



# **Benefits Optimization:** Attracting and Retaining Top Talent and a Multi-Generational Workforce at Leading Health Systems

**In Collaboration With**



# Health Systems are Fighting to Attract and Retain Talent in an Increasingly Competitive Labor Landscape, Creating a Greater Need for Benefits Optimization

Leading Health Systems (LHS) seek to attract and retain a highly sought after workforce through offering competitive and compelling benefits. However, as the workforce grows more diverse, LHS encounter the complex challenge of serving their broad staff's expectations and needs through their benefit offerings.

As it becomes **increasingly challenging to attract top talent**, LHS have placed greater emphasis on leveraging benefits design for employee recruitment and acquisition, workforce retention, and satisfaction and wellbeing.

Another component in the **struggle to attract and retain talent has been addressing the needs and expectations of a wide range of generations**. As the healthcare workforce changes and competition grows for talent, LHS engage in thoughtful benefits redesign and seek to find the right combination of offerings, a process called benefits optimization.

## Compensation and Benefits Demands Drive Turnover

86%

Of CXOs said **"Compensation/ Benefits Demands" drove workforce turnover** where LHS struggled to retain talent <sup>1</sup>

63%

Of **recruitment struggles** was attributed to **"Market compensation demands"** from CXOs <sup>1</sup>

## Benefits Optimization: The Definition

Benefits optimization is an exercise in which an organization determines which benefits to introduce, explore, align, or discontinue to drive maximum value to their diverse, multi-generational workforce while minimizing costs of delivery.

## Only 3% of LHS CHROs and CFOs Don't Have Plans to Explore Benefits Optimization <sup>2</sup>

58%

Of CHROs and CFOs said **their current benefits are optimized, but see an opportunity to further optimize** in the next 1-5 years

35%

Of CHROs and CFOs said **their current benefits are not optimized, but are considering optimizing** in the next 1-5 years

Most LHS surveyed currently engage in benefits optimization, and even those who do not presently signaled an openness to do so in the next 1-5 years.

**Chief Human Resource Officers (CHRO) were more likely to feel like their benefits were already optimized (63%)** compared to their Chief Financial Officer (CFO) peers (53%).

## Research Methodology in Brief

The Health Management Academy (THMA) in collaboration with [Fidelity](#) set out to identify areas of opportunity and challenges in redesigning employee benefits while also gaining a better understanding of different stakeholder perspectives on how these decisions are being made.



Surveyed 31 CHROs and CFOs from Leading and Regional Health Systems <sup>1</sup>



Collected secondary data through subject matter expert interviews

1. 2023 THMA Workforce Market Outlook report.  
 2. LHS benefits optimization approach measured by the question "From your perspective, which of the following characterizes your organization's approach to benefits optimization?"  
 3. 2024 survey of Health System Chief Financial Officers and Chief Human Resource Officers; n=31.



## Despite Slight Differences by Title, CFOs and CHROs are Generally Aligned on Goals and Priorities of Their Benefits Design

CHROs and CFOs agree on the goals their benefits strategy is most optimized to achieve: **recruitment and acquisition, retaining talent, and improving employee satisfaction and wellbeing**. There are slight differences when broken out by title that reflect each respective leaders' responsibilities and priorities.

### CHROs and CFOs Prioritize Workforce Retention, Talent Recruitment and Acquisition, and Strategic Cost Management <sup>1</sup> Percent of Executives Selecting Response <sup>2</sup>

#### CHRO

- #1 Workforce Retention
- #2 Employee Wellbeing & Satisfaction
- #3 Talent Recruitment & Acquisition

VS.

#### CFO

- #1 Workforce Retention
- #2 Strategic Cost Management
- #3 Talent Recruitment & Acquisition

After these top three goals, **CHRO and CFO prioritization decreases significantly**. For example, fewer than half as many CHROs and CFOs prioritize reflecting organizational values (35%) and strategic cost management (35%) through their benefits design. Other areas like maximizing benefit utilization (19%) and advancing diversity, equity, and inclusion (DEI) objectives (3%) received even less focus.

### CHROs and CFOs Decrease Maximizing Benefit Utilization and Advancing DEI Objectives Prioritization <sup>1</sup> Percent of Executives Selecting Response <sup>2</sup>

#### CHRO

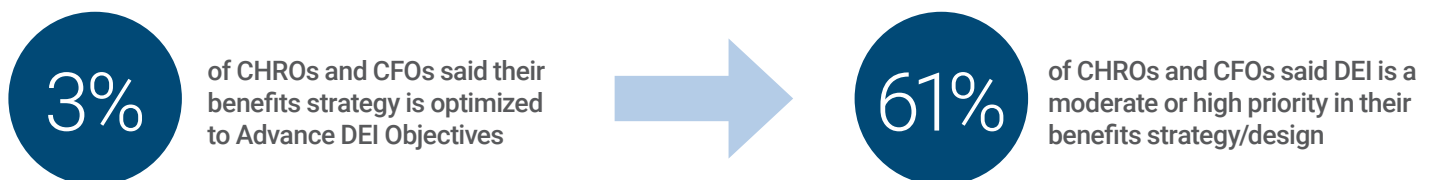
- #6 Maximize Benefit Utilization
- #7 Advance DEI Objectives
- #8 Support Productivity

VS.

#### CFO

- #6 Reflect Organization Values
- #7 Maximize Benefit Utilization
- #8 Advance DEI Objectives

While advancing DEI objectives was not a highly-prioritized outcome of benefits design, **many leaders still consider it an important topic**. The shift in DEI prioritization may be a result of some states operating in more restrictive environments where DEI faces legal hurdles. Alternatively, some LHS may consider their DEI work only in the context of patients and not for their internal employees.

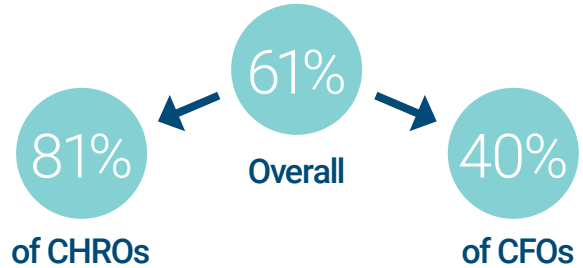


1. Percent of executives selecting response for "What are the top (and bottom) three outcomes you prioritize most (and least) during the benefits optimization process?"  
2. 2024 survey of Health System Chief Financial Officers and Chief Human Resource Officers; n=31.

## LHS CHROs and CFOs Monitor Competitor's Benefits, but are Divided on Their Own Competitiveness

Both CHROs and CFOs shared that competition for talent was a considerable challenge and as such, they keep a close eye on what their competitors, both providers and non-traditional competitors (such as technology companies or organizations outside of healthcare), offer with their benefits. Interestingly, **the majority of LHS surveyed felt their benefits were stronger than their competitors.** The differing perceptions of outperformance by title may relate to HR leaders likely having a better sense of what competitors offer compared to their CFO peers.

### Share of LHS that Believe Their Benefits Outperform Competing Organizations for Talent <sup>1</sup>

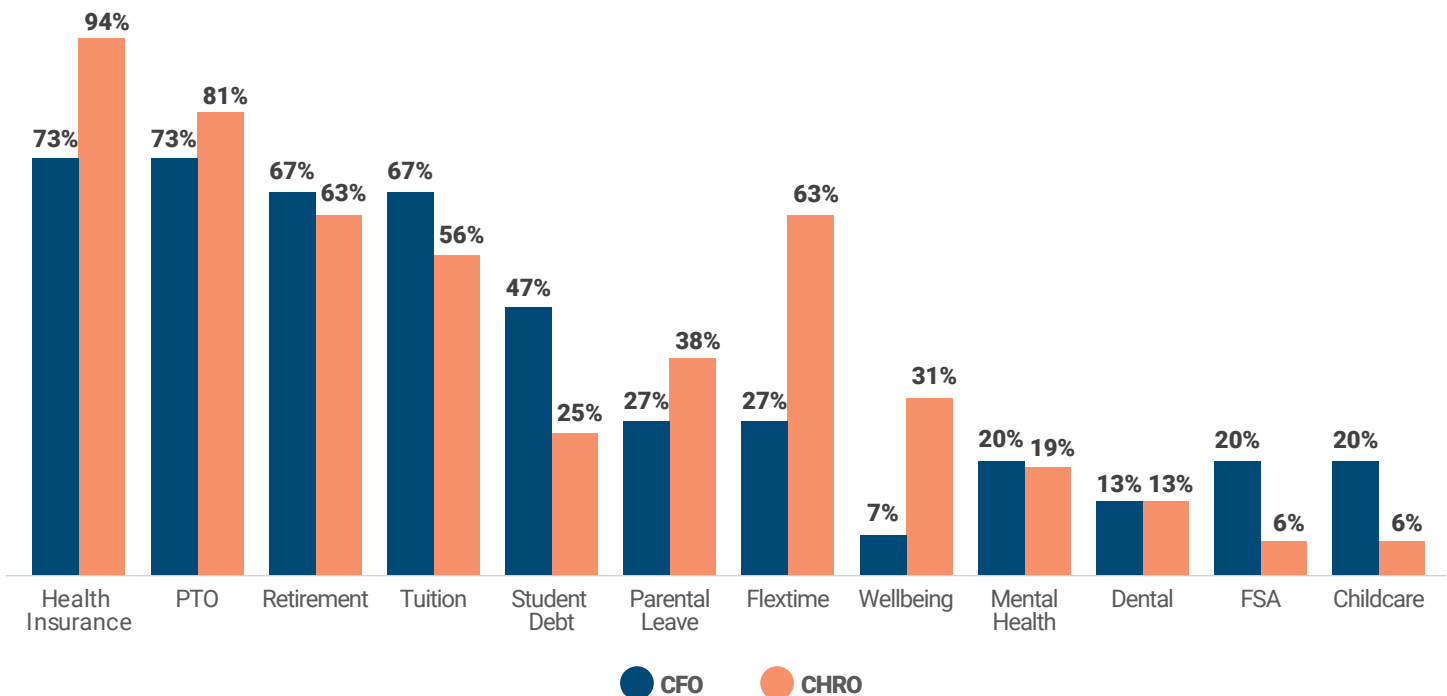


## Standard Benefits Remain Key for Talent Attracting and Retaining, LHS Exploring Emerging Differentiators

The standard benefits, which include **health insurance, vacation/PTO, and retirement employer match programs, continue to be the most effective** in attracting and retaining talent. However, LHS have explored other benefits to set themselves apart. Both CHROs and CFOs listed that the most effective benefits outside of the standard three are **tuition, student debt, and parental leave.** Yet, when these benefits are broken out by individual titles, CHROs and CFOs differed on their perceived effectiveness, particularly around flextime, wellbeing programs, and student debt.

### The Most Effective Benefits in Attracting and Retaining Talent are Health Insurance, Paid Time Off, and Retirement <sup>1</sup>

Percent of Executives Selecting Response <sup>2</sup>



1. Benefits comparison measured by "On a scale of 1-10, how do you believe your benefits compare with organizations you're competing against for talent?" with those rating between 7-10.  
2. 2024 survey of Health System Chief Financial Officers and Chief Human Resource Officers; n=31.

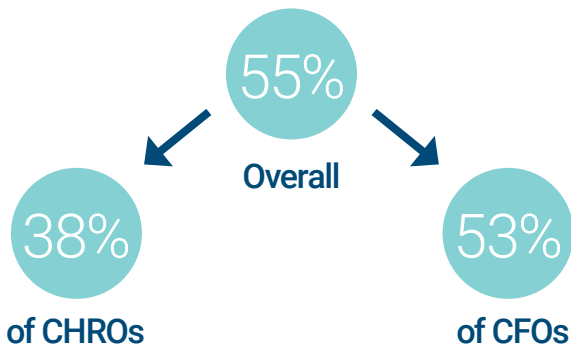


## There is a Growing Need to Monitor and Plan Around Generational Differences, but Majority of LHS Have Yet to Make Changes to Benefits Offerings

One key area to address is the wide range of generations within their employee population, who each have unique needs and expectations. In the **healthcare industry alone, 50% of the workforce is either Gen-Z or Millennials.**<sup>1</sup> Given this, LHS look to right size their benefits offerings to attract a multi-generational workforce.

While 58% of LHS report engaging in benefits optimization, **84% have not eliminated any benefits in the last 1-3 years**, opting to keep their offerings the same without accounting for multi-generational differences.

### Share of LHS that have not adjusted benefits to address generational needs



**“We have to be flexible with the changing demographic in the workplace. Our benefits need to stay strong to attract and retain top talent. This new generation is fine switching jobs fairly often, so we need to enable them to do so within our company and have the strongest benefit plans”**

– Chief Financial Officer, Leading Health System

**“Offering benefits that cater to the needs of a cross-section of our workforce—products and services geared towards generational needs is a top priority.”**

– Chief Human Resources Officer, Leading Health System

## Current Benefit Design Goals are Likely to Remain, but CHROs and CFOs See Opportunities for Deeper Finance - HR Collaboration to Optimize Benefits

Aligning benefits spend with ROI and cost management	Data-driven decision making	Enhancing communication and reducing silos
<p>CHROs and CFOs must collaborate to ensure that benefits investments yield tangible returns. By jointly establishing ROI metrics and evaluating benefits’ value relative to their cost, they can prioritize investments that deliver the greatest returns.</p> <p><b>“Finance must be a key partner with the benefit team to determine what is worth the cost and what isn’t. There needs to be an ROI on any benefit spend or else it doesn’t make sense.”</b></p>	<p>CHROs and CFOs emphasized leveraging data and trend analysis to guide benefits decisions. By collaborating, they can assess employee benefits usage, identify high-cost areas, and benchmark against competitors to stay competitive while managing costs.</p> <p><b>“Annual budget meetings and when we work with our benefits consultants for comparison to our competitors.”</b></p>	<p>CHROs and CFOs noted an opportunity to improve communication and involve the finance team earlier in benefits planning to align goals and ensure both teams are working towards a unified benefits strategy.</p> <p><b>“There could be more involvement of Finance. HR tends to work in a silo, and benefit changes or analysis occurs in HR with Finance’s input occurring at the very end of the process... like the ‘train has left the station.”</b></p>

1. Fidelity 2023 Healthcare Industry Report, 2023.

# Methodology

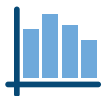


# Report Overview and Profile of Participating Health Systems

The Health Management Academy (THMA) in collaboration with [Fidelity](#) set out to identify areas of opportunity and concern in redesigning employee benefits while also gaining a better understanding of different stakeholder perspectives on how these decisions are being made. Leading Health Systems (LHS) are defined as innovative integrated delivery systems with over \$2 billion in net patient revenue, while Regional Health Systems (RHS) are defined as those with greater than \$500M but less than \$2B in total operating revenue.

This research captures perspectives from 31 survey respondents, representing a significant share of the Leading and Regional Health System market. Additional details on the research methodology and participating health systems are included here.

## Research Methodology in Brief



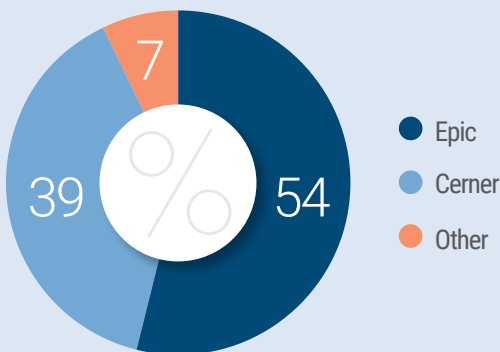
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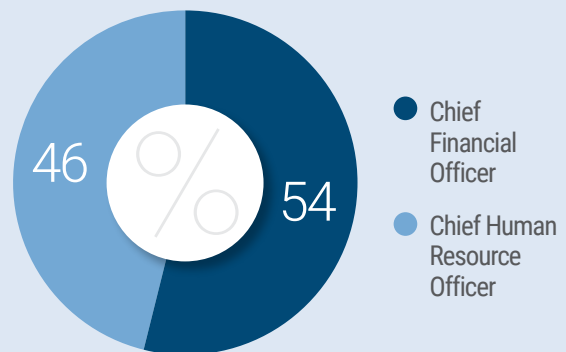
Collected secondary data through subject matter expert interviews

## Profile of Participating Health Systems <sup>1</sup>

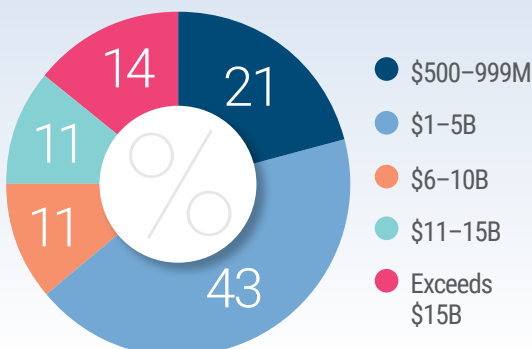
Participants by EMR vendor



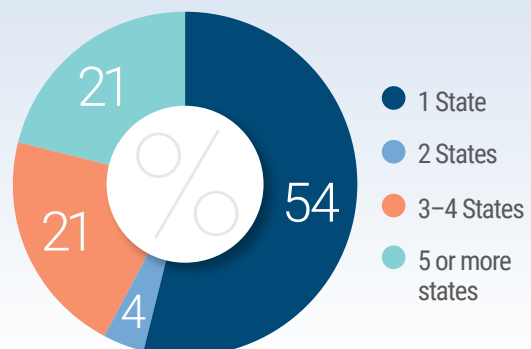
Participants by Title



Participants by Size (NPR)



Health System Size (State Coverage)



1. Leading Health Systems (LHS) are defined as innovative integrated delivery systems with over \$2B in net patient revenue.

## Research Methodology and Support

In 2024, The Health Management Academy administered a quantitative survey to Leading Health System executives and regarding their perspective on benefits optimization and employee benefits redesign. The 31 quantitative survey responses represent 31 total executives.

Respondent roles included: Chief Human Resource Officers and Chief Financial Officers.

## The Health Management Academy Project Team

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