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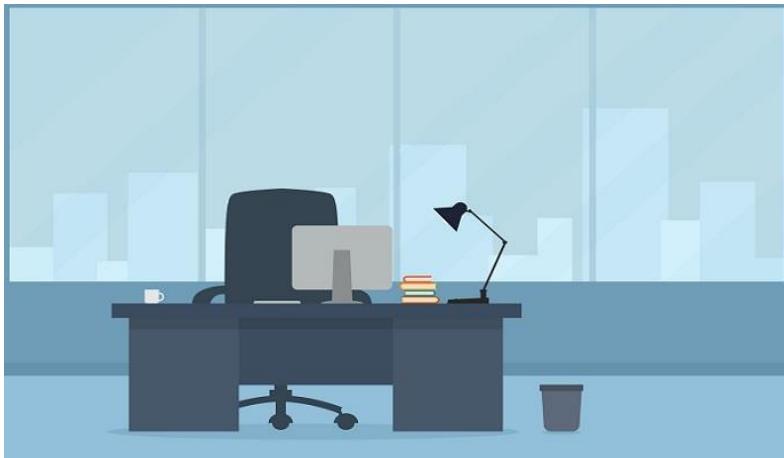
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PRACTICE MANAGEMENT NEWS

Healthcare CFO Role Evolving to Improve Enterprise Performance

New research shows healthcare CFOs are stepping outside of their traditional role to improve overall performance, including in operations and cybersecurity



Source: Getty Images



By [Jacqueline LaPointe](#)

July 10, 2019 - In an evolving healthcare landscape, the role of the healthcare chief financial officer (CFO) is undergoing significant transformation to keep up.

CFOs of major healthcare organizations are no longer strictly in charge of managing the finances and uncovering opportunities to save money. In light of [value-based care](#),

hospital mergers and acquisitions, healthcare consumerism, and other industry trends, healthcare CFOs are stepping outside of the traditional role and putting on new hats to ensure their organizations survive in the rapidly changing healthcare environment.

Cybersecurity is one of those new hats, according to a new [survey](#) from market research firm Black Book.

The results of its Q2 2019 survey on patient privacy monitoring solutions found that hospital CFOs are increasingly becoming their organization's "guardians of health system cybersecurity."

Eighty-five percent of CFO respondents said they seek greater compliance to proactively audit access to protected health information. That percentage is up from 79 percent in the first quarter of 2018.

Additionally, 80 percent of the financial executives surveyed reported that avoiding civil and criminal penalties is one of their chief motivations for enhancing cybersecurity.

"The direct cost of a data breach to the organization's bottom line is obvious and most institutions were insured against early incidents, but the loss of customer loyalty and trust, and the associated patient revenue in the wake is now being closely evaluated by hospital boards and financial executives," said Doug Brown, founder of Black Book.

Healthcare data breaches and cyberattacks are a major expense for providers. Cybersecurity company Radware recently [reported](#) that the average healthcare organization spent \$1.4 million to recover from a cyberattack and that value was higher than almost all other industries.

As a result, cybersecurity is becoming more than just a chief information officer (CIO) priority. Seventy-seven percent of all executives surveyed by Black Book said they have a growing concern about their organization's readiness to respond to potential breaches.

Eighty-one percent of the executives said cybersecurity is becoming an enterprise-wide issue because of limited budgets, as well as the training and expertise of technology leaders who are unfamiliar with the healthcare industry and/or cybersecurity.

CFOs specifically are becoming an important part of the hospital cybersecurity team to ensure the enterprise invests in the right technology to prevent costly adverse events. Two-thirds of CFOs in a separate Black Book [survey](#) from June 2019 said they are now involved in influencing the purchases for non-finance areas.

Beyond cybersecurity, another [study](#) recently published in the ***Journal of Management Accounting Research*** found that CFOs are increasingly assuming the responsibilities and roles of the chief operating officer (COO).

In general, COOs are responsible for strategy implementation, handling disturbances, marketing, customer relations, and research and development, researchers from the University of Alabama and the University of Oklahoma explained in the study.

While COO responsibilities are distinct from the CFO's, "managers from financial background can fulfill operational roles admirably," they concluded.

The research found no evidence that a CFO-COO adversely impacted operations. In fact, organizations combining the CFO and COO roles reported improved financial reporting quality, with accruals being relatively more predictive of future cash flows.

"Learning that CFOs who take control of operations appear to do a reasonable job with operating decisions should be encouraging news for proponents of broad-based training among financial experts and to those accountants wishing to move beyond historic 'number counting' stereotypes...Our study also informs boards of directors...that CFOs who are given operational control can effectively perform both roles," researchers wrote.

With [**healthcare executive compensation**](#) rates reaching new highs, combining key leadership roles can save hospitals and health systems money without impacting the organization's overall performance.