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Critical Conversations on the Changing Health Environment:

WORKFORCE DEVELOPMENT

LAKELAND, FL JANUARY 29, 2016

Health Care Workers in the Driver's Seat

It's no longer a question of whether or when health care will undergo transformation. It's here. We're in it. And nowhere is that more evident than in the human resources departments of hospitals across the country.

The health care workforce is critical to the success of individual health care organizations as they undergo the transformations necessary to survive and thrive in a changing health care environment. As one participant put it, "Health care is people. It takes people to drive the processes that drive the outcomes that drive quality." It will take the engagement and the involvement of staff in all capacities and on all levels to achieve the goals and promise of health care transformation.

IN JANUARY 2016, the American Hospital Association (AHA) invited human resources and talent professionals to participate in a Critical Conversation about workforce challenges, opportunities and innovations in today's health care environment. Also participating were representatives of a selection of health care solution providers whose solutions have been exclusively endorsed by the AHA.

They found plenty to discuss.

Change is here

The health care industry has been bracing and preparing for change since the passage of the HITECH Act in 2009 and the Affordable Care Act of 2010. That change hit hard in human resources and talent departments in hospitals across the nation somewhere between 2014 and 2015,.

"If you've read [a workforce report] from a year ago," AHA Solutions Director and Critical Conversation facilitator Mary Longe told the group, "it's a different world today."

"Everyone that we talked to last year said the number of requisitions they were dealing with in 2015 versus 2014 was radically different and greatly increased," reported Amy Goble, Vice President for HealthCareerCenter.com, an AHA affiliate.

That burst of HR activity is borne out by findings from Bureau of Labor Statistics. In 2015, the health care industry saw a 53 percent increase job growth—from 309,000 new jobs in 2014 (already a big number) to 474,700 new jobs in 2015. While in sheer numbers most of the new jobs were in the ambulatory side of health care, the percentage growth in the hospital sector was a head-spinning 306 percent, as hospitals reached into new areas and expanded their reach to adjust to the new demands of our transforming health care system.

"What we know is that we can't use the workforce of yesterday to get where we're going," Tracy Braman, Executive Director of Human Resources at Lakeland Health in St. Joseph, MI, "We're looking at leading from the future as it emerges."

Listening to the human resources professionals gathered in Lakeland, FL, in January 2016, this growth was clearly on their minds. Many noted that their patient populations were growing in both size and diversity. They talked about added activities, especially in the areas of post-acute care and population health. Members of the group voiced concerns about managing a multi-generational workforce in which large percentages of nurses and other key staff are eligible for retirement while younger "millennial" workers switch jobs more frequently. They were looking for new ideas for how to attract and keep "top talent" through more effective employee engagement, training, and creating a culture that values and supports workers.

The HR professionals also spoke about the increasing need to collaborate. They reported that the emphasis on teamwork in patient care is reflected at all organizational levels, with more inter-departmental integration (especially between clinical and IT departments and between data analytics and population health initiatives) and partnerships with other social service and health care providers serving the same or similar

communities. Increasingly, their organizations are encouraging the formation of dyads and triads among staff with different skill sets and focuses to expand capacity and communication.

"If there was ever need for HR now is the time," Braman told the group. "It can be overwhelming, but it is extremely exciting as far as the influence and impact that we have when it comes to the future of our health care organizations."

This report, gleaned from presentations and conversations among HR leaders in Lakeland, FL on January 2016, is designed to help health care organizations on that transformation journey.

THE SITUATION

If all hospitals were dealing with was the ramifications of healthcare reform and shifts in the healthcare marketplace, that would be plenty to deal with. But there's a lot more going on in today's healthcare system— and human resources professionals in this sector are scrambling to keep up with the rate of change.

"We need to recognize all the changes on our plates— not only as organizations but as HR leaders," said Amy Goble, Vice President of HealthCareerCenter.com, an affiliate of the American Hospital Association. "With all the major priorities coming at HR leaders, it's hard to know where to start."

The AHA's 2016 Environmental Scan revealed four major factors that help describe the situation HR professionals face in healthcare today and bring up new questions that affect job responsibilities and workforce decisions.

Health of the Population: Our country's healthcare needs are changing. Chronic disease is on the rise: 50 percent of the population has at least one chronic condition, and the treatment of these long-term illnesses accounts for 75 percent of medical expenses nationally. In addition, behavioral health needs are dramatically increasing—nearly a third of patients who present for an acute issue also have a mental health issue. These changing health needs require providers to think differently: How can we screen for chronic and behavioral conditions early, when there may be a better chance for effective treatment? How do we anticipate the needs of our communities to improve their health and wellness?

Demographic Changes: The demographics of our communities are changing too. We are an older, more diverse country than we were just a few years ago. We are well on our way to becoming a majority minority nation. According to 2014 Census data, 38 percent of the country's total population were minorities, and more than half of children under 5 were minorities. Thirty-one percent of patients in the nation's health system are from minorities.

However, the current healthcare workforce doesn't necessarily reflect the diversity of the communities it serves—especially at the leadership levels. That lack of diversity is increasingly recognized as a deterrent to providing the best quality care. "Typically the stats show that the diversity in the leadership ranks are not as diverse as they should be to meet the needs of the population," said Goble.

The aging of the population in part explains our changing healthcare needs, but it also affects our workforce. At some hospitals, more than 20 percent of the nursing staff are eligible for retirement. As older, experienced staff retire, the workforce will be dominated by the millennial generation (those born between 1982 and 1996), making up more than 75 percent of the workforce by 2030. This generation brings different priorities and interests to the workplace. Statistically they are more focused on work-life balance and more likely to switch jobs after just two or three years. How can organizations train and engage the next generation to fill the gap left by retiring staff?

Clinical Integration: Technology is changing how we deliver care and how people in healthcare interact— among the healthcare team members, patients and clinicians, and human resource professionals and employees and recruits. There's more data than ever coming out of healthcare organizations. How can we prepare staff to use technology effectively while maintaining compassionate care? How do we put that data in context to improve quality of care and identify effective recruitment and retention methods for hiring and keeping the best people?

Workplace Environment: There's an increasing emphasis on creating secure workplaces where staff feel safe and valued. This is especially important in healthcare settings. According to the Occupational Safety and Health Administration, nearly 7 percent of health care employees have some kind of work-related injury each year.

While safety is paramount, other considerations affect the workplace environment. Staff want to feel connected with their co-workers and valued and supported by their managers. They want to feel secure in the organization as they face the changes ahead. How do we achieve that in the high stress atmosphere

in healthcare? How can we cultivate leadership at all levels to help guide us through this transformation?

All this is taking place at the same time as healthcare deals with the effects of new technology, new payment methods, new metrics, as well as new ways of working and within hospitals and healthcare organizations and among different providers in the same communities. There is new emphasis on:

- **Transparency —** sharing information with patients, other providers and the community

- **Collaboration —** working together in teams, dyads and triads within organizations, but also as partners with patients, other providers, and payers

- **Measurement —** collecting and analyzing information and outcomes to understand how to improve performance

- **Inspiration —** motivating providers, staff, and patients in new ways to achieve better health outcomes and healthier communities

HR professionals clearly have their work cut out for them in making sense of all these changes and what it means for workforce development at their organizations.

By the Numbers

The numbers tell the story behind the turbulence felt in human resources departments at hospitals across the country. Turnover is common across all departments and employees—from entry level staff all the way up to CEOs. "The CEO turnover rate has been very high," said Amy Goble. "In 2013 it was 20 percent—the highest it's ever been." Many hospital top leaders have reached retirement age, which prompted their departure. But the changes in the industry may have hastened the rate of turnover.

Whatever the reason, CEO turnover reverberates throughout an organization. In the years 2013 and 2014, the voluntary separation rate among non-contingent staff (which includes retirement as well as leaving to another job) in health care topped 11 percent—compared to an all-industry rate of just under 9 percent.

Hospitals are still struggling to keep new workers beyond the first year of employment, Goble reported. This is a problem across industries-- more than 1 in 5 workers leave within the first year—but it's even a bigger problem in health care, where 1 in 4 workers last less than a year. But there's good news in this area, too. The first year turnover rate among bedside nurses has dropped significantly—from 23.4 percent in

2011 to 18.8 percent in 2014. Goble credited human resources departments "for the great job you're doing developing training and preceptorship programs" that encourage new nurses to stay at their organizations.

Holding onto new hires becomes even more important going forward, as the number of jobs in healthcare are expected to continue to grow both on the ambulatory side and overall. Chris Stone reported that the Bureau of Labor Statistics predicts more than 10 million new jobs will be created during the next 10 years—a growth rate of 6.5 percent. Nearly a third of those jobs will be in health care, with a projected growth rate of more than three times the overall rate.

Other top sectors include personal care and computer/mathematical occupations, which are also areas in which hospitals are recruiting right now. In fact, looking at the list of the fastest growing occupations, Stone said, "Except for the wind turbine service technicians and the commercial divers, almost everything on this list are the roles that we recruit for."

Digging deeper in to current supply and demand, Stone gathered statistics on the number of people qualified for key roles in health care, including RNs, NPs, PAs, physicians, and IT workers. He also tracked down the number of employers posting jobs for those roles and calculated the number of potential candidates for each open position. He found the demand was greatest for nurse practitioners and physician assistants "as hospitals transform their systems and are looking for more places to insert NPs and PAs to practice to the full extent of their licenses." The supply of PAs is especially low, with most areas reporting that these jobs are very hard to fill.

The numbers are hard to parse out for doctors. Most physicians tend to cluster in urban areas, putting rural hospitals at great disadvantage when trying to hire physicians. More regional or local data may be more useful for getting the current picture in a particular community. (HealthCareerCenter.com can pull local information for AHA members on request.)

Another complicated sector is IT workers. For these workers, health care's biggest competition comes from other industries which poses special challenges for hospital HR departments. How do hospitals position themselves when competing for workers against tech companies like Accenture, Oracle or Lockheed Martin?

These numbers attest to the daunting task before hospital human resources departments, says Stone. "They're projecting that it's just going to continue to grow at breakneck speeds. It shows the importance of what everyone in this room does on a daily basis," Stone said.

THE RESPONSE

A transformed health care system calls for a transformed workforce. As Tracy Braman of Lakeland Health, MI, told the group, "We can't use the workforce of yesterday to get where we're going." This means big changes in hospital human resource departments.

HR leaders face new challenges in almost every aspect of their work—from recruiting and training new staff to making sure that current staff feel prepared, engaged and invested while their organizations go through tremendous change. According to the 2015 Healthcare Workforce Executive Insights Survey Results, 57 percent of HR leaders felt they were proactively adapting to the new world of health care. "Fifty-seven percent is pretty good," said Amy Goble, "but that means there are a lot of other people who still need to get up to speed." At the Critical Conversation, the participants shared their experiences, innovative ideas and approaches to some common challenges.

Recruitment

Health care HR reps face a double whammy in terms of recruitment. At the same time as the number of requisitions is rising at their organizations, they're also seeing increased competition for the pool of qualified candidates, especially nurses and IT staff.

Bedside Nurses: While most nurses are still employed by hospitals and medical practices, growing numbers are finding opportunities at other types of employers, such as insurance companies, technology companies, and corporations. Even within health care there are new alternatives to bedside nursing, including care coordination or patient navigators. Many of these jobs can be less demanding in terms of hours, stress, and work/life balance and may be especially attractive to experienced nurses (those with more than 3 years of bedside nursing)—the ones in greatest demand for most hospitals.

Tracy Braman admits this is a challenge, but she urged HR reps not to give up on these employees. She recommends finding ways to stay connected to these former employees, "because there is a chance that they'll be circling back when they realize that the heart of what they do is no longer there when they're behind a desk."

IT Staff: The competition may be even more acute for recruiting IT staff. The best and the brightest have their pick of jobs in any number of industries. Pete Pavel, who focuses on IT recruiting at Lee Memorial Health System in Fort Myers, FL, said the key is to make sure

new computer science graduates see the difference they can make in the healthcare sector. Internship programs can help accomplish this, he added.

Pavel also suggested that in many cases HR departments are not targeting the right IT skills to move their hospitals into the future. "We're targeting EPIC analysts," he said, referring to experts in a prominent electronic health record system, who don't necessarily have experience with the latest approaches to clinical integration and technological problem solving. "We need to focus on the younger generation of computer science students and software developers who are right now in their classes developing projects for major corporations."

Lee Memorial is working with several area universities and technical schools to develop a certificate program in health care informatics for computer science and information technology graduates. They're also offering an internship program. "The first two interns who come in will be by far the youngest people in our IT department," Pavel said. "Their ideas are so refreshing. That's where we see the future of clinical integration and IT."

Recruiting from outside health care: New roles and positions in health care (see sidebar) are also opening up opportunities for people from different backgrounds and cultures, many of whom have not worked in health care or in hospitals before. Positions such as community health worker or registration specialist do not require direct health care experience, but do require firsthand knowledge of diverse populations. Population health functions may require skills from other areas, such as urban planning, data analysis or social work. With a greater emphasis on treating patients more like consumers or guests, workers from the hotel or restaurant industries may bring the right customer service skills. This may require a different kind of recruitment strategy. Lakeland Health has taken a back-to-the-future approach by developing radio ads for employment opportunities that might attract people from outside health care.

Retention

Many of the HR leaders who attended the January 2016 workshop reported that retention of employees was a big focus for them. "If you retain employees, then you don't have to recruit," said Diana Woldforce from Nashville General Hospital. Located in a "hospital/health care mecca" with top institutions like Vanderbilt University, "we struggle for talent," she explains. But as the safety net hospital for the area, "if we can retain them with our mission and our processes, then we will be ahead."

In some cases, it may be more effective to recruit nurses by strengthening relationships with nursing schools and other programs and then focus on retaining them. We need to learn "how to get really good at nurturing and developing retaining that new talent," said Mary Jane Brecklin, Vice President of HR Operations at Health First in Melbourne, FL.

Korinne Carpino, Director of Talent Acquisition at Adventist Health System in Orlando, agreed that HR has to get involved career planning and succession planning to help keep employees within the organization. "We can run the gerbil wheel and keep recruiting, but until people really understand what it takes to keep people—especially millennials—it's not going to work."

Millennials: Carpino was not the only one who mentioned the challenge of retaining employees from the "millennial generation," those born between 1982 and 1996. These workers are more likely to switch jobs more frequently and put an emphasis on flexible hours and work-life balance. Mike Peruta of Lakeland Health wondered, "We're trying to change them, but maybe we need to change to be more like them."

Mary Nash at Orlando Health said that many new nurses get a couple of years' experience, then want to travel while they're still young. "A lot of times if you just maintain that relationship, they eventually circle back when they're ready to settle down."

Stemming the retirement tide: Retention is also a growing issue with staff as they approach retirement age. During the recession, many staff stayed past retirement age because of economic concerns. But now, with the economy improving, more people are thinking of leaving the workforce, or at least moving to less demanding work. At some hospitals, upwards of one quarter of the nursing workforce are eligible for retirement—a scary thought when recruitment is tough and retention can be even tougher. Lakeland Health in Michigan has responded by offering their retirement-age employees paths for part-time employment—helping to slow the departure rate among their most senior and most valued employees.

Workforce analytics: Part of retaining staff, said Harish Chidambaran, CEO of iHealthEngines, Inc, of Potomac, MD, is understanding why they left and where they're going next. According to statistics gathered by Chris Stone at HealthCareerCenter.com, nearly three quarters of job seekers cite compensation as a reason for taking a job and nearly two thirds cite benefits, such as insurance or vacation policy. But nearly half mentioned flexible hours and about a third of them said that long-term growth opportunities or training and development programs played a deciding role in their job decisions.

Many of the HR representatives gathered worried that they couldn't compete against employers who could offer more in terms of money and benefits. But offering more money may not be the only way—or even the best way—to retain employees. Brecklin pointed out that, "We've all heard 'You can't pay me enough to stay in this job.' To retain and to keep a workforce, it's all about our culture and the connections we've developed. It is about the relationship with the immediate supervisor, feeling valued."

Engagement

If retention solves recruitment, then engagement can solve retention. Many of the meeting participants said that they were interested in learning about new ways to encourage staff to become enthusiastic and committed partners in the organization's mission and success.

Leadership Development: Kristy Rigot, System Director, Human Resources, at Cape Coral Hospital said her organization had recently achieved an employee engagement index in the 96th percentile this year using a standard assessment instrument. When they delved deeper into the findings, they saw that three components correlated most highly with employee engagement, satisfaction and loyalty. These were:

- Work processes designed in a way that lets staff do their work effectively
- Having input into decisions that affect their jobs
- The ability to have comfortable conversations with their immediate supervisor when they have issues or concerns.

The organization then aligned their leadership core competencies accordingly to ensure that leaders and managers have the skills and attributes to encourage employee engagement.

Sharing knowledge at all levels: It can also seem sometimes like there are parallel universes in operation at health care organizations—those in hospital administration and top leadership roles are focused on the ramifications of value-based reimbursement, quality improvement, and other aspects of health care transformation. Those at the front lines are focused on direct patient care and may not have the opportunity to understand the terminology or the background of the changes they see daily. The busy nurse manager

may have not picked up on terms like "second curve" and "value-based reimbursement" even though they're living in it every day.

That dichotomy can present a formidable barrier to communication and engagement that is key to holding on to employees in a time of change. It can also prevent top talent from seeking leadership roles if they don't feel like they have the full picture or the language to make their ideas understood.

"Make sure you work to see how the change looks from different levels, from environmental services, from entry-level jobs versus experienced nurses," Mike Peruta advised. "Give everyone access to the knowledge and connect the dots." The conversation should go beyond what we're doing differently now, to include why we're doing it differently and how it affects staff at different levels and in different job functions.

Capacity Building: Transformation of the system happens with transformation of its parts: clinical, workforce, business model, technology, et cetera. Leaders throughout an organization need to understand the direction their organization is going and to help discern what's needed in terms of education and skills to move the transformation.

"Everything is new," said Braman. "We have new consumers in the market, new collaborators and competitors. But probably the most important [of these are] the new talents that are needed."

This is not just a matter of bringing in new staff from different backgrounds and different experiences. It also means developing the talent and building the capacity of the current workforce. Lakeland Health has created workforce-wide training opportunities that reflect this priority. For example, the organization launched a campaign to inspire associates to "Bring Your Heart to Work," as a way of building a culture of caring about patients, colleagues and the organization itself. They rented out local movie theaters and brought all associates in for a presentation about the importance of knowing why we are doing what we are doing and conveying that to patients and co-workers. They also developed badge backers that recognize associates. They have recently launched a new organization-wide training program to encourage staff at all levels to listen—to patients, co-workers, and team members.

Effective, efficient staffing: Part of capacity building is making sure that resources are allocated wisely and staffing levels are appropriate and attuned to the tasks at hand. This may mean retraining, shifting responsibilities, or hiring new talent, depending on the needs of the situation.

At Lakeland Health, a Workforce Council considers each vacancy and requisition before starting the recruitment process. They'll send in a team to look at workflow in the department to identify the most cost effective way to fill the gap. This helps ensure that the institution is building a workforce that is sustainable and prepared for the future. "We don't want to be an organization mentioned in Becker's Review who are downsizing because we didn't manage our checkbook," Braman said.

Physician Engagement: Historically, physicians haven't been considered – or even trained-- to be part of the health care workforce. As Mo Kasti, CEO and founder of the Physician Leadership Institute, pointed out, they have been trained to work independently. But the involvement of physicians is key to the successful transformation of health care and of health care organizations. Many organizations are creating dyads and triads that include physicians, administrators, and other members of the health care team to problem solve and take on the challenges of transformation.

This requires a significant shift for physicians as they to step out of their traditional role as the expert and into the role of collaborator, both in terms of working with patients as partners but also working with other providers and members of the health care workforce to transform organizations.

Training the Next Generation: Many hospitals and health care organizations are getting involved in pipeline programs that recruit and train people for key roles, such as health IT and population health and create opportunities for people from diverse backgrounds.

According to Braman, the diversity profile of her organization mirrors that of the surrounding community, but—like many organizations—that diversity does not extend into leadership roles. Building the capacity of the organization to care for all people in the community means making sure people from all backgrounds can move up within the organization. Lakeland Health is about to graduate their first class in their Catalyst Learning school-at-work program to give entry-level associates the skills and knowledge they need to advance in the organization and in the health care field in general.

Greenville Health—an integrated delivery system of 9 hospitals with 15,000 employees—has partnered with local campuses in various ways. "We put a lot of emphasis on workforce development and we look at

it from a variety of different ways." For example, they work with high schools and middle schools to make students aware of different health care opportunities. They also partner with colleges and other institutional partners to develop curriculum to train people for opportunities in health care. They started a medical school with University of South Carolina, which will graduate its first class in 2016, and will launch a BSN program later this year.
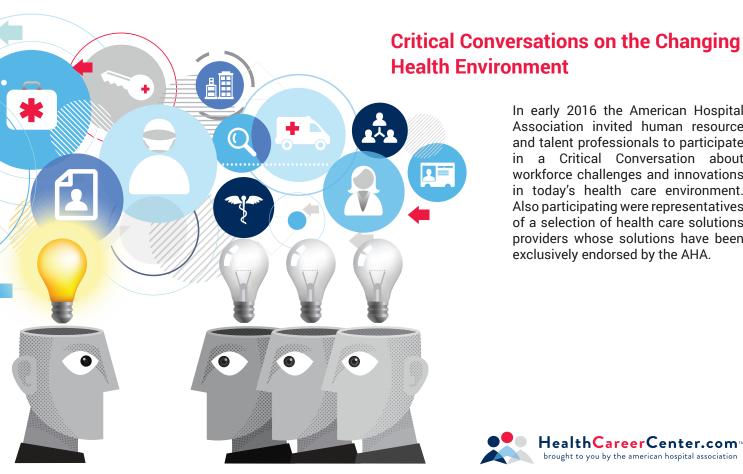
Talent development like this can be risky business, Braman admitted. "Some say, if we develop the talent, they will just leave to new jobs." On the other hand, she asks, "If you don't develop the talent, what if they stay?" Will that help the organization get where it wants to go?

Lakeland has obviously decided that training and educating associates is worth the investment, even if some do not ultimately stay with the organization. Lakeland has launched its own "Lakeland University" and has expanded programs 10-fold over the past few years.

"We put a lot of emphasis with our employees about paying it forward," Dorland said. "If you have been trained, mentored or nurtured, you have an obligation to do that for the next generation."

As one participant pointed out, hospitals may well be training staff for jobs at other organizations. But in this era of increased collaboration and partnership, this fits right in.

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Critical Conversations on the Changing Health Environment

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