CNO & CHRO Forum Debrief

Debrief for Academy IQ Members

Fall 2022

November 15th, 2022

Presenters

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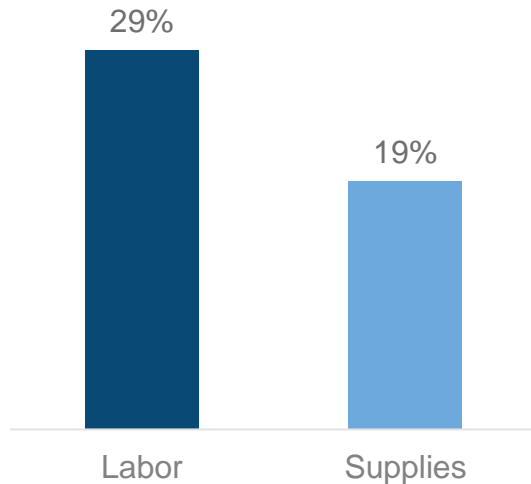
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Health System Margin Pressure

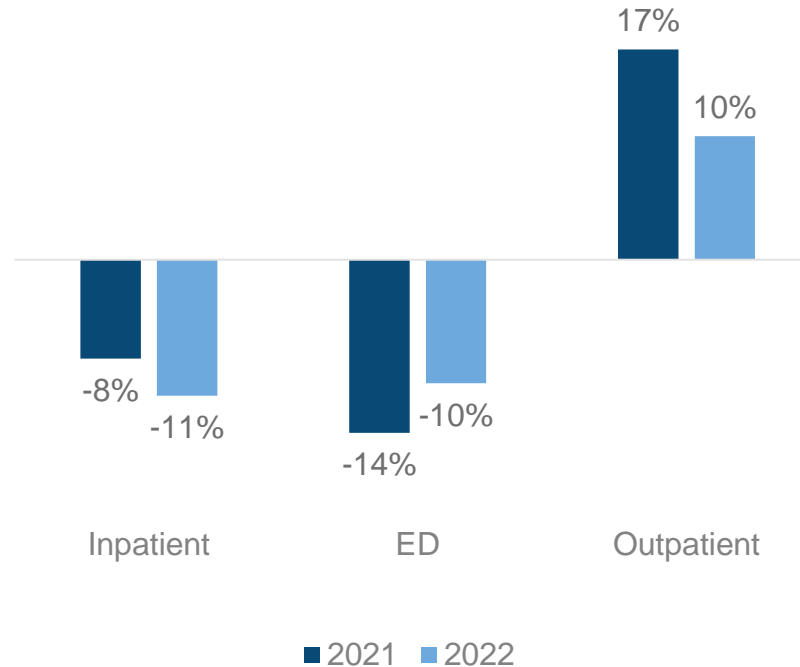# Inflation, Volume & Labor Pressures Hitting 2022 Margins

Rising Costs Inhibit Margin Recovery

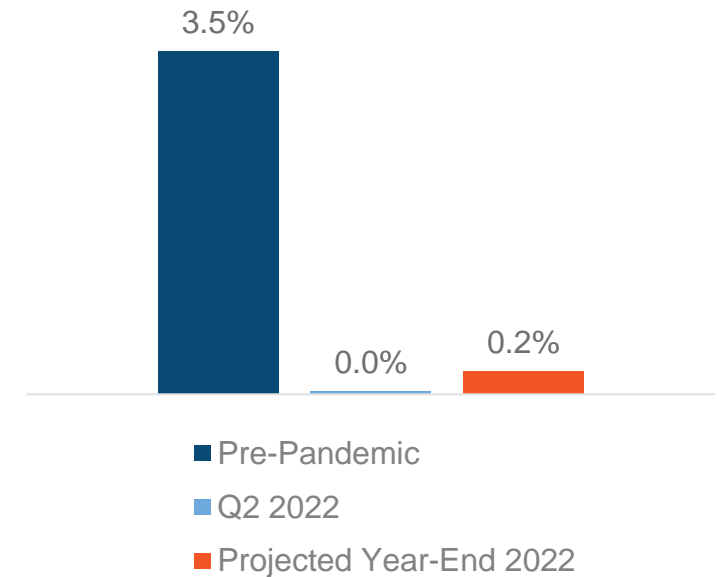*Cumulative Change in Hospital Costs*
January 2020 to July 2022

- Labor: 29%
- Supplies: 19%

Revenue Hit by Slow Services Volume Recovery

January-July Average Monthly Volume Change vs 2019 Baseline

	2021	2022
Inpatient	-8%	-11%
ED	-14%	-10%
Outpatient	17%	10%

■ 2021 ■ 2022

LHS 2022 Operating Margins Well Below Pre-Pandemic Levels

Not-for-Profit Health System Medians

- Pre-Pandemic: 3.5%
- Q2 2022: 0.0%
- Projected Year-End 2022: 0.2%

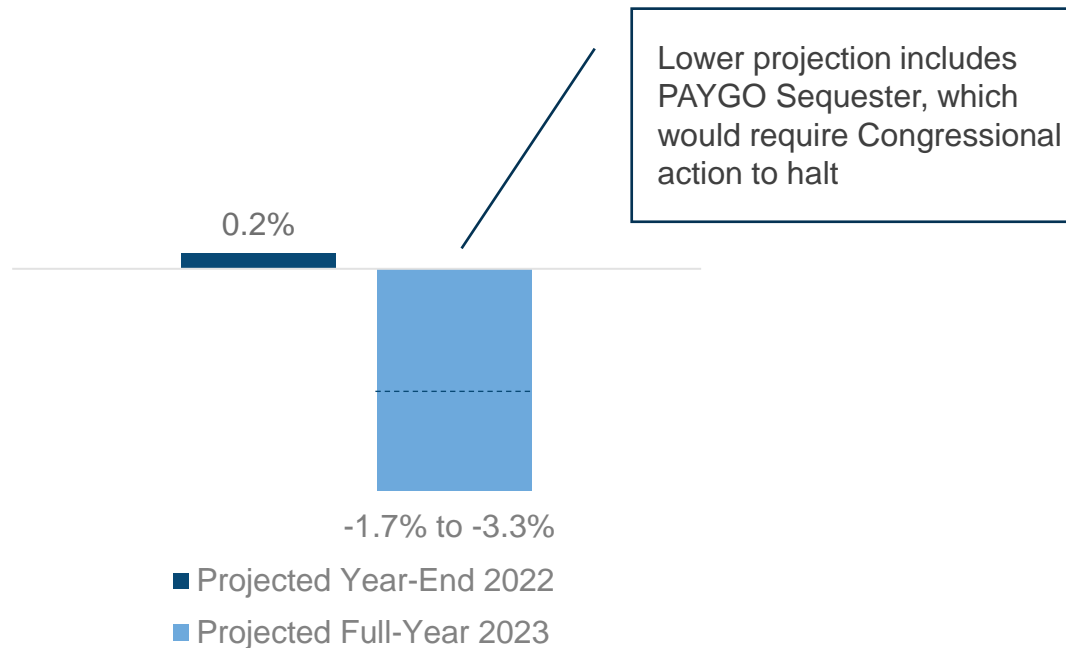■ Pre-Pandemic
■ Q2 2022
■ Projected Year-End 2022

Source: Kaufman Hall Flash Reports, monthly reports from December 2019-August 2022; The Current State of Hospital Finances: Fall 2022 Update; Kaufman Hall, September 2022; Strata National Patient and Procedure Volume Tracker, August 2022; Academy research and analysis.

Margin Relief Not in Sight for 2023

Rising Costs and Mandatory Federal Sequesters Inhibit Health System Recovery

Projected LHS Median Operating Margins

Lower projection includes PAYGO Sequester, which would require Congressional action to halt

0.2%

-1.7% to -3.3%

■ Projected Year-End 2022
■ Projected Full-Year 2023

Headwinds Expected to Prevail in 2023

- While Fed intervention will tamp down inflation, health care labor costs (particularly clinical roles) will remain high

- Additional supply and services inflation expected due to rolling contract renewal periods

- Modest commercial payer rate increases expected for health systems (e.g., ~4%)

- Demand for services may suffer due to broader economic pressures on consumers; capacity constraints due to labor shortages to continue

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The EMR is good enough more often in today's financial environment. If an EMR gets you 70% of the way there, it is not the time to make a new/another investment.

Source: Academy research and analysis.
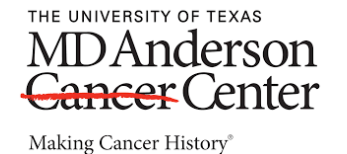
Key Insights from The Academy's CNO and CHRO Forums

Three Days with CNOs & CHROs from Leading Health Systems

Attendees of CNO & CHRO Forums

CNO Fall 2022, October 24-26 in Chicago, IL

CHRO Fall 2022, October 24-26 in Chicago, IL

CHRO Top Priorities in 2022 and Early Predictions for 2023

Top Ten CHRO Priorities for 2022

Change for 2023

Change for 2023

1 Build a more diverse and inclusive workforce ↑

6 Develop or scale strategies to support care team well-being and reduce burnout ↑

2 Develop financially sustainable recruitment and retention strategies ↑↑

7 Leverage data and predictive analytics for more effective workforce planning ↑↑

3 Improve employee engagement ↑

8 Build more adaptable and flexible staffing models (e.g., upskill or reskill employees for work in new roles or departments) ↑

4 Implement and scale health equity initiatives (e.g., address social determinants of health) **same**

9 Enhance employee professional development opportunities (e.g., upskilling, career pathways) ↑

5 Improve hiring process efficiency ↑

10 Invest in leader succession planning and development ↑↑

Sources: Academy research and analysis.

CNO Top Priorities in 2022 and Early Predictions for 2023

Top Ten CNO Priorities for 2022

Change for 2023

Change for 2023

1. Develop financially sustainable recruitment and retention strategies

⬆⬆

6. Enhance new nurse support (e.g., onboarding, mentoring, etc.)

⬆

2. Implement and scale health equity initiatives

same

7. Implement practices and/or technology to reduce care team administrative burden

⬆⬆

3. Invest in strategies to support care team well-being

⬆

8. Build a more diverse and inclusive workforce

same

4. Build more adaptable and flexible staffing models

⬆⬆

9. Execute a more competitive compensation strategy (e.g., increase base rates, implement loyalty incentives)

⬆

5. Execute a more consumer-oriented care delivery strategy

⬆

10. Invest in leader succession planning and development

⬆

Sources: Academy research and analysis.

Topics We'll Focus on Today

1   Investing in Tech and Leadership Infrastructure

2   Determining the ROI of Virtual Nursing Pilots

3   Reimagining Retention Strategies for the Entire Workforce

4   Examining the Impact of C-suite Turnover

Topic 1: Investing in Tech and Leadership Infrastructure

- CHROs & CNOs agreed current recruitment models are not built to support present and future workforce demands, forcing leaders to reimagine the recruitment process. They are investing in better analytics to track progress across the four Rs of workforce pressures
  - Recruit – increase fill rate
  - Retain – reduce turnover rate
  - Remove – eliminate contract labor
  - Retrain – new programs

- CHROs discussed pain points of going live with new platform technologies across their organization (e.g., Oracle, Workday)
  - CHROs agreed they need to 'go slow to go fast.' If business processes aren't aligned with new processes, implementation will fail.

- Health systems noted they need to invest in the correct infrastructure and leadership team to execute future recruitment efforts and identify current bottlenecks in the process

  - One system created an executive steering committee which included a project lead and project manager to improve analytics and recruitment processes
- Health systems are increasingly collaborating with high schools and universities to give young people career opportunities in nursing, and to give nursing student hands-on experience.

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"We can't afford to staff all of our vacant positions.
It's time to restructure for the new normal."
– CHRO, Leading Health System

Topic 2: Determining the ROI of Virtual Nursing Pilots

- Inpatient virtual nursing pilots are top of mind for CNOs as they look to experiment with care team redesign
  - Ochsner's virtual nursing model is an eICU bunker that uses avasis cameras and can reduce fall rate by 80% (1:16 ratio of patient supervision virtual RNs)

- Pilot ROI of virtual nursing programs is largely focused on staff and patient experience; improving labor productivity is still a future ambition for most leaders

- The most progressive virtual nursing pilots (in terms of labor productivity) are slowly ramping up patient ratios for RNs as they iterate on the amount of work virtual nurses can take from bedside nurses' plates
  - One health system shared they are starting with 5:1 ratios, increasing to 7:1, and hope to be upwards of 10:1 at scale

- Some questions CNOs are still trying to answer around virtual nursing include: single unit assignments vs. capacity-based assignments, securing buy-in from staff, and making the case for investment to the C-suite—particularly CFOs

- Beyond virtual nursing, CNOs are hungry to apply tech solutions to the nursing workforce. Some examples include: intuitive documentation, meaningful tasks and alerts, using robots for supply deliveries, and voice recognition.

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"We need to be really intentional about what we're asking our registered nurses to do and then only asking them to do those things and splitting the remaining work to different teams or virtual options."
--CNO, Leading Health System

Pilot ROI Largely Focused on Staff, Patient Experience

Three Ways Health Systems are Working Toward Virtual Nursing ROI

Improve caregiver experience

- Increased caregiver satisfaction*
- Decreased burnout, workload*
- Decreased time spent in EHR*
- Reduced turnover

Improve care quality, experience

- Decreased ICU avoidable days*
- Increase in patient experience*
- Decreased response time to clinical deterioration*
- Increased adherence for high-risk medications*
- Mortality rate*
- Decreased falls, pressure ulcers, CLABSI, CAUTI and other nurse-sensitive indicators
- Decreased LOS

Improve labor productivity

- Expanding ratio
- Reducing HPPD cost

* Denotes measurably improved outcomes among current virtual nursing models.

Topic 3: Reimagining Retention Strategies for the Entire Workforce

- CHROs are reimaging benefit offerings and flexibilities to improve work-life balance among staff.
  - One system found that many women were leaving the workforce to act as caregivers to family and loved ones, so they partnered with Wellthy to provide access to a caregiver support network.
  - CNOs are offering more flexibility to nurses and nurse managers with remote work, team nursing, and benefit offerings to improve work-life balance and overall retention.

- Workforce leaders understand that creating career ladders and professional development opportunities can't be one-size fits all:
  - CHROs are focused on promoting equitable opportunities **across care settings and titles/roles** (not just nurses).
  - CNOs are focused on retaining bedside nurses – one health system created a 5th nursing level in their career ladder to support nurses with advanced degrees.

- Workforce leaders are trying to balance retention strategy with financial realities, as systems continue to recover from pay structure imbalances that occurred during the pandemic. Notably, many CHROs are facing challenges to streamline pay structures for specialty roles (e.g., anesthesia) and difficult to fill roles (e.g., IP Nurse).

- **Retention remains a key performance metric** for workforce leaders, as well as finance and strategy leaders.

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"We will win when people can show up, give best, and know they can be honest with us when they're facing challenges."
–CHRO, Leading Health System

"
"COVID taught me that I have to stop focusing on old ways and trying to get back to where we were. Staffing isn't going to be the same." -- CNO, Leading Health System

Topic 4: Examining the Impact of C-suite Turnover

- Workforce needs are evolving in terms of the types of skills and roles needed to deliver consumer-centric, tech-enabled care. This also means considering what types of leadership roles will be needed in the future to support these efforts, which in some cases means evolving roles and responsibilities across the c-suite.

- Health systems are experiencing **higher than normal turnover rates in their C-suite**. Many systems are struggling execute when they don't have a consistent team driving the vision forward.
    - **79%** of health systems are not routinely conducting succession planning for their c-suite
    - **69%** of new CEOs **reshuffle their management teams within first 2 years**; transitions then cascade through senior ranks
    - **25%** of health systems take 6+ months to replace a departed CEO which creates a **stalemate in strategy**

- CEO departures ripple through the organization - within one year of CEO change many C-suite members will leave or be replaced
    - CIO 14%
    - CHRO 37%
    - CFO 42%
    - COO 52%
    - CMO 77%

Researched from ACHE

Questions?

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Type your question into the Zoom chat or unmute to
ask your question live.

Academy IQ

Persona Focused Insights

October	November	December

Fall Forum Debrief Series

Hear what health system leaders are talking about in The Academy's fall in-person executive Forums. We'll share insight into their priorities, opportunities, and challenges and give you our take on what it means for your business.

Chief Medical Officers
Tuesday, October 11th 1-2pm ET

Chief Marketing Officers
and Consumer Strategy Leaders
Tuesday, October 25th 1-2pm ET

Chief Information Officers
Thursday, November 3rd 1-2pm ET

Service Line Leaders
Thursday, December 1st, 1-2pm ET

Chief Strategy Officers
Tuesday, October 18th 1-2pm ET

Chief Executive and
Chief Operating Officers
Thursday, October 27th 1-2pm ET

Chief Nursing and HR Officers
Tuesday, November 15th 1-2pm ET

Chief Financial Officers
Tuesday, December 6th 1-2pm ET

Updated Inside Track Reports

Improve your voice of the customer knowledge with persona insights on key leading health system executives, including their common traits, areas of influence, top priorities, obstacles encountered, current projects, and their investment decision-drivers.

- Chief Executive Officer
- Chief Strategy Officer
- Chief Operations Officer
- Chief Financial Officer

- Chief Nursing Officer
- Chief HR Officer
- Chief Medical Officer
- Chief Population Health Officer

- Chief Information Officer
- Chief Medical Informatics Officer
- Chief Nursing Informatics Officer
- VP of Supply Chain

Academy IQ

Q4 2022 Activities

October	November	December

October

Setting the 2023 Research Agenda
Tell us your priorities for next year:
- Key terrains to research
- Top data needs and market intelligence from Leading Health Systems
- New ideas for services to accelerate your commercial success

Market Perspectives Survey
Participate in this survey to help us collect data on the experiences and perspectives of solutions companies serving the Leading Health System market:
- Stakeholder governance: How have the expectations of decision makers and influencers evolved?
- Decision drivers: What messaging has been most effective to convey the ROI of your solution?
- Resistance mapping: What are the main drivers of stalled or lost sales?
- Partner alignment: How have you responded to changing expectations & improvement opportunities?

Kicking off October 15th

November

How Industry Can Align Their Pitch to Health System Value-Based Care Goals
The transition to value has been underway for over a decade, leaving health systems with a "foot in two boats" and highly variable levels of revenue at risk. No two systems are the same, and a one-size-fits all approach to marketing on value-based care won't work.

Join this Academy IQ webinar to:
- Learn which initiatives are top of mind for population health leaders
- Improve your ability to segment leads based on health system value-based care interest and readiness
November 8th, 1-2pm ET

December

Why Sustainability Matters to Health Care and How CEOs are Responding
Environmental sustainability is critical for maintaining access, quality, and equity in care delivery. LHS executives are asking what role the system should take in addressing climate change and where they can partner to achieve their goals.

Join this Academy IQ webinar to:
- Learn why environmental sustainability is a priority for health systems and how they have begun to mobilize
- Opportunities for industry partners to support health system initiatives
December 13th, 2-3pm ET

Predictions on LHS Top Trends for 2023
Lasting labor shortages, inflation in supply costs, and volumes that haven't completely bounced back, have presented LHS with significant threats to margins across 2022. As they look to 2023, will they be able to accelerate progress on strategic priorities or will they remain hampered by economic headwinds?
Join this Academy IQ webinar to:
- Get the latest margin information for LHS and our economic modeling for early 2023
- Our top predictions for consumerism, workforce, IT investments, and value-based care.
December 15th, 2-3pm ET

Academy IQ

Q1 2023 Activities

January	February	March

Healthcare Masterclass Webinar Series
Ensure your sales and marketing teams have a thorough understanding of the Leading Health System (LHS) landscape, payment models, regulatory policy, and organization. These sessions are ideal for anyone newer to healthcare or in need of a refresher.

Overview of Providers, Payers, and Patients
January 5th, 1-2pm ET

How Leading Health Systems Are Paid
January 12th, 1-2pm ET

How Leading Health Systems Are Organized and Governed
January 19th, 1-2pm ET

Essentials of Healthcare Policy
January 26th, 1-2pm ET

Market Report:
Leading Health System Strategic Priorities
Results from our 2023 Priorities Survey unpacking the top priorities and performance improvement opportunities of executives including:

- COO
- CFO
- CSO
- CIO
- CNO
- CHRO
- CMO

Webinar Readout:
Leading Health System Strategic Priorities and Outlook for 2023
Get guidance on how to effectively adjust strategy and messaging to connect to Leading Health Systems top priorities and performance improvement areas.
February 16th, 2-3pm ET

Market Report:
Consumer Digital Outlook
Results from our 2023 Digital strategy survey, assessing key goals, challenges, and gaps in LHS digital ecosystems as they pursue consumerism goals

Webinar Readout:
Consumer Digital Outlook and What it Means for the Healthcare Tech Industry
Join us to discuss the results and key takeaways for industry of the Digital Strategy Outlook Report
March 23rd, 2-3pm ET

On-Demand Resources for Academy IQ Members

Research Library Accessible Through **Academy IQ Website**

Resource Archive

Inside Track Reports on the:
CFO , CHRO, COO, CMktO, CSO CMIO, CNIO,CIO CNO and CMO

Research Center Innovation Webinars

Financial Outlook and Partnership
- *How Industry Can Best Position Itself for Successful Partnership* Recording | Deck
- *Leading Health Systems Budget Forecasts and Investment Strategy* Recording | Deck

Consumerism and Digital Strategy
- *A Post-Pandemic Audit on Virtual Care: Progress Made and Challenges Remaining for LHS* Recording | Deck
- *Outlook on LHS Adoption of Remote Patient Monitoring (RPM)* Recording | Deck
- *How LHS Are Responding to Primary Care Disruptors* Recording | Deck
- *How LHS Are Harnessing Digital Tools to Drive Patient Loyalty* Recording | Deck
- *How Industry Can Win Over and Support LHS in AI Adoption* Recording | Deck
- *How LHS are doing on Digital Front Door Adoption and What it Means for You* Recording | Deck

Care Delivery and Workforce
- *How LHS are Shifting Care Outside the Hospital* Recording | Deck
- *Five ways LHS are Addressing Health Equity and what they mean for industry* Recording | Deck
- *Five Strategies LHS are Using to Address Workforce Challenges* Recording | Deck

Healthcare Masterclass- A comprehensive overview of the foundational elements- ideal for anyone on your team who is newer to healthcare or in need of a refresher
1. Intro to Providers, Payers, and Patients
   View Recording | *Deck*
2. How Leading Health Systems are Paid
   View Recording | *Deck*
3. How Leading Health Systems are Organized and Governed
   View Recording | *Deck*
4. The Fundamentals of Healthcare Policy
   View Recording | *Deck*

H2 2022 Market Outlook- A fresh take on the leadership and current trends at Leading Health Systems- suitable for everyone on your team
1. Pulse check on Leading Health Systems Progress on 2022 Priorities
   View Recording | *Deck*
2. Spotlight on Clinical and Workforce Leaders (CMO, CNO, CHRO)
   View Recording | *Deck*
3. Spotlight on Strategy, Ops, and Finance Leaders (COO, CSO, CFO)
   View Recording | *View Deck*
4. Spotlight on IT Leaders (CIO, CNIO, CMIO)
   View Recording | *View Deck*

Available Resources From Academy IQ

Academy IQ's Research Library

- **Inside Track Reports** on the CIO, CMO, CFO, COO, CNO, CSO, CHRO

- **Disruption Snapshots**
  - Hospital Price Transparency Rule
  - American Rescue Plan

- **Research Center Webinar Recordings**

  - "Budget Forecasts and Investment Strategy: Insights from IQ's Health System Survey and C-Suite Conversations"

  - "How LHS Are Harnessing Digital Tools to Drive Patient Loyalty"

  - "How LHS Are Addressing Health Equity and What it Means for Industry Partners"

  - "Five Strategies LHS Are Using to Address Workforce Challenges"

  - "Outlook on LHS Adoption of RPM"

  - "Where LHS Have Been and Where We Think They're Headed in 2022"

Coming Up

- Inside Track Reports:
  - Updates on the CNO, CHRO, CMO, COO, CFO, CSO, CIO
  - Chief Marketing Officer
  - Chief Pharmacy Officer
- Persona Snapshots:
  - Service Line Leaders: CV, Ortho, Oncology
  - Chief Experience Officer
- Research Center Innovation Webinars
  - "Keys to Successful LHS and Industry Partnerships," April 28th, 2-3pm ET
  - "How LHS are Expanding Ambulatory and Digital Strategy to Compete with Disruptors," May 18th, 2-3pm ET
  - "2023 LHS Cost and Investment Strategy," June 15th 2-3pm ET

Two Ways to Access
- Visit our website at: https://webportal.hmacademy.com/resources
- Email your membership liaison at: academyiq@hmacademy.com

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Disclosure

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Today's Focus: Perspectives of the CNO & CHRO

Chief Nursing Officer (CNO)

- Advocates for patient care and safety

- Partners closely with CHRO to manage nursing costs, workflows, and retention

- Variation in degree of day-to-day operations vs. system-level strategy CNOs engage in

Chief Human Resources Officer (CHRO)

- Responds to top labor concerns of system while planning for future obstacles and transformations needed for workforce

- Promotes a strong workplace culture that supports system mission and leads to success and innovation

CNOs: Playing Increasingly Strategic Roles System-wide

Snapshot of the CNO "Persona"

- **Managing Dual Role**: CNOs focus on day-to-day operations and are a strategic thought partner in the C-suite. CNOs have variable splits of these responsibilities

- **Health System Expert**: Many CNOs have spent their entire careers working within their health system so they know the organization inside and out

- **CHRO Partner**: CNOs work closely with CHROs on staff recruitment, retention and engagement. CNOs have their own operating budget, CHROs do not

- **Patient Care Advocate:** The closest link between the physicians, nurses and hospital administrators, CNOs help facilitate high quality patient care. They are responsible for hospital's performance on quality metrics

- **Workforce Leader:** CNO's oversee the largest workforce within a health system and understand the most pressing issues for frontline staff

- **Workflow Champion:** Nurses are the most expensive labor cost at hospitals. CNOs work closely with the CMO/COO to balance cost containment initiatives and workforce needs to promote top of license practice

A Closer Look at CNOs Among Leading Health Systems

Most Know the System Inside-out

79% Percentage of CNOs that are hired from within the system

Several System-level Technology Priorities Relate to Nursing Workflows

64% Percentage of LHS that report that improving patient flow technologies is high priority or essential to operational efficiency

42% Percentage of LHS that believe technology improvement for reporting, analysis of patient safety data is a priority

Sources: Academy research and analysis.

More CNOs Assuming Strategic Roles

The Balance of a CNO's Role Will Reflect the Type and Scale of Investments They Make

Operational

- Focused on day-to-day, 25% time or less spent on organization or system-level strategy
- Primarily focused on inpatient nursing challenges
- Tend to have limited support for operational initiatives, improvements from other CXOs

Strategic

- Forward thinking, 50% time or more spent on organization or system-level strategy
- Focused on care continuum, role nurses can play in emerging ambulatory care models
- Well-supported, enabled by hospital, system leadership

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Diagnostic Questions
Explore Before, Validate During Your CNO Conversations

- **Does your health system have a Chief Nurse Executive?**
  Organizations with system-level CNO are more likely to deploy progressive nursing practices like ambulatory nursing models.

- **What are your top three priorities for the next six months?**
  Operational CNOs will focus on day-to-day challenges like discharge planning; strategic CNOs will focus on topics like flexible staffing models.

- **How does your nursing leadership team help you address these challenges? What's your role versus your deputies?**
  Listen for the CNO describes their own role. If deputies well-deployed, CNO more likely to have time for strategic initiatives. Use follow-up questions to ask about cross-disciplinary support too (CHRO, CMO, COO partnerships).

Sources: Academy research and analysis.

Obstacles and Investment Decision Drivers for CHROs

Obstacles

Pain Points that May Impact Strategy Execution

- Unifying a hybrid workforce under the same culture and engagement while managing different expectations across settings

- Diminishing direct connection between employee engagement and employee retention

- Progressing in D,E&I goals in areas where the applicant pool is limited, such as in senior leader recruitment

- Continuing to promote culture and organization effectively to be an employer of choice in tough labor market

- Rescaling and reskilling the workforce as technology changes the types of roles and skills healthcare systems need

- Reimaging HR's role in planning for the workforce of the future while balancing competitive compensation and filling open roles

- Clunky, outdated HR systems and processes that may not be consumer-centric or cater to a more remote workforce

Investment Decision Drivers

CHRO Checklist for Choosing Solutions

- Demonstrated ROI on relevant HR metrics such as time to fill vacancies (interview to offer) or turnover

- Alleviates, rather than potentially adds to, staff administrative task burden

- Effectively leverages outside-of-industry HR strategies to overcome struggles within the healthcare sector

- Ability to easily interface with existing system and remain user friendly

- Company offering solution seems like credible strategic thought partner to learn from on HR issues, not just a vendor

- Supports a hybrid workforce, and can be scalable as organization evolves and grows

Sources: Academy research and analysis.

Obstacles and Investment Decision Drivers for CNOs

Obstacles

Pain Points that May Impact Strategy Execution

- Increasing, but still limited, sphere of influence in relation to other members of the C-suite

- Facing pressure to automate workflow processes to improve efficiency as health systems struggle to recruit and retain nurses due to burnout from the pandemic and increased competition from travel agencies

- Lack of highly experienced nurses while facing very complex patient environment

- Management of clinical outcomes and shifting requirements for patient experience

- Management of workflow changes such as supply chain or care variation reduction

Investment Decision Drivers

CNO Checklist for Choosing Solutions

- Does not require significant change management to implement; interoperable with current systems

- Supports secure, unified communications across care teams and improves workflows across sites, settings

- Measurable return on investment (e.g., revenue generation, efficiency, operating expense reduction)

- Improves nurse's experience, ability to provide quality care, and patient experience

Sources: Academy research and analysis.