

Health Research Institute  
Summary Presentation

Breaking the Cycle:  
Developing the Next Generation Model of  
Care Delivery and Staffing for Physicians  
and Nurses

\*connectedthinking

PRICEWATERHOUSECOOPERS 

Registered nurses and physicians are the arms and legs of the health industry, and it seems there are never enough.

## Overview

The need for nurses and physicians has exploded during the past 20 years, and shortages are predicted to increase.

- Nursing and physician shortages are at the forefront of issues facing the U.S. health industry today
- The prevailing organizational model of the medical workforce is outdated and does not adequately address the growing challenges arising from the tightening clinical labor supply
- Given the shortage, there is a growing imperative for healthcare leaders to implement policies designed to supplement the medical workforce and raise the issues of nurses and physicians as industry priorities

## About the Research

- Conducted in-depth interviews with thought leaders and executives representing hospitals, academic associations, nursing schools and the business community
- Reviewed literature, reports and guidance from associations, regulators and academia
- PwC Thought-Wiki
- Surveyed more than 240 hospital executives on workforce issues, including:

Chief Nursing Officer (CNO)

Chief Medical Officer (CMO)

Chief Executive Officer (CEO)

Chief Financial Officer (CFO)

Chief Operating Officer (COO)

VP of Human Resources (VP-HR)

## Key Findings

Health industry leaders are faced with the challenge of **orchestrating care in an increasingly complex and converging healthcare labor market.**

## Key Findings

Successful health systems will need to develop new compensation and employment models to recruit and retain nurses and physicians.

- New models must take into account the trend of nurses moving away from hospital employment and doctors moving towards it
- Nurse-physician roles are blurring in primary care, a specialty in which lower salaries have dissuaded debt-laden medical students

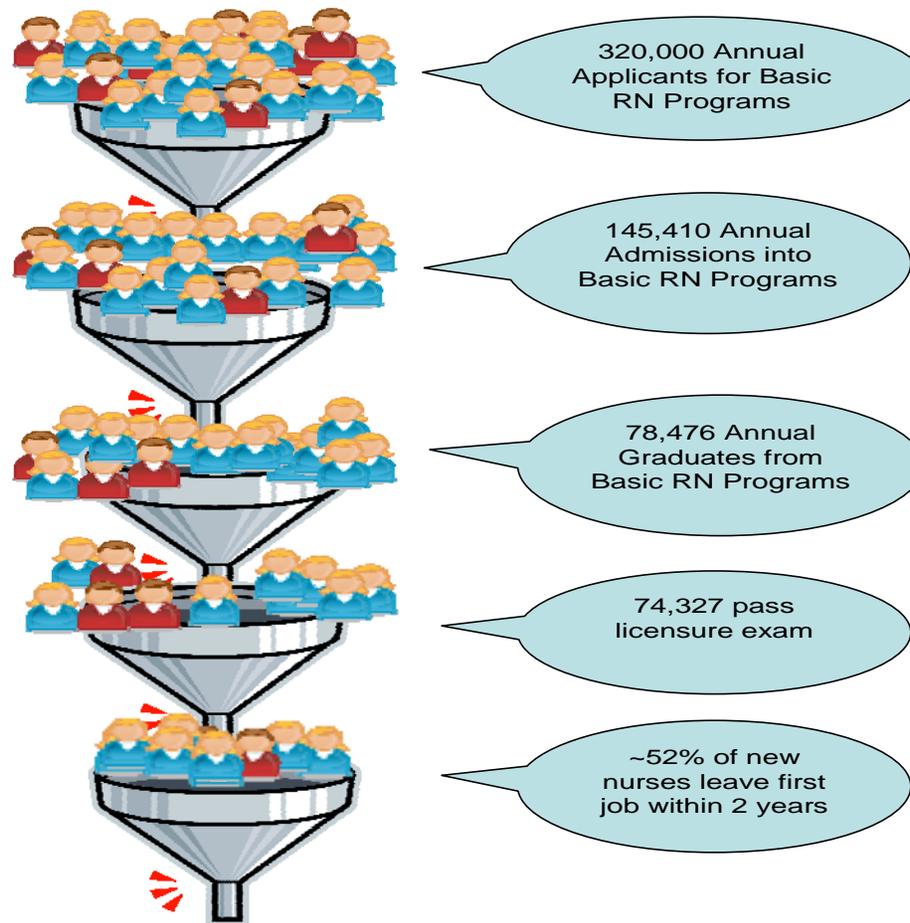
75% of hospital executives surveyed said hospitals are using more physician extenders, such as nurse practitioners and physician assistants, and more than half said they would use them in the future.

## Key Findings

The process of educating and retaining new nurses is broken.

The number of denied applicants for nursing schools is at its highest ever, increasing more than six-fold since 2002.

### The System is Leaky!



## Key Findings

# Failure to retain nurses is costly and wasteful.

### The Cost of Nurse Turnover for Low-Performing Hospitals

Hospital Nurse Turnover Performance	Lowest 10%	Lowest 25%	Median	Top 25%	Top 10%
Nurse Turnover Rate	17.1%	10.5%	8.4%	7.0%	5.5%
Annual Cost of Turnover	\$5.4M	\$3.3M	\$2.6M	\$2.2M	\$1.7M

Every 1% increase in nurse turnover costs a hospital about \$300,000 per year.

Hospitals with low nurse turnover save \$3.6 million annually.

## Key Findings

Hospital leaders are in a state of denial about nurse dissatisfaction.

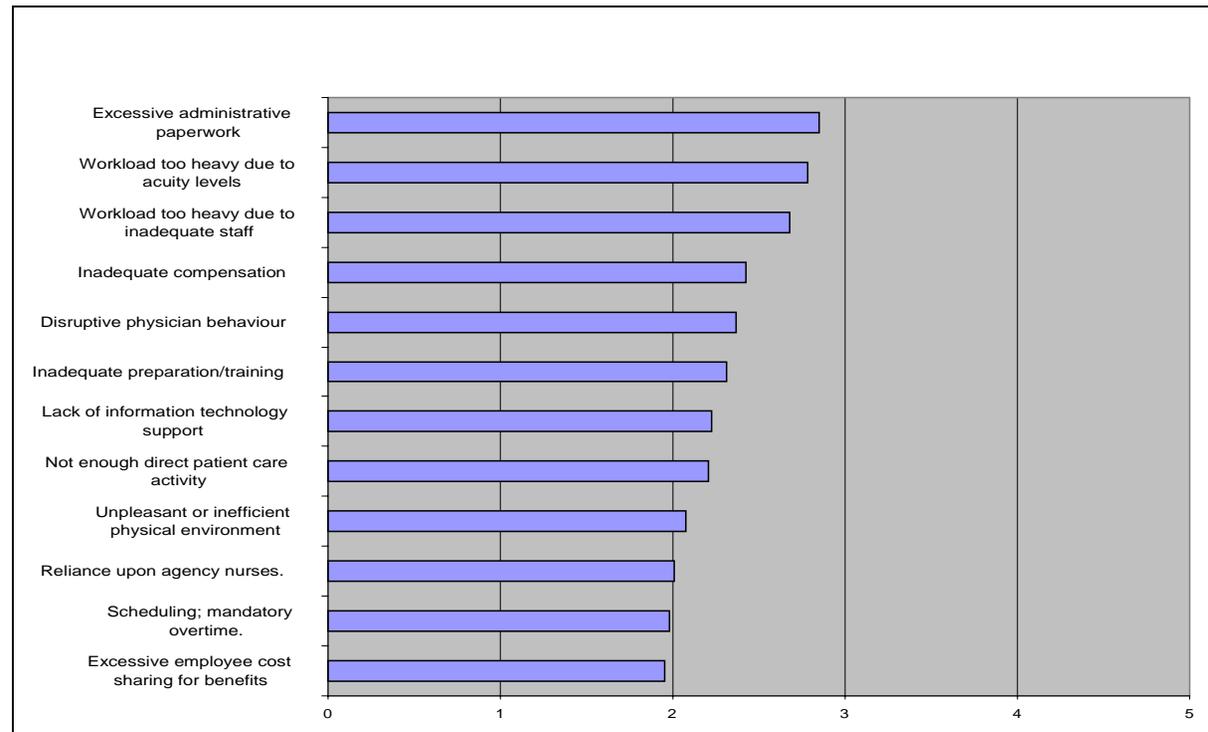
Many of the executives surveyed failed to recognize these complaints a “very significant” problem in their own organizations.

### Ratings

1 = minimum factor

5 = very significant factor

### Factors for Nurse Dissatisfaction / Turnover



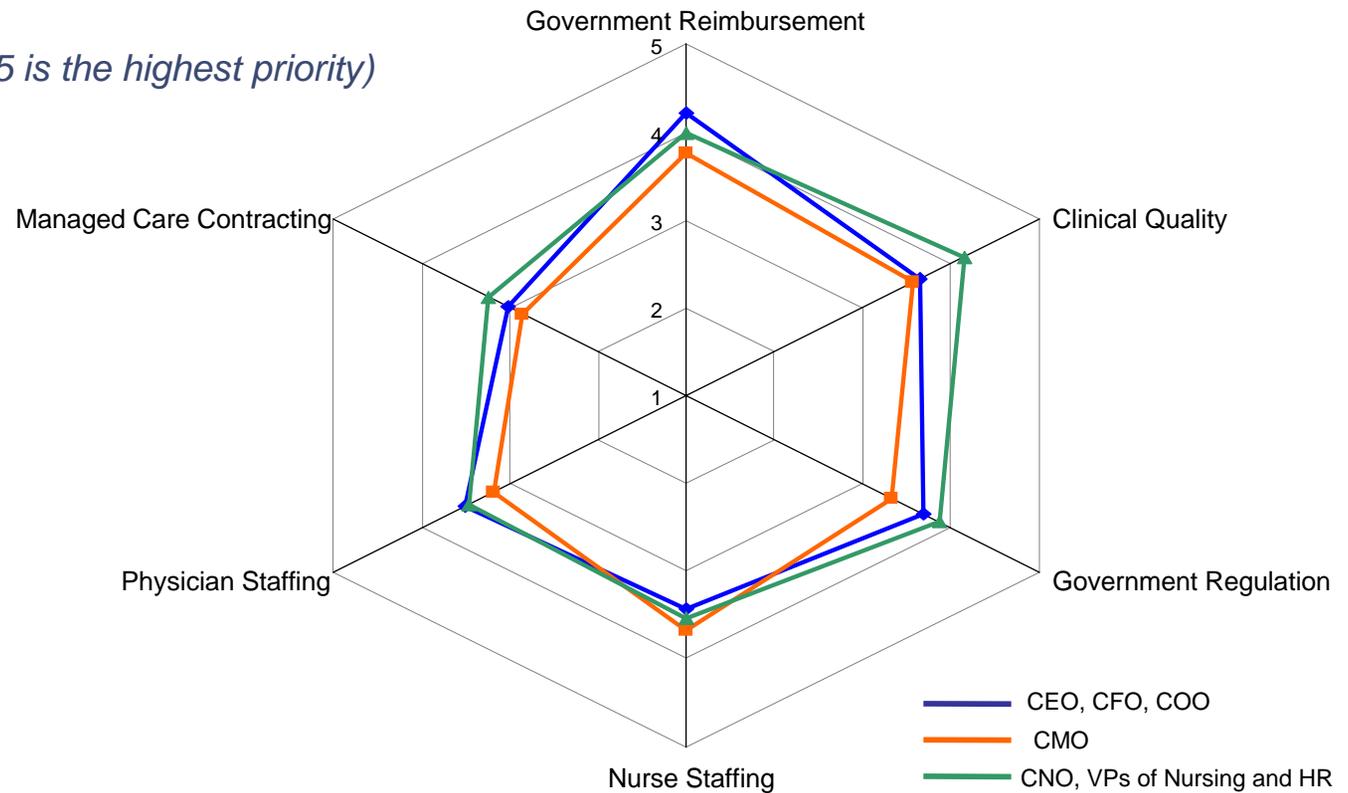
## Key Findings

Hospital executives are experiencing initiative overload, and the people who deliver and order the patient care are not among the top priorities.

### Prioritization of Complex Issues Among Healthcare Organizations

(1 is the lowest priority and 5 is the highest priority)

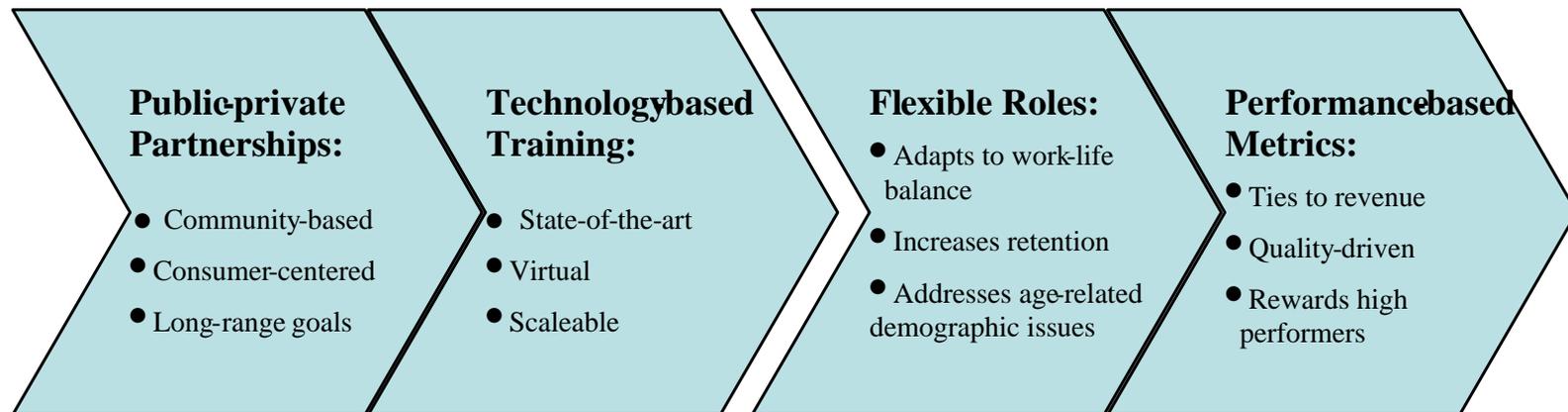
75% of hospital executives surveyed ranked physician and nursing issues as 6<sup>th</sup> and 7<sup>th</sup> behind other priorities.



## Recommendations

Executives today must consider what kinds of nurses and doctors, what tasks they're best educated to deliver, and how technology and lower skilled workers can be used to supplement or replace them.

### Strategies for Developing a Workforce Model for the Future



## Recommendations

Stronger alliances between healthcare organizations and key stakeholders such as government entities, schools and the business community is critical.

### Public-Private Partnerships

- Educational institutions, health systems and businesses must work together to develop and implement incentives to entice and retain medical staff
- As the health industry continues to place more weight on individual choice and patient satisfaction, healthcare organizations must staff their organizations using a consumer-driven approach

### Technology-Based Training

- Clinical expertise of nurses, pharmacists, nutritionists and respiratory therapists must be brought to bedside, in concert with physicians' work, as opposed to functioning separately in silos

## Recommendations

Seeking solutions means understanding that while the challenges confronting nurse and physician shortages are very different, their roles and futures are starting to converge.

### Design Flexible Roles

- As opportunities for clinicians grow and change, healthcare organizations must determine their competitive edge

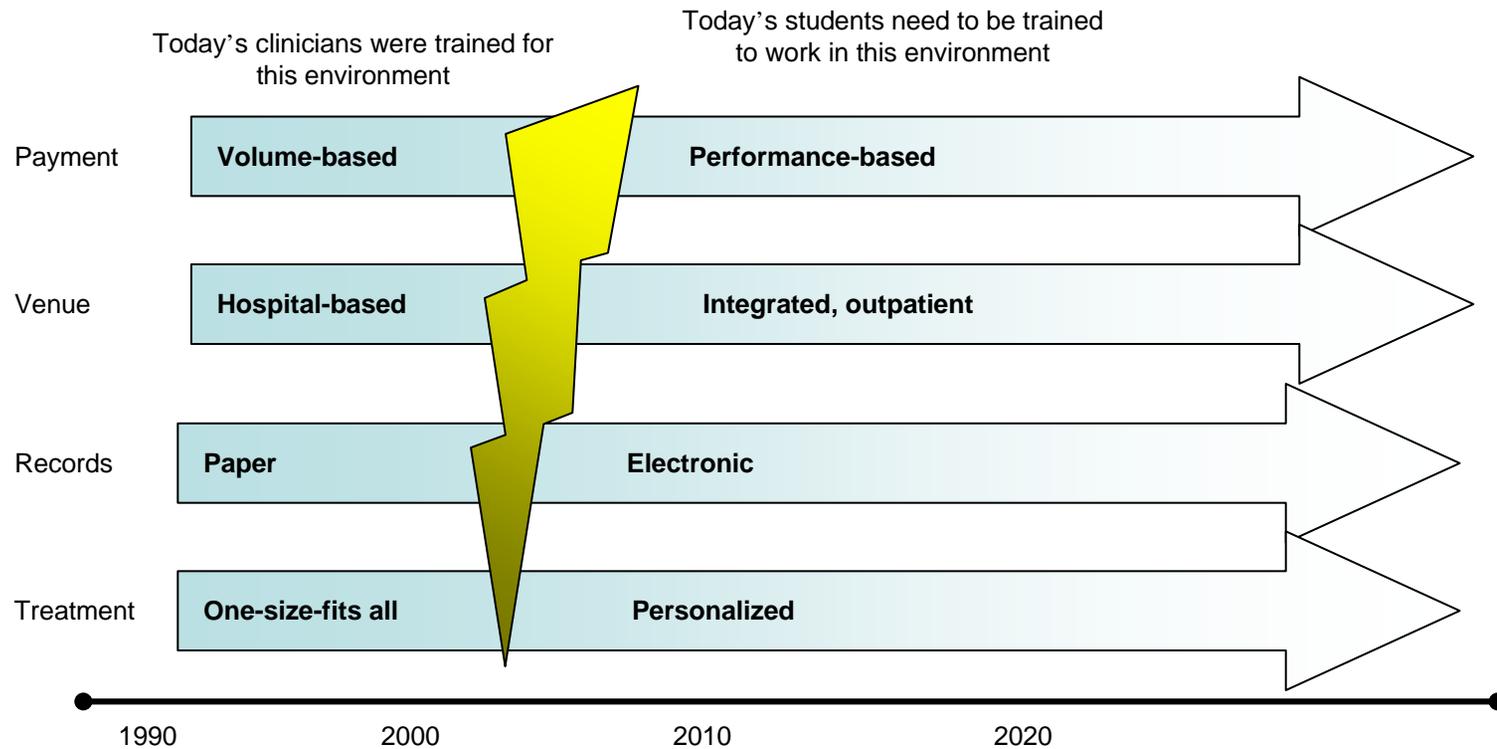
Lifestyle, not salary, is an emerging factor in medical workforce employment decisions.

### Performance-Based Metrics

- Beauty is in the eye of the beholder, and quality – increasingly a factor in reimbursement schedules – is viewed through the eyes of the patient
- New compensation models need to incorporate payment triggers around pay-for-performance, quality and integrated care

## Conclusion

Transitioning from today's workforce to tomorrow's will be disruptive to both healthcare organizations and clinicians alike.



[www.pwc.com/HRI](http://www.pwc.com/HRI)

## Report Contacts

Jack Rodgers

Managing Director

(202) 414-1646

[jack.rodgers@us.pwc.com](mailto:jack.rodgers@us.pwc.com)

Benjamin Isgur

Assistant Director

(214) 754-5091

[benjamin.isgur@us.pwc.com](mailto:benjamin.isgur@us.pwc.com)