Healthcare Trends
## 2019

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Methodology

In late 2018, Tyler and Company conducted a healthcare executive market survey. Survey participants consisted of C-suite professionals. Primary research was conducted through a questionnaire containing multiple choice and open-ended questions. The survey included questions that pertained to positions, considering a change in upcoming years, career advancement opportunities and positive recruitment experience.

Participants received the questionnaire via email and answered the questions at their leisure. The goal was to discover how healthcare leaders view their current positions, industry trends and new opportunities.

Healthcare Leader Participants
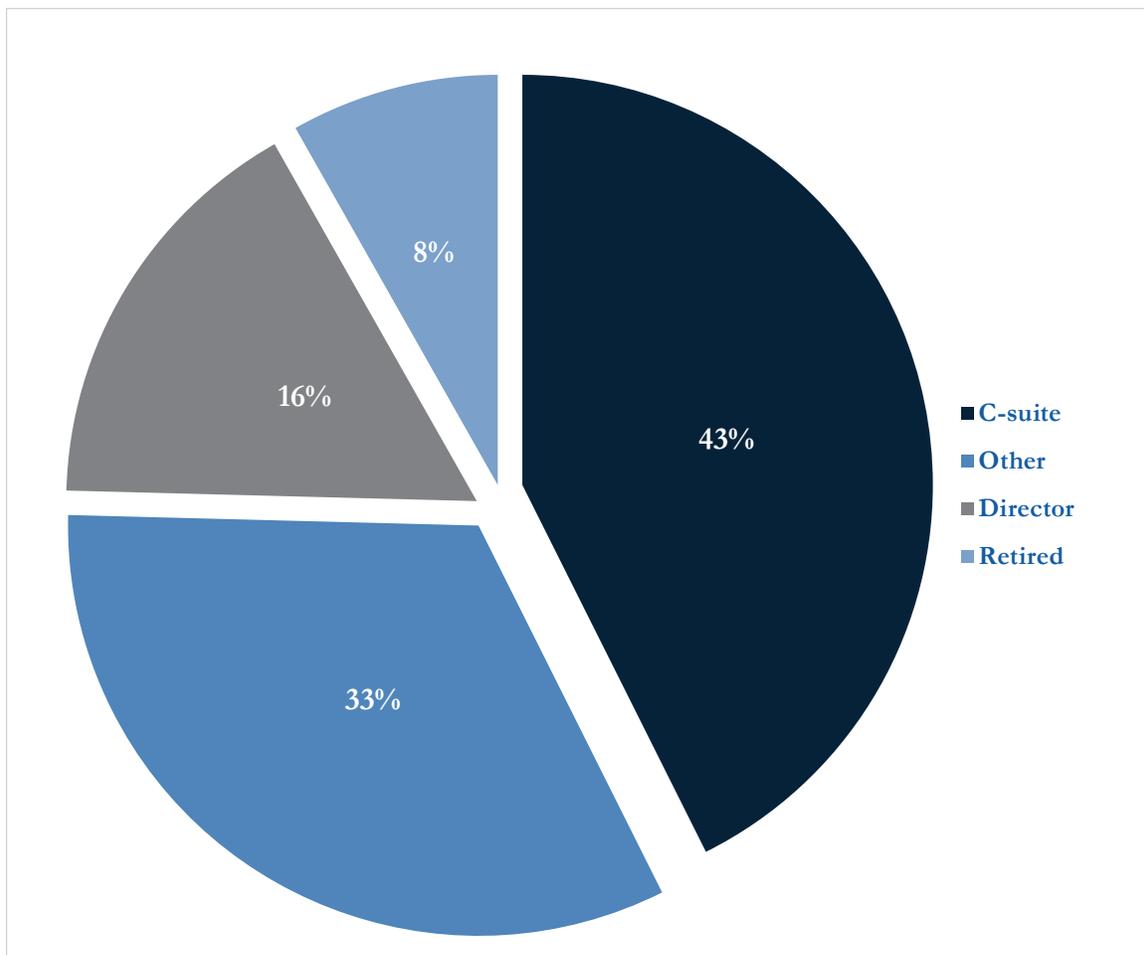
*Tyler & Company had a 98 percent participation rate for this survey.*

New Opportunities

As the old saying goes, never stop looking for new career growth opportunities. The same is true in the healthcare industry. Regardless of if leaders are happy in their current position or looking for a change, our data shows they are always open to new opportunities. In fact, 89.66 percent of healthcare leaders would consider pursuing a new position if the opportunity presented itself. 10.34 percent were happy at their current positions.

89.66 percent answered yes to considering a change and would use the following timeline:
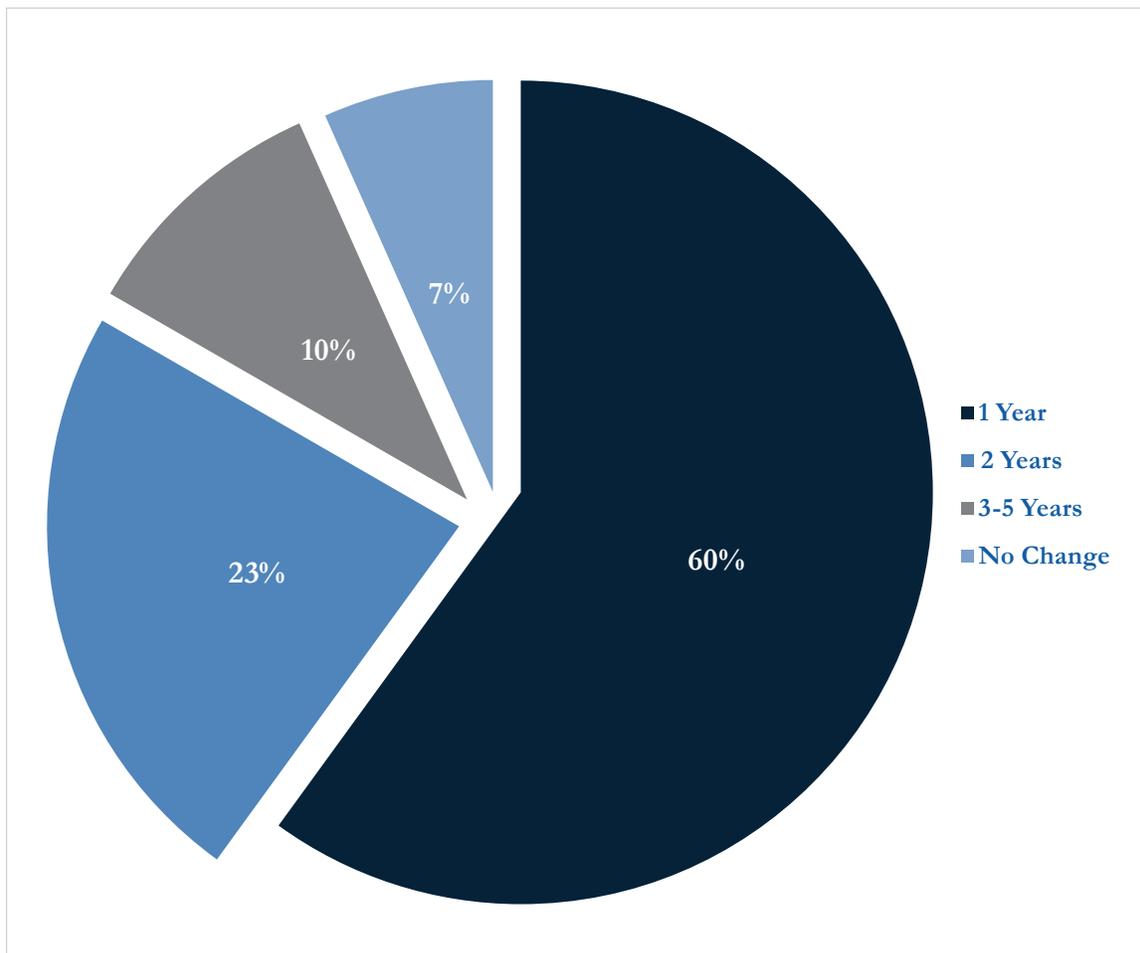
When asked if they would be interested in a career advancement opportunity, 56.67 percent of participants said they would leave their current position to pursue a new role.
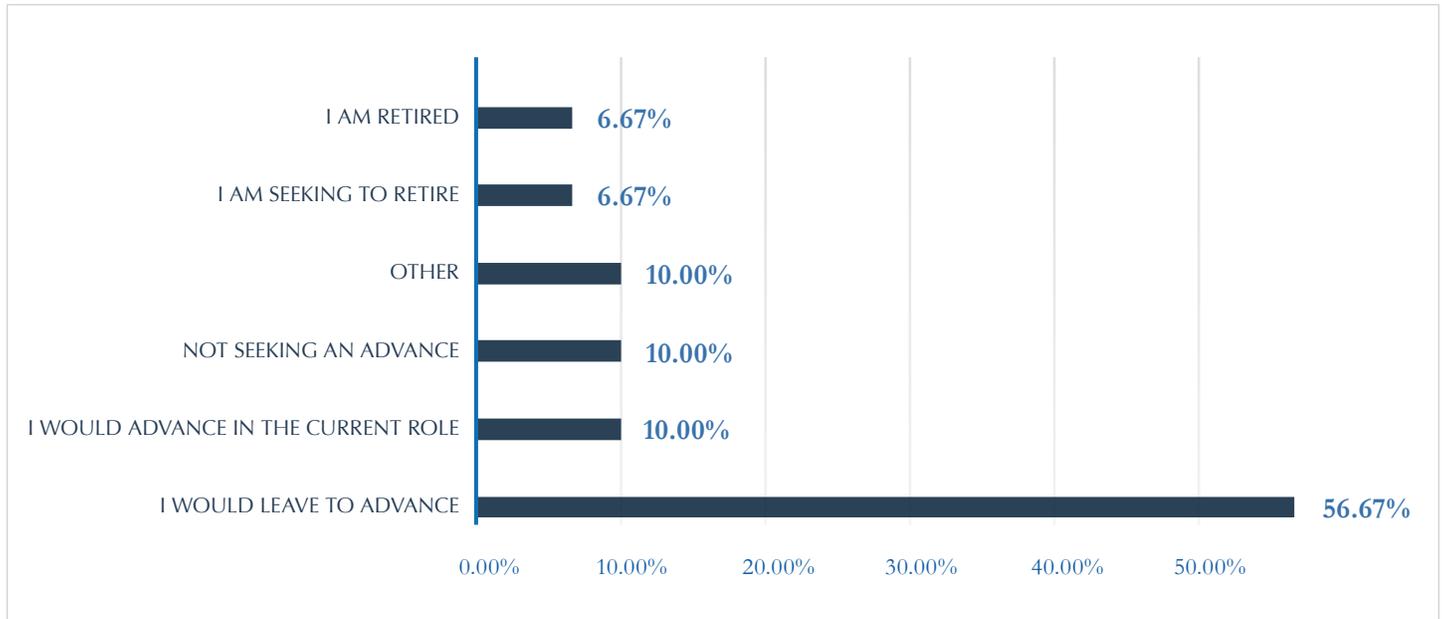
Retain in Current Position

According to Tyler & Company's study, most of our participants stated that they would leave their current position for a new role. However, if given the opportunity to advance in their current position, many would choose to do so.

"I would need continued opportunities to grow, mentorship, environment of support, learning and positivity, as well as willingness and interest to take an outsider's ideas/feedback," said one survey participant.

How can healthcare leaders keep their best employees at their current position or organization?

Perhaps the biggest incentive to retain an employee is to provide them with opportunities to grow.

Employees are looking for companies to invest in them as much as they invest in their work. Forbes listed six steps for retaining good employees: communication, coach instead of manage, establish clear performance metrics and make employees accountable for delivering, leverage performance review to gain insights into employees' goal and aspirations, create growth opportunities and underscore positive feedback with something tangible. Opportunities to grow encourage better performance and positive work environments. [1]

"I would appreciate more recognition, financial and otherwise, for the contributions being made - especially since I have been performing two jobs for the past year with no additional recognition," said survey participant.

The *Harvard Business Review* weighs in with five ways to retain your employees. It categorizes the most important one as responsibility. [2] Meaning leaders must show their employees they trust them by giving them projects and tasks that allow them to grow. Respect, reward and relaxation were also cited in the article. People will always remember how you made them feel, and rewards speak to a person's emotional needs. A reward can simply be a "good job" lunch on the organization, service projects or anything that goes beyond monetary compensation. Lastly, the *Harvard Business Review* suggests that organizations should tie employees' wages to the organization's performance. By doing this, they can align workers' interests with the employers' interests. [2]

We are seeing more and more across all industries the importance of organization culture and values. It is important for candidates when interviewing or searching for a new job to keep not only their personal culture and values in mind but compare them with the company or organization they are interviewing with.

Not only is company culture important during the interviewing process for a new job, but it is often the reason people decide to pursue new opportunities.

In the book, *Fostering Culture. A Leader's Guide to Purposefully Shaping Culture*, author Shane Jackson shares the reason most people leave their job.

"We know that the main reason people quit or get fired from a job is because of misalignment between their values and beliefs and those of the company, team, or (most often) manager." [3]

When hiring for culture, Tyler & Company understands the industry. We know there is a significant difference between the culture of a small hospital versus a larger hospital. In a small hospital, the culture feeds on internal personal relationships. Executives in this environment tend to develop a more well-rounded experience, whereas executives in a larger hospital environment absorb more responsibility in a single area.

There are significant differences between for-profit and non-profit organizations. When a new candidate is placed in a new environment, he/she will need to adjust to the new setting. The most successful placements result when candidates with experience in a particular context are matched with a similar setting. Tyler & Company possesses the background knowledge of a for-profit or non-profit environment that is critical for a seamless onboarding process.

As healthcare organizations focus on developing and improving their corporate culture, the individuals they hire should espouse the values and philosophies of the organization.

Industry Challenges/Objectives

Reimbursement and Cost Control Dominate Top Priorities for Healthcare Executives

Sixty-two percent of healthcare executives ranked cost control as a top concern according to The Advisory Board Co. Annual Health Care CEO Survey, conducted in December 2017-March 2018. [4]

Out of the 146 C-suite executives that participated in the study, this was the first-time cost control was at the top of the list. Executives want to prepare the enterprise for sustainable cost control, so their shift has focused on cost reduction strategies. [5]

For executives to focus on cost control, strategic planning must take place. Hospitals and organizations are surrounded by companies that offer programs that allow them to take back control of their supply chain and quickly improve their budgets. This also helps hospitals reduce their environmental footprint.

"Uncontrollable costs like medical devices, drugs, wages/benefits, malpractice coverage are just a few of the many industry trends that we (executives) worry about," said a survey participant.

Modern Healthcare states, "Nearly two-thirds reported that preparing the organization for sustainable cost control was their top aim, followed by adopting innovative approaches to expense reduction and diversifying revenue streams." [5]

As health executives move forward and interest in revenue growth remains elevated, cost control will continue to be an essential discussion and asset in the organization's budget proposal.

Another way to help with cost control is to have a succession plan. When a C-suite executive leaves an organization, there needs to be a plan in place. If the exit is planned, then the organization should have a strategy in place and an executive or successor ready to step in and fill the vacancy. But what happens when the vacancy is unplanned? There are many reasons a C-suite executive could suddenly leave his/her position, such as, illness, scandal and other situations that can arise. When an organization finds itself with an unexpected vacancy, the best thing to do is to work with an outside firm to find an interim executive.

As a leading healthcare executive search firm, Tyler & Company has extensive experience and decades of expertise with the interim executive process. There are four different paths leadership teams can choose when they need to fill a vacant position.

1. Immediately find and hire the permanent replacement.

2. Leave the vacant position open or move someone over internally.

3. Engage an interim executive. By placing the search on hold and using the time and expertise of an outside, objective interim executive to assess and re-evaluate the organizational structure, culture and possible opportunities for improvement. (The "clean up" and "heavy lifting" by an interim often helps correct significant issues, which then allows the organization to attract and retain higher caliber candidates for the permanent search.)

4. Proceed with Steps 1 and part of 3 simultaneously.

To read more about Tyler & Company's interim process, view our case study here.

Staffing

Tension is rising as more doctors and nurses begin to retire.

"We have seen a shortage in our hospitals' staff among doctors and nurses as our senior-level employees began to retire, and we are unable to find new talent for opening positions," said a C-suite executive.

The US population is expected to grow by 11 percent in the next 12 years. Adults over the age of 65 will increase by 50 percent. The aging population affects physician supply, due to one-third of all currently active doctors being older than 65 in the next decade. When these physicians decide to retire, it will impact the shortage tremendously. [6] Not only will there be a shortage, but the quality of new essential care doctors and other restorative specialists cannot keep up the pace with the requests of a developing and maturing population, thus helping the doctor shortage grow. [7]

A recent report from The Association of American Medical Colleges predicts a potential shortage of up to 120,000 physicians by 2030. The study was conducted in 2015, 2016 and 2017. [6]

The same study indicates that primary care physicians expect a rise in shortage by 34,500, raising the number from 14,800 to 49,300, while non-primary care specialties will have an increase of 38,900, rising to a deficit of 72,700 by 2030. [6]

The tight supply of nursing and medical schools contributes to the concern of nursing and doctor shortages.

Nurses will be affected as early as 2025. By then, 16 states are supposed to encounter a smaller development in RN supply in respect to their state request. LP nurses are projected to fall under a shortage. Twenty-two states are anticipated to encounter a smaller growth in the number of LPNs concerning their state interest. [6]

A recent study by Mercer estimated up to 51,500 new nurse practitioner openings and 400,000 new nursing assistant positions; however, their research showed there would not be enough skilled workers to fill those roles. [8]

Doctor and nurse shortages are issues that will be of significant concern for the coming years. As a result, healthcare organizations will not be able to rest their hiring and staffing plans for 2018 and the next decade.

With this shortage approaching, healthcare organizations will need strong and innovative leaders to prepare and conquer this daunting challenge.

Administration

Through Tyler & Company's market survey, we discovered one of the many issues executives face when dealing with administrative operations is to improve efficiency and value.

In a review done by *Health Services Research*, the journal analyzed different ways improving efficiency and value help the healthcare system.

For larger hospitals, the research found to improve efficiency and strategy that focused on employee suggestion presented to be 75 percent more effective. The same approach in a smaller hospital worked by five percent. [9]

The key to successful change is to help hospitals move incrementally along a hierarchy of improvement programs. The hierarchy improvement program means some strategies will rank higher or lower depending on the type and size of the organization. Not every strategy will work for all businesses, so leaders need to find what works best for their systems, culture and overall plan.

Another concern healthcare administration leaders face is to identify how to detect why a program or system is failing.

"Creating a leaner more efficient administrative support structure while improving access to all of our systems is beneficial to determining why a program or system is not giving the expected results," said a survey participant.

It's important to note that some administrative issues come from equipment/supply or facility failures. This makes up about 36 percent of failures, which is an interesting find because these failures are not typically considered essential in quality improvement programs. [9]

Hospital administrators and policymakers must evaluate the maximum potential gains that can be achieved by reducing inefficiency.

Community

The culture within an organization influences the work the organization provides. Employment in the US is going through intense changes, and part of that has to do with employers looking for team members with higher levels of education, training and the demand for lifelong learning commitment.

Employees look at company culture to determine if it is the right fit for them. They examine their values and expectations while also checking out the corporate social responsibility involvement. In 2018, CSR has become a major factor for new employees to base the decision on accepting a job at a company.

As stated in the book *Fostering Culture. A Leader's Guide to Purposefully Sharing Culture*, Jackson defines organizational beliefs as "those that apply to how one thinks about the business at a high level-about the organization as a whole. The fact that we have a set of beliefs about how to think about the organization tells you something in itself. It is important to make sure you are thinking about the big picture—about the company itself---not just what it does." [3]

When an executive is in the market for a new job, it is important to know the beliefs and values of the organization he/she are interviewing with. If any employee aligns with the primary core values of the company, it will be easier for them to be happier at their job, and they will most likely stay longer in the organization.

Change

Change is about evaluating, planning and implementing operations, tactics and strategies while making sure that the difference is worthwhile and relevant. The healthcare industry is always evolving whether it's new technology or a new system. Executive professionals need to be able to adapt quickly.

As of 2018, one of the most significant changes C-suite and healthcare leaders face is the switch from fee-for-service care to value-based healthcare.

A study conducted by the American Academy of Family Physicians (AAFP), sponsored by Humana, showed that 54 percent of physicians indicated their practices participate in value-based payments. [12]

Leaders must understand why hospital, organization and other healthcare practices are changing to this system. One of the main reasons is that the healthcare industry is demanding a change. Employers, government, patients and commercial health plans want good quality service for their money. [12]

Not only are the recipients of the assistance demanding better-quality care, but physicians are tired of being limited to treating their patients 15 minutes at a time. They want to spend more time with their patients, especially those with severe conditions, to understand the best way to help their patients. [12]

"One of our main concerns was changing from volume-based to value-based healthcare, with no roadmap from anyone," said a healthcare executive survey participant.

C-suite leaders and healthcare executives need to approach this switch as a high priority for their organizations.

The robust system must align with the delivery system for the new model. It's about having an engaged network that focuses on the entire population, not just on the patient in front of them.

The process needs to be strategic. A critical way to manage this is through panel density and aligned incentives with their physician network. [14]

In the AAFP study, Patrick Conway, M.D., a senior CMS official states, "Value-based initiatives are about paying for quality over quantity – spending our dollars more wisely and improving care for Medicare beneficiaries." [15]

A successful transition requires significant practice transformation and the right leaders to spearhead this initiative.

Through analytics and practical insights, leaders learn about opportunities in their organizations.

The previous relationship between healthcare executives from both care providers and health plan can move away from their contractual relationship. This relationship once transferred to a value-based system has common goals and works together. In this collaborative environment, healthcare executives can specifically address the four barriers when it comes to change: time, revenue, complexity, and resources. [13]

Operations

A recurrent focus for healthcare leaders is to continue to improve the operating systems within their organizations. Every challenge executives and C-suite leaders face in the healthcare industry steams from what type of policies they have in place. A proper assessment of operations relies on data and analytics. Organizations must study the strengths and weaknesses based on their statistics to learn the cause of inefficiencies.

In the Tyler & Company market survey, healthcare leaders reflected on their operational worries, "IT systems applied to poor processes cause patient safety issues."

As mentioned in the Healthcare Leadership Council's study, "An Expert Look at 2018 Healthcare Trends and Their Potential Impact", IT systems should be able to "aggregate data from multiple disconnected healthcare systems." [16] The article suggests that collecting data from various healthcare systems will "embrace strategic management frameworks to drive real accountability in ACOs." [16] Thus, improving the poor process causing safety issues among patients.

By having proper systems established, hospitals can improve transparency among staff, patients, and operational efficiencies. One way to create operational efficiencies is by consolidating workstreams. By leveraging technology to align both, efficiency and productivity, organizations can achieve higher results, by eliminating the need for redundant outreach.

A reliable operating system plan requires executives to harmonize multiple cultures, the operating mechanism, IT infrastructure and approaches to governance. This ties into administration, where a solid company vision and strategy guides decision making on growth and system development; a system to reinforce the desired goals, culture and brand; and a disciplined and focused approach to achieve desired efficiencies and clinical integration. [17]

Operations connect all categories healthcare leaders face. Establishing the proper system will ensure a smooth transition towards unexpected changes and future problems.

Chief operating officers appear to be in every sector, but they are most prevalent in a business setting. The job description of a COO is unique because there is not a single description. Companies use the COO for all operating areas, typically COO's responsibilities fall under production, marketing, sales, research, and development.

According to the *Harvard Business Review*, there are different types of COO:

1. **The Executor**: The COO executor leads the execution of strategies developed by the top management team. They take responsibility for delivering results on the day-to-day and quarter-to-quarter basis. [18]

2. **The Mentor**: Companies may bring a COO on board to serve as a mentor for young or inexperienced CEO. The mentor shares their wisdom, seasoning and a rich network to develop the emerging business and CEO. [18]

3. **The Other Half**: A COO can serve as "the other half," meaning they are there to compliment the CEO's experience, style, knowledge base or penchants. [18]

4. **The Partner**: A COO to serve as a partner means a CEO may perform better in a co-leadership situation. [18]

5. **The Heir Apparent**: This type of COO works towards grooming or testing a new elect CEO. This allows the heir apparent to learn about the business, environment and people fast. [18]

6. **The MVP**: offer position to an executive who is too valuable to lose – to a competitor. [18]

While all different types of Chief Operating Officers are essential, they perform at the highest level when the relationship between them and the CEO involves trust. It needs to be an authentic partnership. [18]

Overall, COOs are tasked with a lot of responsibly, they work behind the scenes to ensure the strategic vision and directives set forth by the CEO are adequately executed.

Leadership Recruitment

What would positively influence your leadership recruitment?

Leadership recruitment involves more than the existing leaders and the organization itself. When Tyler & Company starts the search process for the right candidate the following questions are the core focus:

1. Do the organization's values align with the candidate's value?

2. Will they be able to maximize their talents to benefit the company while continuing to grow professionally?

3. Are they willing to relocate to that area?

In the journal, *Team building a leadership: the key to recruitment and retention*, author, Swalch Toofany explains that one of the most significant skills when it comes to leadership recruitment is communication. Recruiters must understand that for an organization to reach and go beyond its full potential, the leaders placed in open positions must be ready to create cohesive teams amongst all managers and staff. A leader who has the company's best interest and their staff will demonstrate skills that allow for the company and employees to grow. [19]

"Leadership recruitment is influenced positively by presenting the candidate an executive leadership position with an excellent senior leadership team, and both excellent work and personal environment to live in," said a survey participant.

Forbes states that the recruiting process must align with the company's vision and mission. When a search firm approaches a candidate, it is expected that there was enough research about the candidate regarding the role. Candidates want to be contacted if their background, qualifications, and personal skills are enough to help them succeed in this role and the company achieve new goals. Not only are they hoping that they are the right fit for the company, but that the company is the right fit for them. [20]

"If a recruiter is reaching out about specific jobs that align with my career advancement goals and my location preferences, it would be ideal for us to be in constant communication. Meaning, the recruiter would make the time to reach out every once in a while, and get to know me, my preferences and my interests. This way, when a job that matches my choices, the recruiter can pull from their list of executive leaders," said a survey participant.

Overall, Tyler & Company looks for leaders that will complement both the organization and the individual.

About Tyler & Company

Tyler & Company provides both permanent and interim healthcare executive, physician leadership and academic medicine recruitment services on behalf of thousands of clients throughout the United States.

Based in Atlanta, Ga., Tyler & Company is a retained healthcare executive search firm, specializing in recruiting top talent for healthcare, academic medicine and life sciences. As one of the first executive search firms to specialize in healthcare, Tyler & Company has offered customized, high-touch service to our clients for 40 years and counting. As a boutique firm specializing in healthcare and academic life sciences, Tyler & Company and its highly-experienced consultants offer transparent, industry-best and cost-effective services to guarantee our clients the best fit for their custom C-Suite needs.

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