October 2022

2022 State of Healthcare Performance Improvement: Mounting Pressures Pose New Challenges

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Introduction

2022 is proving to be the most difficult year financially for healthcare providers since the COVID-19 pandemic began in 2020. Staffing shortages, skyrocketing labor costs, continuing supply chain disruptions, inflation, rising interest rates, and volatile markets are pressuring both revenue and expenses. One interviewee for this report, who has worked for healthcare organizations for 40 years, described this as the most difficult operating environment he has ever seen.

Workforce concerns are top of mind. There simply are not enough candidates available to fill empty positions, with particularly acute problems in nursing. Two-third of our respondents report that staffing shortages have required their facilities to run at less than full capacity, with direct effects on revenue. The need to rely on contract labor to help plug staffing gaps has resulted in labor costs that are unsustainable over the long term, but several interviewees said that their organizations are planning for at least a three-to-four-year transition from the current state to a more stable labor market.

Staffing shortages are impacting performance in other areas. Many of the hospital and health system leaders surveyed in this year's Kaufman Hall State of Healthcare Performance Improvement report noted an increase in inpatient length of stay; our interviewees attributed this increase largely to staffing shortages at post-acute care facilities. Without adequate staff, these facilities also have had to reduce capacity, resulting in delays in discharging patients from inpatient care.

> *"We have weathered many storms in healthcare, but this has been the most challenging time in my 40-year career."*
>
> **— CEO, multi-specialty surgical group**

A bigger question coming out of this year's survey and respondent interviews is whether the pandemic will, in hindsight, mark an inflection point in healthcare. Several interviewees questioned whether volumes will ever return to pre-pandemic levels; the pandemic did little to slow the movement of care into outpatient, virtual, and home settings and may have even accelerated it. New technologies and treatments are reducing the need for surgical interventions. If this is the case, performance improvement efforts will have to be matched with larger structural transformations over the long term.

This report highlights performance improvement trends in the areas of workforce, volume and revenue, supplies and purchased services, and the physician enterprise. Each section also provides "action items" that can enhance both short-term and long-term performance. We thank all our survey respondents and interviewees for their contributions to this year's report; more information about them is available at the end of the report.

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Survey Highlights

100% of respondents have adopted some type of recruitment and retention strategy

98% have raised starting salaries or minimum wage

69% reported an increase in inpatient length of stay over the past year

67% have seen wage increases of more than 10% for clinical staff

67% reported an increased rate of claim denials

66% have run their facilities at less than full capacity because of staffing shortages

63% have pursued at least one outsourcing solution; the most common areas were revenue cycle, environmental services, and IT

56% have at least a 1-to-1 ratio of advanced practice providers to physicians in their physician enterprise; 40% have a ratio of 2-to-1 or higher

40% said that oncology volumes had reached pre-pandemic levels, the only service line that saw a significant year-over-year increase from last year's survey results

22% have seen non-labor expenses rise by more than 15%

18% described their organization's level of investment in automation technologies as "significant" or "robust"

9% have not experienced any supply chain disruptions; in contrast, 71% have experienced distribution delays

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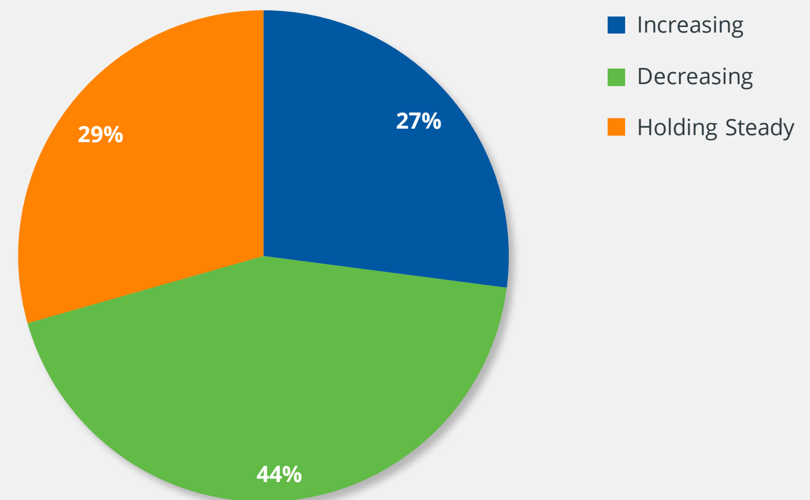
Workforce

This year's report begins with workforce-related issues, which have been the primary pressure point for many organizations over the past year. While there are some hopeful signs—the use of contract labor, for example, appears to have stabilized and may be decreasing (see Figure 1)—workforce issues are likely to remain at the fore for some time, as wage pressures and staffing shortages persist.

FIGURE 1: Utilization of Contract Labor



Salaries and Wages

The combination of staffing shortages and inflationary pressures have pushed salaries and wages up in all areas, although administrative wages have increased less dramatically than wages for support services and clinical positions. Only 2% of respondents had seen administrative wages rise more than 10% (see Figure 2); most respondents (68%) increased administrative wages no more than 5%. In contrast, 19% percent saw increases of more than 10% for support services and a full two-thirds of respondents (67%) saw increases of more than 10% for clinical staff. Approximately one-third of respondents saw wage increases for clinical staff top 15% or more. In comparison, the rate of inflation in the U.S., as determined by the Consumer Price Index (CPI), was 8.3% as of August 2022.[1]

[1] U.S. Bureau of Labor Statistics: "Consumer Price Index Summary – August 2022." Economic Press Release, Sept. 13, 2022, https://www.bls.gov/news.release/cpi.nr0.htm

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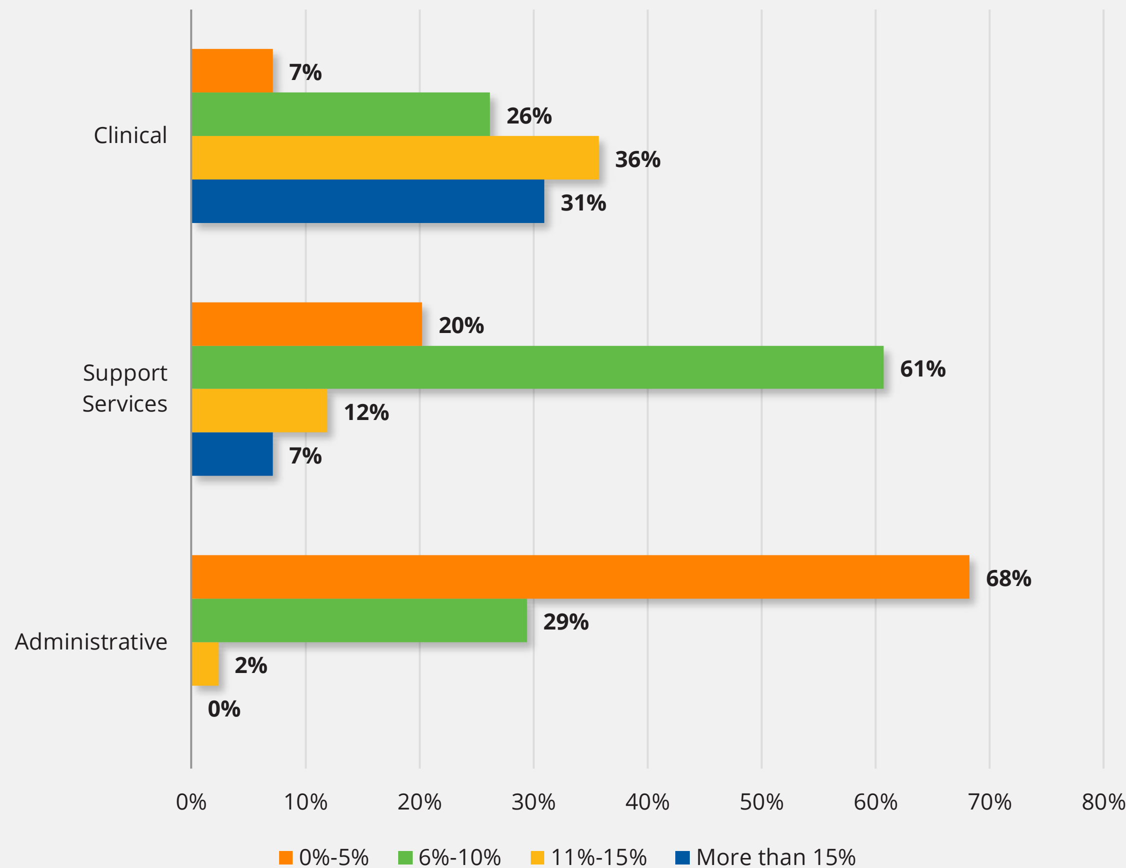
Workforce (continued)

FIGURE 2: Percentage Increase in Wages for Administrative, Support, and Clinical Staff over the Past Year



Recruitment and Retention

The struggle to recruit and retain staff has led organizations to pursue a wide range of recruitment and retention strategies (see Figure 3). All respondents had adopted at least one recruitment or retention strategy, and almost all (98%) had raised starting salaries or minimum wage. A majority of respondents had also introduced signing bonuses (84%), increased opportunities for remote or hybrid work schedules (76%), retention bonuses (73%), and more attractive shift differentials to alleviate off-hours and weekend coverage staffing challenges (58%). Less common, although still pursued by a significant percentage of organizations, were paying more for overtime hours (47%), restructuring the workweek to reduce commuting hours (40%), and offering subsidies for commuting, childcare, and other work-related expenses (19%).

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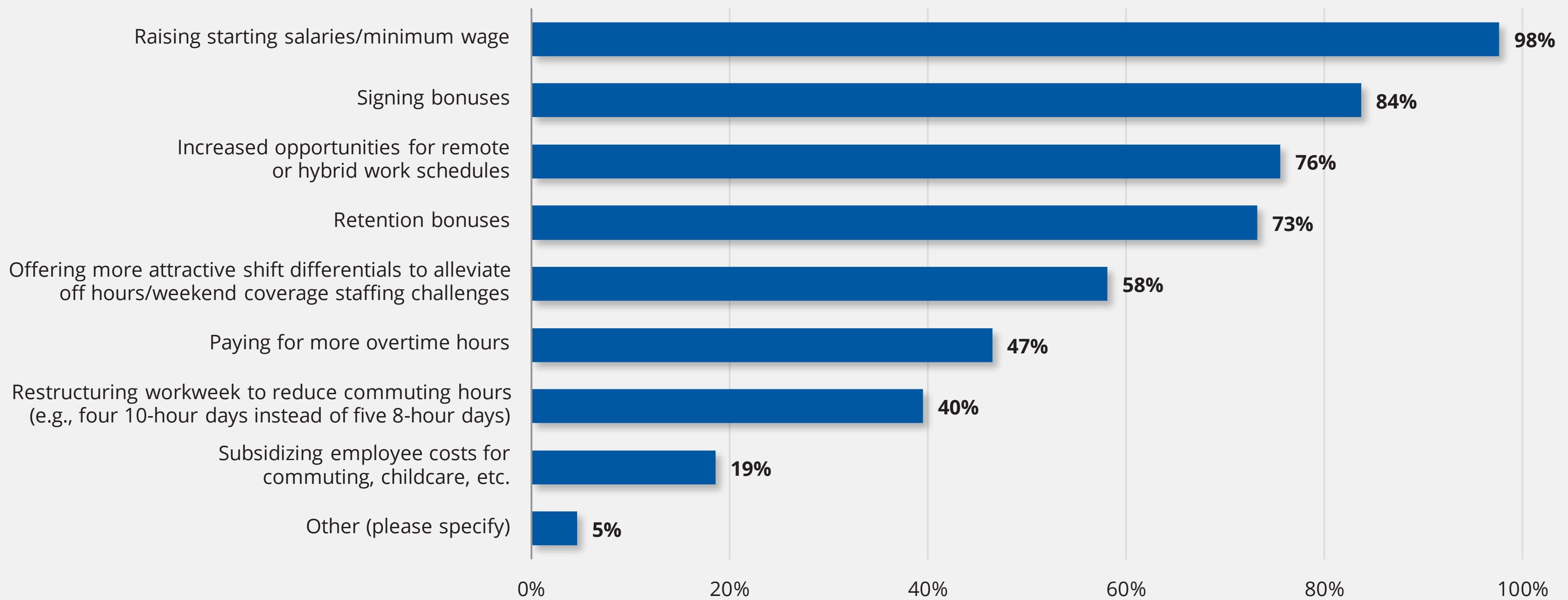
Workforce (continued)

When asked if any recruitment and retention strategies had been particularly successful, respondents identified many additional strategies, including hiring new graduates, establishing an internal agency-type program, offering tuition reimbursement and loan forgiveness programs, using social media (including LinkedIn and TikTok) to recruit new staff, and re-recruiting staff who had left the organization since the pandemic began.

A number of respondents cited the success of introducing more flexible work schedules but noted the limitations of this strategy with respect to staff involved in patient care. One respondent said that more flexible remote work options have had a negative impact from a bedside nursing perspective: “We have seen an increase in nurses leaving because

FIGURE 3: Adoption of Recruitment and Retention Strategies



Note: Respondents were asked to choose all that apply.

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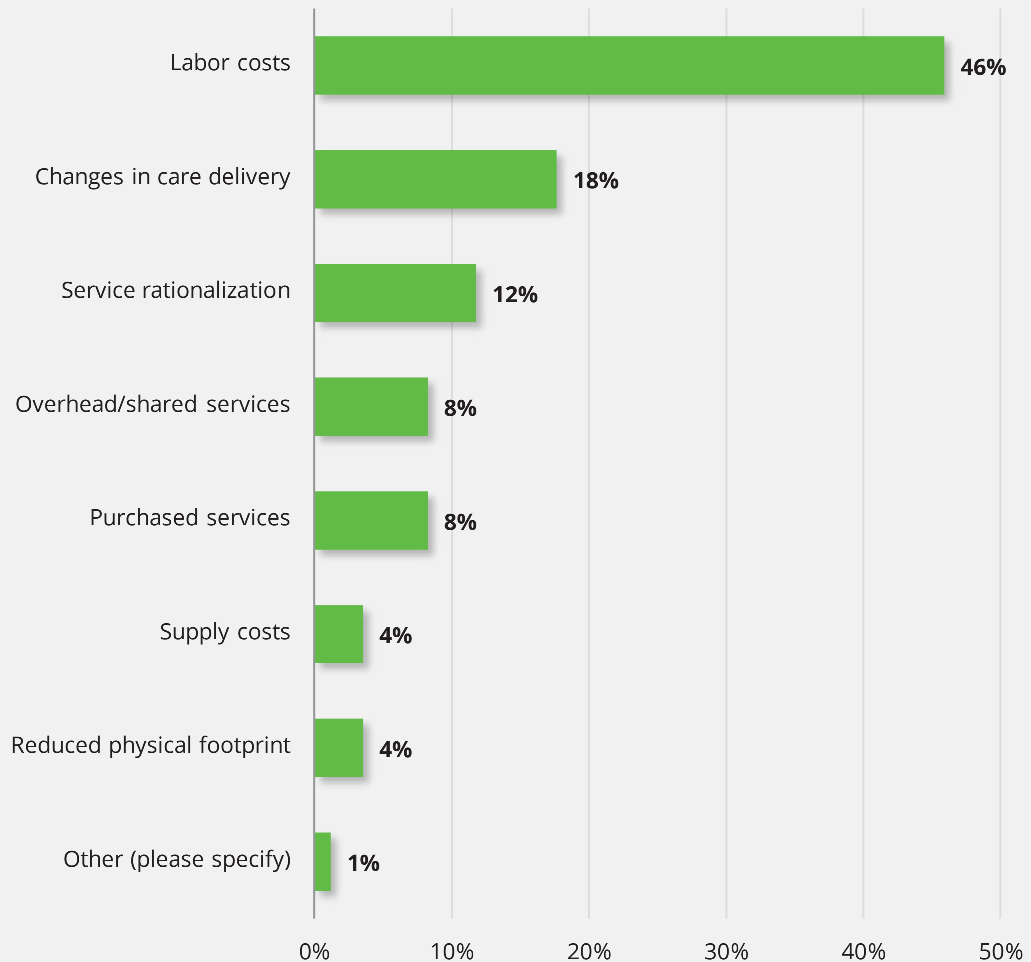
Workforce (continued)

[remote work] opportunities are not available to them." And several respondents described the overall limitation of recruitment and retention efforts. "We are all fighting over the same resource with a generation that does not have the same loyalty standards as previous generations," said one. Another noted that "[these strategies] helped us keep people but there aren't enough applications coming in." And a third noted that these strategies require "money, money, money that we don't have, because reimbursement is decreasing."

Reducing Workforce Expenses

With workforce expenses surging, this year's survey respondents elevated labor costs to the top choice of areas with the great opportunity for cost reductions (see Figure 4). Almost one-half of respondents (46%) identified labor costs as their greatest opportunity, compared to the 17% of respondents who identified labor costs as their greatest opportunity in our 2021 survey (both changes in care delivery and shared services/overhead costs were seen as greater opportunities in 2021).

FIGURE 4: Greatest Opportunities for Cost Reduction



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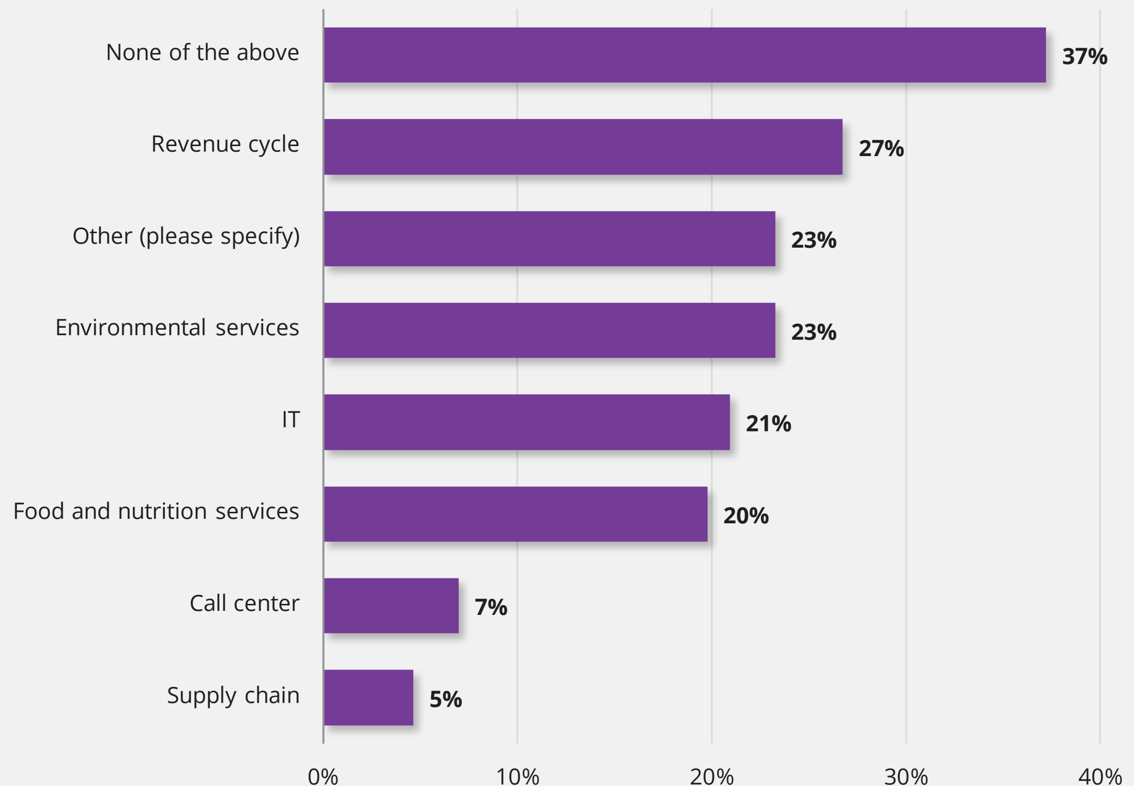
Workforce (continued)

While new opportunities to reduce labor costs may be available, they likely will not be realized in the short term: several interviewees described labor costs as a big issue, but not a big opportunity for cost reduction. As wages reset at a higher level, it will be difficult to reduce them in the future. Options for reducing labor costs include:

- Working to scale back the use of contract labor (one of our interviewees indicated that this would likely occur over a 3-to-4-year timeline)
- Outsourcing or offshoring certain functions (e.g., revenue cycle, IT, environmental services, food and nutrition)
- Adopting and making effective use of automation technologies (e.g., self-registration kiosks, robotic process automation, artificial intelligence)
- Changing care delivery models to optimize staffing while maintaining or improving quality of care—several interviewees, for example, noted efforts to increase utilization of advance practice providers (APPs) in their physician enterprise, particularly in primary care

FIGURE 5: Outsourced Solutions Pursued by Respondent Organizations



Note: Respondents were asked to choose all that apply.

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Workforce (continued)

Many of our survey respondents are pursuing outsourced solutions; only 37% said they were not pursuing any of the options listed in our survey (see Figure 5). The most common areas for outsourcing include revenue cycle (identified by 27% of respondents), environmental services (23%), and IT (21%).

The use of automation technologies—including self-registration kiosks, robotic process automation, and artificial intelligence— is still in early stages. Only 18% of respondents described their organization's level of investment in automation technologies as significant (16%) or robust (2%) (see Figure 6). When asked how fully their organization has optimized its use of automation technology, more than 80% of survey respondents described optimization efforts as minimal (44%) or moderate (41%) (see Figure 7).

Last year, our survey respondents saw changes in care delivery as the greatest opportunity for cost reduction. It was the second-highest ranked opportunity this year (18% of respondents). To the extent these changes can make more efficient use of the clinical workforce, they should be a high-priority area of focus. Changing care delivery models can be a heavy lift, but the circumstances most organizations face today present a compelling argument for digging deep into this opportunity.

The Experience Brain Drain

One of the interviewees for this report highlighted an "experience brain drain" that is affecting key components of the health system enterprise.

On the clinical side, the movement of nurses over age 50 out of direct inpatient care or into healthcare-adjacent fields such as nursing education or consulting has, in our interviewee's estimation, drained approximately three years from the collective experience of the nursing staff.

On the administrative side, the "Great Resignation" is starting to deplete executive staff, as people take early retirement or move into private equity, venture capital, or consulting positions. The next three to four years will be extremely difficult, which may accelerate the loss of experienced executives.

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Workforce (continued)

FIGURE 6: Investment in Automation Technologies

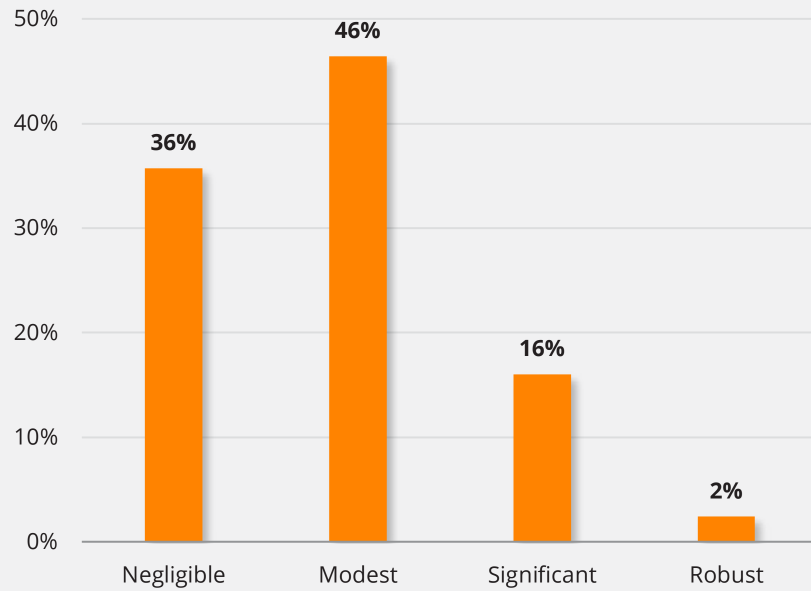
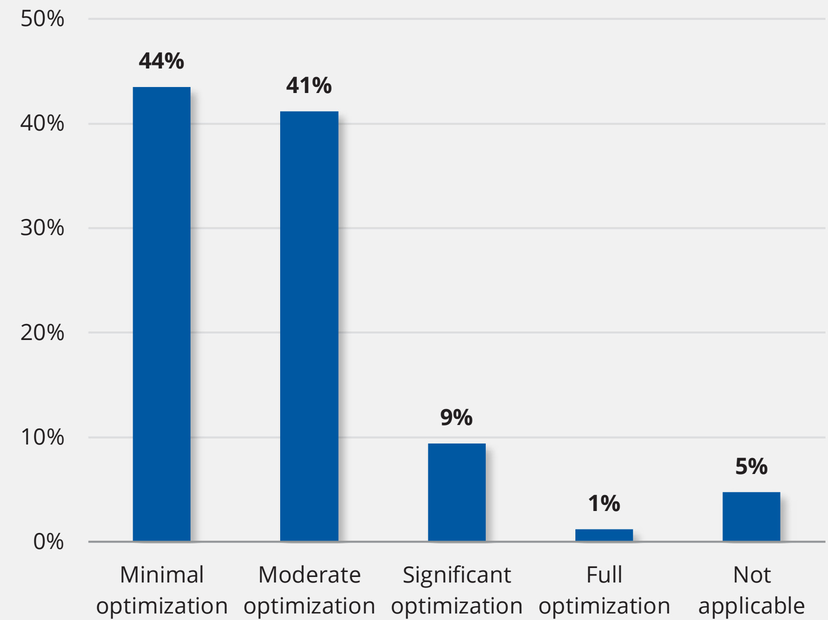


FIGURE 7: Optimization of Automation Technologies



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Workforce (continued)

Action Items: Workforce

- **Be flexible.** Healthcare organizations now must compete for talent across multiple industries. The new basis for competition is designing work around the needs of your workforce. Strategies that introduce flexibility into shift scheduling or allow for hybrid/remote working arrangements are relatively low-cost ways to increase staff satisfaction and retention.
- **Streamline recruitment and onboarding processes.** Candidates for front-line positions do not want their cash flow disrupted as they move between jobs. Organizations that cannot get candidates into their new positions quickly risk losing them to faster-acting organizations.
- **Adopt and optimize use of automation technologies.** As automation technologies such as robotic process automation and artificial intelligence improve, they offer opportunities to alleviate the burden of manual administrative tasks, enhance productivity and efficiency, and over the long term, help ease the pressure of staffing shortages.
- **Strengthen mentoring programs and succession planning.** With high turnover among experienced clinical and administrative staff, it is even more important to identify future organizational leaders and develop the skill sets needed for them to excel.
- **Redesign care models and processes.** Promoting resources to ensure clinical staff can operate at the top of their license and eliminating waste and rework that take away from time spent with patients will both boost staff morale and help mitigate staffing shortages.
- **Introduce predictive analytics volume modeling and staffing forecasting tools.** These tools help optimize alignment of staff to demand, reducing the need for overtime or agency use while ensuring appropriate staffing based on care model requirements.

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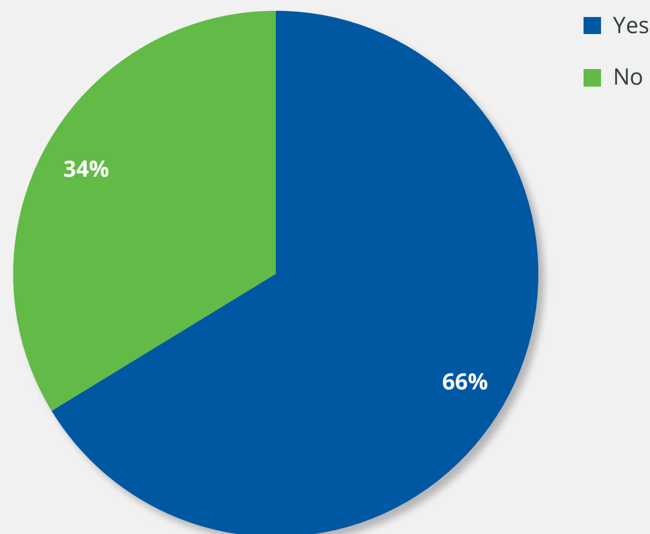
Volume and Revenue

The impact of the workforce crisis extends to performance on volume and revenue. Even if demand for healthcare services exists, staffing shortages make it difficult for many of our respondents' organizations to offer an adequate supply. Two-thirds of respondents said that staffing shortages have required them to run at less than full capacity over the past year (Figure 8).

FIGURE 8: Staffing Shortages Have Required Organization to Run at Less than Full Capacity



Volume

When looking at volumes across major service lines, this year's survey shows little improvement over 2021. Oncology is the only service line that showed significant improvement over last year's survey, with 40% of respondents saying that oncology volumes were at 100% or more of pre-pandemic levels (compared with 35% of respondents in 2021). Emergency department, radiology, and pediatric volumes were mostly unchanged from 2021 results, while orthopedics, cardiology, and neurosurgery showed declines from 2021 results (see Figure 9). The decline in cardiology was particularly significant: in 2021, 44% of respondents said cardiology volumes had returned to pre-pandemic levels; this year, only 26% of respondents reported a full return of cardiology volumes.

One interviewee identified multiple factors behind the decline in surgical volumes:

- The pandemic did nothing to slow the trend of cases moving from inpatient to outpatient settings and may have even accelerated it
- Even though hospitals effectively managed COVID-19 patients to prevent transmission of the virus, the public perceived hospitals as high-risk settings
- People did not come in for screenings—mammography and colonoscopy screenings, for example, were down significantly
- Technology and alternative treatments continue to reduce the number of cases for which surgical interventions are needed

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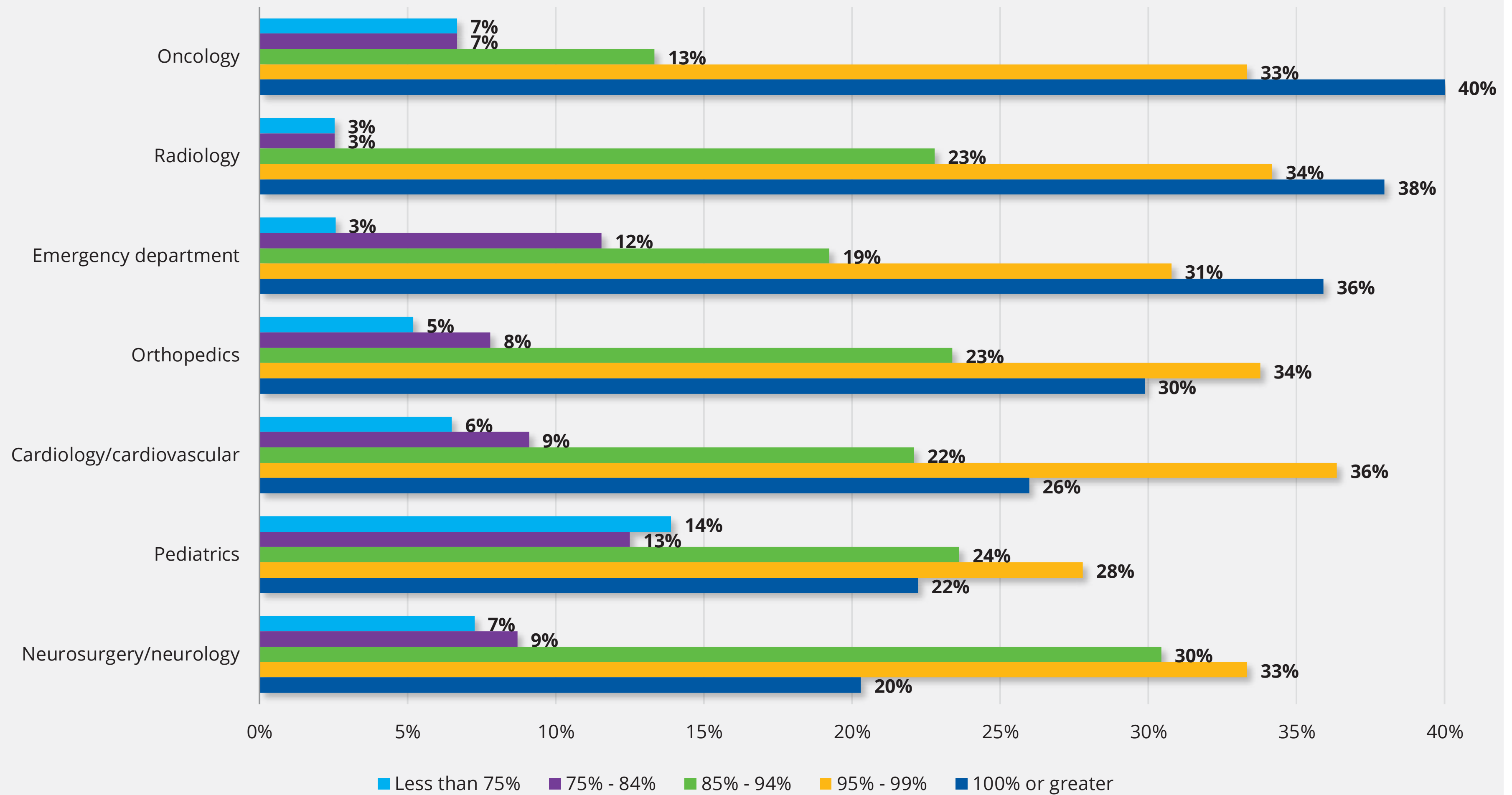
Volume and Revenue (continued)

FIGURE 9: Percentage of Volume Recovery in Key Service Line Areas (Compared with Pre-Pandemic Levels)



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Volume and Revenue (continued)

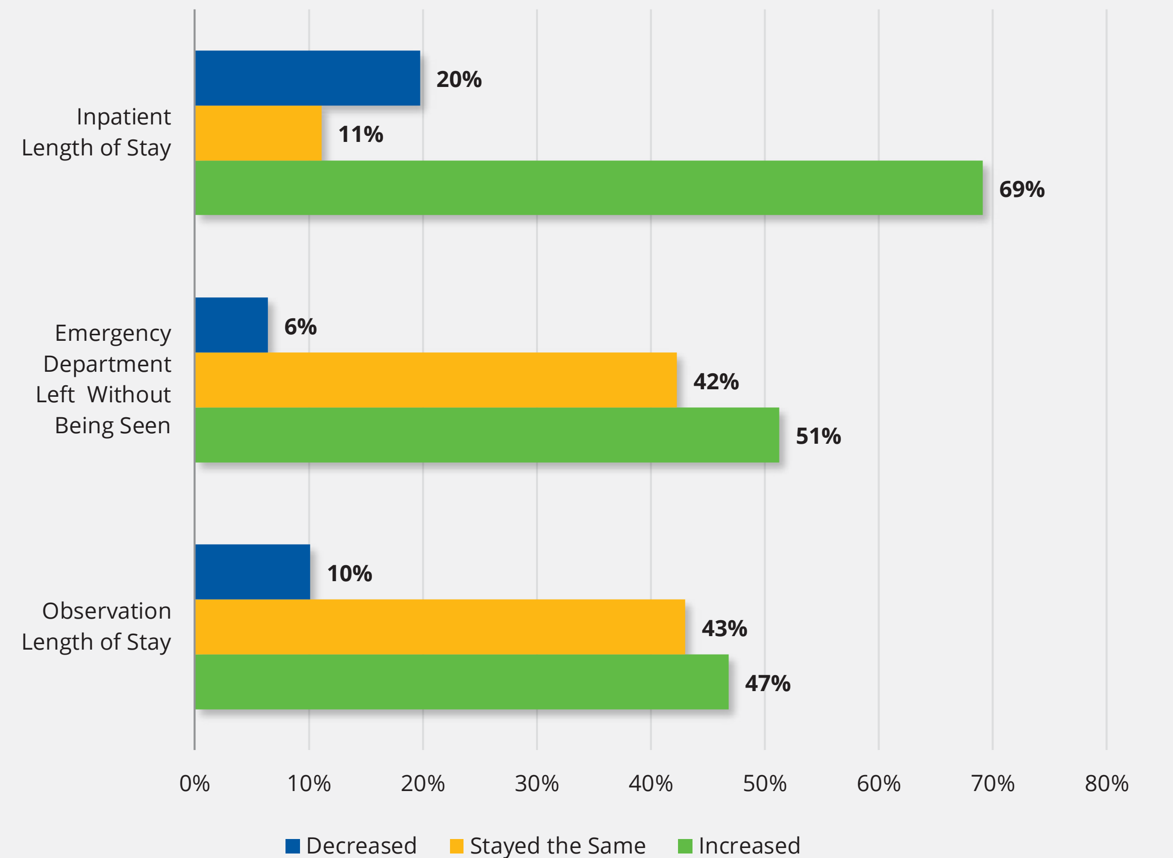
"I've been doing presentations for years predicting that hospitals would go from being revenue centers to cost centers," this interviewee said. "I think we've turned that corner."

Staffing shortages are not only impacting hospitals and health systems; post-acute facilities are similarly short-staffed, with resulting constraints on occupancy. Almost 7 in 10 respondents (69%) reported an increase in inpatient length of stay (LOS) over the past year (see Figure 10), and many of our interviewees attributed that increase to the fact that they are unable to make timely discharges of patients to post-acute facilities that are reaching capacity faster because staff shortages prevent them from operating at full capacity.

Revenue

Revenue cycle challenges seem to have intensified over the past year. In 2021, 25% of our survey respondents reported that they had not seen any pandemic-related

FIGURE 10: Year-over-Year Change in Length of Stay and ED Metrics



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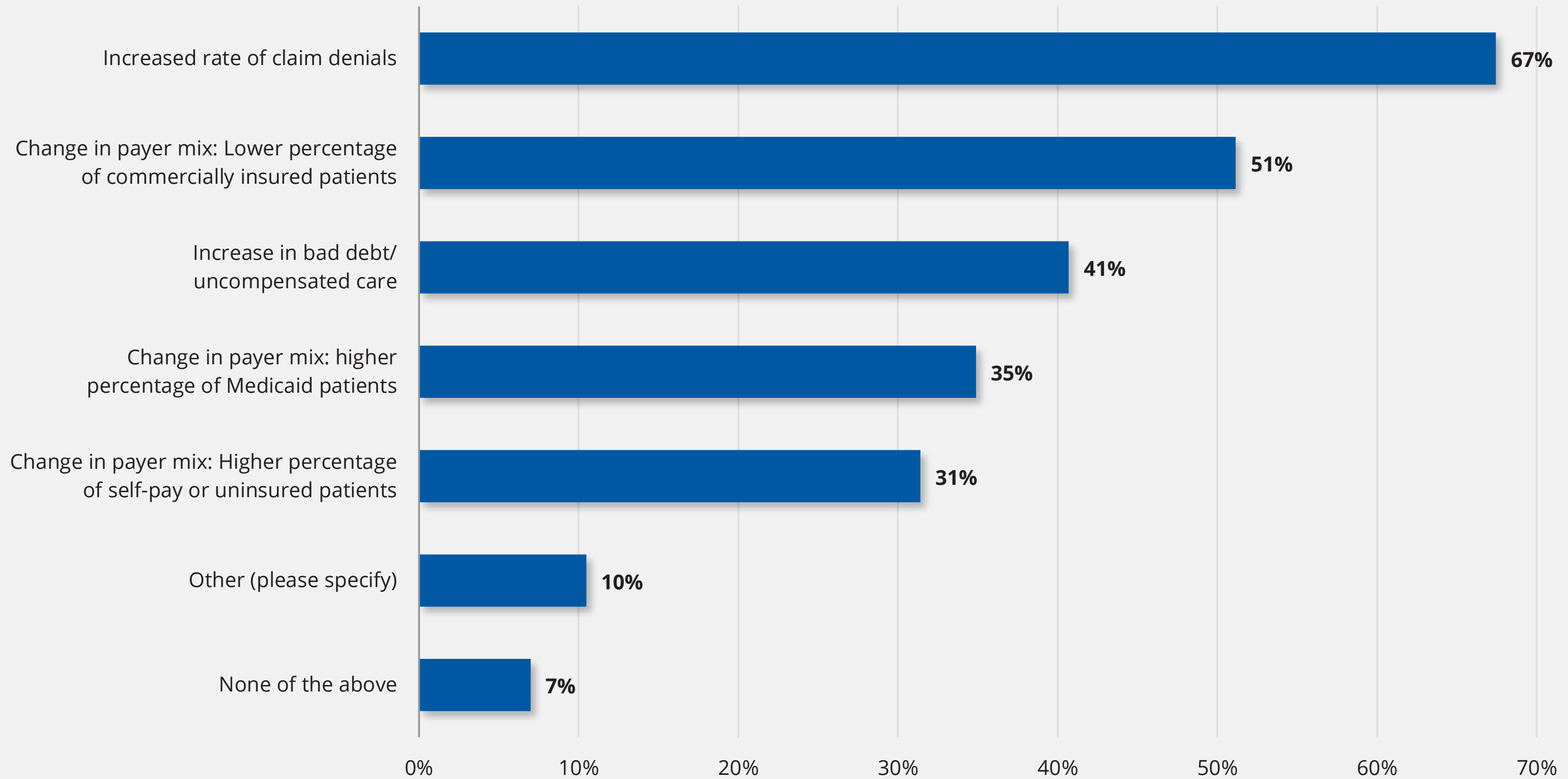
Volume and Revenue (continued)

FIGURE 11: Impacts on Revenue Cycle over the Past Year



Note: Respondents were asked to choose all that apply.

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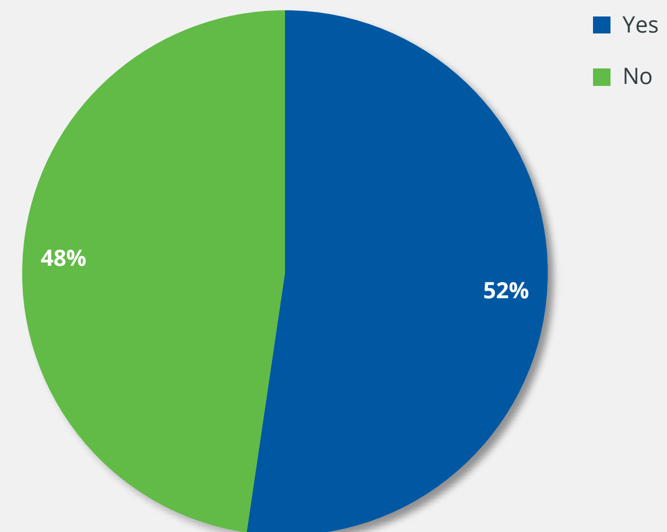
Volume and Revenue *(continued)*

impacts to their revenue cycle. This year, only 7% of respondents said they saw no impacts (see Figure 11). The percentage of respondents reporting an increased rate of claim denials (67%) was more than double the 33% who reported increased denials in 2021.

In addition, 51% reported an unfavorable change in payer mix, with a lower percentage of commercially insured patients, and 41% reported an increase in bad debt or uncompensated care. These changes may be attributable to the "Great Resignation"—approximately 2 million people are no longer participating in the labor force.[2] But inflationary pressures may also be contributing to bad debt and uncompensated care: more than half of survey respondents (52%) said that rising inflationary pressures over the first half of 2022 were a factor (see Figure 12).

FIGURE 12: Inflationary Pressures Have Impacted Bad Debt and Uncompensated Care



[2] Didem Tűzemen, "How Many Workers Are Truly 'Missing' from the Labor Force?" Federal Reserve Bank of Kansas City, May 6, 2022. https://www.kansascityfed.org/research/economic-bulletin/how-many-workers-are-truly-missing-from-the-labor-force/

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Action Items: Volume and Revenue

- **Bolster care management initiatives.** Consider adopting a team-based care management model focused on tracking patient status from the moment they arrive to discharge and addressing any barriers to efficient patient throughput in real time through multidisciplinary collaboration. Work closely with post-acute care providers to track their capacity, streamline insurance authorization processes, and identify possible obstacles to timely discharge.
- **Reduce leakage.** Identify and address causes for case referrals outside of the hospital or health system, whether for specialty or acute care services.
- **Monitor and manage observation status assignment.** Patients who are inappropriately assigned observation status can tie up beds in emergency departments or on inpatient units, which can slow overall patient throughput and interfere with the efficient delivery of services.
- **Double down on denials management.** Build a cross-functional team to link authorizations, providers, case management, clinical documentation improvement (CDI), and clinical denial appeals. This will help your organization quickly identify denial trends, determine root causes, and develop solutions to reduce denials. We find that the main categories for claim denials include authorizations, medical necessity, and timely filing, with timely filing denials often due to exceeding time limits during the process of appealing authorization and medical necessity denials.
- **Focus on CDI across the care continuum.** Ensure that CDI programs are appropriately reflecting quality of care and the complexity of patients treated and enhance collaboration and communication among providers to build a robust and coherent medical record across the inpatient and outpatient care continuum.
- **Enhance financial counseling efforts.** With inflation eroding household incomes and a potential recession on the horizon, ensure that patients are getting clear and early communications on their potential out-of-pocket costs, payment plan options, and financial assistance programs for which they may qualify.

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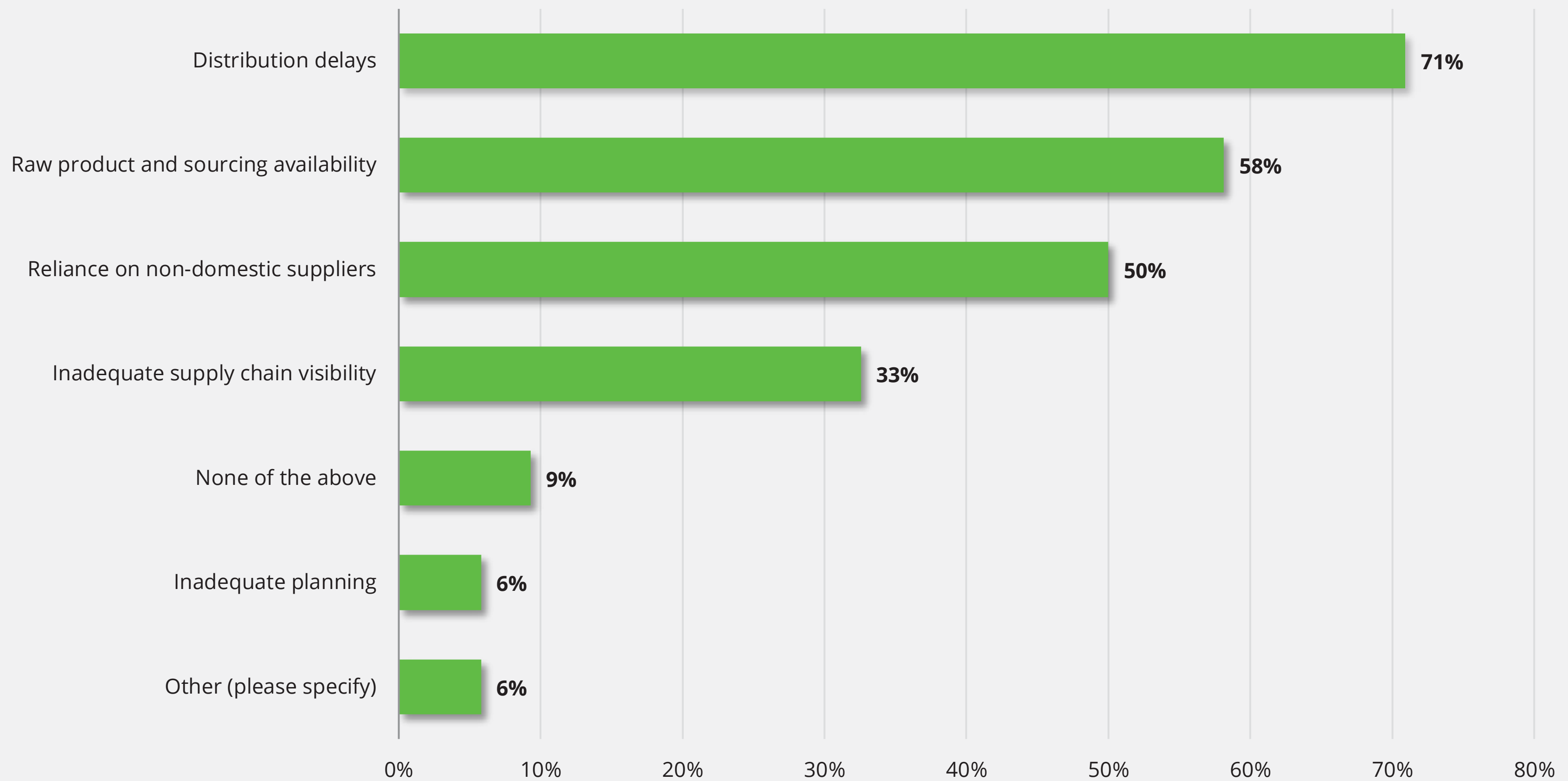
Supplies and Purchased Services

Respondents' organizations continue to see disruptions in the supply chain. In addition, inflationary pressures continue to drive up expenses, while growth in outpatient care poses new supply chain issues.

FIGURE 13: Ongoing Supply Chain Disruptions



Note: Respondents were asked to choose all that apply.

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Supplies and Purchased Services (continued)

Supply chain disruptions

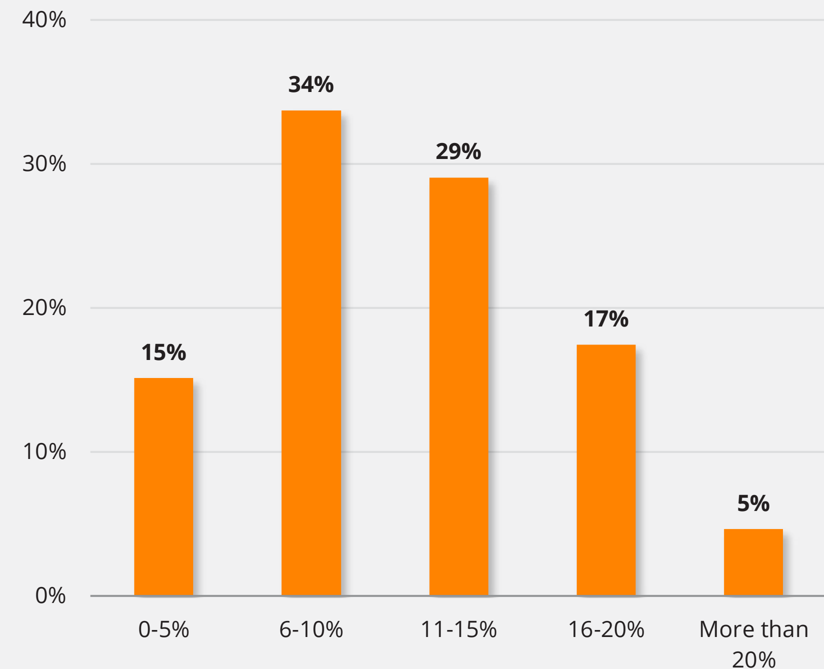
Supply chain disruptions—a common problem throughout the pandemic—have not yet subsided. Only 9% of respondents have not experienced any disruptions; in contrast, 71% are experiencing distribution delays, 58% are encountering issues with raw product and sourcing availability, and 50% report problems with reliance on non-domestic suppliers (see Figure 13). Continued geopolitical instability and trade tensions are likely, and although efforts are underway across many industries to source more supplies domestically, that will require both time and potentially higher costs.

Non-Labor Expenses

Most of the survey respondents have seen non-labor expenses increase by either 6%–10% (34% of respondents) or 11%–15% (29%); again, the overall rate of inflation in the U.S., as measured by the CPI, was 8.3% in August 2022 (see Figure 14). A smaller group (22% of respondents) have seen non-labor expenses rise by more than 15%. Respondents noted particularly significant increases in such areas as drugs and pharmaceuticals, construction costs, and medical supplies.

On the positive side, almost two-thirds of respondents (65%) report that they have been able to effectively leverage relationships with supply chain vendors to enhance supply assuredness and mitigate inflationary pressures (see Figure 15). For at least the short term, inflationary pressures are likely to continue, so a continued strong focus on managing supply chain vendor relationships will be required.

FIGURE 14: Non-Labor Expense Increases over the Past Year



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Supplying the Outpatient Network

The ongoing shift in care delivery from inpatient to outpatient settings has numerous supply chain implications. Inventory must be managed across multiple sites, supplies must be delivered to more sites of care, and the possibility for variation in requested supplies multiplies. Most of the survey respondents (80%) are taking some steps to manage supply chain across outpatient sites, but there is room for improvement (see Figure 16):

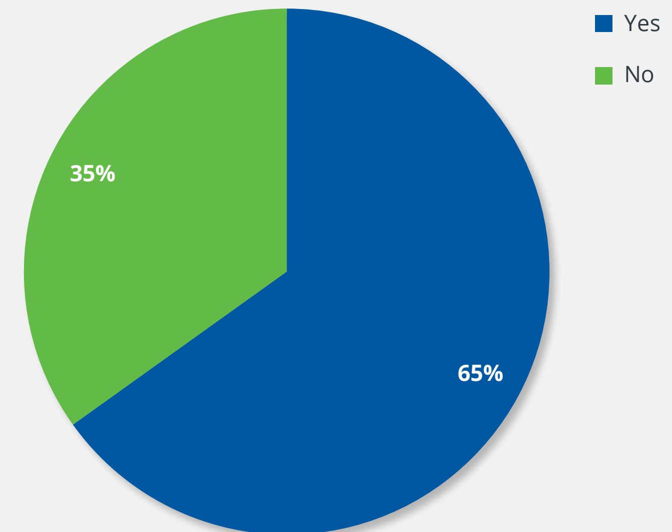
- Just over half of respondents (53%) are working to standardize supplies across non-acute settings
- Fewer than half are taking steps to:
  - — Align acute and non-acute ordering to secure volume discounts (45%)
  - — Improve logistics to support timely delivery of supplies across the outpatient network (37%)
  - — Automate inventory tracking systems to ensure a consistent flow of supplies (24%)

Similar steps in supply chain management should already have been taken for inpatient facilities, including:

- Improved logistics
- Standardization of supplies
- Alignment of supplies to secure volume/market-share discounts
- Inventory control and tracking

To the extent these steps have not been taken, there is even more opportunity for improvement.

FIGURE 15: Able to Leverage Relationships with Supply Chain Vendors to Enhance Supply Assuredness and Mitigate Inflationary Pressures



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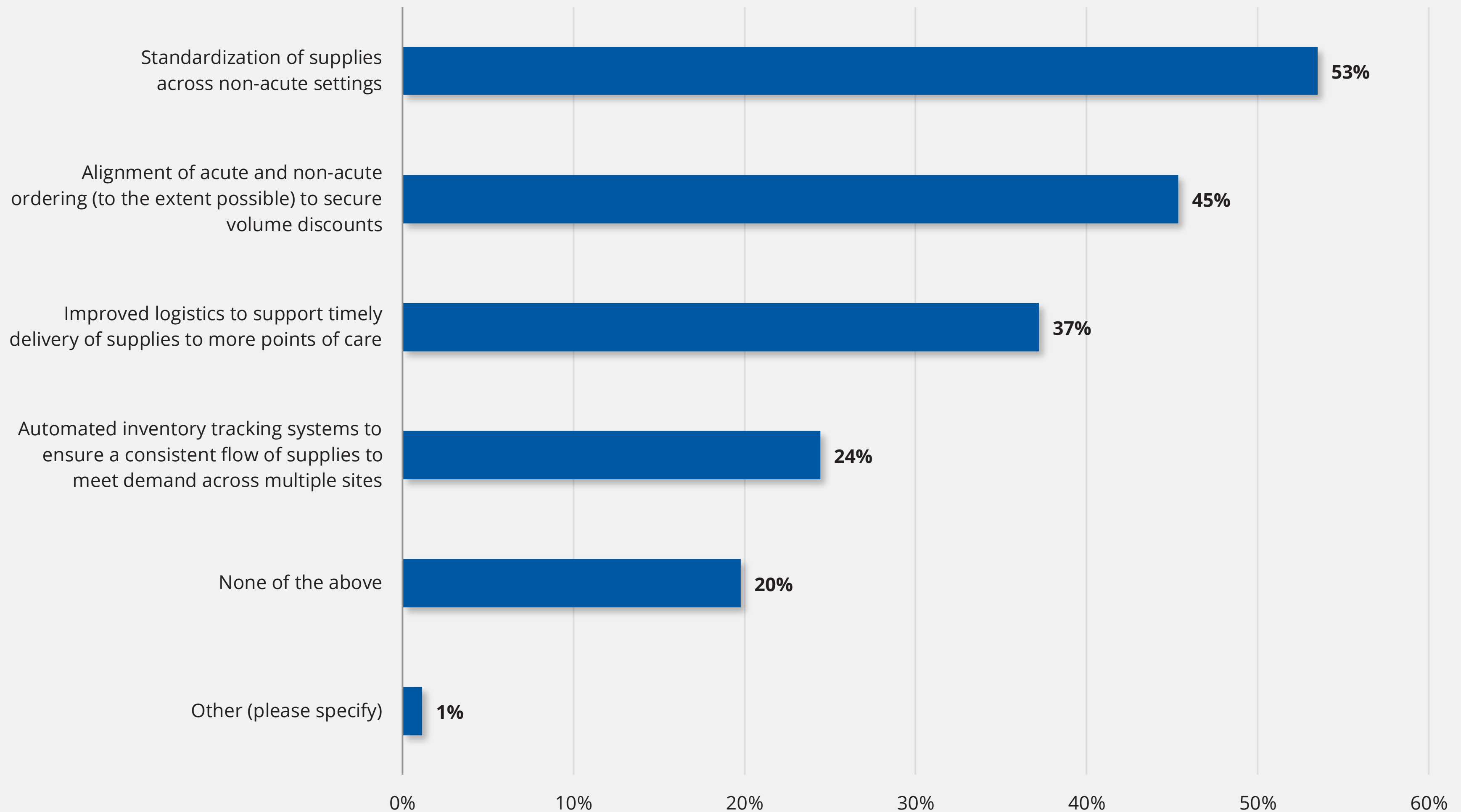
Supplies and Purchased Services *(continued)*

FIGURE 16: Strategies to Improve Supply Chain Management Across the Outpatient Network



Note: Respondents were asked to choose all that apply.

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Action Items: Supplies and Purchased Services

- **Maintain strong vendor relationships.** As supply chain disruptions continue, working closely with supply chain vendors to understand and manage those disruptions can help mitigate their impact. As noted by many of the survey respondents, strong relationships can also be leveraged to mitigate inflationary pressures on prices.
- **Optimize GPO utilization and compliance.** Make sure that everything that can be purchased through the organization's GPO is being purchased through the GPO.
- **Focus on standardization, logistics, and inventory management.** As distribution of supplies across the enterprise becomes more diffuse, efforts to standardize supplies, improve logistics, and automate inventory tracking systems will help ensure timely delivery of needed supplies to multiple sites of care.
- **Seek alternatives to high-priced supplies and services.** Employ aggressive contracting to ensure that optimal pricing is obtained and secured for the duration of the contract term. It is imperative that price protection is ensured as part of the contract language, whether with a GPO or in a local agreement. Additional measures to enhance pricing and service considerations can be created with leveraged and consolidated market shares, regardless of organizational spend.
- **Increase oversight of purchased services.** In many organizations, purchased services have been fragmented with little or no oversight. They are now starting to catch the attention of healthcare leaders who realize that these services represent a significant spend, with attainable opportunities for improvement, efficiencies, and savings. Executive engagement and support, organizational transparency, and accountability while establishing and communicating operational efficiencies and financial components are essential pieces of an effective purchased services strategy.

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Physician Enterprise

A successful physician enterprise successfully balances three key dimensions (see Figure 17):

- The productivity of its providers
- The capability to provide access to care to patients when they need it
- The volume of existing and potential patients in the markets it serves

The issue of volume was discussed earlier in this report; across many key service lines, volume lags behind pre-pandemic levels. Organizations must consider whether these volumes will eventually recover or if they have reset at a new, lower level.

FIGURE 17: The Physician Enterprise Triangle

How much ACCESS do we have?

- Are patients able to get appointments—including same/next day appointments—when they want and need them?
- Is there an average time to an appointment within five days of the request?
- Are we able to effectively direct volume to balance load across Providers/settings?
- Do we have too many or too few Providers for a given service line?
- Is there an overabundance of Providers in a specialty for the market?
- Are we effectively leveraging APPs to provide capacity?

How PRODUCTIVE are our Providers?

- Do we have rational productivity targets and are we meeting them?
- How can we optimize clinical patient time for our Providers?
- Are we effectively leveraging APPs to boost practice productivity *(panel or extender models)*?
- Are specialty losses and corresponding downstream revenues sustainable?

Is there enough patient VOLUME to achieve our goals?

- Is our market large enough to support the service line?
- Are we gaining or losing market share?
- Is the volume—and growth opportunity—large enough to fill capacity for each specialty?

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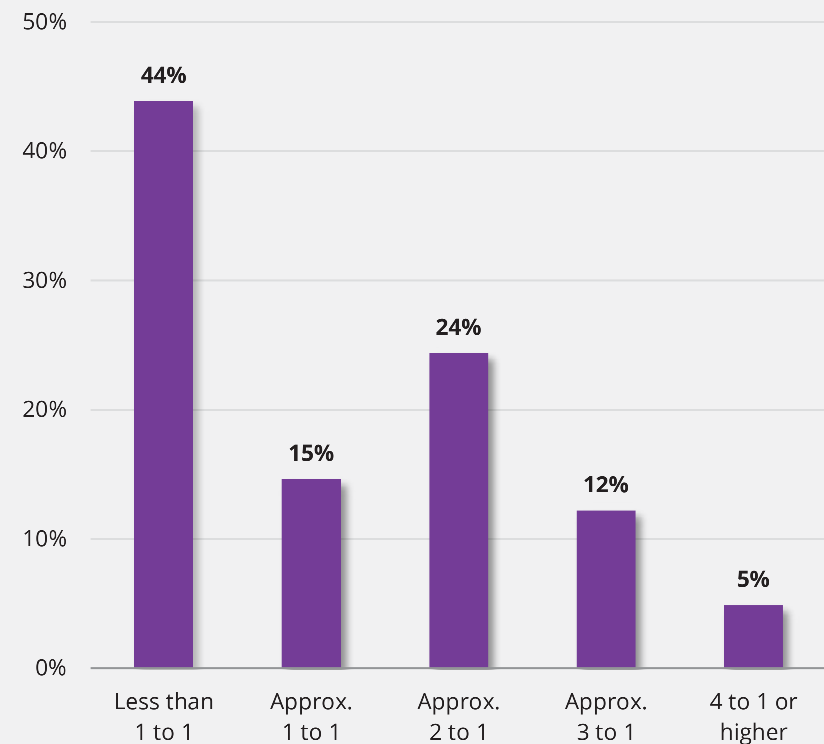
Productivity

One of the key components of provider productivity is the ability to effectively leverage advanced practice providers (APPs) to boost productivity. The survey results show a promising trend in this direction. More than half of respondents (56%) have at least a one-to-one APP-to-physician ratio, and more than 40% have an APP-to-physician ratio of two to one or higher (see Figure 18). Data from Kaufman Hall's *Physician Flash Report* show that organizations that effectively use a higher percentage of APPs in their physician enterprise workforce increasingly outperform their peers on both productivity and compensation metrics.

Organizations may also face fewer staffing-shortage constraints in growing the percentage of APPs in their physician enterprise to achieve an optimal balance. One interviewee noted that in her market, they have few difficulties in recruiting APPs, in contrast to the difficulties they face in recruiting RNs.

FIGURE 18: Ratio of Advanced Practice Providers to Physicians



Access

The survey results are not as promising for access to the physician enterprise. On average, survey respondents gave access a mediocre rating of just over 5 on a 1-to-10 scale (with 10 being highest; see Figure 19). Problems with access can throw the entire Physician Enterprise Triangle out of balance. Poor to mediocre access to the physician enterprise erodes both productivity and revenue, and if access problems persist, they ultimately will erode the physician enterprise's market share and volume.

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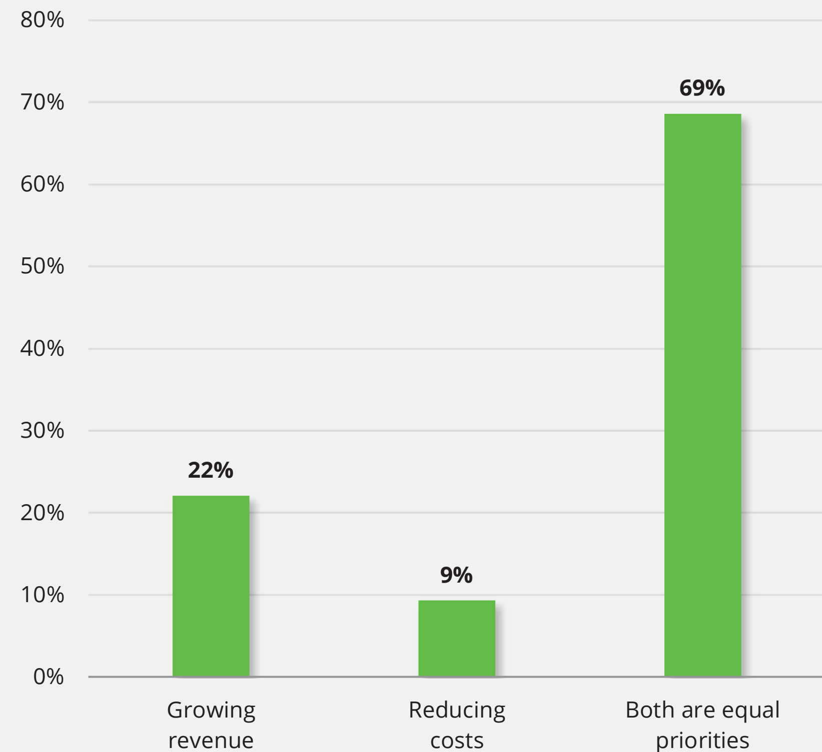
Physician Enterprise (continued)

The Balancing Act Between Growth and Cost Reduction

More than two-thirds of the survey respondents (69%) indicated that both growth in revenue and cost reduction are equal priorities for their physician enterprise (see Figure 20). Achieving this goal will also require a careful balancing act. Labor constitutes approximately 80% of physician enterprise expenses. But maintaining an adequate workforce is also crucial to growing volume and productivity (which equates to revenue). The desire to reduce costs must be balanced against the need to improve access and generate growth.

FIGURE 19: Rating Access to the Physician Enterprise

FIGURE 20: Top Priorities for the Physician Enterprise



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Action Items: Physician Enterprise

- **Enhance metrics tracking to identify and remove patient access obstacles.** Patient access proved to be a real point of vulnerability in this year's survey, threatening efforts to increase productivity and grow revenue. As competition for patients among legacy providers and new market entrants intensifies, efforts to improve access are essential to maintaining and growing market share.
- **Ensure that efforts to reduce costs are balanced with growth objectives.** Labor is both the major expense and the major driver of increased volume and productivity within the physician enterprise. Keep a close watch on cost reduction efforts to ensure that they do not jeopardize growth opportunities.
- **Focus on optimizing use of APPs.** As the role of APPs in healthcare has grown, the physician enterprise is steadily transforming into a provider enterprise. Organizations that can optimize the use of APPs will be best positioned to manage costs while sustaining or growing access to and quality of care.

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Success Stories

Despite the challenges all healthcare provider organizations are facing, several interviewees reported that their organizations have managed to maintain positive margins or perform ahead of budget over the past year. Factors contributing to their success include the following:

- **A constant focus on revenue cycle.** With denial rates increasing in many markets, several interviewees complimented their revenue cycle teams on the strength of their denial management efforts and their work to maintain strong payer relationships and communications.
- **A strong culture.** Efforts to strengthen organizational culture and staff morale paid off for interviewees in terms of staff retention. One interviewee noted that some nurses who had left to pursue agency opportunities returned when they realized how much they missed the culture her organization had worked hard to build. Another interviewee noted that his medical group takes care during the recruitment process to vet candidates' alignment with the practice's culture of doing what it takes to respond to patients' needs. A third interviewee said her organization has elevated a "sense of belonging" metric on its balanced scorecard to track staff satisfaction.
- **True partnerships.** Several interviewees noted that their organizations are moving away from an "own and control" mentality. Instead, they are focusing on what they do well and seeking partners who can provide other services more efficiently or effectively. One interviewee emphasized that her organization looks for partners—not vendors—who are willing to share in the risks as well as rewards through joint ventures and other partnership structures.

> *"We are still maintaining a positive financial performance. We have run the organization very lean, with a focus on generating revenue and return."*
>
> **— CSO, regional health system**

- **Patient management.** One interviewee, whose organization is a major provider of tertiary care, was facing constraints in accepting transfer patients because of increasing length of stay. It set up a patient logistics center dedicated to managing transfer patient requests. Another interviewee's organization has put effective patient throughput initiatives into place and has been able to leverage a strong partnership with a home-care company to help mitigate post-acute care facility bottlenecks that can slow timely patient discharge.
- **Talent pipelines.** Several interviewees noted their efforts to build talent pipelines to alleviate what they believe will be long-term staffing shortages in both clinical and back-office positions. One interviewee's organization has made a significant investment in a local community college to provide tuition reductions for programs that meet the health system's staffing needs; with tuition reimbursements from the system added to these reductions, staff admitted to these programs can complete them tuition-free in return for a two-year commitment to the system.

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About the Report

This year's report was based on responses from 86 hospital and health system leaders across the country; most respondents are in executive (72%) or finance (13%) positions. We also interviewed six respondents, representing larger and smaller regional systems, rural healthcare, academic medicine, and religiously affiliated systems; their observations and insights are included throughout the report. Ninety-one percent of this year's respondents are based in a hospital or health system, 5% are in medical groups, and remaining respondents were in residential care, the Indian Health Service, and a stand-alone pediatric practice (see Figure 21). All regions of the country are represented, with 27% of respondents from the Midwest, 26% from the Northeast and Mid-Atlantic, 38% from the South, and 9% from the West. Thirty-three percent of respondents are in urban markets, 31% in suburban, and 36% in rural (see Figure 22).

FIGURE 21: Size and Type of Respondents' Organization

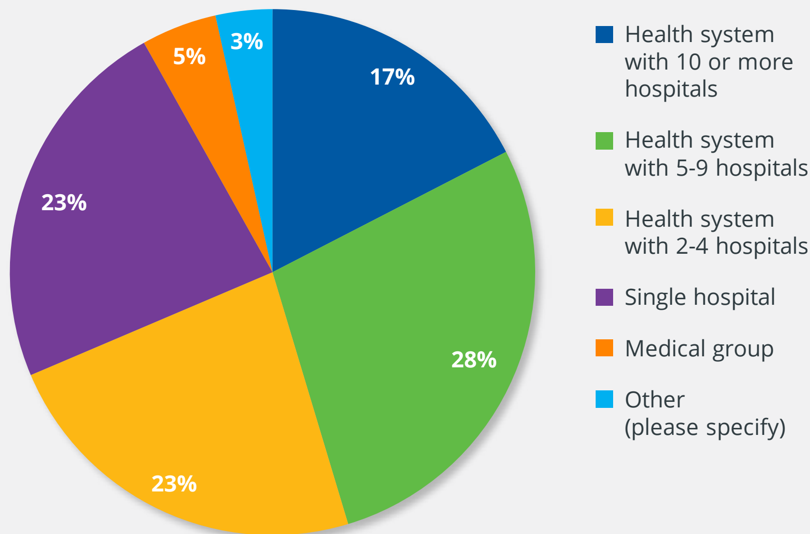
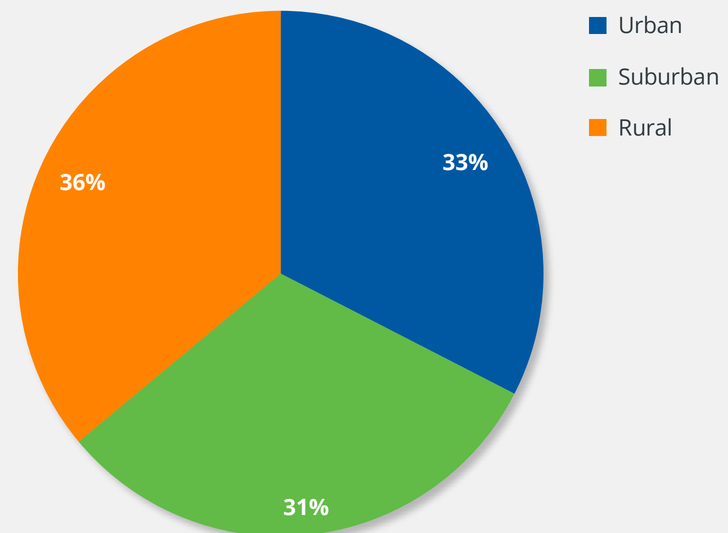


FIGURE 22: Respondent Organizations by Market



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