



KPMG healthcare CFO roundtable: 3rd edition

Trends and insights from industry leaders

August 2021



CFO agenda

Earlier this year, new remote working arrangements necessitated by the pandemic elevated CFOs investment in technologies like AI and machine learning in the back office. However, as the year wore on and healthcare organizations started to see a return to some sense of normalcy, there has been a shift in focus to the consumer experience and patient outcomes. This shift has pushed digital technology enablement initiatives back to the top of the CFO agenda.

At the same time, there is a widespread effort across the healthcare industry to make greater use of data as the underlying agent for digital transformation. Frustrated by access issues during the pandemic, patients are now demanding more seamless interactions with healthcare providers and payers. It is, therefore, increasingly necessary to facilitate reliable access to data across multiple patient touchpoints. Even as they fund these investments, CFOs are finding that their Boards are increasingly interested in detailed data governance reporting, including demonstrable efforts to minimize cybersecurity risks and data-privacy breaches.



Current industry trends

Digital technology enablement

As iterated by KPMG Emerging Technology leaders Greg Corlis and Mike Krajecki, hospitals and health systems can digitalize their operations to transform clinical workflows and maximize the outcomes of patient care. Technologies to which CFOs should be paying attention range from advanced predictive devices for clinical decision-making, to 5G for broad-based campus communications, to computer vision to facilitate more rapid diagnoses.



These scenarios illustrate how to foster connectivity between disparate data sources, platforms, and clinical user communities.

— **Greg Corlis,**
Principal, Emerging Technologies, KPMG



Defining digital enablement: The discussion focused on three use cases:

1. Patient care/experience: In order to foster a more reciprocal relationship between patients and providers, there is increasing use of wearable technologies so that patient data can be shared anytime, anywhere and filtered back into the longitudinal record of a patient's health housed in the EHR platform. Other digital technologies that are increasingly being used to foster more connected patient care include post-op home healthcare solutions that monitor patient vital signs like blood glucose, heart rate, and blood pressure.

While some of this innovation is already in flight there is still much progress to be made. In response to a query from one of the roundtable participants about how to determine whether a healthcare organizations is executing well on its digital technology ambitions, Mike Krajecki cited several things to look for:

- The use of technology not just in a support role, but as a catalyst for innovation, e.g., where hospital clinical and operational leadership doesn't just ask for Cloud technology, but understands the cloud strategy, data models, and tools themselves
- A 'Digital Front Door' to help create personalized experiences wherever patients are

- Tapping into digital tools as catalysts for health equity, i.e., to reach underserved communities via digital channels.
- Getting as much functionality as possible out of major digital technology investments

Regarding the latter, one of the participants said that his organization is maximizing the functions of Epic EHR software, turning on every tool that Epic has. Another participant corroborated this approach, saying that his organization looks for technology tools that eliminate the need for human intervention.

- 2. Provider experience:** One of the insights that has come out of the pandemic is the need to make clinical decisions more rapidly than ever. As hospitals struggled to keep pace with the needs of patients with chronic conditions at the same time as triaging influxes of COVID-19 patients, it became clear that more advanced digital tools are needed to streamline clinical workflows.

New access channels that CFOs should consider to allow physicians to achieve more rapid insights into patients' conditions and appropriate interventions include AI-assisted triage incorporating patient data from different databases and devices; computer vision to monitor and detect subtle changes in patients' health statuses, including temperature fluctuations, rapid eye fluttering, onset of seizures, and more; and digital patient care capabilities developed through partnerships with pharmaceutical manufacturers and medical device companies, many of which can be monetized, opening up funds for additional investment.

- 3. Hospital operations:** KPMG emerging technology team envisions a future of ubiquitous "smart hospitals." Technologies that will help streamline hospital operations include artificial intelligence tools that track the need for repairs and upgrades to HVAC and lighting systems; predictive analytics tools that can pinpoint optimal scheduling slots for cleaning and sanitization; and wayfinding solutions that can improve the patient experience by dynamically adjusting physicians' schedules to align with shifting capacity.

Measuring success: One roundtable participant pondered what levels of digital technology adoption and direct engagement with patients are needed to realize a return on investment. In response, Greg Corlis shared that, in KPMG experience with clients, adoption takes time, but organizations should consider an initiative successful when the organization has achieved a 50 percent reduction in wasted provider time.

Along the way, organizations can take a progressive approach to digitalization, i.e., by first using digital tools to remove friction from patient registration followed by digitalizing test results and documentation of patient encounters. Further down the line, digital tools can be used to create more dynamic, fluid physician schedules, as well as two-way communication between patients and care teams. Ultimately, hospitals may want to introduce wayfinding—for both patients and physicians—so that logistical barriers can be overcome and on-time performance can be maximized.

Leading the charge: Of course, even as the CFO plays a major role in evaluating technology investments and ROI, there is some disparity among roundtable participants about which C-suite role should lead digital transformation efforts. Many of the participants said these efforts were currently headed by the CIO or CTO, although some cited the CEO, the CMO, or the relatively new position of Chief Digital Officer (CDO). Two interesting models stood out: One participant said that her organization's digital initiatives are bifurcated into two workstreams: core systems, managed by the CIO and the "digital front door," managed by the CDO. Another participant shared that the C-suite executive functioning as the head of digital information is the CEO of one of the hospitals on their campus. Finally, Ash Shehata, KPMG Healthcare and Life Sciences National Sector leader, said that, in client work with academic medical centers, he has seen a number of scenarios where digital technology enablement is led by an executive from research and development.



To engage multiple C-level executives, I have to be able to show a return on investment.

— KPMG event participant





Enterprise data governance

As discussed in the previous section, digital transformation is dependent on reliable and accessible data, and taking a proactive approach to cybersecurity can help propel digital transformations even faster. Anurag Rai from KPMG cybersecurity practice and Thomas Haslam from KPMG data & analytics practice shared insights on how to access and capitalize on the wealth of patient data across the healthcare ecosystem while ensuring there is robust data governance and quality.

While all of CFO participants in the roundtable are fully committed to data protection, some expressed frustration with ensuring data quality and harnessing the mountains of data to which they have access so that they can drive real results: One participant said that he feels confident in his organization’s ability to protect data, but believes they could do more to mine the data and drive results, by, for example, using RPA technologies. Anurag Rai explained that there is a tipping point where data is so protected that it’s difficult to derive value because it is protected by so many guardrails.



If you are protecting data, you may lean toward overprotecting it.

— Thomas Haslam,
Managing Director, Data & Analytics, KPMG



The team approach to data governance: Traditionally, each department and committee in a healthcare organization addressed data in its own way. This approach led to inefficient data management and periodic confusion about where data was housed, as the same information could be stored in multiple locations. The key to unraveling this confusion is to move from separate departments driving their own agendas to a senior-level data governance council comprising the personas of Chief Risk Officer (CRO), Chief Information Security Officer (CISO), Chief Privacy Officer (CPO), and the newly created C-level position of

Chief Data Officer (CDO). While most of the roundtable participants saw the value in this multi-level approach to data governance, there were a few skeptics who thought they would never garner the buy-in needed to involve so many C-level executives. Most organizations already have the building blocks disbursed across their privacy, security, risk management, and data governance organizations. The key is to integrate these views to support true data visibility that enables data protection and trust.



Organizations have different entry points for solving the data problem, such as the revenue cycle, front-office transformation, back-office transformation, security, compliance, etc. You don’t have to reinvent the wheel. If there’s a dominant group leading the charge, other groups can piggyback to create a consolidated view.

— Anurag Rai,
Managing Director, Cyber Security, KPMG



For example, healthcare organizations that adopt this team approach will be organized as follows:

- **CDO:** Maximizes the value of data assets and catalyzes digital transformation, all in the name of product and service innovation. At the same time, the CDO has to work within the bounds of policies set by the CRO and CPO organizations.
- **CPO:** Develops policies and standards, roles, and governance to coordinate privacy compliance initiatives. These policies and standards connect directly to the regulations tracked by the CRO.
- **CRO:** Identifies, uses, and ensures the trust of the “right” data in risk applications and models, and provides insights into the present and emerging regulatory environment.
- **CISO:** Seeks to mitigate the risk of cyberattacks, addresses nuanced data-protection needs, and protects personal data from unauthorized exposure.



Topics for future sessions

The CFOs in attendance at the roundtable expressed interest in the following topics for future sessions:

- **Staffing shortages:** Address how to mitigate the fallout from a burned-out workforce, early retirements, and a looming nursing shortage.
- **Inflation and strategic cost management:** Analyze whether the trend of medical inflation outpacing overall economic inflation is transitory – stemming from resumption of depressed elective procedures, an improved payer mix, and an improved case acuity mix – or if the trend is longer lasting. If it's the latter, health systems and payors need to balance higher prices with strategic cost management, particularly for non-clinical line items like building materials, which have seen double-digit price increases this year.
- **Executive order on hospital and health plan consolidation:** Respond to the Biden administration's anti-trust crackdown, particularly as some hospitals are banking on M&A to counter the financial toll they sustained during the pandemic.
- **Payers and the federal agenda:** Discuss the likelihood that the Biden Administration will institute more mandatory value-based payment models meant to foster "meaningful accountability for quality and total cost of care."



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