# A Strategic Approach: Present and Future Workforce Challenges at Ochsner Health

# **AGENDA**

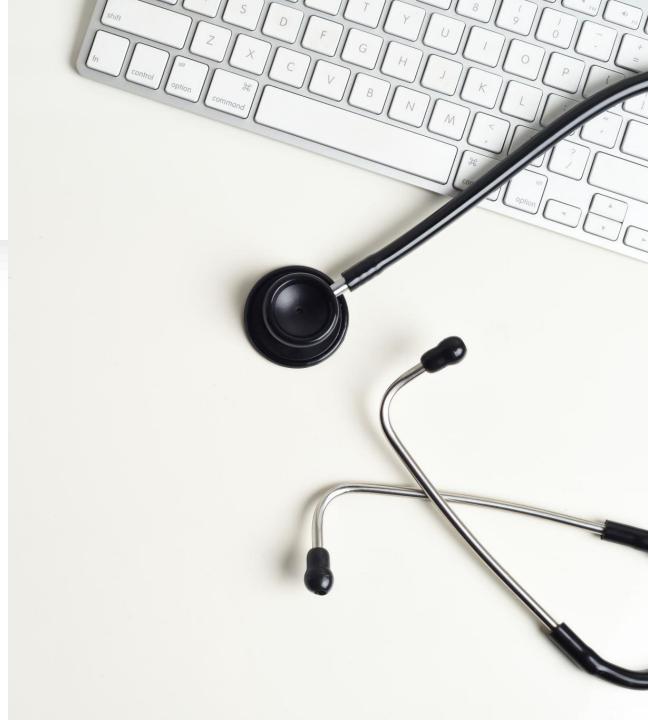
- INTRODUCTION: THE PROBLEM
  - ✓ The Great Resignation
  - ✓ Worker Burnout
- STRATEGIES & TACTICS: THE SOLUTION
  - ✓ Environmental Scan
  - ✓ Goals
  - ✓ Work Culture
    - ✓ Transition Clusters
  - ✓ Collaborations and Partnerships
  - ✓ Innovative Solutions
- FINANCIAL ANALYSIS AND 5-YR PLAN
  - ✓ Current State
  - ✓ Future State
- FINANCIAL INDICATORS
- PERFORMANCE INDICATORS
- CONCLUSION
- APPENDICES



# THE GREAT RESIGNATION

### **National Statistics**:

- According to the Bureau of Labor Statistics (BLS), approx. 47.8 million Americans, out of 161.2 million working population, quit their jobs in 2021.
  - This surpassed the annual total of 35.9 million in 2020, and 42.2 million in 2019.
- According to the American Hospital Association (AHA), there is a projected shortage of 3.2 million healthcare workers by 2026.
- o Current data suggests that by 2033, there will be a national shortage of physicians ranging between 54,100 and 139,000.
  - 21,400 to 55,200 within the primary care, and 33,700 to 86,700 for specialty care.
  - o Rural communities will be affected the most.



### National Job Openings vs Number of Unemployed Workers



July 2022

- Job openings - Unemployed workers



Source: U.S. Chamber of Commerce Analysis, BLS Data

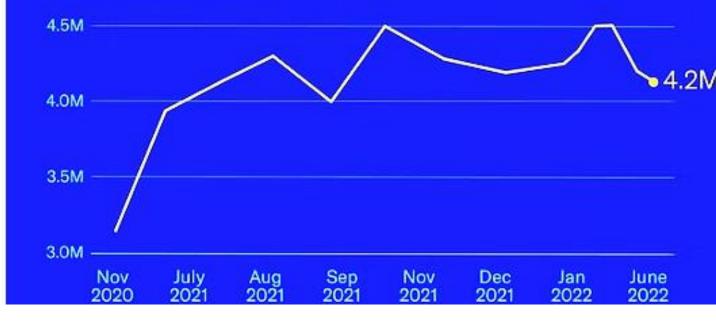
# The Great Resignation



July 2022

Workers quitting their jobs has risen sharply over last year

Individuals who quit their jobs







# Worker Shortage By State

July 2022

States with a lower Worker Shortage Index are suffering the most

0-0.49 0.50-0.99 1.0-1.99

# Job Openings By State

Percent increase in job openings from February 2020 to July 2022

# THE GREAT RESIGNATION

### **Local Statistics**:

- Within the Greater New Orleans area, the healthcare and social assistance industry is in the top five industries with active unique job postings
   over 5,500 as of July 2022.
- Ochsner Health is among the top 10 companies seeking to attract and retain human resource talent through these postings.



# WORKER BURNOUT

- Burnout is recognized as an occupational phenomenon that is both costly at a human and a systemic level.
  - Even passion cannot dispel the effects of burnout.
- Pre-pandemic, burnout was found to have reached "crisis levels" among the US health workforce. Burnout symptoms were reported by
  - 35-54% of nurses and physicians;
     and
  - 45-60% of medical students and residents

# WORKER BURNOUT



According to a 2021 survey by Kaiser Family Foundation, 30% of workers plan to exit the healthcare profession.



# Burnout rates among Ochsner's 30,000 employees peaked at

54% during the 2021 SARS-CoV-2 Delta wave in mid-2021; and 31% during the Omicron wave in December 2021.

# Factors associated with burnout among health workers



#### **Societal and Cultural**

- · Politicization of science and public health
- · Structural racism and health inequities
- · Health misinformation
- · Mental health stigma
- · Unrealistic expectations of health workers

### Health Care System

- · Limitations from national and state regulation
- · Misaligned reimbursement policies
- · Burdensome administrative paperwork
- · Poor care coordination
- Lack of human-centered technology

### **Organizational**

- · Lack of leadership support
- · Disconnect between values and key decisions
- · Excessive workload and work hours
- · Biased and discriminatory structures and practices
- · Barriers to mental health and substance use care

### Workplace and Learning Environment

- · Limited flexibility, autonomy, and voice
- · Lack of culture of collaboration and vulnerability
- · Limited time with patients and colleagues
- · Absence of focus on health worker well-being
- · Harassment, violence, and discrimination



"This is beyond my control..."





### The biggest drivers of employee burnout



31%

lack of support or recognition from leadership



30%

unrealistic deadlines or results expectations



29%

consistently working long hours or on weekends

Deloitte Burnout Survey Results

"I can't provide the best care to my patients..."

"I can't get the care I need..."



# Health worker burnout can have many negative consequences

#### **Health Workers**

- · Insomnia, heart disease, and diabetes
- · Isolation, substance use, anxiety, and depression
  - · Relationship and interpersonal challenges
- · Exhaustion from overwhelming care and empathy

#### **Patients**

- · Less time with health workers
- · Delays in care and diagnosis
  - · Lower quality of care
    - Medical errors

### **Health Care System**

- Health workforce shortages and retention challenges
  - Limited services available
- · Risk of malpractice and decreased patient satisfaction
  - Increased costs

### **Community and Society**

- Erosion of trust
- Worsening population health outcomes
  - · Increased health disparities
- · Lack of preparedness for public health crises



# Thriving together: Solutions to health worker burnout



We must shift burnout from a "me" problem to a "we" problem.

Leadership Diverse and Reduced commitment and empowered health administrative organizational workforce burdens values **Accessible mental** Safe and inclusive health and substance environments use care Culture of healing, community and connection **Human-centered** Community technology partnership Trust Health Insurers Health Care Academic Federal, State, Local, Tribal and Payers Licensing and Organizations Institutions Accreditation Bodies Governments

> Friends, and Communities

Researchers

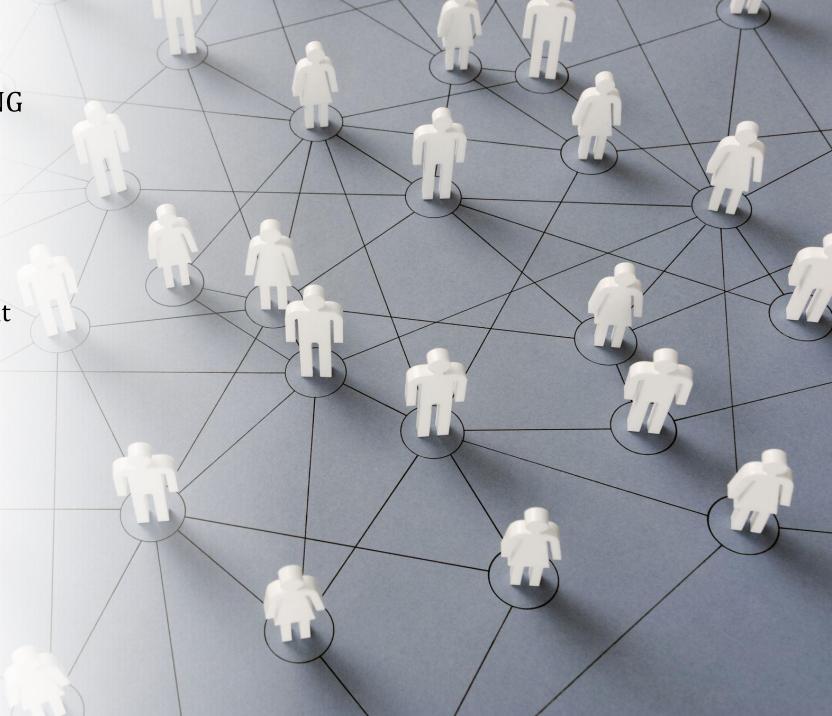
Family Members,

Office of the U.S. Surgeon General

ENVIRONMENTAL SCANNING (OPPORTUNITIES AND **THREATS**)

### **THREATS**

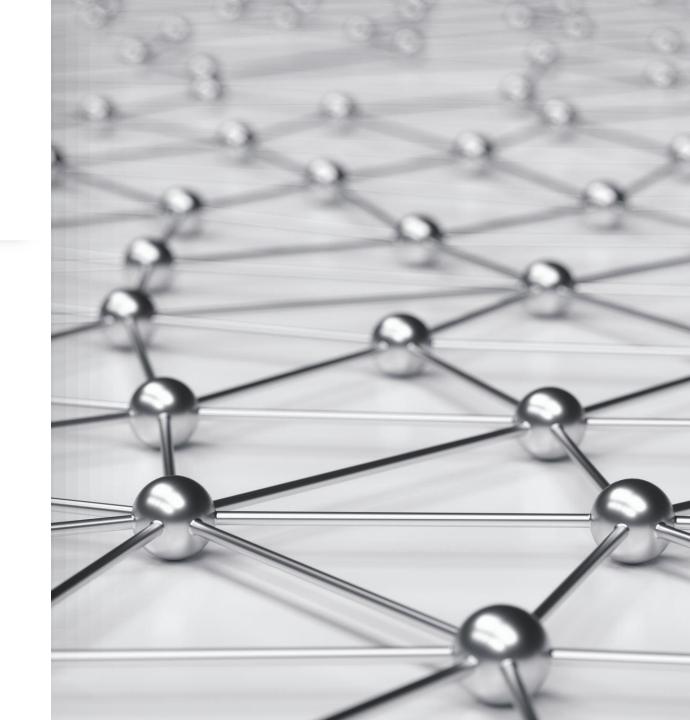
- Competition for human talent resource
- Overdependence on technology
- Cyber risks and HIPAA violations



# ENVIRONMENTAL SCANNING (OPPORTUNITIES AND THREATS)

### **OPPORTUNITIES**

- o Balance competition with collaboration
  - Can foster strategic partnerships with key competitors
- o Grow by acquisitions
- Partner with existing grocery store walk-in clinics



# GOALS



REDUCE NURSE TURNOVER;



IDENTIFY DIVERSE TALENT REPRESENTATIVES OF COMMUNITIES SERVED;



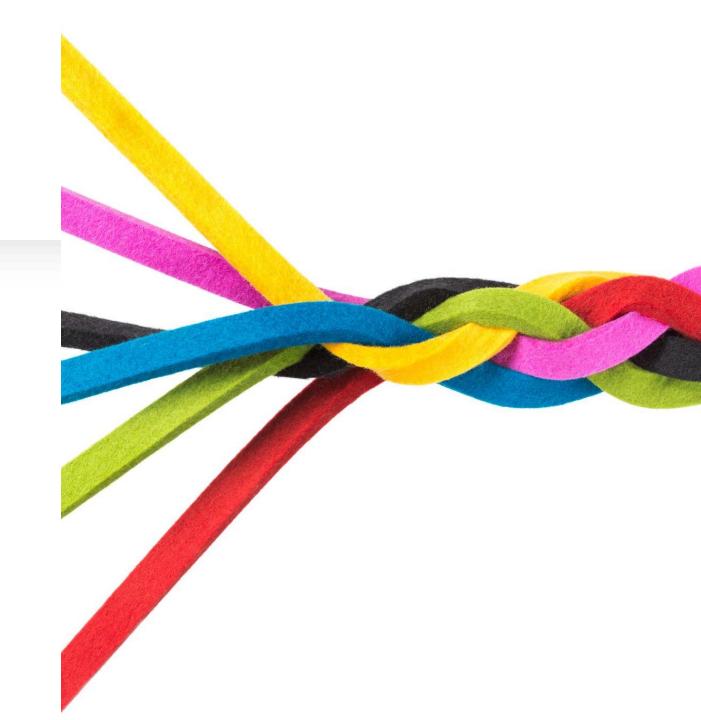
REDUCE RELIANCE ON EXTERNAL AGENCIES FOR PERSONNEL AND OTHER EXPENDITURES; AND



IMPROVE WORKFORCE HEALTH STATUS AND WELL-BEING.

## **WORK CULTURE**

- The foundation upon which other initiatives can develop and thrive is Work Culture.
  - o Align incentives between employees and leadership.
  - Create a sense of belonging, value and respect; and improve trust in leadership.
- o Tactics
  - o Diversity, Equity, and Inclusion programs
    - Combat racism, bias, discrimination, and clique culture.
  - Shared Decision-making
  - Self-care Promotion
  - Schedule Flexibility and Autonomy
  - o Transportation Linkages
  - Internal Career Mobility
  - o Frequent Employee Recognition



# CAREER MOBILITY (TRANSITION CLUSTERS)



Workforce by Age Group			
Baby Boomers (1946-1964)	15%		
Gen X (1964-1980)	24%		
Millenials (1980-1995)	49%		
Gen Z (1995-2006)	12%		

# COLLABORATIONS AND PARTNERSHIPS

- Expand and strengthen existing partnerships
  - Academic institutions –LSU Health Shreveport School of Medicine, Xavier University, Loyola University New Orleans, etc.
  - o Ochsner Health Network
  - o EHR Vendor EPIC
- o Explore new collaborative efforts
  - o Academic institutions beyond New Orleans
  - Staffing agencies renegotiate fees to more affordable rates
  - Pipeline arrangements
  - Local government at the mayoral/city level
  - Technological organizations
- $\circ \quad \text{Balance competition with collaboration} \\$ 
  - Leverage differences between key competitors
  - o Expand network effect



### INNOVATIVE SOLUTIONS

- Store and analyze data using Ochsner Enterprise Data Warehouse
  - Centralized source of information
  - Foundation for AI-generated models
- Expand iO Artificial Intelligence software
  - Predict utilization rates
  - Improve/Redesign staffing measures
    - Safe staffing saves lives
  - Generate Readmission Risk Model
    - Improve performance in Readmission Reduction Program
  - Improve supply-chain management
    - Track and predict stock refills
    - Improve cost containment measures



# FINANCIAL ANALYSIS (REVENUE AND COST COMPONENTS)

- o Revenue Components
  - $\circ \ Acquisitions$ 
    - Lafayette General Hospital, Acadia General Hospital, Abrom Kaplan Memorial Hospital, St. Martin Hospital, and University Hospital.
  - o Outpatient Care Delivery

# FINANCIAL ANALYSIS (REVENUE AND **COST** COMPONENTS)

- Cost components
  - Inflation
  - Interest rates
  - OPurchased services from external agencies
  - Business supplies





# 5-YEAR PLAN (KEY ACTIONS)

- Start by addressing Work Culture
  - o Employee Resource Groups \$1.5 Million
  - o Training Programs \$1.2 Million
  - o Recruiting \$2.7 Million
  - External DEI programs \$600 Thousand
- Cost of \$6 Million over 5 years
- Yield Average Cost Savings of \$45 Million over 5 years
- o Improves health ranking



# 5-YEAR PLAN (KEY ACTIONS)

- Artificial intelligence
  - Intelligent Recommendation Software \$1.4
     Million
  - Enterprise Data Warehouse \$2 Million
    - Cloud Storage \$1 Million
    - ETL Software \$1 Million
  - Maintenance \$600 Thousand
- Cost of \$4 Million over 5 years
- Yield Average Cost Savings of \$125 Million over 5 years



### **FUND ALLOCATION**

 \$20 million will be spent over the span of 5 years as follows:

○ Year 1: \$7 Million

○ Year 2: \$3 Million

○ Year 3: \$5 Million

○ Year 4: \$3 Million

○ Year 5: \$2 Million

o "Front Loaded" Approach

Start with a strong foundation

Sense of urgency

### FINANCIAL INDICATORS

o Forecasted Cash Flows:

○ Year 1: \$9.83 Million

○ Year 2: \$10.55 Million

○ Year 3: \$11.33 Million

○ Year 4: \$12.16 Million

○ Year 5: \$13.05 Million

o Discount Rate of 11%



## FINANCIAL INDICATORS

- This project will result in an Average Increase in Cost of 6%
- o Furthermore, the project has
  - A Net Present Value of \$21.46Million, and
  - o An Internal Rate of Return of 17%
- Industry benchmarks imply that
   Ochsner Health will improve
   organizational rankings by year four.

# PERFORMANCE INDICATORS



Conduct frequent employee surveys



Create benchmarks and measure departmental decision-making processes and outcomes

The Council for Six Sigma Certification (CSSC)

- •FREE to \$229 (primary certifications)
- •\$300+ to \$665+ (advanced certifications)



Hold frequent departmental meetings to discuss current status



Conduct alliance relationship launches with collaborators and partners

### PERFORMANCE INDICATORS

- Measure changes in readmission rates
- Measure utilization levels and ease of use of technological investments by end-users
  - Assess information streams to avoid decision overload and burnout
- Measure financial savings realized
- Measure patient satisfaction
  - Press Ganey
    - o HCAHPS
  - OAS CAHPS, and Outpatient Exit Surveys



### **CONCLUSION**

Acceptance and successful implementation of these strategic recommendations will better position Ochsner Health to

- realize improvements in employee well-being, clinical workflow and organizational performance;
- o bridge the gap between its workforce supply and demand;
- o expand its platform and services both horizontally and vertically; and
- o maintain and increase its agility and competitive edge within the healthcare industry.

### APPENDIX

- SLIDE 3
  - US Bureau of Labor Statistics: Job Openings and Quit Rates
  - Statista: Civilian Labor Force in the US 1990-2021
  - AHA: Fact Sheet Strengthening the Health Care Workforce
  - AAMC: US Physician Shortage Growing
- SLIDE 4
  - <u>US Chamber of Commerce: Understanding America's Labor Shortage</u>
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  - US Chamber of Commerce: America Works Data Center
- SLIDE 6
  - New Orleans City Business: Labor Shortage Hits Local Business
- SLIDE 7
  - <u>US Surgeon General: Addressing Health Worker Burnout</u>
  - <u>US Surgeon General: Health Worker Being Advisory</u>
- SLIDE 8
  - AHA: Fact Sheet Strengthening the Health Care Workforce
  - AMA: Ochsner Health's Plan to Fight Burnout
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  - <u>US Surgeon General: Addressing Health Worker Burnout</u>
- SLIDE 10
  - Deloitte: Worker Burnout Survey

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  - <u>US Surgeon General: Addressing Health Worker Burnout</u>
- SLIDE 15
  - Case Analysis
- SLIDE 17
  - <u>US Bureau of Labor Statistics: Occupational Outlook Handbook (Healthcare Occupations)</u>
  - US Bureau of Labor Statistics: Aging Workforce
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  - Case Analysis
  - Jonathan Hughes et al.: Simple Rules for Making Alliances Work
- SLIDE 19
  - New Orleans BioInnovation Center
  - John Quelch et al.: Carolinas HealthCare System Consumer Analytics
  - Asha Shekaran: Using AI to Improve Demand Forecasts
  - Jori Hamilton: How AI is Changing the Future of Supply Chain Costs
  - CMS.gov: Hospitals Readmissions Reduction Program (HRRP)
- SLIDE 20 & 21
  - Case Analysis
- SLIDE 22
  - How much does Diversity, Equity, and Inclusion really cost?
  - Alexys Esparza: Diversity, Equity, and Inclusion (DEI) Activities
  - Diversio: Opportunity Cost of not Spending on D&I

## APPENDIX CONT'D

### SLIDE 23

- Andrei Klubnikin: How much does Artificial Intelligence Cost?
- Abe Dearmer: True Cost of Building and Implementing your own Data Warehouse
- World Economic Forum: Four Ways Data is Improving Healthcare
- Panoply: Estimating Cloud Data Warehouse
- Forbes: Artificial Intelligence and Supply Chain

### SLIDE 24

- Robb Knapp Design: Front-Loading
- GOV.UK: The Importance of Front-Loading

### SLIDE 27

- <u>The Council for Six Sigma Certifications: Program Comparison Chart</u>
- The Council for Six Sigma Certification: Certification Exam Pricing List
- Jonathan Hughes et al.: Simple Rules for Making Alliances Work

### SLIDE 28

- Ochsner Health: Ochsner Ratings and Reviews
- Press Ganey: OAS CAHPS 101
- Readiness Rounds: Sample Outpatient Exit Survey

## 1.1: EMPLOYEE ENGAGEMENT SURVEY RESULTS

Engagement Survey Results**		
Sense of Belonging	3.90 out of 5	
Trusts their leadership	3.89	
Feels values and respected	3.82	
Recommends Ochsner as a good		
place to work	3.88	

Engagement Survey Results** (Sense of Belonging at Ochsner)			
Nursing 3.94 out of 5			
Administrative Support	3.89		
Clinical Support	3.91		
Practitioners	4.01		
Allied Health	4.09		

Engagement Survey Results** (Feels Valued and Respected)				
Nursing	3.26 out of 5			
Administrative Support	3.88			
Clinical Support	3.93			
Practitioners	4.15			
Allied Health	4.08			

Engagement Survey Results** (Trusts their Leadership)		
Nursing	3.88 out of 5	
Administrative Support	3.92	
Clinical Support	4.03	
Practitioners	4.09	
Allied Health	3.79	

Engagement Survey Results** (Recommends Ochsner as a place to work)			
Nursing	3.80 out of 5		
Administrative Support	3.88		
Clinical Support	3.91		
Practitioners	4.21		
Allied Health	3.84		

# 2.1: KEY ACTION COSTS

Work Culture Action Cost						
DEI/Work Culture Initiatives Percentage of Cost 5 Year Cost (in Millions						
Training (unconscious bias, anti-racism, inclusive leadership)	20%	\$1.20				
Support of Employee Resource Groups	25%	\$1.50				
Recruiting and Branding	45%	\$2.70				
Other DEI Programing (including external consulting)	10%	\$0.60				
Grand Total	100%	\$6.00				

Artificial Intelligence Action Cost							
Artificial Intelligence Initiatives Percentage of Cost 5 Year Cost (in Millions)							
Enterprise data warehouse	50%	\$2.00					
Intelligent recommendation software	35%	\$1.40					
Maintenance	15%	\$0.60					
Grand Total	100%	\$4.00					

## 2.2: COST SAVING KEY ACTIONS

Work Culture Cost Saving					
Project Year	Percent Reduced Cost Reduction (in Mil				
0	<u>-</u>	-			
1	10%	\$39.27			
2	20%	\$65.45			
3	25%	\$65.45			
4	15%	\$34.15			
5	10%	\$20.70			

Artificial Intelligence Cost Saving (in Millions)							
Project Year Supply Expense Reduction Other Expense Reduction Total Expense Reduct							
0	-	-	-				
1	\$48.19	\$19.39	\$67.58				
2	\$87.62	\$46.17	\$133.79				
3	\$114.29	\$43.97	\$158.26				
4	\$99.38	\$41.88	\$141.26				
5	\$86.42	\$39.88	\$126.30				

# 2.4: 5-YEAR ACTION INVESTMENT PLAN (IN MILLIONS)

ACTIONS	YEAR 1 ALLOCATION	YEAR 2 ALLOCATION	YEAR 3 ALLOCATION	YEAR 4 ALLOCATION	YEAR 5 ALLOCATION	TOTAL ALLOCATED
Alternative Sources to Provide Care	\$0.77	\$0.33	\$0.55	\$0.33	\$0.22	\$2.20
Boost Employee Morale, Work Culture, and Transparency	\$2.10	\$0.90	\$1.50	\$0.90	\$0.60	\$6.00
Measures to Improve Care Quality	\$0.70	\$0.30	\$0.50	\$0.30	\$0.20	\$2.00
Redesigning Primary Care/Coordinated Care	\$0.84	\$0.36	\$0.60	\$0.36	\$0.24	\$2.40
Reinvest Savings	\$0.35	\$0.15	\$0.25	\$0.15	\$0.10	\$1.00
Technology/Innovative Solutions	\$1.40	\$0.60	\$1.00	\$0.60	\$0.40	\$4.00
Wellness Activities and Preventative Health	\$0.84	\$0.36	\$0.60	\$0.36	\$0.24	\$2.40
Grand Total	\$7.00	\$3.00	\$5.00	\$3.00	\$2.00	\$20.00

## 2.5 CASH FLOW AND NET PRESENT VALUE (NPV)

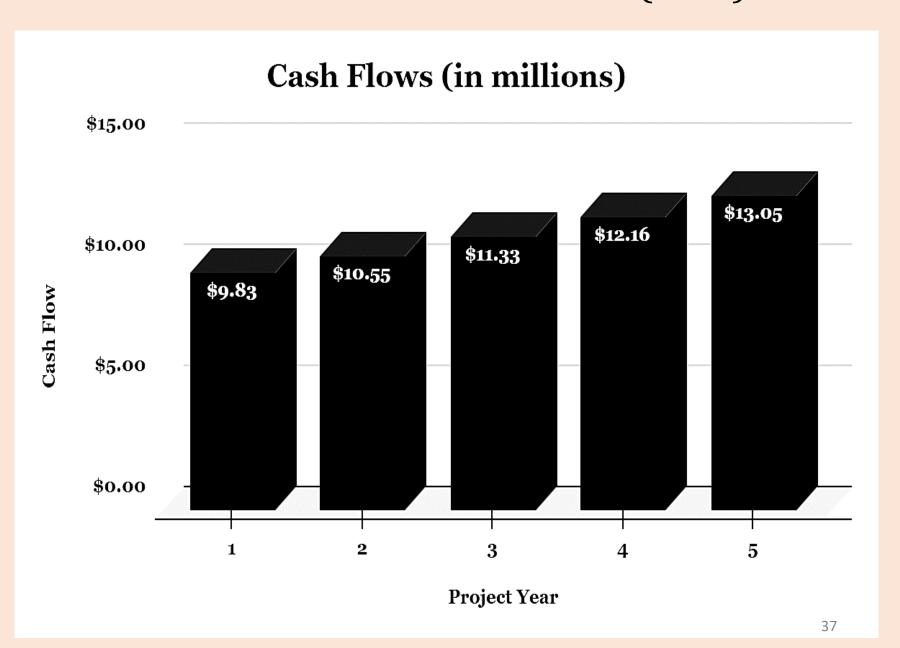
Risk Premium: 5%

Cost of debt: 5%

Inflation: 1%

Discount Rate: 11%

**NPV: \$21.46 Million** 



## 2.6 PROFORMA

	2021	2022	2023	2024	2025	2026	2027
Operating Reveune							
Net Patient Service Revenues	4,083.0	4,382.28	4,703.51	5,048.27	5,418.31	5,815.47	6,241.75
Premium Revenue	420.6	451.43	484.52	520.04	558.15	599.07	642.98
Other operating revenue	119.0	127.72	137.08	147.13	157.92	169.49	181.92
Total operaing revenues	5,702.6	6,120.60	6,130.43	6,130.43	6,130.43	6,130.43	6,130.43
Operating Expenses							
Direct salaries, and employee benefits	2,827.0	2,996.62	3,344.82	3,595.04	3,898.32	4,141.26	4,345.42
Supplies	1,012.0	1,072.72	1,024.53	936.91	822.62	723.24	636.82
Purchased Services and agency spend	432.0	432.00	392.73	327.28	261.83	227.68	206.98
Research	26.4	26.4	26.40	27.19	28.01	28.85	29.96
Education	52.2	60	61.8	63.04	64.30	65.58	66.89
Depreciation and amortization	170.0	200	200	200	200	200	200
Intersst expense, net	69.0	76	80	79	79	79	79
Other operating expense	989.0	1,048.34	1,000.15	912.53	798.24	698.86	612.44
Total operating expenses	5,577.6	5,912.26	6,130.43	6,140.99	6,152.31	6,164.47	6,177.52
Operating Income	125.0	134.16	144.00	154.55	165.88	178.04	191.09
Nonoperating income (loss):							
Investment realized gains	31.0	31.62	32.25	32.90	33.56	34.23	34.91
Loss on early extinguishment of debt	-2.0	0	0	0	0	0	(
Investment unrealized gains	38.0	38	38	38	38	38	38
Contributions from business combination	10.8	0	0	0	0	0	(
Pension	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total nonoperating income, net	78.4	70.22	70.9	71.5	72.2	72.8	73.5
Excess (deficit) of revenues over expenses	203.4	204.38	214.85	226.05	238.04	250.87	264.60
Less excess revenues over expenses attributable to noncontrolling interests	0	0	0	0	0	0	(

# SAMPLE READMISSION RISK MODEL FROM CAROLINAS HEALTHCARE SYSTEM (ATRIUM HEALTH)

Segments	Low Risk	Medium Risk	High Risk	Very High Risk	Total
Insured Healthy Adult	14.4%	10.9%	6.0%	4.2%	35.5%
Medicaid Pediatric	4.1%	2.5%	1.2%	0.4%	8.2%
Medicare Independent	5.1%	6.6%	6.1%	5.1%	22.9%
Medicare with frequent visits	0.8%	2.7%	5.6%	5.2%	14.2%
Middle age with frequent visits	0.6%	2.3%	6.0%	10.3%	19.1%
Total	25%	25%	25%	25%	100%