

CHARTIS TOP READS

Top 3 issues identified by hospital CEOs are intertwined—as are solutions

Week of February 6 - February 12, 2022

| FEB 11, 2022

<https://www.chartis.com/insights/top-3-issues-identified-hospital-ceos-are-intertwined-are-solutions>

The Buzz This Week

Results from the annual American College of Healthcare Executives' survey on *Top Issues Confronting Hospitals* were released this week. The survey asks CEOs from more than 1,000 community hospitals to rank 11 key issues in order of most to least pressing. There were more than 300 respondents for 2021, and for the first time in nearly 20 years, financial challenges did not top the list, but came in second. Personnel shortages was first on the list of concerns, with an average ranking of 1.6 (the lowest numbers indicate the highest concern). Patient safety and quality moved up a spot from fourth to third.

- **Recruitment and Retention:** Participants cited registered nurses, technicians, and respiratory and physical therapists as the job shortages they were most worried about, with 94% of executives indicating nursing shortages were a pressing issue. Workers continue to leave the industry—nearly 400,000 since the start of the pandemic—for reasons such as burnout or seeking better pay, benefits, and work/life balance. The short-term staffing costs and high turnover have been detrimental to system financials, quality and safety, and morale.
- **Financial Challenges:** A significant portion of health system financial challenges stem from staffing shortages. As individuals leave the industry or move away from employed roles to careers like travel nursing for more competitive pay, health systems must provide higher wages to keep hospitals appropriately staffed. Increased costs for staff and supplies were the most listed financial concern, with reducing operating costs and Medicaid reimbursement following. One study showed that both median labor and non-labor expense per adjusted discharge has increased more than 20% since 2019. Labor has typically risen 3% to 5% per year.
- **Patient Safety and Quality:** The biggest concerns in quality and safety in the survey were listed as high prices and insufficient reimbursement for medications, engaging physicians in improving the culture of quality and safety, and redesigning care processes. For the first concern, inflation has significantly

impacted drug costs, with an average per patient drug cost up more than 40% in one year. In the case of the next two issues, staffing shortages and the pandemic deprioritized certain quality and safety efforts, and the result was substantial increases in hospital acquired infections and patient safety events. The pandemic has also created a backlog of cases, and due to staffing shortages and additional surges, it has been difficult for health systems to catch up, further delaying care and creating patient safety issues.

Why It Matters

The top three areas of concern (recruitment and retention, financial challenges, and patient safety and quality) are intertwined, and solutions will require a holistic approach with both short-term and long-term tactics.

- **Recruitment and Retention:** A survey of healthcare workers that were considering leaving their current role in the next year found the two biggest drivers of retention were increased salary (64%) and remote working options (59%). In the immediate future, many health systems are investing in attraction and retention through direct and indirect salary increases like cash rewards, hiring bonuses, and raises. Some states, like Michigan, Pennsylvania, and Connecticut, are earmarking dollars for hospital worker relief funds or support dollars. Some health systems are also expanding their benefits programs by offering homebuying assistance or reducing employee insurance costs. Multiple health systems are bringing in nursing staff from overseas to help fill the nursing gap in the short term. In the longer term, health systems may need to consider how to adjust workflows, create flexible staffing solutions, and align performance management tools and governance to create an appealing and sustainable model. Health systems may redesign care models to optimize resource utilization or use artificial intelligence (AI) to help manage scheduling or other administrative functions to allow team members to work at their highest and best use.
- **Financial Challenges:** Some aspects of addressing financial challenges are directly related to staffing, including workforce management and recruitment and retention tactics, but there are other imperatives for financial sustainability health systems need to focus on. In the short-term, health systems should determine all opportunities where they can achieve additional operational efficiencies and implement greater discipline around cost management. In the longer-term, health systems will need to evaluate capacity management to determine where efficiencies can be achieved within existing resources and explore digital solutions and non-traditional partnerships that can resourcefully expand or optimize service offerings.
- **Patient Safety and Quality:** The National Association for Healthcare Quality noted key lessons that have emerged from the pandemic around quality management. The first is that quality and safety requires continuous focus to maintain progress, and when efforts are not prioritized, as happened in the initial stages of the pandemic, safety and quality suffer. Routine quality initiatives must remain a constant, regardless of competing priorities. Process improvement and quality management must be part of care delivery rather than processes that can be shifted aside. Health systems are increasingly interested in transformational changes in their approach to quality and high reliability, ensuring system

vulnerabilities are identified and addressed and high quality care is delivered to every patient, every time. Designated quality leaders and robust quality and safety departments can help to address challenges and improve the culture of quality and safety within an organization. Training more quality experts and deploying quality leaders can help to create a sustainable culture of quality and safety.

Related Links

[ACHE](#)

[Modern Healthcare](#)

[NAHQ](#)

[Health Leaders Media](#)

Our services

[STRATEGIC TRANSFORMATION](#)

[PERFORMANCE TRANSFORMATION](#)

[DIGITAL & TECHNOLOGY TRANSFORMATION](#)

[CHARTIS CENTERS FOR AI & STRATEGIC INTELLIGENCE](#)

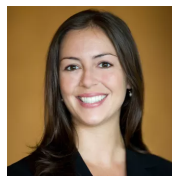
[PAYER TRANSFORMATION](#)

[STRATEGIC COMMUNICATIONS & CHANGE MANAGEMENT](#)

LEARN MORE ABOUT THE AUTHORS



Roger Ray, MD
Chief Physician Executive



Alexandra Schumm
Partner and Vice President of Research



Abigail Arnold
Associate Vice President of Research