

Health Care

UNDER THE SPOTLIGHT



Deloitte.

From Great Resignation
to Great Reimagination

Sector overview and 2022 outlook

The health care sector is facing unprecedented levels of disruption, and the Future of Health will be vastly different from how care is delivered today.

Driven by the explosion of data and the continuing education and health literacy of the consumer—the sector will undergo two fundamental shifts:

#1 Health will be defined holistically as overall wellbeing, including mental, social, emotional, physical, spiritual, and financial health.

#2 Consumers won't wait until symptoms force them to go to the doctor—we will decide how to optimize our health, maintain our wellbeing, and proactively address disease.

The outcome? These shifts will continue to drive disruptors and new entrants into the market. If health care providers are unable to innovate, they may lose competitive positioning to new entrants with both consumers and workers alike.



State of the labor market

Across the current health care landscape, we're seeing the following:

SHORTAGES

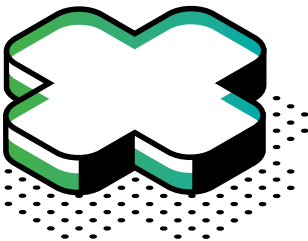
An additional 1.2 million new RNs will be needed by 2030 to address the current nursing shortage.¹ By 2025, the US could face shortages of 61,000-95,000 physicians and more than 29,000 nurse practitioners and 400,000 home health aides. These shortages can cause burnout to continue to grow exponentially. The need to care for one additional patient increases burnout 23% and dissatisfaction 15%.²

BURNOUT

55% of frontline health care workers are reporting burnout, with the highest rate among the youngest staff at 69%.³ This burnout was accelerated by the COVID-19 pandemic, which added heightened stress to an already life-or-death job. Shortages are also causing providers to work longer hours and more shifts, while potentially being asked to apply skills they do not have or are not comfortable using, to fill gaps in care.

AVOIDABLE SPENDING

The average cost of turnover for a staff registered nurse is \$40,038, resulting in the average hospital losing more than \$5 million per year. To combat labor shortages, hospitals are turning to travel nurses, who are paid much higher salaries than staff nurses. The average hospital pays an additional \$154,180 per year for each travel nurse.⁴ High turnover and challenges in appropriately planning hospital census activities is causing hospitals to spend vast amounts of cash, which impacts the organization's bottom line.



Drivers of staffing challenges

In order to create solutions for the current talent emergency in health care, it is vital to understand and explore these critical root cause drivers:



#1 NATURE OF THE ROLE

A. Work intensity

Health care delivery comes with a significant physical, mental, and emotional burden. This burden is heightened by increased workload due to staffing shortages and potentially inadequate staffing levels.

B. Job design

Health care workers lack clinical autonomy and are too often asked to complete administrative tasks that reduce the time for meaningful care delivery.

#2 ORGANIZATIONAL SYSTEM

A. Leader and manager effectiveness

Health care workers may feel undervalued and unsupported by leaders due to competing leadership priorities.

B. Total rewards

Packages not competitive with labor market (offers from disruptors and new entrants), as well as perceived inequities with travel nurses.

C. Career development and mobility

Opportunities for development and career trajectory are not clearly defined or communicated, and are not integrated across sites of care.

#3 CULTURE AND PURPOSE

A. Purpose

Most health care professionals pursue this line of work to care and improve the health of others. This purpose can often conflict with the reality of work and pressure to see as many patients as possible.

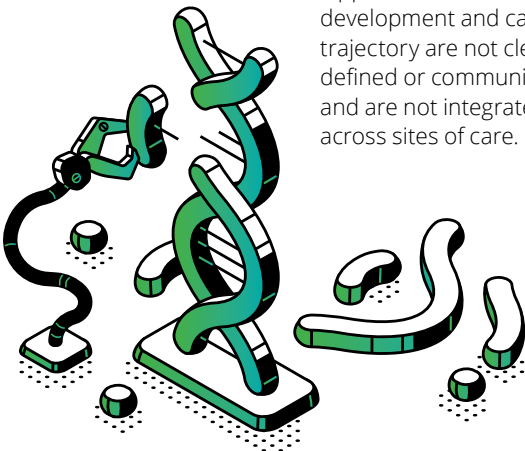
B. Culture

Health care workers often suffer verbal abuse and express a lack of respect of colleagues and patients in an increasingly frequent manner.

#4 SUPPLY AND DEMAND

A. Imbalance

Maldistribution of clinical workforce, coupled with lack of systemic strategies and policies to increase labor supply.



Implications for the organization

Organizations have been focused on urgent needs and have missed sustained success.

Finding sustainable solutions to the talent emergency should be a top priority for provider organizations, as it impacts many areas of the business:

HEALTH OUTCOMES

Without addressing the shortage of frontline clinicians, it's near impossible to provide the same high-quality care an organization seeks to deliver. The clinicians that are at the frontline are burnt out and lacking motivation, ultimately resulting in increased risk for quality issues and poor patient experiences. This negatively impact the organization's brand, driving patients to seek care elsewhere or live with lower quality care delivery.

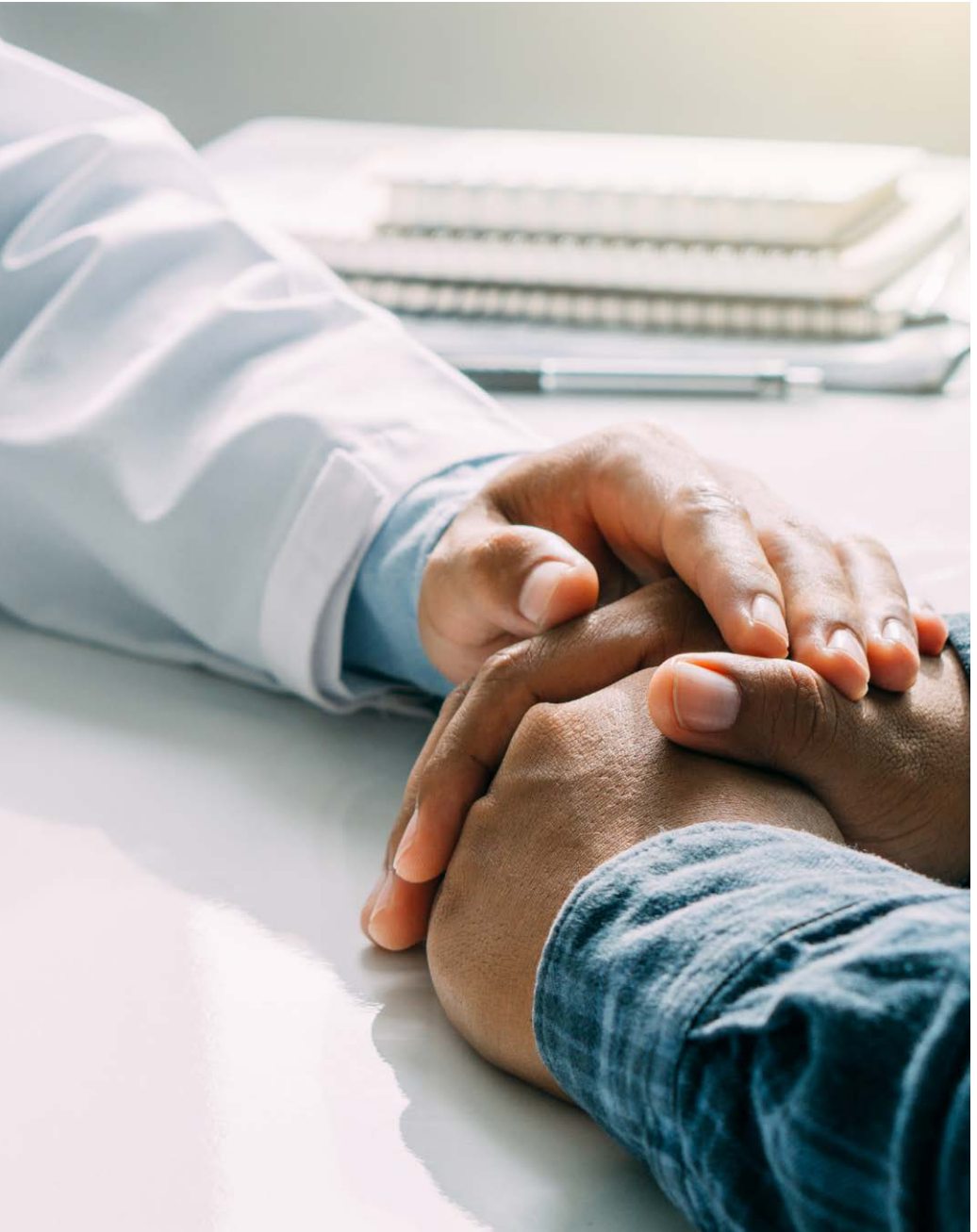
THE BOTTOM LINE

High-turnover rates are negatively impacting the bottom line of health care organizations. By retaining talent, health care companies will ultimately save money, seeing manifold returns on any required upfront investment.

THE WAR FOR TALENT

Health care organizations now don't only have to compete within the sector for talent, but across sectors. They must become a key destination for top-talent among all employers, not just in the health care space, especially with tech companies who entice employees with flexible benefits, enhanced work-life balance, defined career pathing, and a more innovative mindset.





It's time to take action

Organizations hoping to leverage a one size fits all approach, need to think of solutions more tailored to their dynamic workforce's varied needs.

Organizations must assess their own workforce before jumping to solutions, to ensure that the right issues are being addressed.

Key points to keep top of mind:





RETAIN

Quick wins: Organizations must first stop the bleeding with quick wins to retain talent, by triaging and prioritizing interventions by impact and effort.

This work can get kicked off by listening to staff to truly uncover the root of the problems at the organization. Organizations use Total Rewards and Compensation levers to be competitive with market rates and ensure employees feel valued. Another shorter-term retention strategy is to provide leadership and management effectiveness training to clinical leaders

They can also look to take a data-driven approach to staffing models and workforce planning to keep up with shifts in the labor market and help manage work intensity.

REENGAGE

Human-centered approach: Organizations can consider human-centered-design strategies to elevate the Workforce Experience. First, they can work with practitioners to gather feedback and understand key themes. This can be done through observation and/or psychologically safe interviews with key practitioners.

When creating and implementing solutions, practitioners should be involved in the discussions and help design solutions. A key area for organizations to focus their approach is to consider a [Workforce Experience by Design](#)⁵ approach. Using a human-centered design approach to shape the Workforce Experience.

Using the inputs gathered from the workforce to design employee experience — addressing the wants and needs of the workforce by having them be the focal point of Workforce Experience initiatives and policies.

Lead with the Employee Value Proposition:

Organizations must define what the employee experience means and how it relates to their employer value proposition and brand.

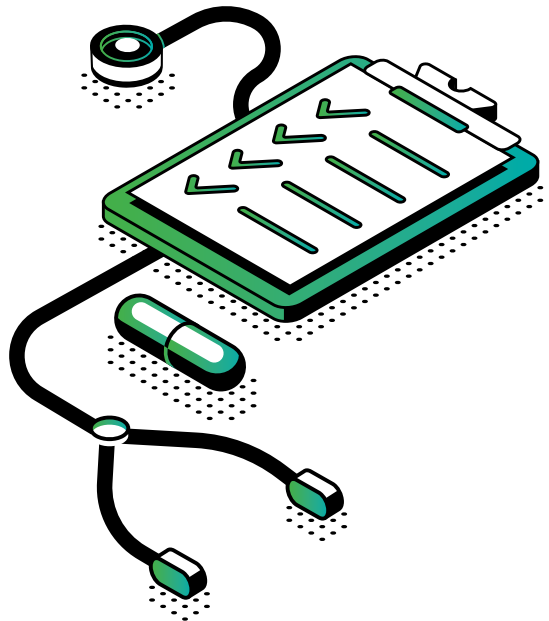
Organizations can create an employee value proposition toolkit that will guide them in hiring talent and engaging current talent to create a strong employee-led culture within the organization. Organizations should “walk the walk” and look to integrate their employee value proposition into their Total Rewards strategy and the rewards offered to employees.

REIMAGINE

Re-Architect work to optimize the current workforce: Organizations can [Re-architect Work](#)⁶ to better utilize their existing workforce through technology and digital tools. For example, the automation of administrative tasks, could reduce administrative burden for nurses and allow time to focus on delivering more higher value care activities.

Skills-based organization: Provider organizations can move towards becoming [Skills-based Organizations](#)⁷ to retain talent within the organization, even if talent is in a slightly different role. Organizations can enable their workforce to develop their capabilities to grow within the organization throughout their career. Helping employees find career growth and skills-development opportunities within the organization, instead of moving to another employer.

It is possible for hospitals and health systems to move from the Great Resignation to the Great Reimagination. However, that won't happen by itself. It will require targeted interventions and investment to understand where employees are today and include them in the process to re-imagine health care work. Not being able to address the talent emergency could further impact the financial and cultural bottom line.



READY TO REIMAGINE WHAT'S NEXT?

¹ [The 2021 American Nursing Shortage: A Data Study \(usa.edu\)](#)

² United States registered nurse workforce report card and shortage forecast, National Library of Medicine, May/June 2018.

³ [Medical burnout: Breaking bad | AAMC](#)

⁴ 2021 NSI National Health Care Retention & RN Staffing Report.

⁵ Deloitte Digital, [Workforce Experience by Design – Designing the Workforce Experience with the human at the center](#), 2022.

⁶ Deloitte, [Work.re-Architected](#), 2021.

⁷ Michael Griffiths, Deloitte Blog: Capital H, [“The skills-based organization – Fueling the 21st century enterprise with skills.”](#) 14 September 2021.

CONTACT US



MAUREEN MEDLOCK

DC PRINCIPAL

mmedlock@deloitte.com



EILEEN RADIS

DC PRINCIPAL

eradis@deloitte.com

CONTRIBUTORS AND ACKNOWLEDGEMENTS

HARISH PATEL

FRANKIE REITMEYER

EMILY RUBIN



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