




A focus on  
**HEALTH**



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*The transition to Aon as our insurance broker was a smooth process and all interactions were very professional.*

*In particular, the presentations and advice given by Aon to the executives and to the Audit & Risk Management Committee were well received and enabled informed decisions regarding insurance to be made.*

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**Peter O'Donovan, Director of Corporate Services, Lifehouse**

# A team of health industry experts: Committed to making an impact



Rising operational costs, the switch from paper to electronic records, heightened focus on quality, informed and empowered consumers, new treatments and technologies, and a new skill set requirement for the caring workforce are placing a new set of pressures on the health sector.

At the same time, the industry must also manage a myriad of risks, which include malpractice claims, data security and privacy risk as well as property exposures. As a result, healthcare providers need new ways to manage risk, requiring an approach that combines innovative solutions with a deep understanding of the industry's issues and requirements.

In order to realise sector opportunities and mitigate risk, Aon has developed a dedicated health practice of committed experts across Australia, who play a key role in understanding the sector's key challenges.

Aon's Health Team's experience and insight, having worked with over 200 health providers, means our clients receive an integrated solution that is practical and responsive to their current and future needs. Specifically, our experts can assist with medical malpractice placement and claims, data security and privacy risk, recruitment and talent consultancy, employee engagement, workers' compensation reviews, WH&S, property damage and business interruption, risk profiling and more.

I am particularly passionate about the health sector – and in particular about the future of healthcare in this country. With the rapid acceleration of change and scale of disruption facing the sector, innovation is no longer optional.

Innovation is intrinsic to what we do at Aon, and a key focus of our health practice. So we can realise opportunities for our clients, we actively collaborate with them, and with the broader risk and insurance community, to ensure better outcomes for patients, employees, business and the community.

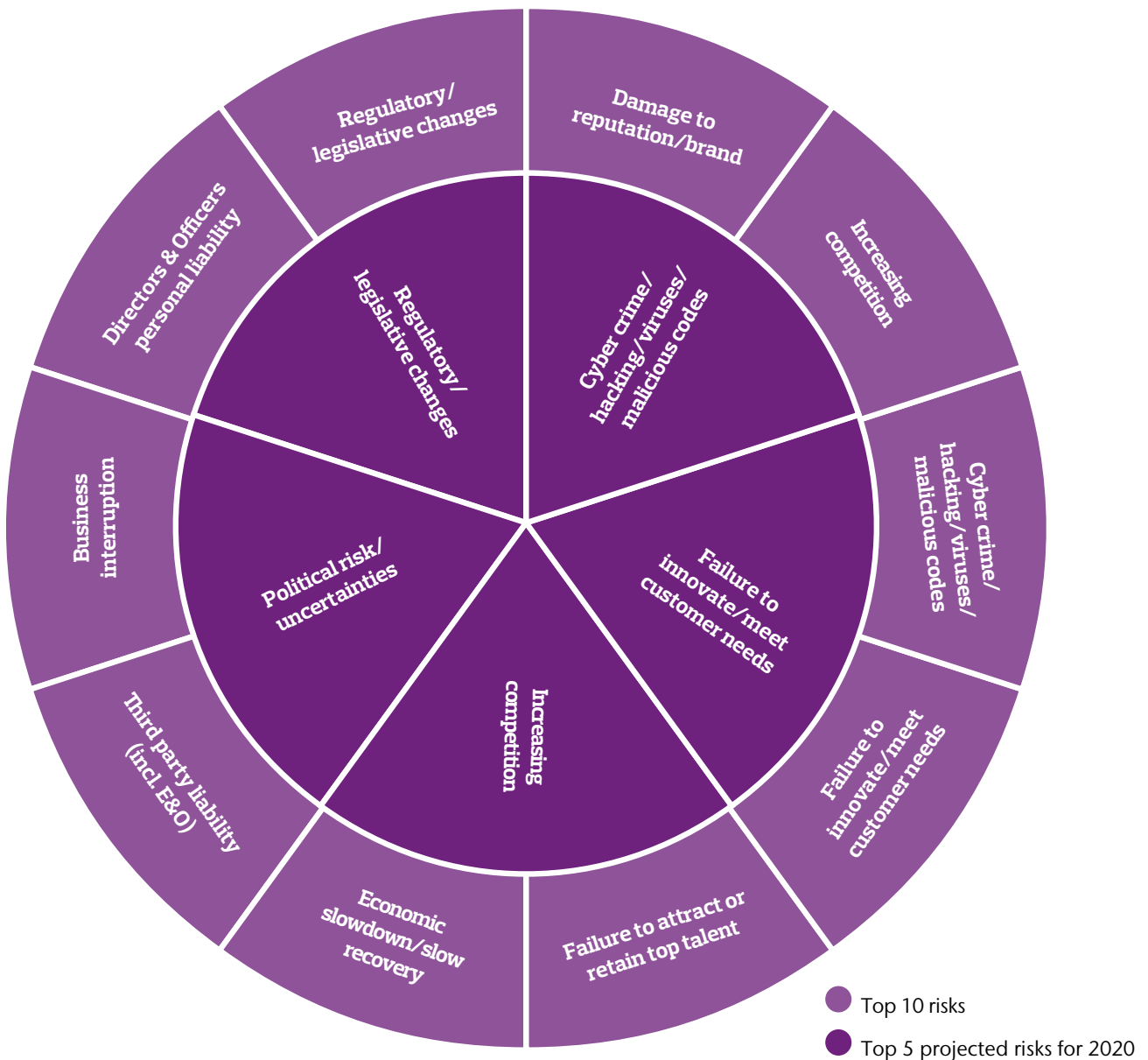
## **Kenneth Corcoran**

Aon's Pacific Health Leader

# Key health sector risk concerns

We take the time to develop a deep understanding of your organisation and your unique risk exposures. While we will design and implement a risk management and insurance program that provides optimal protection against insurable risks, we also consider all risks that could potentially impact upon your business.

The Aon 2017 Global Risk Management Survey identified the key risks for the healthcare sector below.



Unsurprisingly, regulatory/legislative changes and damage to brand and reputation remain the top two risks for the health sector.

Cyber crime remains in the top five risk concerns, reflective of new threats as well as the amplification of such events through social media and the press. We anticipate that cyber risk will only continue to be a growing concern, particularly given that data privacy regulations are evolving in Australia.

Third party liability and Directors and Officers personal liability concerns are on the rise, with both appearing as new entrants to the top 10 this year, and we have seen several high profile claims publicised in the media in recent times.

# How we help: Specialist risk solutions

## Risk control services

We offer enterprise risk management consulting to help enable strategic, long-term risk mitigation for health operators. Our services also address exposures in management liability, workers' compensation, employee health and wellness, and property.

## New technologies

With the electronic transmission of sensitive and confidential information, and use of digitally connected health technologies, privacy and cyber security should be a major focus of providers' enterprise risk planning. In order to guard against a privacy breach or malicious cyber threat, Aon can help ensure compliance with statutes such as the *Personally Controlled Electronic Health Records Act 2012*; can help build an enterprise cyber risk strategy that addresses cloud-based computing attacks, medical device security concerns and privileged access management; and can help formulate a cyber risk transfer program.

## Actuarial and analytical services

Through our analytical services, we develop loss and exposure summaries, provide retention and cost-of-risk analysis, develop analytics trends, execute pro forma financial modelling and produce actuarial and benchmarking services. Our actuarial and analytical capabilities include the analysis of existing alternative risk financing vehicles and recommendations for new structures. In addition, we provide direct feasibility studies and input, direction and implementation of alternative risk financing vehicles.

## Benchmarking

Aon's benchmarking resources address and include: coverage limits, retention and pricing studies, hospital employee benefits, long-term care liability claims, healthcare captive studies and custom reports such as Aon's Medical Malpractice Claims Benchmarking report.

# Other value added solutions for the health sector

We offer a range of value added solutions to the healthcare industry across our core capabilities.



## Risk

New risks continue to emerge at an accelerating rate and existing risks are continually evolving. Drawing on our industry expertise, Aon can support you across the entire risk spectrum - from risk identification, quantification, mitigation and transfer through to claims advocacy and support. As your trusted risk advisor we provide solutions that are bespoke to your business objectives and unique risk profile.

As new risks continue to emerge at an accelerating rate and existing risks continue to evolve, our insights on risk trends will help you build a future-proofing risk management structure.

### Spotlight on: Data security and privacy risk

While no industry is truly immune to cyber risk, the healthcare industry is particularly vulnerable due to the extensive amounts of personal and sensitive information collected and stored on healthcare provider systems. The sharing of records with a variety of providers including specialists; heavy dependencies on outsourced service providers as well as complex chains of liability also open up a myriad of exposures unique to the healthcare industry.

Any breach of customer health records has potential to cause serious harm to the affected individuals. While it is estimated that these records sell for anything from USD\$10 to over USD\$1000 per record on black market websites (the most valuable to the dark markets), the financial cost to your brand and reputation can be crippling. This includes costs ranging from business interruption, incident response, third party claims, legal costs, customer notification expenses, to increasing regulatory fines.

As the fourth highest ranked risk to the healthcare industry in Aon's latest Global Risk Management Survey, cyber risk shows no signs of waning, and a diligent resilience plan is essential. Aon's Cyber Risk Solutions group helps organisations assess their incident readiness that includes testing of cyber and crisis incident response plans. We help organisations achieve cyber resilience in the face of rapidly evolving threats, before, during and after a cyber security incident.



## Health & Wellness

We understand that your employees are your organisation's most important asset. We also recognise that their health, safety and well-being have a direct impact on the health of your business.

Aon can provide expert advice to help you navigate the increasing safety legislation landscape, and manage rising healthcare costs which are driving the need for preventative actions and better benefits.

### Spotlight on: Mental Health

One in five Australians is affected by a mental health illness each year, and healthcare employees are particularly at risk. Studies have revealed that the incidence of nurses reporting occupational stress and mental health problems are one in four, with many sources saying it is under-reported in healthcare workers and therefore potentially much higher. Awareness of the high incidence of mental health problems suffered by doctors is currently being raised by Doctor's professional organisations.

Identification and early intervention are key to supporting employees who are not coping in the workplace – it means assisting an employee before a symptom develops into an injury. Once a mental health issue has passed the threshold of the clinical horizon, the employee will require treatment rather than intervention.

Aon's Mental Health First Aid training program provides attendees with the knowledge and skills to be prepared for the early identification, prevention and support required for employees experiencing mental health conditions.



## Talent

Attracting and retaining talent is a long-standing issue in healthcare, with the challenges of a shortage of health professionals in an industry advancing both technologically and in scale.

We provide strategic human capital consulting expertise, as well as provide tools, insights and benchmarking data across the areas of talent, reward and performance, to enable you to attract, select and retain the best talent in healthcare.

### Spotlight on: Employee Engagement

Employee engagement is a highly predictive contributor to a range of performance outcomes, including financial performance, customer outcomes and of course, employee performance and retention. In an industry which is rapidly changing (e.g. regulatory change, focus on patient outcomes, ageing workforce, etc), cultivating a highly engaged workforce that delivers safe and high quality care can be challenging. We partner with you to use technology, analytics and insights to understand engagement across your entire employee base to help you work towards your strategic goals such as creating a culture of high performance and safety. Aon is one of the few organisations in the world who can partner with you in this regard.

Our renowned local and global Best Employers research enables us to speak with confidence on the distinctive practices of organisations that excel through having a highly engaged and productive workforce.



## Retirement

Financial risk, market instability and regulatory changes can make it difficult to manage your employees' retirement and long-term benefit programs. Especially those that align with business goals and optimise results for both employers and employees.

Our dedicated consultants and actuaries help ensure that your retirement programs are secure, equitable and sustainable, and can help your organisation design a market leading strategy to enable effective and efficient management of your retirement and long-term benefit plans.

### Spotlight on: Accounting for Long Service Leave

Accrued leave and long service leave are statutory entitlements in Australia and can differ by industry and by state legislation. Based on service, employers are obliged to pay out unused leave balances on certain events such as the employee exiting the employer. All employees accrue long service leave which are obligations on the employer so have to be accounted for in the employer's financial statements.

Aon assists employers to optimise their accounting for long service leave in their financial statements. By using an actuarially calculated discounted approach, annual costs and also the balance sheet obligation can be significantly reduced. This method takes into account that the leave payments are not paid out at the accounting date, but are instead paid in the future, and hence these future payments are actuarially discounted back to the accounting date. This allows for lower accounting impact compared to an undiscounted (book value) or partially discounted approach. This method avoids overstatement and provides a best-estimate of these costs, taking into account the employer's expected rates of future incidences of leaving service, which may differ by age, service, and grade.

# We champion the needs of the healthcare sector

Aon has a genuine focus on health as a key industry sector and as such our team is committed to championing the needs of the healthcare sector in order to deliver distinct client value. We deliver this client value by providing the following benefits:

## Advocacy

Aon has the market leverage to ensure the most effective protection of your business, your assets and your people. We offer market-leading client advocacy ensuring our health clients receive innovative insurance programs and efficient placement processes.

## Fit-for-purpose insurance programs

Insurance is not a one size fits all approach. To ensure a tailored program design, and achieve the best coverage and price outcomes, we partner with our clients to address their specific organisation's risks and needs.

## Efficient claims management

Within Aon's Health Team, we have a group of dedicated claims advocacy members, who are focused on managing the specific complexities of health related claims. Should the worst happen, our health claims experts will be your first response, acting on your behalf to ensure an efficient and accurate claims settlement.

## Access to robust benchmarking data

Our job is to help you make informed decisions. By using our unrivalled access to data on risk placement across Australia and the globe, we can help:

- Negotiate with insurers to achieve coverage and price enhancements
- Benchmark your risk against others to identify where you may be over insured/ under insured or if any gaps exist in your risk portfolio
- Analyse the claims experience of existing clients with various underwriters to ensure you are best placed should the worst occur.

Aon only uses commercial insurers in a competitive market who are committed to the sector and are willing to offer long-term policies that offer greater pricing and budget certainty. Healthcare organisations can also have confidence in the financial stability and governance backing of our insurers, as insurance cover is only provided by insurers that are APRA regulated and S&P rated.



# Data & Analytics

Our job is to help you make informed decisions; using our experience, expertise and understanding of the market we can help inform you of current and future risks. By using our unrivalled access to data on risk placement across Australia and the globe we can back this up with hard facts, which delivers you that extra level of confidence and more negotiating power.



With this more informed view of the market we add value by:

- Using this knowledge of the market to negotiate with insurers on your behalf to get the best coverage at the right cost
- Benchmarking your risk against others in your sector and identifying where you are potentially over insured/under insured or if there are any gaps in your risk portfolio
- Analysing the claims experience of existing clients with various underwriters to ensure you are placed with an insurer who can deliver the best outcomes should the worst happen
- Helping you to progress through your risk maturity life cycle, reducing your exposure to risk and increasing your attractiveness with insurers so we can again use this to negotiate on premiums

In addition, Aon has a dynamic people analytics capability, drawing on our vast employee engagement and reward databases to generate fact-based insights to assist leaders in their decision-making and ultimately save the company money and/or improve the performance of the organisation.



## Thought leaders in health

As a firm, and as individual professionals, we believe in the power of industry participation and in the importance of staying on top of new trends, issues and regulations. As part of this focus, we produce a diverse variety of thought leadership materials and quality business resources to help keep our clients informed on the issues that matter the most.

# Our health credentials

Our strength lies in our relationships with our clients and key industry partners.

Our health team has significant experience working closely with over 200 clients, helping them achieve innovative risk solutions. Our experience is broad-ranging across the sector, and our client base extends to hospitals, IVF, doctor groups, pathology, ambulatory care, radiology and aged care facilities.

A snapshot of our current health clients is included below.

- Blue Cross Aged Care
- Cabrini Care
- Calvary Health Care
- Catholic Healthcare
- Epworth HealthCare
- Genea
- Healthe Care
- Healthscope
- Independent Practitioner Network
- Mater Hospitals and Health Services
- Monash IVF Australia
- Primary Health Care
- Ramsay Health Care
- Sonic Healthcare
- St Vincent's Health & Aged Care
- The Uniting Church in Australia (Queensland Synod)
- Virtus Health



# Meet our health experts

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## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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