of employees in multiple operational areas

## ERM Keys to Success continued

- Adoption a common metric for measuring success
- Culture that fosters innovation and collaboration along with transparency
- Focus on causes rather than effects (loss events)



## What Kind of Results Can Be Achieved?

- Greater assurance that risks that jeopardize organizational objectives are controlled
- Strategic focus on organization's unique objectives, capabilities and environment
- Improved corporate governance and compliance
- More efficient allocation of operational and capital resources
- Potential savings from reduced premiums, capital requirements

# Risk Management Approach



# Remember The Upside of Risk

Risk is good. Understand it. Value it.

- Ultimately risk management should not just be about losses and costs
- Risk management also should be about creating value
- Enabling the organization to better grasp opportunities
- What we truly want to manage is opportunity

Willis