



HURON 2019 HEALTHCARE EXECUTIVE SURVEY:

Balancing Investments for Sustainable Growth



Healthcare CEO turnover hit a record high in 2013. In the years since then, rates have remained elevated, representing one of the [longest periods of consistently high turnover](#), according to the American College of Healthcare Executives.¹ While multiple factors contribute to turnover at the top, the bottom line is that healthcare is a tough industry for leaders.

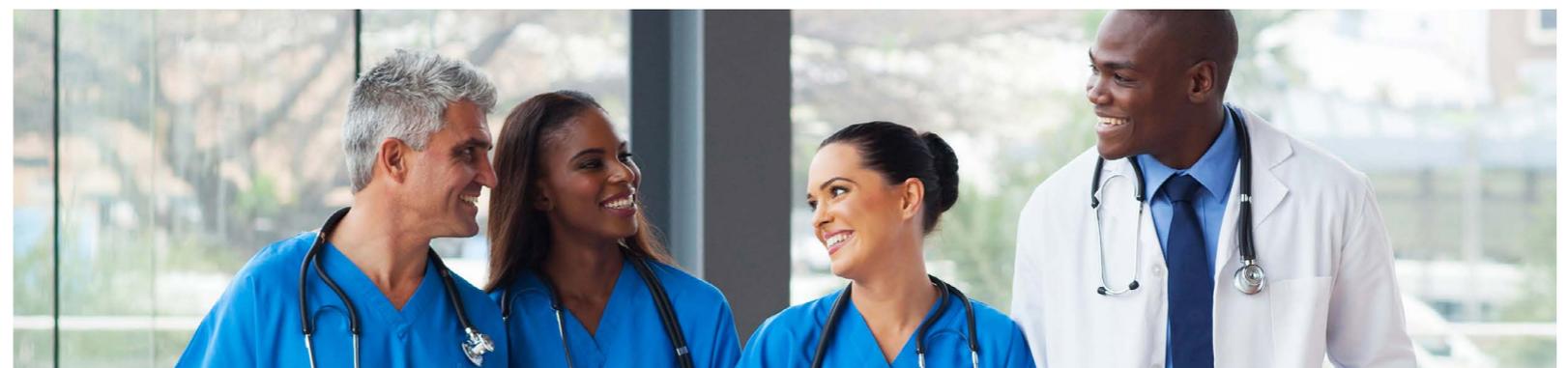
Guiding a healthcare organization into the future requires leaders to make strategic decisions in the face of competing and complementary priorities. Healthcare leaders must solve myriad complex, important problems, and the stakes have never been higher. Shrinking margins, pricing pressure and threats from industry disrupters show no sign of relenting, according to a [recent Fitch Ratings report](#).² More [industry consolidation](#) is expected, and deal sizes are getting larger each year.³ Leaders are being asked to rethink how and where care is delivered while continually integrating more data analytics applications, like artificial intelligence and machine learning, into every aspect of their business.

In order to better understand how healthcare leaders are navigating long to-do lists shaped by the industry's constant change, Huron surveyed 301 healthcare C-Suite executives in different roles from various types of organizations. The results revealed how leaders are shoring up their strategies and resources in response to the latest industry opportunities and threats.

Key Findings:

- With limited resources to invest, leaders struggle with **competing investment priorities** in a landscape where everything is important.
- Continued merger and acquisition (M&A) activity, industry consolidation and **financial optimization** will play a central role when making strategic investment decisions.

- Leaders are evaluating **new ways of measuring return on investment (ROI)**; quality, patient experience, patient satisfaction, clinical outcomes and organizational goals now match the level of importance of financial metrics for most leaders.
- Personalization, value-based care, care delivery shifts and physician alignment are driving the need to **provide better value and quality of care** for an increasingly discerning healthcare consumer.
- Building better, more secure data structures and **advancing the use of data for decision making** will be paramount to enabling organizations to tackle challenges that range from consumerism to cost management to patient experience.



1. "Hospital CEO Turnover at 18% for Fifth Year in a Row." American College of Healthcare Executives, May 30, 2019. <https://www.ache.org/about-ache/news-and-awards/news-releases/hospital-ceo-turnover>

2. Bannow, Tara. "Fitch: Healthcare pricing, profit margin pressure will persist in 2019." Modern Healthcare, November 30, 2018. <https://www.modernhealthcare.com/article/20181130/NEWS/181139995/fitch-healthcare-pricing-profit-margin-pressure-will-persist-in-2019>

3. Bees, Jonathan. "Megamergers take center stage in M&A activity." HealthLeaders Media, April 18, 2019. <https://www.healthleadersmedia.com/strategy/megamergers-take-center-stage-ma-activity>

LEADERS ALIGN ON TRENDS IMPACTING THEIR ORGANIZATIONS

Leaders report that trends impacting their business will not change much over the next three to five years, indicating that while the industry is still in flux, some consistency has emerged in how leaders will tackle the challenges ahead.

Executives align on what their challenges are now and in the near term. But with so many important trends emerging, the challenge leaders have is not identifying but rather prioritizing their goals and investments to transform their organizations for the future. This balancing act proves true for leaders across all functional areas, including strategy and innovation, finance and operations, clinical care and technology.

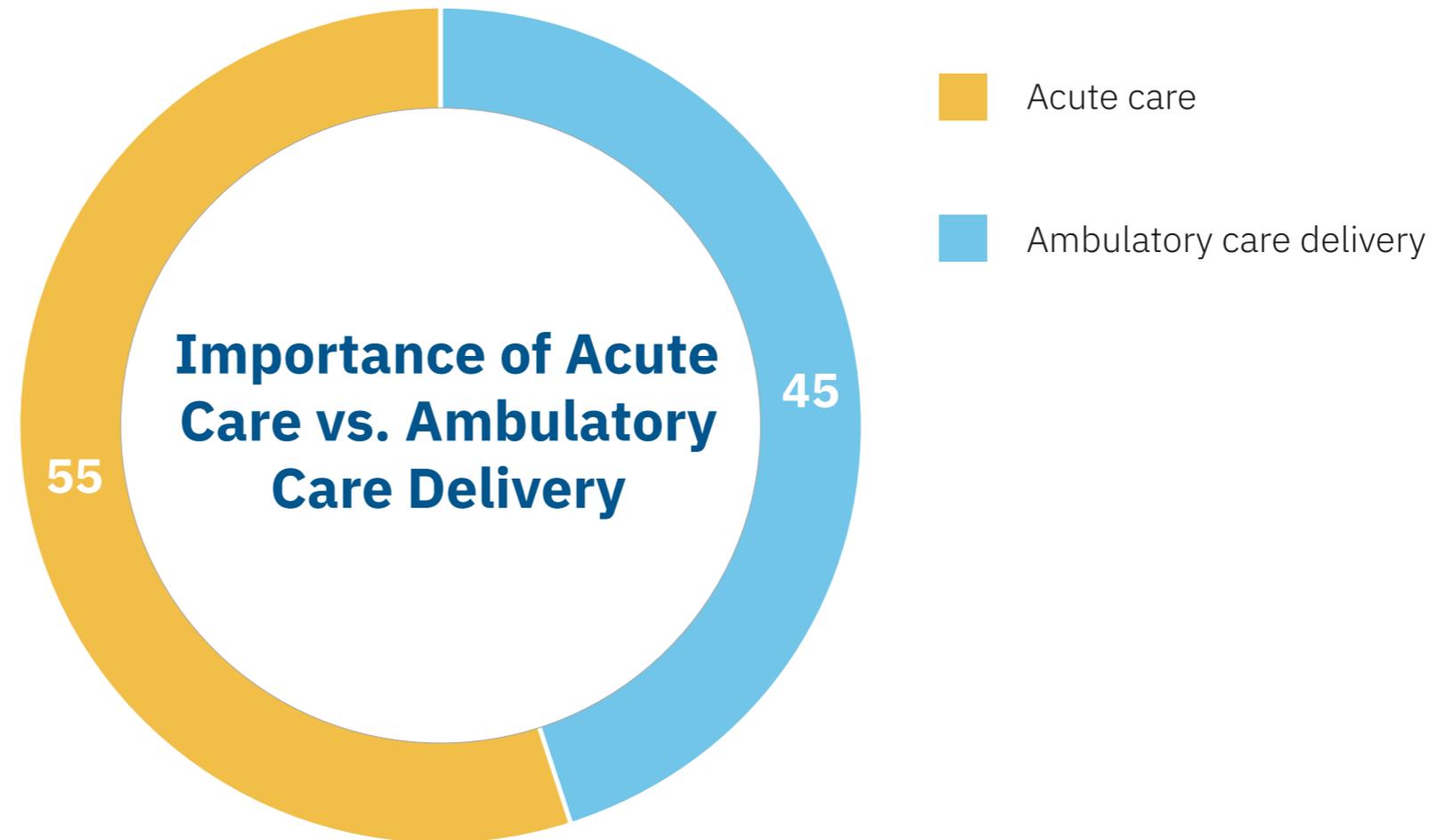
Leaders consistently identified 19 industry trends as having a significant impact on their organizations. Data security, cost management and physician alignment occupy the top three trends spots now and in the near future, and industry consolidation holds steady as a main concern. Two trends that will have a growing influence on organizations in the next three to five years include changing patient demographics (moving from rank 16 to 7) and care delivery in virtual and physical care facilities (moving from 19 to 16). Changing healthcare regulations drops out of the top 10 concerns, and wellness shows a notable decrease as well.

Investment priorities further reflect a growing list of challenges. In the next three to five years, leaders expect some shifts in prioritization, but physician alignment and data structures continue to occupy the top two spots.

This Year: Trends Impacting Business	This Year: Investment Priorities	Three to Five Years: Trends Impacting Business	Three to Five Years: Investment Priorities
1. Data security	1. Physician alignment with hospital network for quality, access and efficiency	1. Data security	1. Physician alignment with hospital network for quality, access and efficiency
2. Physician alignment with hospital network for quality, access and efficiency	2. Building data structures for better decision making	2. Cost management	2. Building data structures for better decision making
3. Cost management	3. Consumerism	3. Physician alignment with hospital network for quality, access and efficiency	3. Business strategy and innovation development
4. Data management	4. Clinical care delivery	4. Data management	4. Cost containment or structure
5. Consumerism	5. Culture improvement	5. Greater industry consolidation, M&A activity	5. Patient experience or satisfaction

Blue highlight indicates notable increase from current-year investments.

Consumerism and cost pressures will continue to push healthcare delivery outside the hospital. In the next one to three years, acute care still holds leaders' attention but only marginally ahead of ambulatory care. Investments and revenue tied to the ambulatory market are expected to grow significantly.



RECOMMENDED READING:

- ▶ [Ambulatory Market Report: The Future of Care Delivery Outside the Hospital](#)

CHANGE, TRANSFORMATION AND MEASURING SUCCESS

The size and scope of change initiatives will continue to grow as leaders mobilize to tackle the most pressing issues within the healthcare industry. More than one-third of organizations are undertaking significant change initiatives, particularly around building data structures for better decision making, improving access to care, improving talent and managing costs to help address disruption.



IMPORTANCE OF EVALUATION METHOD TO DETERMINE ROI

- | | |
|---|--------------------------------------|
| 1. Quality measured by patient experience | 3. Long-term impact to the community |
| 2. Quality measured by patient outcomes | 4. Alignment to organization goals |
| | 5. Financial metrics |

ACTIVE INITIATIVES OR ORGANIZATIONAL CHANGES

- | | |
|--|--|
| 1. Investing in data structures for better decision making | 5. Investing for talent, expertise |
| 2. Improving care access | 6. Restructuring the company and senior leadership |
| 3. Responding to industry disruption | 7. Cost management/containment |
| 4. Making strategic acquisitions/M&A | |



As healthcare leaders work to stay ahead of industry trends and prioritize their investments, they are also reevaluating what success looks like. Standard financial measures of ROI are no longer all-encompassing as leaders invest in enterprisewide transformation. More patient-centric metrics are finding their way to the top of leaders' lists. Approximately one-quarter to one-third of respondents across functional areas believe patient experience and patient satisfaction are key metrics to prioritize investments.

DATA AND TECHNOLOGY COMMAND ATTENTION

Leaders assign a rating of “high impact” to nearly 20 industry trends, indicating that everything is important when responding to major industry pressures. However, there is agreement that data, more than any other trend, will impact a variety of objectives and outcomes. Two of the top four priorities leaders expect to impact their organizations involve data, a trend that is consistent across all organization types, roles and functions.

Regional and national system leaders will continue to invest in core technology that governs electronic health records (EHR), customer relationship management (CRM) and enterprise resource planning (ERP). Complementary to those core investments will be a focus on interoperability, data management and EHR optimization.

While “big data” may not have lived up to the hype of recent years, leaders indicate that they are leaning on data to drive improvements across the enterprise. Nearly every major trend, including consumerism, cost management and patient experience, requires some form of reliance on data. Leaders are now seeing the real-life applicability of using data to lower costs, improve quality of care and provide more personalized care.

INDUSTRY TREND IMPACT

1. Data security
2. Physician alignment
3. Cost management
4. Data management
5. Consumerism



RECOMMENDED READING:

- ▶ [Healthcare Data Analytics: Leverage Data Now to Prepare for What's Next](#)
- ▶ [Creating a Digital Culture in Your Healthcare Organization](#)
- ▶ [Digital Trust: Earn it and Sustain it to Fuel Tomorrow's Healthcare](#)

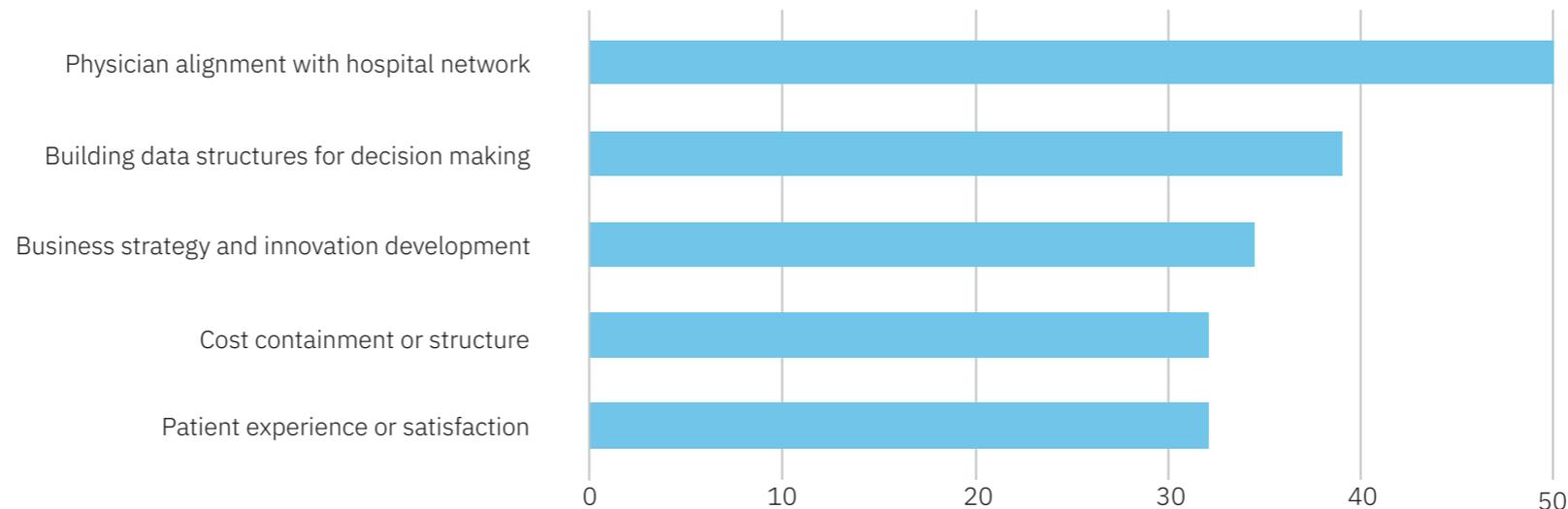
ALIGNING PEOPLE AROUND NEW CARE DELIVERY MODELS

Executives highlight several organizational challenges for the current year tied to changing care delivery models: alignment between administrators, the transition to value-based care models and their ability to contain costs. Addressing consumerism and delivering more personalized care also emerge as key areas of focus for all roles, especially clinical leaders.

More than half of leaders point to alignment between leaders and physicians as their top challenge and investment priority now and in the near future. In a separate Huron report on [healthcare leadership, talent and culture](#), more than 87% of respondents indicated alignment and governance as a top business need.⁴

As networks get larger and more complex through consolidation and partnerships, leaders are clear that physician alignment with the hospital network is needed for quality of care, access to care and efficiency.

Where will leaders invest the most in three to five years?



1. "The Future of Healthcare Leadership, Talent and Culture." Huron, August 2019. <https://www.huronconsultinggroup.com/expertise/healthcare/reports/healthcare-leadership-talent-culture>

Consumerism cuts across all operational and clinical areas and will be an impetus for innovation that facilitates more personalized care and an improved patient experience. The same innovations may help organizations better attract and retain patients and physicians, offsetting pressure and fueling differentiation in a competitive market.



ORGANIZATIONAL CHALLENGES

1. Achieving alignment between administrators and physicians
2. Transition to value-based care models
3. Ability to contain costs

RECOMMENDED READING:

- ▶ [The Future of Healthcare Leadership, Talent and Culture](#)
- ▶ [Consumer Choice and the Future of Service Lines](#)

FINAL THOUGHTS

Change is still a constant in healthcare, but leaders have graduated from identifying disruptive trends to prioritizing how they will combat them. The task now is determining how to pursue investments capable of impacting multiple areas of the healthcare organization.

People — consumers and physicians — are at the center of future investments in healthcare. Whether explicitly identifying “consumerism” or not, leaders understand they have to continue investing in technology, systems and people that allow them to deliver higher-quality, convenient and affordable care. Leaders will stay ahead of the curve by developing innovative offerings that differentiate their organizations and better serve the needs and preferences of changing patient populations.

The prevalence of data across most major trends indicates that leaders are under tremendous pressure to advance their organization’s digital maturity. Nearly every aspect of running a healthcare organization will require the ability to turn data into predictive, actionable insights that move seamlessly into the hands of staff, physicians and patients.

Health systems will continue to become more complex as industry consolidation keeps pace and care moves outside of the hospital. Successful leaders will rely on strategies that create a clear path forward for delivering consistent, high-quality care across the continuum.

Key Takeaways

To prepare for the future of healthcare, leaders must:

Think differently.

As numerous challenges impact organizations, build alignment among leadership by discussing how to operate in an environment where everything is a priority.

Plan differently.

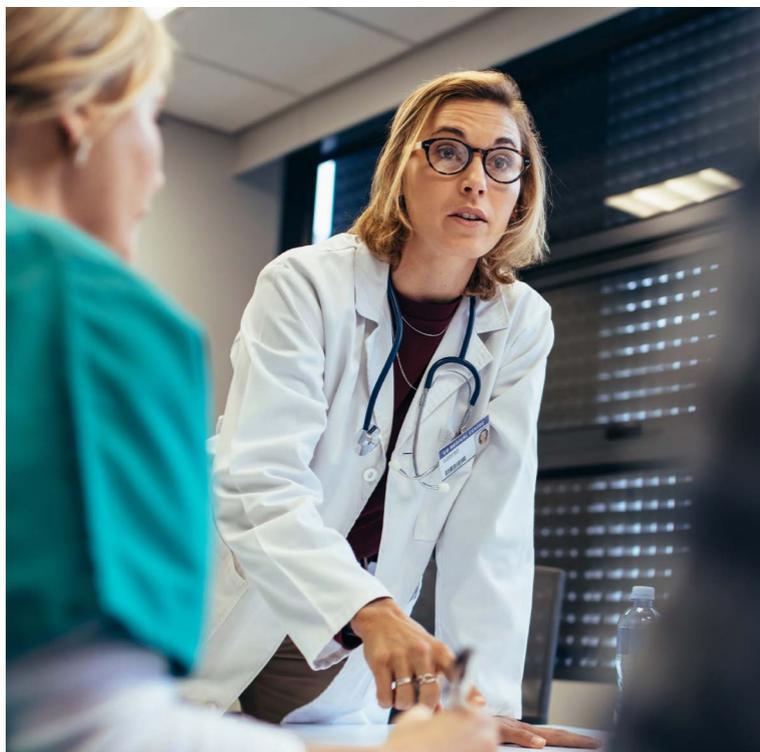
Balance the impact of industry trends by investing in areas, such as data structures and data analytics, that have the power to positively impact all areas of operations and clinical care.

Act differently.

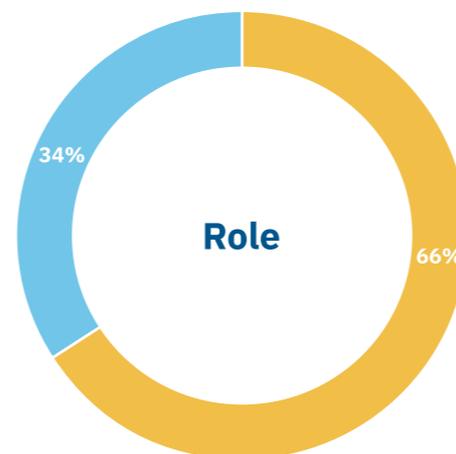
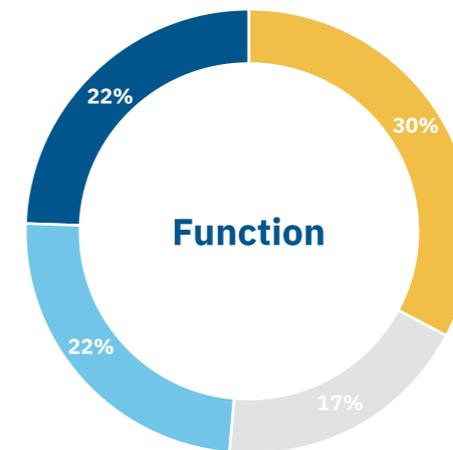
Build a strategy focused on structuring change initiatives that balance near-term innovation in core business areas with long-term growth opportunities.

RESEARCH METHODOLOGY

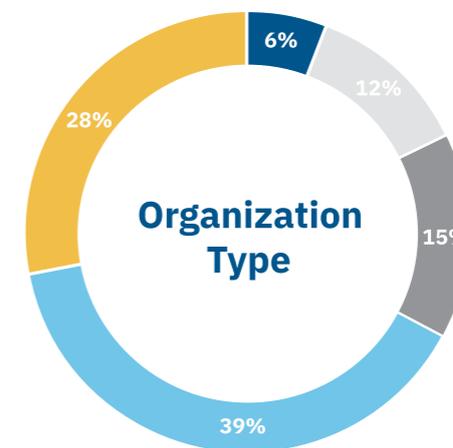
In July 2019, Huron commissioned an online survey of 301 healthcare leaders across functions, roles and organization types. The purpose of the study was to identify industry trends that will challenge hospitals and health systems in the next three to five years and to understand how leaders will prioritize investments to solve current and future challenges.



- Finance and Operations
- Clinical Care
- Strategy and Innovation
- Technology



- C-Level
- VP/Director



- Regional Health System
- National Health System
- Community Health Organizations
- Public Health Organizations
- Academic Health Centers



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