

10 Priorities for Today's Healthcare CEOs

Donna Padilla

On a daily basis, I speak with healthcare CEOs and their leadership teams about their most pressing problems and priorities. Despite the immense challenges they face, all CEOs seem to have the “solution” gene in them – always looking for a better way to serve patients and identify a new avenue to success for their missions. Below, I summarize the main issues and questions that CEOs are raising in 2024.

EVERGREEN ISSUES

1. Winning the Workforce Challenge. Amid nurse, physician, and specialist shortages, hospitals and health systems struggle to maintain full staffs, keep them fresh and engaged, while also managing labor costs. Progressive provider health systems have a comprehensive workforce strategy that creates innovative talent retention and development plans; fosters a supportive culture that prioritizes work-life balance, diversity and inclusion, and cross-generational teams; and maintains a focus on meeting their community needs. Organizations must collaborate with government, corporations, associations/affiliate groups, and medical/nursing schools to reignite widespread enthusiasm for careers in medicine and all disciplines and roles across healthcare delivery.

Questions CEOs Are Asking: How can we retain a lean, flexible workforce without overburdening individual clinicians and staff? Do long-term retention strategies work, and save costs? What partnerships should we engage to prepare our workforce of the future? Is what we're doing at the K-12 level meaningful to help support

our longer-term workforce? How do we cultivate ongoing adaptability in our care delivery units to meet community healthcare needs and better support our team?

2. Building a Deep Leadership Bench. Healthcare organizations know where they're going, but will they have enough of the right people to take them there? The key strategic roles of 5 or 10 years from now may be different from those on one's current executive team. Meanwhile, with retirements and organizational restructures to address cost pressures, hospitals and health systems may be left with a leadership, experience, and knowledge gap that will be difficult to overcome. Solutions will include creative succession planning and team development to build a deep bench for the future, as well as having increased geographic flexibility for certain roles and utilizing interim leaders strategically for important projects or to fill talent gaps.

Questions CEOs Are Asking: Is our leadership team of today equipped for tomorrow's challenges? Should we ramp up our succession planning efforts? What positions and skill sets do we need to build up in the coming years to align with our strategic goals? What is our process to identify the growing needs of our organization and support existing team members in gaining the skills and credentials to address them?

3. Fostering Financial Stability and Strength. The healthcare landscape isn't quite as bleak as it was a year or two ago, but short-term margins and long-term profitability and sustainability are on everyone's minds.

Regulatory benefits that helped providers weather the pandemic are gone. Decreasing entitlement coverage, stagnant reimbursement rates, and restoration of prior compliance burdens are adding to organizations' financial burdens. Consumers and employers can't shoulder (or stomach) higher costs. Still, organizations are tightening operations, leaning heavily on core competencies and high-revenue services, and forging partnerships with other care providers, academic medical centers, vendors, and solution providers. In disruptive times, leaders are looking for new solutions to existing problems.

Questions CEOs Are Asking: How can we improve our margins without trimming services? Can we creatively partner to add new revenue streams? How can we maintain costly services that our communities desperately need? Would an outside consultant or interim leader help us provide a new perspective and focus? How are we facilitating improved data accuracy, minimizing administrative workload, and streamlining patient journeys?

4. Riding the Road to Value-Based Care. Value-based care holds the promise of cost savings and operating efficiencies as well as improved care quality and safety, but it requires leadership commitment and ongoing culture change, and having actionable, clear data and meaningful partnerships and infrastructure to support these models. Whether done more organically or strategically, many hospitals and health systems have operating models that offer somewhat predictable fee-for-service revenue streams and are cautious in taking on additional risk models, given the intense burden on costs. Many continue to forge paths and partnerships to be in Medicare Advantage. Success stories are proliferating, with more certainly to come. Some CEOs worry they're behind while others wonder if they are too far ahead.

Questions CEOs Are Asking: Have we figured out a value-based strategy that works for us, in tandem with a more traditional fee-for-service model? What's our reimbursement template for the future? Are we prepared for inevitable regulatory shifts? (See "Navigating Politics" below.), How are we strategically auditing and

refining our processes and procedures related to care coordination and patient education to ensure staff adherence to value-based care principles?

5. Putting Patients First in an Increasingly Digital World. Providers must go all-in on serving patients who, in an "omnichannel" environment, are increasingly choosy and presented with myriad in-person and digital options (and prices) for care and wellness. They must embrace this shift toward decentralized, non-acute offerings while wrestling with its implications for everything from staffing to facilities planning to technology investment. The threat of new disruptors brings with it the potential for innovative partnerships and "coopetition". The bottom line: Going forward, the "patient/consumer is always right". Providers will win on care quality, accessibility, cost, and customer service.

Questions CEOs Are Asking: What essential and innovative services can we pursue? Who can we partner with to expand our scope and reputation? Do we have the marketing and business development talent we need to envision and realize a successful future? How do we define service boundaries, identify potential unprofitable areas, and decide when to leverage external providers, all while prioritizing patient-centric innovation in our digital approach?

EMERGING ISSUES

6. Re-committing to Serving Communities. As mega-systems grow and smaller (often critical access and rural) hospitals and clinics are subsumed or shuttered, healthcare leaders and their organizations must redefine the "community" they serve. Dedication to health care access, affordability and equity calls for them to establish themselves as a bedrock organization for a virtual/physical 21st century marketplace. They must remain good corporate/organizational citizens, stewards of small towns and large metropolises, advocates for health equity, and protectors of their patient population's health and well-being – with children and the elderly being top priority. This includes expanding academic medical enterprises, who can leverage research and educational capabilities to have a dramatic impact upon patient care and community well-being.

Questions CEOs Are Asking: As a regional/multi-state/national enterprise, how do we support and partner with our communities for mutual benefit? Can new technologies bring us closer to those we serve? Do our board and leadership team reflect and represent our current constituencies, or do we need to refresh and reorient them? How can we enhance community well-being by forging closer partnerships with community health and social services to streamline service delivery and address holistic health needs more efficiently?

7. Yearning to Innovate and Converge. Remaining stagnant is not an option. Progressive hospitals and health systems are rapidly testing new technologies, partnerships, and offerings to get a leg up on market competition. Forward-thinking leaders are exploring innovative pathways, like convergence, where diverse elements come together to create synergistic advancements. With innovation comes risk and the specter of failure. Nonetheless, those who innovate – via new or disruptive technologies, M&As and market expansion, and novel care models – will reap long-term rewards.

Questions CEOs Are Asking: Do I have innovators on my team and board to envision a different future? (Do I need to hire more?) Have I increased my tolerance for risk and worked with my board and leadership team to establish a culture of innovation throughout the organization? What can I learn from the successes of others and do my current partnerships provide that base of robust learning? How are we fostering an environment that empowers our employees to identify innovative approaches aimed at optimizing resource utilization and delivering elevated, patient-centric care quality?

8. Revving Up for the AI Revolution. Technological advancement in healthcare is improving care access and quality while shaving costs, but it isn't without challenges. With artificial intelligence and machine learning – a true revolution ahead – come countless implementation, ethical, and security issues. Most health systems are starting small but ready to ramp up when the ROI of AI is too great to ignore.

Questions CEOs Are Asking: What AI applications will be “no brainers” we must pursue? Can we “fail fast”

and pivot towards groundbreaking AI applications for healthcare? Do we need a Chief AI Officer (CAIO), or should the CIO or another executive oversee strategy and implementation? If we need a CAIO, is there purpose to initiate or accelerate the implementation of AI-powered digital tools over the course of two to three years or to maintain these capabilities in the long term? How are we attracting and retaining talent that brings expertise to navigate emerging challenges? How are we strategically fostering cross-functional collaboration to identify and leverage cutting-edge AI opportunities within our healthcare organization, ensuring a seamless integration that addresses implementation, ethical, and security considerations for maximum impact?

9. Navigating Politics. For CEOs across all sectors, geopolitics (poverty, health inequities, climate change, war, immigration) matter. In today's interconnected world, health challenges abroad are our challenges at home. Industry leaders cannot merely watch from the sidelines; they must step up, embrace their core values, and tackle hot-button issues head-on. How leaders communicate about these issues (or choose not to) will shape an organization's reputation and brand. In healthcare, the 2024 national and state elections loom large, holding the potential for major policy change and even revisions or revocation of the Affordable Care Act, and leaders must be prepared to engage.

Questions CEOs Are Asking: What's our position on what's happening in the world, and what's my responsibility to speak out or act? How can we advocate for what we believe is right, from both a moral and business perspective? What would a change in the White House or Congress mean to us, and are we prepared for a big shift? How can we implement proactive measures to enhance transparency, safeguard patient rights, and concurrently bolster our regulatory preparedness?

10. Building a Legacy. Many healthcare leaders are nearing retirement and looking to make a lasting impression; many others are recalibrating their careers and wondering what's next for them. All executives can re-commit to the principles that brought them to healthcare – to make a distinct difference in the lives of others – and find new and better ways of making

their mark on their organizations, communities, and the industry. Time is of the essence.

Questions CEOs Are Asking: How can I use my CEO platform for good in a dramatically different healthcare industry? How can I influence and inspire others to do great work and lead healthcare in the future? What is my own personal "moon shot"? How can I use my personal passions to create a lasting and meaningful impact on the community that brings me a sense of pride?

This article was supported by research conducted by WittKieffer's Commercial Strategy & Insights team.

Donna Padilla is Executive Partner and Leader of WittKieffer's Healthcare Market.