



Healthcare Executive Research:

Accelerating Stability and Growth

In mid-2019, Huron's research found that after more than a decade of constant change, healthcare leaders were settling into agreement on their key focus areas, with little change in trends expected in three to five years. At that time, the struggle for leaders would be balancing their investments in a landscape where everything was important.

Less than 12 months and a global pandemic later, new research from Huron finds that **priorities have materially changed**; and this time there is **a growing lack of alignment among leaders on what is most important**.

Most agree short-term adjustments have been necessary for organizations to continue delivering care safely while stabilizing financially. Beyond that, leaders have different perceptions of what should be emphasized in the months ahead.

Without exception, the human health and economic challenges of the coronavirus have changed the healthcare landscape. The good news: Past market disruptions have shown us that **businesses have tremendous capacity**

to evolve for the better amid crisis. As leaders stabilize their organizations, they will also have to decide how they position their organizations for **success beyond recovery**.

To better understand how healthcare leaders are adjusting to the impact of COVID-19 and other industry trends, Huron surveyed 300 healthcare executives in different roles from various types of provider organizations. The research provides insight into how leaders are thinking about the future of the industry and their organizations amid the challenges of COVID-19.

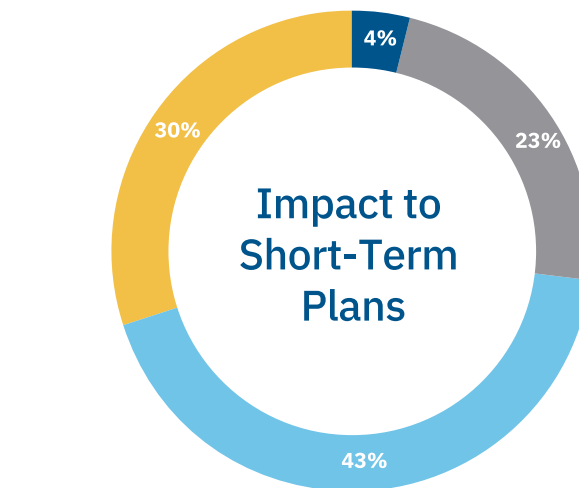
Key Findings:

- ▶ COVID-19 has changed healthcare **providers' immediate 12-month focus** to trends that include pandemic protocol management, shifting regulations, system capacity and personal protective equipment (PPE) supply levels.
- ▶ The implications of COVID-19 are massive, and leaders report it could take three to five years for organizations to stabilize; financial concerns — **cost containment and revenue growth** — are more important than ever.
- ▶ More than half of leaders will keep **long-term strategic plans intact** but will advance specific elements more aggressively to respond to the crisis.
- ▶ **Care delivery changes** inclusive of telehealth, virtual care and acute care at home will drive organizations' continued focus on short-term and long-term care transformation.
- ▶ Leaders need and want **more from their data and technology** and will look to accelerate strategies that allow for data-driven decision making across the enterprise.
- ▶ Competing interests and **lack of alignment between C-suite executives and director-level leaders** could hinder short-term and long-term initiatives, setting organizations back years and threatening long-term sustainability success.

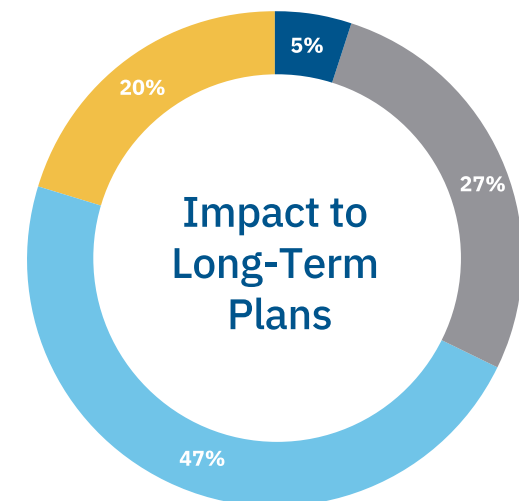
RECOVERY AND STRATEGIC PLANS: ACCELERATING WHAT'S NEEDED MOST

In the first half of 2020, every healthcare organization found itself operating in a healthcare ecosystem different than the one it knew before the COVID-19 pandemic. The health and economic effects of COVID-19 continue to confound leaders, and most expect it will take three to five years to recover and normalize. At the same time, leaders maintain some vision beyond the crisis and are not scrapping strategic plans altogether.

Huron's research finds that 66% of executives' short-term plans and 77% of executives' long-term plans will remain mostly unchanged. What will change is a re-prioritization or acceleration of certain elements of strategy.



- No change to short-term plans
- Continuing short-term plans while advancing specific parts
- Stopped or paused short-term plans/initiatives
- Other (no documented plans)



- No change to long-term plans
- Continuing long-term plans while advancing specific parts
- Stopped or paused long-term plans/initiatives
- Other (no documented plans)

In the short term, more than half of executives are accelerating operational accommodation; regulatory and compliance management and supply chain management top the list as well. In the long term, more than half will focus on accelerating digital technology and analytics, strategy and innovation, and financial and operational excellence.

According to Huron's research from 2016-2019, the priorities of healthcare executives have stayed consistently focused on navigating a dynamic regulatory environment, controlling costs and growing revenue, and utilizing technology and data.

In 2020, those challenges still matter but are being reframed by COVID-19 response and recovery. For example, while the acceleration of supply chain investments will drive cost control and quality, [modernizing the supply chain](#) will also be critical to securing PPE and other supplies to fight against COVID-19.

New pandemic-specific challenges are changing how healthcare operates. For nearly half of executives, pandemic management protocols and the relaxing and delaying of regulations due to COVID-19 were the top

Accelerating Short-Term Plans	
1	Operational accommodation
2	Regulatory compliance and management
3	Supply chain management
4	Capacity planning
5	Emergency response planning

two trends impacting their organizations. PPE woes — a highly publicized struggle of COVID-19 — tops the list as well. Changing care delivery, while not a new trend, is garnering more of leaders' immediate

Accelerating Long-Term Plans	
1	Use of technology and advanced analytics
2	Strategy and innovation
3	Financial and operational excellence
4	Organizational transformation
5	Care transformation

attention as organizations figure out how they can adequately respond to the resurgence of COVID-19 while simultaneously [regaining or preserving their ambulatory patient volumes](#).

Previous Years: Trends and Challenges	2019: Trends and Challenges	2020: Trends and Challenges
Mergers and acquisitions (M&A) integration	Industry or system consolidation	Pandemic management
Implementing healthcare reform	Transition to value-based care	Sufficient PPE
Aging population	Changing demographics	System capacity
Use of tech for patient care and operational efficiencies	Alignment between physicians and administrators	Relaxed or delayed regulations
		Care delivery model changes
Revenue enhancement	Achieving financial growth	Revenue growth
Ensuring financial performance	Ability to contain costs	Cost reductions/optimization
Use of data for decision making	Leveraging data for decision making	Data structures for decision making
Regulatory uncertainty	Changing regulations	Physician alignment

KEY

Trend across years

New this year

When Recovery Is Not Enough

Healthcare amid the coronavirus will be defined by overlapping and likely repeating phases of [response, recovery and repositioning](#). For long-term sustainability, organizations will need an integrated approach that secures near-term financial recovery while staying strategically prepared to transform.

The research shows that leaders are prone to adopt a wait-and-see approach, curbing transformational plans for more certain times. At the same time, more than 25% are pushing ahead as planned. For those who remain focused on long-term plans, this crisis may be the chance to accelerate transformation.

Crisis spurs innovation and can loosen entrenched behaviors that have thwarted progress in the past. While it's hard to see through the barrage of human health and

economic risks right now, opportunities for growth and long-term stability exist for healthcare organizations whose leaders understand the bold moves that will position them for success in the future of healthcare.

Timing and focus will be critical. While uncertainty persists, organizations should identify a timeline for moving forward to avoid getting stuck in response or recovery mode and failing to dedicate adequate resources to repositioning for growth.



INTENSIFIED FOCUS ON CARE DELIVERY, COST AND DATA

Leaders are grappling with a mix of issues, some of which are pandemic-specific, such as managing PPE. Other challenges, such as cost, care delivery and use of data, have existed for years and are now being intensified by the COVID-19 crisis.

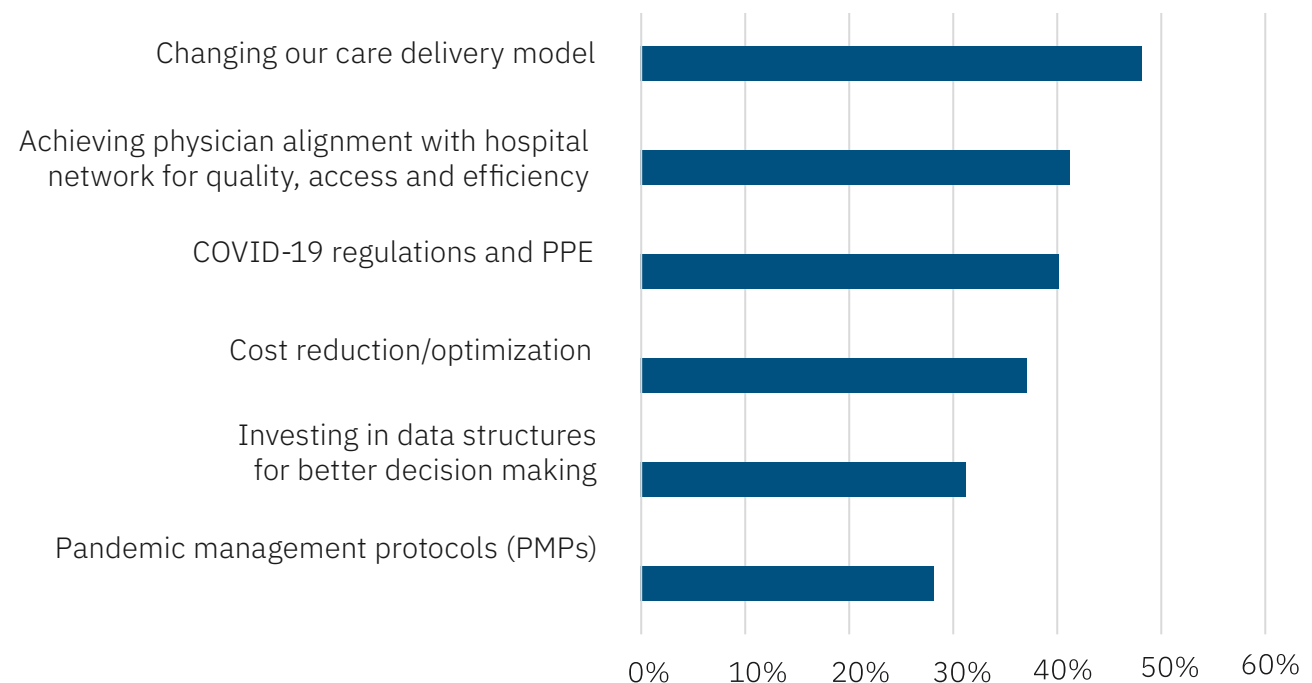
Emphasizing Care Delivery Changes

Nearly half of leaders list changing care delivery as their top challenge, signaling that leaders understand the urgency for healthcare organizations to change how they operate. Every healthcare organization will evolve differently, depending in many ways on how severely the coronavirus has affected their operations, community, workforce and consumer populations. But the data is clear that change is needed.

Improving care delivery will be about more than tweaking existing service lines; forward-thinking leaders are preparing their organizations to provide care along a continuum from wellness to episodic care to chronic care management via a seamless delivery system.

While mainstream and industry media has focused on telehealth, it is noticeably absent from the top challenges reported by respondents. This may be because leaders are folding telehealth, virtual care and other alternative care settings into their focus on changing care delivery models and better use of technology.

Healthcare Organizations' Greatest Challenges



As leaders consider virtual services and other care delivery changes, an in-depth understanding of [consumer preferences and needs](#) should inform decisions on recovery as well as repositioning.

Prior to COVID-19, consumers were already changing how healthcare is delivered. Now, consumer preferences for where and how they receive care and communicate with providers are likely to be even more pointed. Despite this influence from consumers, Huron's research shows a decline in organizations' immediate 12-month focus on consumerism, although the trend regains prominence in three to five years.

Losing focus now on consumer-centric care delivery could be detrimental long term. If traditional healthcare organizations struggle to align care and business models around consumer-centric systems, industry disrupters will be poised to fill this void and better meet consumers' needs in the market. To move quickly and reduce risk, strategic partnerships may be needed to ensure that new care delivery models will be successful.

A Clear Prioritization of Cost and Cash

Cost containment and optimization continue to dominate leaders' to-do lists, indicating that already shrinking health system margins have been further stressed by the financial fallout from the crisis. Additionally, while investments are focused on the here and now, Huron's research finds that leaders expect value-based care to impact their businesses more significantly in the next three to five years. To create the efficiencies needed for breakthrough improvement in cost and quality, leaders will need to significantly reconsider cost structures, reimbursement and financial strategies.

In the near term, leaders should continue to lean on financial management practices proven to be effective in periods of crisis, such as carefully tracking crisis-related expenses, maintaining liquidity and access to capital, and communicating with vendors. As the crisis drags on, multiple cash flow models should be run and regularly updated to give leaders a firm grasp and understanding of the impact of various scenarios related to consumer volume shifts. Even as coronavirus levels in their communities subside, organizations will be fighting to restore patient volume and revenue reduced by deferred services and procedures during the crisis. [Recovering ambulatory operations](#) will require an understanding of how to reengage existing consumers while identifying and pursuing new opportunities generated by changing consumer demands.



Pushing to Solve Data and Technology Woes

Healthcare organizations were already feeling the pressure to keep pace with the data revolution. The COVID-19 pandemic only highlighted the need for organizations to evolve their digital capabilities, ranging from telehealth to predictive analytics to electronic health record (EHR) interoperability with other data applications. In their effort to revamp strategic activities, leaders signal they will accelerate investments in data infrastructures, advanced analytics capabilities and enterprise resource planning (ERP) systems.

Data investments are also likely tied to the persistent trend of value-based care, which leaders report will increase in importance again in the next three to five years. To thrive in a value-based world, healthcare

organizations need a holistic view of patients and consumers that can only be achieved through data that extends beyond basic health information. As providers look to scale operations, forge new partnerships or consider M&A activity that will enable care delivery evolution, [data resources](#) (e.g., EHRs, facility and professional billing, admissions and discharges, human resources and enterprise systems data) should be treated as a core asset.

Data Priorities	
1	Data management structures
2	System integrations
3	Data analytics (descriptive, predictive, prescriptive)

Payors Share the Data Challenge

Another important stakeholder aligned to big investments in data is payors. Like providers, payors are prioritizing challenges related to enhanced data analytics capabilities and the use of data for decision making. Recent Huron [research on the healthcare payor market](#) shows that changing payor-provider relationships, including value-based care and new reimbursement models, is the top trend impacting payor organizations. Seventy percent of payors indicate that the majority of their reimbursements are fee-for-service, yet only 2% indicate existing payment structures are ideal. While fee-for-service is still the dominant payment system, payors are focused on switching to risk-sharing reimbursement models. Most will look to accelerate pay for performance, bundled payment, and partial or global capitation in the near term. Resolving pain points around data sharing will be the linchpin to stabilizing value-based payment models. Providers who can create better data-sharing models with payors have an opportunity to create more equitable value-based payment models that reduce costs and improve patient care.

MISALIGNMENT AMONG LEADERS

Huron's research engaged healthcare leaders representing a variety of functions, seniority and titles. Aside from COVID-19 priorities, leaders' responses indicate that their focus is strongly aligned to their functional areas, with a startling lack of alignment among leadership teams. Moreover, Huron's data indicates a rise in competing interests within organizations.

While it is expected that people will be incentivized to hit performance goals most closely associated with their functional roles, the trouble lies in the misalignment of those goals to broader strategic plans. This level of misalignment can be counterproductive and costly, leading to misallocation of investment funds, cultural tensions and a weak competitive position when compared with peer providers with more focused goals.

Leaders' Perceptions of Accelerated Priorities Due to COVID-19

	Strategy and Innovation	Finance and Operations	Technology	Clinical Care	People
1	Making strategic acquisitions	Revenue growth	Investing in data structures for better decision making	Expanding virtual care	Cost management
2	Reducing capital expense/ infrastructure	Cost management	Transitioning to remote work, work from home or hybrid work	Investing in artificial intelligence	Reducing capital expense/ infrastructure
3	Investing in data structures for better decision making	Optimizing our supply chain	Cost management	Focusing on fewer, core, higher-potential projects	Stabilizing operations

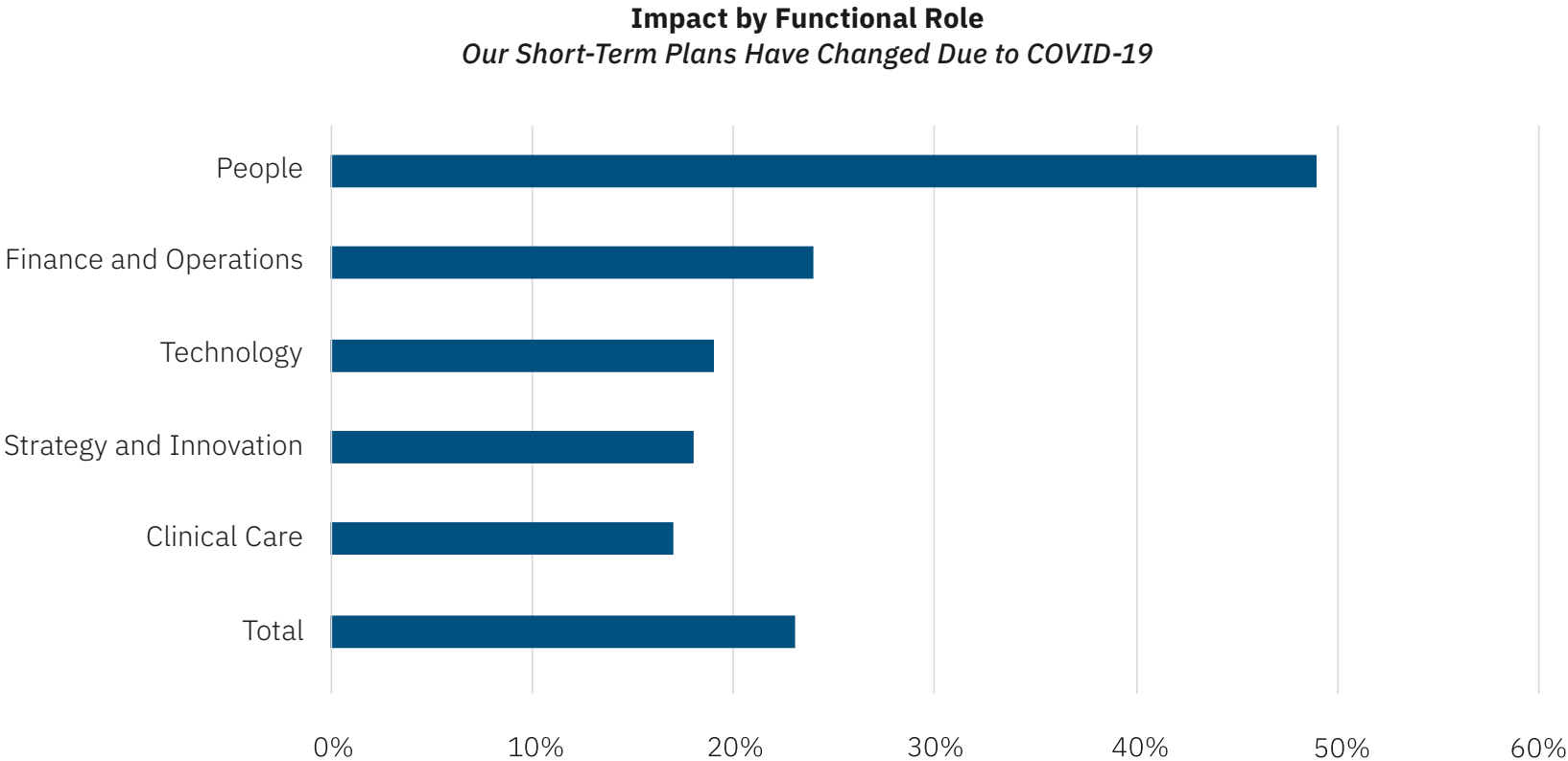
The Competitive Advantage of Alignment

In an environment marked by uncertainty and misalignment of leaders, the ability to build buy-in around a bold vision and move organizational initiatives forward could be what separates those that languish from those that thrive.

People are the No. 1 factor that can make or break new initiatives. Yet right now, C-suite executives are not aligned to their vice presidents and functional leaders. For initiatives to succeed, C-suite leaders must have relationships at every level of their leadership.

Moreover, Huron’s research finds that people-focused roles, such as chief human resources officer (CHRO), are the least aligned to other areas. When considering strategic plans, 49% of respondents in people-focused leadership roles report that COVID-19 has not changed their short-term initiatives, compared with only 23% of executives in total who report the same sentiment.

Additionally, when considering priorities that should be accelerated due to COVID-19, people-focused executives report they



will remain focused on cost containment and operations. Prudent financial management is essential and expected given the economic pressure brought on by the pandemic, but demand is building for a focus on employee well-being.

With burnout, mental health and wellness [issues exacerbated by COVID-19](#) being reported regularly, and public [attention focused on the personal sacrifices](#) of clinicians and staff battling COVID-19 on the front lines, organizations have an opportunity

to build trust and loyalty with their employees and consumers by investing in people.

Just as organizations invest in data structures to ensure systemwide and reliable data outputs, the same must be done with people and culture. Organizations need a foundation on which they can align their leaders around goals and create transparency and accountability. Organizational culture — including change management strategies — will be important for how organizations proceed.

Potential Return on Investment Regression

Past Huron research found that larger transformation initiatives were pushing executives to reconsider how they measure success and return on investment (ROI). Quality, patient experience, patient satisfaction, clinical outcomes and organizational goals were matching the level of importance of financial metrics.

Due to crisis mitigation and the need to stabilize financially, leaders seem to be reverting to old ways of thinking when it comes to ROI. Leaders are looking first to financial return before other organizational goals. Huron's research finds that 31% of executives feel that financial metrics are most important for measuring ROI, far more than any other attributes named, such as alignment to transformation plans (13%) or quality as measured by patient experience (12%).

During this time, it will be important to remember that what gets measured gets done. If goals tied to long-term transformation deteriorate and organizations stop measuring outside the financial box, the initiatives needed to thrive in the future of healthcare may also stop.



FINAL THOUGHTS

In the last several years, the trends and challenges impacting healthcare executives' decisions and investments had changed little. In a matter of months, the coronavirus pandemic significantly reset priorities and accelerated investments in areas poised to provide financial return on investment. Leaders indicate focus will remain on cost containment, care delivery changes and data for decision making in the near term, but they have not totally abandoned their long-term plans for bigger transformation.

Focus on near-term financial recovery will continue as the most important factor for survival. At the same time, organizations are in a unique position to consider how shifts in their market might create the strategic opportunity for long-term growth. Providers that can stabilize from COVID-19 while simultaneously moving strategic plans forward stand the best chance of staying ahead of continued disruption

and competitors. Whether thinking short term or long term, leaders' first step may be acknowledging and addressing the competing priorities and an overall lack of alignment among their own leadership teams.

Key Takeaways

Think differently.

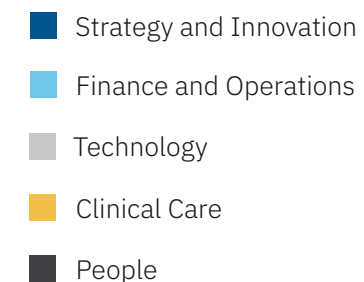
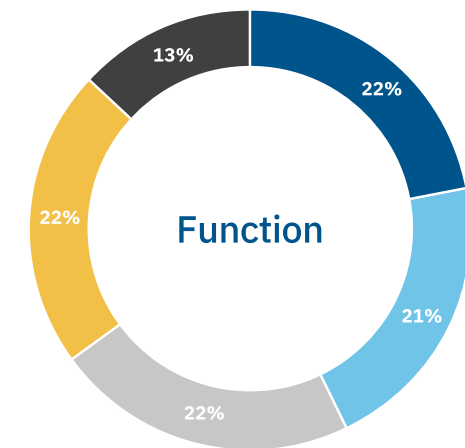
Consider how the lessons learned, innovation and agility that have occurred as a result of the coronavirus crisis can be leveraged or sustained for long-term success.

Plan differently.

Evaluate, then accelerate, investments that will allow the organization to stabilize financially amid COVID-19 while also responding strategically to growth potential created by a changed healthcare market.

Act differently.

In the next 12 months and beyond, don't ignore potential competing interests among leaders; work to keep top executives and functional leaders aligned to clearly defined organizational priorities.



Methodology

In June 2020, Huron commissioned an online survey of 300 healthcare leaders across functions, roles and organization types. The purpose of the study was to understand how the coronavirus pandemic has changed organizational priorities and to identify the industry trends that will challenge hospitals and health systems in the next 12 months and three to five years.



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