

# BoardBrief

Prepared for Colorado Hospital Association Trustees

## Envisioning Tomorrow's Workplace

As health care leaders prepare for, plan and adapt to health care transformation, one of the greatest challenges their organizations confront is the uncertainty that accompanies great change, and the challenge of predicting what lies ahead for the health care workforce of the future.

In July 2013 the American Society for Healthcare Human Resources Administration (ASHHRA), a personal membership group of the American Hospital Association, hosted a *Thought Leader Forum* titled "Envisioning Tomorrow's Healthcare Workplace." During the two-hour session, a panel of eight health care executives looked into the years ahead and forecasted the potential changes they anticipate will develop in the workplace as a result of the increased focus on performance improvement, shifting workforce demographics, projected labor shortages, delayed or premature retirements, technology advances, and hospital and health system consolidations. They also discussed how they believe these changes may impact health care organizations, and actions human resources executives should consider to prepare for these eventualities.

This article is a summary of the Thought Leaders' discussion and conclusions that provide insight to board members as they position their organizations for long-term success in the changing health care environment. Content was excerpted from the ASHHRA report *Envisioning Tomorrow's Healthcare Workplace: A Healthcare Human Resources Thought Leader Forum*, underwritten by a contribution from TIAA-CREF Financial Services.

### Health Care Transformation is About Performance

Health care transformation is about performance. It's rooted in developing and delivering high-quality care in ways that will cost-effectively support the best outcomes. Today's health care terms, acronyms, and catchphrases are indications of a workplace that is increasingly focused on promoting and measuring outcomes and paying accordingly, including terms

like "accountable care," "risk assumption," "alignment," "efficiency and effectiveness," "evidence-based," and "transparency."

***Performance improvement is not optional, and average will not get us to where we need to be.*** Hospitals and health systems must be able to achieve high performance standards and quality outcomes to earn the reimbursements needed to sustain and advance their organizations. The performance of an organization is largely dependent on the performance of its workforce. Average performance will not get hospitals and health systems where they need to be and is no longer acceptable. Employee performance will receive closer scrutiny, with an eye to moving lower performing employees out of the organization. The high performers will enable hospitals and health systems to achieve the performance standards they will be reimbursed for.

As organizations strive for efficiency, effectiveness, and delivery of high quality care at a controlled cost, they will seek employees who are open-minded, flexible and willing to work outside of tight job descriptions, and who are "ready collaborators" in order to best meet the needs of patients. Hospitals and health systems will seek to hire people who are attentive to patient care, patient outcomes, and best practices. In addition, licensed staff should expect to work the top of their license, which may require resolution with regulating entities and licensing boards.

Many organizations are working ahead of reimbursement changes and are focusing human resources and staffing changes on results-based care. As examples, some are investing in new types of team models and embedding care managers into primary care medical homes with physicians.

## Thought Leader Projections: Workplace Performance

- Average performance will not achieve the standards and quality outcomes needed to earn stable reimbursements for the organization. In order to remain competitive, hospitals and health systems will seek to hire and retain individuals that are the “right fit” for the organization, and train them accordingly. Traditional performance evaluations will be re-evaluated to incorporate new ways of ensuring competence and quality, and low performing employees will be “managed out.”
- New staffing models will be implemented to better deliver results-based care, such as team models and medical homes.
- Compensation structures will be redesigned to align with pay-for-performance, focusing on patient needs and achievement of better clinical outcomes. Organizations will move away from automatic pay increases and productivity-based incentives toward other financial targets.
- Hospitals and health systems will confront additional pressure placed on wages resulting from workforce shortages, which are expected to drive up wage demands and create competition for limited dollars that might also be used for incentive programs.
- Contractual obligations will challenge design of new performance and compensation programs.
- Successful organizations will embrace transparency in their communication with employees, “building in” support rather than soliciting “buy-in” later.

**Compensation will change.** Like other aspects of health care transformation, compensation too must cross the chasm, with compensation linked to performance. Many organizations are moving away from productivity-based incentives, instead paying for better clinical outcomes and incentivizing a focus on patient needs. Thought leaders questioned traditional performance evaluations and are seeking better ways to ensure competence.

**Transparency is a critical component to success.** There is a sense that employees, regardless of their discipline, will work together and get through tough times if organizations are transparent and have a good flow of communication about what they're going through as a business. People must have a good understanding of why the organization is moving from one structure to another and what the long-term benefit will be for them. Organizations must be transparent with employees about the challenges ahead and what the implications would be if the organization did not take the actions it has planned. Including and investing employees in the process of change, or “building in” their support, was identified as more effective than soliciting employee “buy in” once the course of action has been determined.

### Workforce Shortages

Experts have predicted a shortage of nurses, pharmacists, primary care physicians, and allied health professionals for years. The economic recession alleviated workforce challenges in part because demand for services has been down in some areas, and cuts to government reimbursement programs have contributed to layoffs by some organizations. Still others predict that technology will change the demand for certain workforce expertise, with emphasis in new areas of skills and ability.

**Education is locked in a different paradigm.** Thought leaders were in agreement that many educational institutions are locked in a different paradigm, which will contribute to a shortage of individuals with the right skill sets and knowledge. Educational institutions' lack of agility, lack of funding for new programs, and inability to be responsive is a critical concern for health care organizations now, and will be into the future. Thought leaders expressed concern that curriculum being taught is not adequately preparing students for the future health care environment. As a result, hospitals and health systems will be increasingly forced to provide “post-education orientation” programs to equip the graduates they hire with much of the vital knowledge they will need on the job.

Further underscoring education concerns is the difficulty organizations have in meeting the Institute of Medicine (IOM) recommendation for 80 percent of nursing staff to hold a Bachelor of Science in Nursing (BSN) degree.

Also lacking is the career guidance to steer students in the direction of available health care opportunities. For example, biology and chemistry graduates, frustrated by failure to find research positions, are often not directed toward laboratory science, where a shortage of qualified individuals exists.

### Competing for new employees in an era of shortage.

Leaders observed that most people work in health care for the “noble reason,” and an organization must “catch them by the heart” if they hope to hire them. Thought leaders believe that future employees will be looking for a leader to follow, one who is inspirational, innovative, and able to articulate a vision for them to pursue, a leader who cares about the employees and the organization. Future employees will also seek organizations that offer flexibility and adaptability. Organizations that offer flexibility with a strong sense of purpose and a clear vision may engender greater loyalty from their employees.

## Thought Leader Projections: Workforce Shortages

- Educational institutions' lack of funding, agility, and responsiveness today will contribute to a shortage of individuals with the right skill sets and knowledge for tomorrow's environment.
- Hospitals and health systems will need to provide "post-education orientation" to adequately equip the graduates they hire.
- The ratio of Advanced Nursing Degree vs. Bachelor of Science in Nursing (BSN) programs may challenge some hospitals and health systems in meeting the Institute of Medicine's (IOM's) BSN staffing recommendation.
- Educational career guidance that is not aligned with health care opportunities will contribute toward tomorrow's workforce shortages.
- Regulatory and political issues will be addressed, allowing licensed staff to work at the top of their license.
- Organizations successful in filling tomorrow's workforce gaps will demonstrate leadership that is inspirational, innovative, and caring; offer a measure of flexibility, adaptability, and relevance to tomorrow's workforce; and have a strong sense of purpose and a vision for employees to pursue.

## Changes in Retirement

Previous generations were focused on obtaining a good job with good benefits and a retirement plan, with little thought of leaving an organization once employed. In contrast, thought leaders characterized today's younger employees as more focused on how benefits will advantage them today. For example, how much vacation is offered, rate of pay, hours worked (no 12 hour days), etc. Hospital leaders are challenged to engage younger employees in retirement planning.

**Reasons for postponing retirement.** In general, older employees are postponing retirement as a result of lost confidence in their ability to afford comfortable retirement, longer life expectancy, and better health.

While many older workers closely watch the performance of their investments, many are also enjoying the vitality of working later into life. With some flexibility in their work schedule and a longer life span, older employees have less need and/or desire to retire as early as prior generations. In other cases, older employees are delaying retirement plans because they hold the insurance for their spouse and/or younger dependents.

## Technology Will Impact the Workforce

Although health care has generally lagged behind other fields in adopting, adapting to and leveraging information

technology, new laws, regulations, payment incentives and penalties are driving health care organizations to utilize technology to improve efficiency, integration, and delivery of high quality care.

**Job obsolescence balanced in part by new opportunities.** Technology will impact certain tasks and positions more than others, and will mean obsolescence for some jobs. In particular, it is expected that manually intensive, entry-level positions are likely to be replaced. However, growth in technology is also expected to create new opportunities. For example, the adoption of electronic medical records is displacing the need for transcriptionists. Many transcriptionists, however, are transitioning as opportunities are created by the need for scribes, ICD-10 implementation, and other emerging roles.

Advances are also creating a new market for biomedical technology, people with the skills to maintain and repair high-tech equipment and keep it running, a critical role given health care's intense technology dependency. Despite new opportunities, leaders predict a net loss in jobs as the result of health care technology.

Leaders also predict that the implementation of technology, job obsolescence, and creation of new opportunities will drive a need to push people to positions requiring higher-education and greater skills. The challenges ahead will lie in organizations' ability to invest financially in training and education programs, which are being impacted by reimbursement and sequester cuts.

**Technology enables distributed work locations.** Advances in technology will enable and enhance a workforce that is distributed across various locations, including "virtual work stations." Many individuals working in health care must embrace the potential of technology and overcome stereotypes regarding which jobs must be physically located within a building vs. working in virtual or remote workplaces.

**Enabling communication that can influence culture and wellness.** Technology is a critical leadership and communication tool for a dispersed workforce. CEO blogs are already in use by some organizations as a means for executive leadership to communicate in first person with a large number of employees who may be dispersed across a region.

Technology is also being implemented as a key tool in population health management. For example, hospitals are employing technology to send personalized wellness messages to employees participating in the employee wellness programs.

## Thought Leader Projections: Changes in Retirement and the Impact of Technology

### Changes in Retirement

- Younger employees will focus on benefits that advantage them today, requiring a change in focus from "retirement" to the amount of money available today, and illustrating the shortfall in savings by desired retirement age if employees don't act.
- Older employees will continue to postpone retirement, in part because of lack of financial resources to retire, enjoyment and vitality found in work, and the benefit of insurance for spouses and/or dependents.

### The Impact of Technology

- Advances in technology will likely drive the obsolescence of some manually intensive, entry-level jobs; at the same time, technology will also create new jobs, such as biomedical technologists.
- Technology will drive a need to push employees to higher-education, and positions requiring advanced skills. Organizations will be challenged to invest resources in training and education.
- As organizations consolidate and establish new partnerships across the continuum of care, technology will enable and encourage a distributed workforce, including "virtual workplaces."
- Technology will increasingly be used as a communication tool that can influence culture, provide transparency, and encourage employee health management.