

# Building Back a Better Workplace: Eight Lessons for Healthcare Executives and Boards

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**W**e have entered the period of “The Great Resignation” among healthcare workers, many of whom are understandably burned-out following a 15-month face-off against COVID-19. In the wake of the pandemic, the demands placed on healthcare workers have been unrelenting, with a disproportionate burden falling on a predominantly female workforce.

Even before COVID-19, hospitals and health systems faced a complex workforce landscape, with physician burnout at record high levels. Healthcare workers make up an increasingly large portion of the total U.S. workforce. In 2000, healthcare workers made up 7.7 percent of the workforce; today, the health industry workforce represents an estimated 11.2 percent of total employment.<sup>1</sup> And the need for more healthcare workers is only growing.

While the pandemic is far from over, COVID-19 has set some positive trends in motion. The crisis accelerated the popularity of more flexible, less labor-intensive, technology-driven models of care. For example, consumers found that many forms of care can be delivered effectively, and more conveniently, via telehealth. And clinicians battered by the events of the past year gained relief through the increased flexibility that remote healthcare services provide.

Tempting though it might be to strike a note of optimism and declare that healthcare workforce issues are resolving themselves, the reality is much more complex. The healthcare industry workforce is an intricate mechanism and challenges remain. Even as new models ease some of the pain, these emerging models of care come with their own risks and complexities. Health system boards and senior leaders must be on the lookout for interlocking trends

in the field and be prepared to respond strategically.

## The Trends Healthcare Workforce Challenges Intensify

The pandemic has widened gaps in the healthcare workforce that were already in place prior to COVID-19. But the stresses of working in medicine have become even more intense over the past year. A *Washington Post*/Kaiser Family Foundation survey found over half of clinicians reporting burnout, and nearly two-thirds reporting some impact on their mental health.<sup>2</sup> Many of these individuals are likely to consider different career paths or reduced workloads.

Unfortunately, healthcare workers do not see this ending anytime soon, with research showing that 70 percent expect that the burnout problem will only get worse over the next two years.<sup>3</sup>

Broader trends are also having an impact on the healthcare workforce. For example, as childcare options dwindled during the pandemic and greater household responsibilities fell to women, there was a disproportionate decrease in workforce participation by women.<sup>4</sup> This has had a greater impact on healthcare, which skews heavily female.

Anecdotally, the media has reported an exodus of healthcare workers from the field, but early studies suggest the effect is real. A *JAMA* survey found that more than 20 percent of nurses are thinking about leaving medicine, while 30 percent have thought about reducing their hours.<sup>5</sup> Moreover, an analysis conducted prior to the pandemic by human-resource consulting firm Mercer (a subsidiary of Marsh McLennan and a sister company of Oliver Wyman) projects that demand

## Key Board Takeaways

Boards need to have detailed conversations with leadership to ensure they are effectively navigating the complexities of the current healthcare workforce environment. Here are the questions they should ensure their leaders can answer:

- What specific workforce shortages are we facing, and what needs to be solved locally vs. can be addressed through remote options?
- What are we doing to make our organization the most attractive place for clinicians and other healthcare workers to work, and how is our DE&I strategy contributing to that?
- What changes to our clinical models are we putting in place to alleviate workforce issues while better serving our patients?
- How are we working to ensure the next generation of healthcare workers will meet our needs both in quantity and quality?

for many healthcare roles will outpace supply in the coming years.<sup>6</sup> For example, it’s estimated that health at home, a fast-growing market segment, will face a shortfall by 2025 of nearly a half-million home-health aides, 100,000 nursing assistants, 30,000 nurse practitioners, and 10,000 physicians across all specialties to serve growing demand. These are already apocalyptic stats, and the COVID-19 pandemic has only exacerbated the struggle to hire enough clinicians to meet this demand. The healthcare workforce is hurting, and shortages in labor supply will only grow worse over time.

## Acceleration of New Care Models

Virtual care has gone mainstream. The pandemic accelerated the adoption of telehealth to the point that business and staffing models that may not have been viable 18 months ago are suddenly worth reconsidering. Once reluctant, clinicians report increasing levels of comfort with new tech-enabled visits, particularly in specialties such as behavioral health and primary care. According to recent Oliver Wyman

1 The Center for Health Workforce Studies, School of Public Health, University at Albany, [Health Care Employment Projections: An Analysis of Bureau of Labor Statistics Occupational Projections 2010–2020](#).

2 Ashley Kirzinger et al., *KFF/The Washington Post Frontline Health Care Workers*, March 2021.

3 NRC Health, “Let’s Talk About Burnout,” April 12, 2021.

4 Johnathan Rothwell and Lydia Saad, “How Have U.S. Working Women Fared During the Pandemic?,” Gallup, March 8, 2021.

5 Rebecca K. Delaney, “Experiences of a Health System’s Faculty, Staff, and Trainees’ Career Development, Work Culture, and Childcare Needs During the COVID-19 Pandemic,” *JAMA Network Open*, April 2, 2021.

6 Matthew Stevenson, *Demand for Healthcare Workers Will Outpace Supply by 2025: An Analysis of the U.S. Healthcare Labor Market*, Mercer, 2018.

research, nearly 60 percent of people globally say they will use telehealth more post-COVID, including 54 percent of those surveyed in the U.S.

The growing acceptance of remote and digital care will have an impact beyond telehealth: Individuals may collect and share more data with their physicians between visits, streamlining care; retail care sites that can remain connected with traditional clinics may proliferate; and AI-assisted decision making may improve the speed and quality of care.

Care is also getting easier. These emerging models are simplified, lighter, more flexible, and less labor-intensive, which means that a shrinking labor supply in some specialties may find it easier to attend to growing demand. Does that mean that U.S. healthcare's problem has solved itself and that workforce challenges will be erased by changes in care models? Unfortunately, it is not that simple. First, at least in the near term, the rise of digital health and other elements of the new front door is unlikely to make up for the crunch in labor supply. But more broadly, even if the new approaches relieve labor shortages, they will create a new set of considerations that are important for health systems and their executives and boards to understand before adopting them.

## Eight Actions for Addressing a Complex Human Capital Landscape

Given an increasingly diverse workforce composed of multiple generational cohorts with varied social backgrounds, a nimble approach is necessary. Here are eight steps healthcare executives should explore as they navigate workforce complexities. In many of these, boards will need to step in to ensure leaders feel empowered to be bold enough in their vision; workforce challenges will not be solved by incremental, short-term thinking.

**1. Envision the team you want, rather than settling for the one you have.** Forward-thinking leaders are choosing to make strategic talent upgrades that align with higher performance. Hospitals and health systems in a growth mode have reimagined their human capital strategy. They're taking risks,

upending traditional staffing models, and placing big bets on the workforce of the future—an approach that's both easier and more flexible. It is the role of boards to take the long view and push their management to adopt this mindset rather than getting caught in a short-term view.

**2. Digitalize and automate recruitment and onboarding.** Hospital and health HR systems are struggling to maintain pace with the volume of hiring and onboarding, as well as greater turnover. As the economy rebounds, this pace will only intensify. Traditionally an under-resourced area of the enterprise, boards and executive teams will need to make technology investments that make recruitment and onboarding an automated—and seamless—process.

**3. Modernize your employee value proposition.** Chief human resource officers (CHROs) have realized that traditional efforts that simply standardize and harmonize compensation and benefits often miss the mark with key workforce categories. With the graying of doctors and nurses, CHROs that are winning the talent war are taking a more segmented approach to employee comp-and-benefits, and boards should enable them by providing the right levels of investment and the flexibility to change long-standing models. For example, while Gen Xers may be drawn more to 401K match and no-match health benefits, Gen Zers are looking for maximum schedule flexibility, work-from-home options, and same-day pay. According to the *NEJM Catalyst's* Insight Council survey, many clinicians say that flexibility in scheduling (40 percent) and more lenient PTO policies (33 percent) are the best ways to help them recover from the stresses of their jobs.<sup>7</sup>

**4. Get specific about the workforce shortage issues your organization actually faces.** It's not sufficient to read the national headlines and then assume those patterns are replicated at the local level. Hospitals and health systems need to understand what the local market looks like, role by role, in the specific areas where they operate, and craft a strategy accordingly. For instance, while almost all states face a home-health aide shortage, the scarcity is far more intense in California than in Wisconsin, based on Mercer analysis. In other example, physical therapists are

## Adapting Work Flexibility to the Clinical Environment

While it is easiest to envision work-from-home and other flexible options for administrative staff, clinicians need not be left out. Digital health provides an opportunity to provide some types of care from home and to do other necessary clinical work outside the traditional setting. This will require more carefully designed scheduling, and clinicians will need support setting up the clinical and physical infrastructure to facilitate work-from-home days.

Flexibility does not just mean work-from-home; boards should encourage leadership to better understand the needs of individual clinicians. Some may value periodic mornings free, others may prefer afternoons, others may be willing to work weekends if this means they are available for their children in the week. Others may just prefer more predictability in their schedules. The end result will be different for each organization, but building a work approach with the input of clinicians will lead to more satisfaction, better performance, and improved retention.

relatively plentiful in Pennsylvania, but hard to come by in Texas.

### 5. Consider future care models.

Demand is shifting to telehealth and other digitally enabled care models. While many hospitals and health systems have started down this road, only those providers who manage to get it right—and organize around the new business model—will reap the benefits. This means designing new clinical and financial models, restructuring the organization, designing a new staffing model, retraining staff, reconsidering the physical footprint, and undergoing a thorough transformation.

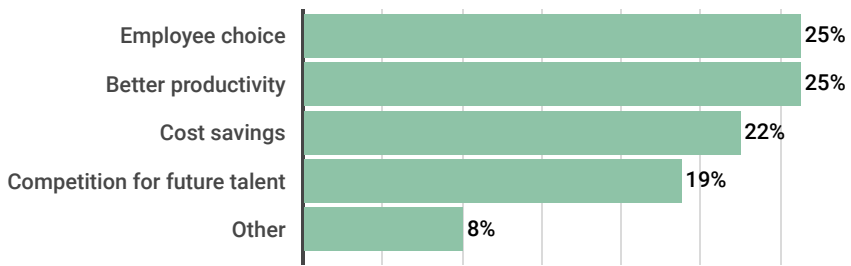
### 6. Anticipate the risks created both by workforce problems and their solutions.

Shortages of skilled clinicians together with an overworked staff, personnel placed in unfamiliar roles or teams, or lack of staff heightens the risk of medical errors and access problems, with obvious implications for patient health outcomes, as well as the viability of the healthcare organization.

<sup>7</sup> NRC Health, "Special Report on Burnout: How It Starts and What to Do About It," April 19, 2021.

### Exhibit 1: Top Payer and Provider Considerations for a Post-Pandemic Workforce

All surveyed said they're considering a different post-pandemic workforce.



Source: Oliver Wyman Survey, May 2021.

But the solution can create risk as well. A reliance on digital communications amplifies cyberattack risk and data losses that can impact patients and health systems. Newly deployed health data collection tools, such as wearables or smartphone apps, can fail, affecting care in unpredictable ways. And the use of artificial intelligence in decision making also creates complex risks of poor decisions and outcomes.

To address these novel risks, hospitals and health systems need to implement risk mitigation processes, put in place crisis recovery plans, and have adequate insurance coverage in the event of an incident.

**7. Upend traditional work environments to make them more appealing and sustainable.** Healthcare organizations face a tight labor market and need to build a highly attractive employee value proposition based on pay, flexibility, and other factors. A war for talent is certain to break out. This is true both for highly educated physicians and nurses, as well as lower-wage positions such as home-health aides and nursing assistants.

People, however, base career choices and job decisions on more than just pay and perks. Looking beyond the traditional dollars-and-cents levers, healthcare systems should take a hard look at their workplace culture and identify the elements that may be contributing to attrition and difficulty in recruiting. The year of COVID, admittedly, has been exceptionally hard for health workers, but healthcare has always been a stressful field. That stress is part of the terrain and sometimes unavoidable; but at times leaders'

work expectations and communication styles are simply vestiges of an outmoded and outdated culture.

To reevaluate a health system's culture and create a more resilient workforce, leaders should empathize with their team members, advocate for members when they need help or need to set boundaries, encourage the use of mental health services, and serve as examples themselves by taking time off and engaging resources when they need them. They can also make more structural changes to how feedback, professional development, incentives, and other elements of the workforce experience are implemented. Simply feeling valued can have an effect on burnout among healthcare workers, and senior leaders and boards should take creating a culture that demonstrates this seriously.<sup>8</sup>

Given the high proportion of women in healthcare, hospitals and health systems should pay attention to policies that create a welcoming environment for women. Generous parental leave policies, on-site childcare or childcare subsidies, and flexible work schedules are good for all workers, but are especially beneficial for women, given their disproportionate role and involvement in childrearing.

More broadly, this demonstrates the importance of a coherent diversity, equity, and inclusion (DE&I) strategy that is closely aligned to the business itself. Boards often have significant oversight on DE&I activities, and it is critical that these efforts go beyond well-meaning words and occasional training sessions. Hospitals and health systems must create workplaces that are inviting to a wide variety of

people and that are accommodating to employees' lives outside of work. Otherwise, they will struggle to attract and retain the talent they need.

**8. Encourage governmental policy changes to increase healthcare labor supply.** Hospitals and health systems to date have focused their efforts on competing over limited pools of healthcare workers, which is both understandable and necessary. But without a broader, nationwide effort to encourage a robust workforce at the societal level, even the best efforts will come up short. Health systems have a long history of working with governments at multiple levels, and board members are often involved in this critical work. Boards should take an active role in working with government affairs leaders and connecting across health systems to identify and promote government policies that encourage people to obtain the necessary training to enter in-demand healthcare fields. Policy changes that help create a sustainable and attractive work environment for women and other traditionally disadvantaged members of the labor force will help all hospitals and health systems and prevent a destructive race to the bottom.

### The Road Ahead

Many health systems and hospitals are still managing high acute-care COVID-19 demand and are planning for potential future variant-driven surges—all while also attempting to meet the pent-up demand from care delays. This, combined with existing workforce pressures, is bringing organizations to the breaking point. As hospitals and health systems continue navigating a challenge of global proportions, they cannot wait to address workforce shortages and the tangle of complexities that follow from them. C-suite executives and boards need to be planning and building now for a better future.

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<sup>8</sup> Kriti Prasad, *Prevalence and Correlates of Stress and Burnout among U.S. Healthcare Workers during the COVID-19 Pandemic: A National Cross-Sectional Survey Study*, EClinicalMedicine, May 1, 2021.