



Healthcare's C-Suite Responds to Change: Emerging Roles and Competency Requirements

Introduction

Healthcare leadership is evolving as industry transformation simultaneously changes leadership requirements and rewards leaders who can drive change. The evolution is particularly evident at the C-level, including physician executives. Organizations are facing new imperatives in role definition, recruiting, development, and more.

This white paper explores the high-stakes topic of shifting leadership roles. Based on research and recruiting experience from AMN Healthcare Physician and Leadership Solutions, the analysis assesses drivers of change, relevant leadership trends, roles in ascendancy, and new competency requirements. The report concludes with strategies to manage role evolution effectively.

Market Dynamics & Drivers of Change

Healthcare's C-suite is being called upon to navigate myriad market forces. Four urgent challenges demand skillful execution.

Rapid financial recovery and growth

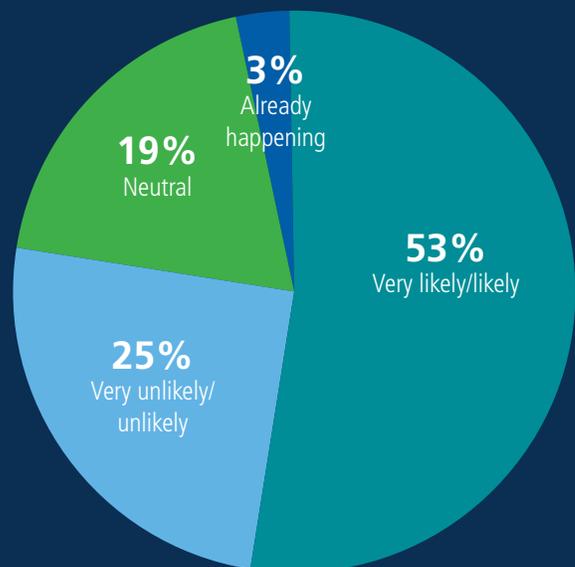
Analysts label 2022 as "the most difficult year for hospitals and health systems since the beginning of the pandemic," with billions in losses industry-wide.¹ Providers have experienced a "dramatic rise in expenses," which they have been "unable to pass through to payers."² This situation heightens the predicament leaders have faced for several years: balancing growth investment with expense control. AMN Healthcare's 2022 Healthcare Trends Survey report (AMN Trends) showed that growth is being pursued through strategies that introduce new ways of doing business, such as:

- **Telehealth.** Sixty-three percent of physicians worldwide believe that most consultations will be remote within 10 years.³ Approximately 40% of health centers now actively use remote patient monitoring.⁴ Telehealth appeals to consumers. Of those who have experienced telehealth, 94% definitely or probably will use it again, while 57% prefer it for regular mental health visits and 61% for convenient care.⁵
- **Ambulatory/Alternate Site care.** Providing care "outside the hospital's four walls" has been a strong trend for several years. Providers see great promise in the hospital-at-home (HaH) movement. This model uses technology and well-orchestrated caregiver remote access to treat post-surgical, cancer, and other acute patients in their homes. Already 114 health systems and 256 hospitals have been authorized to be reimbursed for such services at traditional inpatient rates. A majority of hospitals foresee HaH covering at least half of their chronically ill patients within a few years (Figure 1).⁶

FIGURE 1

HOSPITAL-AT-HOME EXPANSION

Healthcare strategists were asked about their likelihood of incorporating HaH services by 2027 for at least 50% of stable, chronically ill patients.



1. Kaufman Hall, *Current State of Hospital Finances: Fall 2022 Update*.
 2. A. Sudimack and D. Polsky, "Inflation is Squeezing Hospital Margins – What Happens Next?" *Health Affairs Forefront*, October 25, 2022.
 3. Elsevier Health, *Clinician of the Future: Report 2022*, March 2022.
 4. Pivot Point Consulting, *Q2 2022 Healthcare IT Trends Report*, May 4, 2022.
 5. J.D. Power, *2022 U.S. Telehealth Satisfaction Study*, September 2022.
 6. American Hospital Association Society for Health Care Strategy & Market Development, *Futurescan 2022-2027: Health Care Trends and Implications*, 2021.

Workforce disruption

Burnout and shortages among the clinical workforce have dominated recent headlines. Nearly 60% of physician, advanced practice provider and nursing teams are inadequately staffed, and 40% operate below full potential.⁷ An AMN survey found that 85% of facilities have extreme to moderate shortages of allied health professionals.⁸ Beyond the clinical staff, shortages plague revenue cycle management, IT, and other departments.

Leaders are also grappling with a post-pandemic hybrid model in which staff work in a blend of onsite and virtual locations. In the AMN Trends survey, 35% of respondents planned to offer both permanent telecommuting and hybrid options, with 23% allowing a hybrid choice. IDC predicts that “by 2024, 35% of healthcare organizations will have hybrid work models with more virtualized, automated, and intelligent workplaces.”⁹ This topic is sure to gain importance on the C-suite priority list.

Shift to risk-based reimbursement models

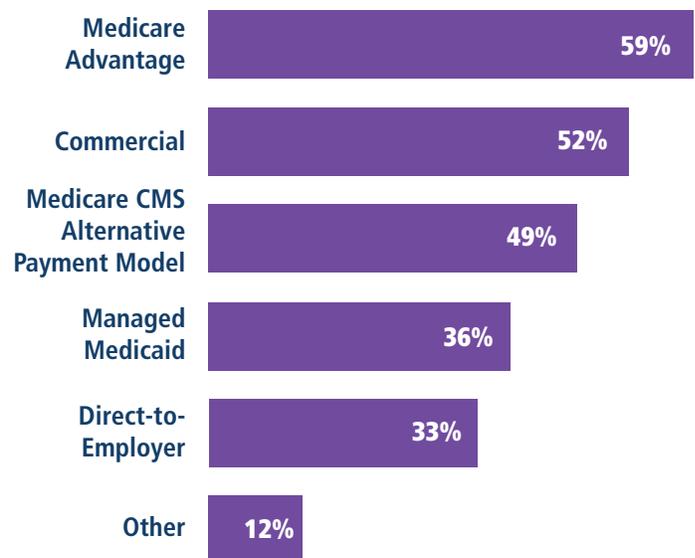
Curtailed volume during the pandemic revealed the financial exposure created by fee-for-service reimbursement. Organizations are responding with stepped up pursuit of value-based care (VBC). As one study noted, “There is consensus amongst health leaders that current delivery and business models are ill-equipped for the coming changes, and many are making efforts to prioritize quality over quantity of care.”¹⁰

Leadership expertise will be needed to accelerate adoption. Risk management is one critical success factor. Organizations are planning rapid increases in a range of risk and capitation programs (Figure 2), and thirty percent are partnering with payers.¹¹

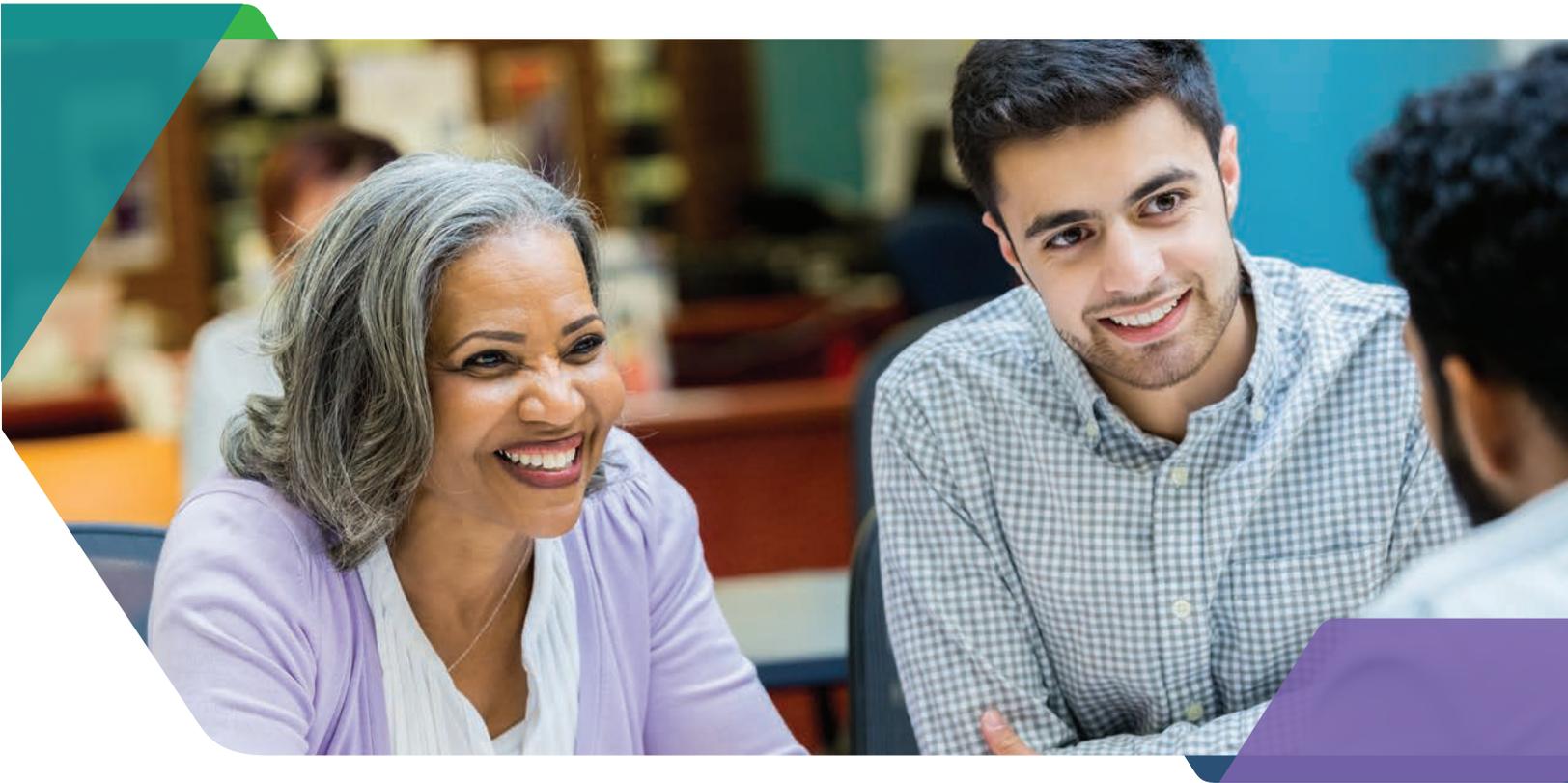
Leaders of academic medical centers (AMCs) will be particularly challenged since patients are frequently “sicker, receive more complex services, and have higher social needs,” so VBC is “bound to reduce payments.”¹²

FIGURE 2

LINES OF BUSINESS PLANNED TO ADVANCE INTO UPSIDE/DOWNSIDE RISK, PROFESSIONAL CAPITATION OR GLOBAL CAPITATION?



7. E. Ney, M. Brookshire, and J. Weisbrod, “A Treatment for America’s Healthcare Worker Burnout,” Bain & Company Research, October 11, 2022.
 8. AMN Healthcare, Survey of Allied Healthcare Professional and New Graduate Hiring Patterns, October 2022.
 9. IDC, Futurescape: Worldwide Healthcare Industry 2023 Predictions, November 2022.
 10. KPMG, 2021 Healthcare CEO Pulse, July 2021.
 11. Guidehouse, 2021-22 Risk-Based Healthcare Market Trends, November 8, 2021.
 12. T. Nuckols, S. Weingarten, and T. Piselac, “What Value Based Payment Means for Academic Medical Centers,” NEJM Catalyst Innovations in Care Delivery, May 30, 2019.



Adapting medical education

AMC leadership is also confronting changing educational requirements. The medical school curriculum is adding new training in telemedicine, data analytics, public health, and more. Academic leaders also need to stimulate faster progress in increasing the diversity of the physician population.

Current Leadership Trends

In addition to the market dynamics, two trends further complicate leadership role development.

Senior level turnover

Hospital CEO turnover is an ongoing issue. A leading annual tracking study pegged the 2021 rate at 16%, a metric that has hovered in the 16-18% range for the past five years.¹³ An increase may be looming. Despite some mid-2022 slowing, hospital CEO exits jumped 33% in November compared to 2021.¹⁴ Some analysts see the pressures of 2023 elevating departure levels.

This churn often disrupts the rest of the C-suite. Previous AMN Healthcare studies have shown that the CFO, COO, and CNO are most likely to leave in the wake of the CEO departure. Strategic planning, staff engagement, and financial performance are also cited as most impacted.

Increased mobility witnessed during the COVID-19 period has heightened leadership retention risk. In the AMN Trends report, 46% of respondents across leadership titles indicated a potential move within twelve months. In addition, 71% of those not planning to move would nevertheless consider the “right opportunity.” Almost three-quarters of this group were approached with a credible opportunity within the past six months, and 21% pursued it.

13. American College of Healthcare Executives, *Hospital CEO Turnover Report*, May 23, 2022.

Skills disruption

Senior management skill requirements are in flux. Analyzing a large volume of published executive job listings across industries over a recent five-year period, a study reached a twofold conclusion: new skills are emerging and the relative importance of skills shifts over time. Constructing a “skills disruption index,” the study calculated healthcare at a 63 on a 100 point scale. The analysis concluded that “the pace of change has accelerated” and that determining what skills an organization requires is “a moving target.”¹⁵

New and Evolving Leadership Roles

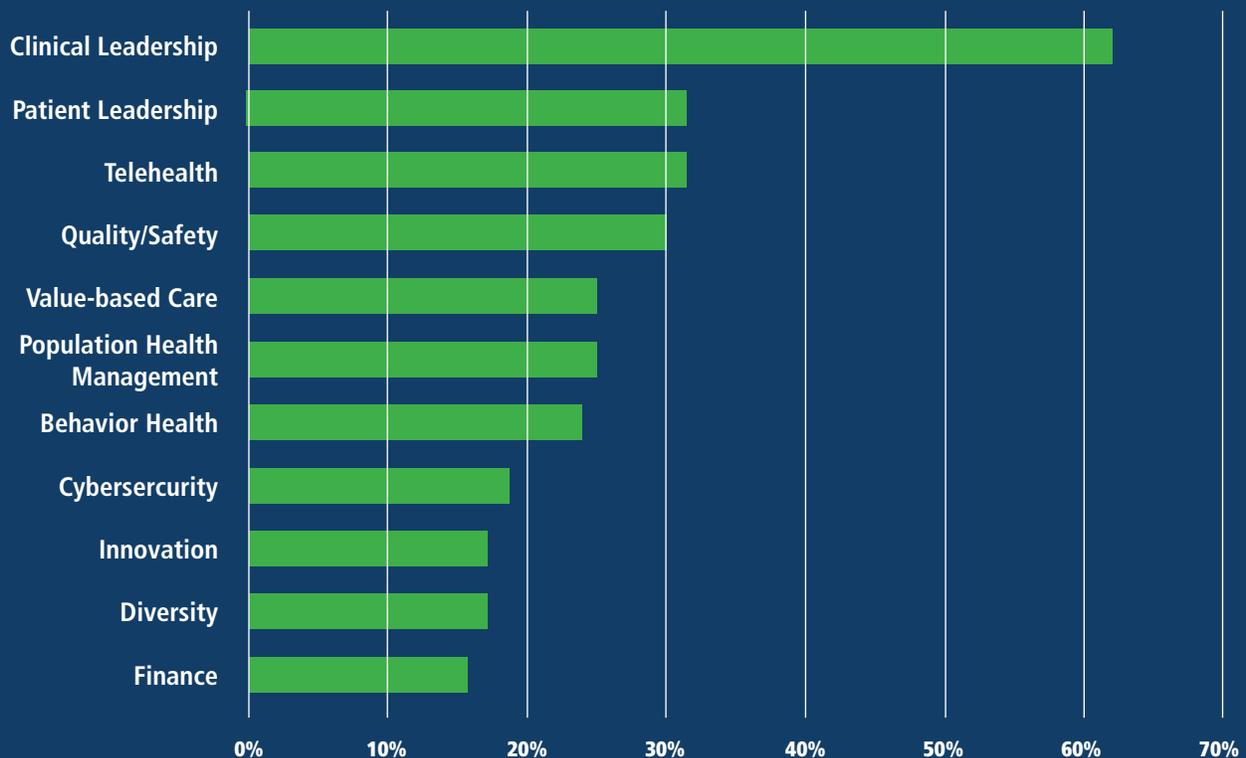
In recent years, organizations have revised responsibilities for many senior leadership roles and developed entirely new ones. As one chief executive observed, “In addition to the traditional roles ... a whole new group of individuals and tasks have been added to the desk of the modern CEO.”¹⁶

AMN Trends annually probes which leadership role categories are receiving the greatest current concentration, and 2022 results are displayed in Figure 3.

A deeper look at several of these categories illuminates specific roles and structures being emphasized.

FIGURE 3

GROWING ROLES OF IMPORTANCE



14. AM. Gamble, “Hospital CEO Exits Climb in What May Be Bellwether for C-Suites,” Becker’s Hospital Review, December 15, 2022.

15. Boston Consulting Group, Shifting Skills, Moving Targets, and Remaking the Workforce, May 2022.

16. D. Lubarsky, “Modernizing the Health Care C-Suite,” NEJM Catalyst, September 30, 2022.

Clinical leadership

Clinical leadership roles skyrocketed to the top ranking, increasing 20 percentage points over 2021. This surge clearly reflects the need to address clinician burnout and staffing issues as well as help steer organizations to success in telehealth, VBC, and other changes to traditional care.

Traditional roles such as chief medical officer (CMO), chief nursing officer (CNO), and chief medical information officer (CMIO) have expanded their involvement in their institutions' strategic direction. CMIOs have evolved from emphasis on "initial EHR implementation to EHR optimization to strategic input on AI, population health efforts and patient engagement."¹⁷ This focus adjustment has moved the role from primarily a "liaison to the medical staff" to one with "peer relationships to the CIO and CMO."¹⁸

Newer clinical C-level positions are growing as well. Chief Clinical Transformation Officers are charged with driving major enterprise-wide innovations in care. The mission to combat clinician disengagement and burnout has given rise to Chief Wellness Officers who lead efforts to promote satisfaction and overall mental health.

Patient experience

A set of positions has arisen in recent years propelled by healthcare's intensive push to improve the complete patient experience. The ultimate goal is to offer convenient, coordinated care that is highly personalized, since patients increasingly expect "an experience that's suited to their unique history, behaviors and preferences."¹⁹

Roles leading the way in patient experience include:

- **CEOs.** For most health system, hospital, and group practice CEOs, patient experience has become a leading priority. They are devoting time to building a culture of experience. They are also directing investment toward the endeavor. Total global annual healthcare customer experience software and services revenue is projected to rise from \$8.8 billion in 2021 to \$13.5 billion by 2026.²⁰
- **Chief Patient Experience Officers.** This relatively new C-suite role is still evolving. The position carries varied responsibilities and reporting relationships depending on the organization. A growing trend is changing the title to Chief Experience Officer and widening the role's purview to employee experience since "staff experiences matter" and are integral to the patient experience.²¹
- **Patient Access leaders.** Optimizing patient experience is a vehicle to advance important objectives such as broader access to care. One survey of health systems found that 24% had installed new leaders and 10% had created a new leadership role specifically for patient access.²²
- **Chief Marketing Officers.** Responsibility for patient experience often resides with health system marketing heads. Their orientation is to foster consumer-centricity and to build and communicate a brand that resonates with patients.

17 D. Raths, "CMIO 3.0: How the Chief Medical Information Officer Role Has Evolved," *Healthcare Innovation*, January 14, 2022.

18 Ibid.

19 O. Adigozel and K. Wilson, "Delivering on the Promise of Personalization in Health Care," *Boston Consulting Group blog*, April 1, 2022.

20 News Direct, "Patient Experience Is Rapidly Becoming a Strategic Priority for Healthcare Providers, According to Dash Research," *Yahoo News*, September 20, 2022.

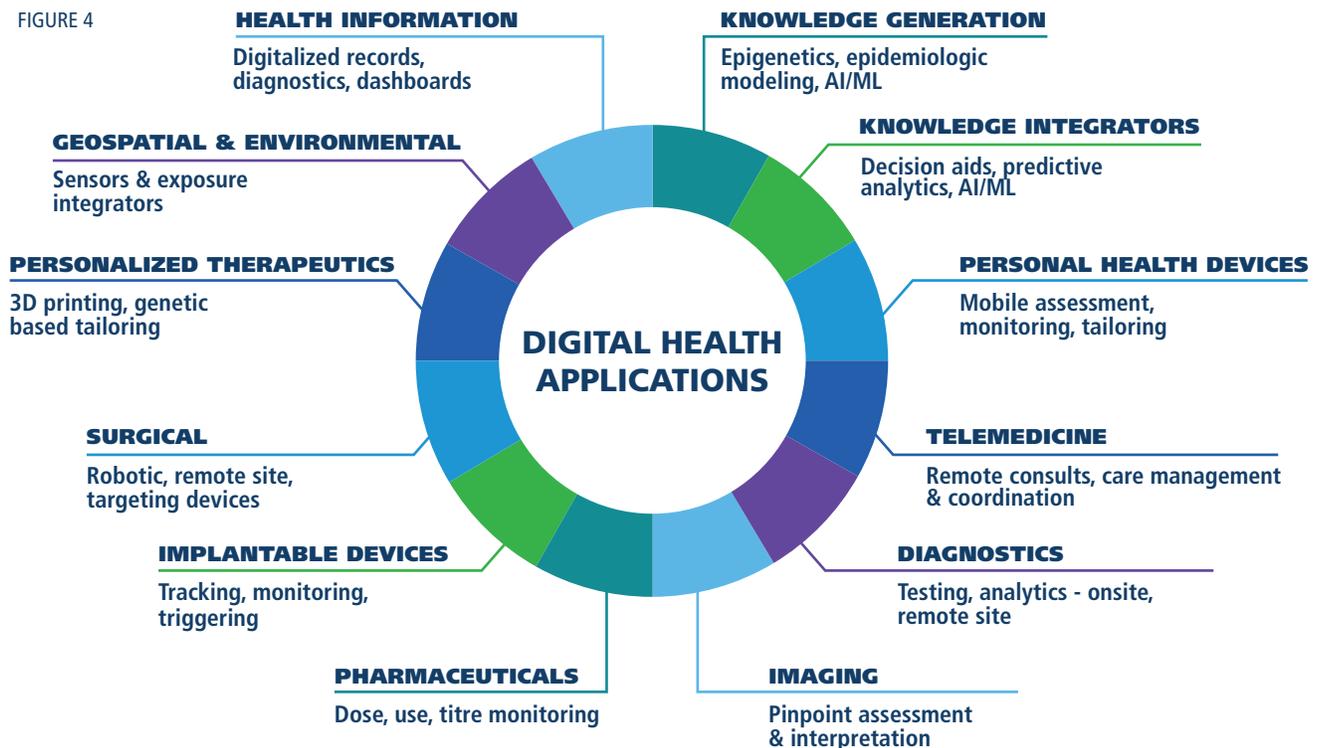
21 Lubarsky, "Modernizing the Health Care C-Suite."

22 Center for Connected Health, *Top of Mind for Top Health Systems 2023*, December 2022.

Technology

Several of the highly-ranked categories in Figure 3 relate to technology, including telehealth, cybersecurity, and innovation. These roles support provider growth strategies and substantiate the powerful imperative to achieve digital transformation. The need to become “digital first” is shifting the traditional CIO role to chief digital officer or chief transformation officer in many organizations. These newer roles are focused on “developing and deploying data-driven initiatives and digital strategies systemwide.” Such an emphasis is necessary to construct effective roadmaps in a technology environment characterized by proliferating tools covering a wide array of applications (Figure 4).

FIGURE 4



Three additional considerations are germane to the analysis of role development:

- **Other notable emerging C-Suite titles.** As they adapt to change, many organizations are weighing expanding their senior management cadre to assume responsibility for broad initiatives. Titles to watch include chiefs of Strategy, Diversity, Sustainability, and Artificial Intelligence.
- **Effects of organizational complexity.** AMN has witnessed that as health systems increase in size and complexity, a divergence often arises in the positions of CEO, CFO and others between the parent and the subsidiary. Executives of the latter find their roles more circumscribed than the title implies. The resulting mismatched expectations need to be managed to recruit and retain top talent.
- **Physician as CEO.** Many assert the desirability of physicians occupying the top hospital job. Little current data exists, but the head of the American Association of Physician Leadership notes that while about 5% of hospitals are physician-led, “an overwhelming number of the top-ranked hospitals continue to be run by physician CEOs.”²⁵

23 L Dyrda, “Where Health System IT Teams are Headed: 10 Observations,” *Becker’s Hospital Review*, June 29, 2022.

24 A. Abernethy, L. Adams, M. Barrett, et al., “The Promise of Digital Health: Then, Now, and the Future,” *NAM Perspectives*, National Academy of Medicine Discussion Paper, June 27, 2022.

25 P. Angood, “Physician Leadership is Needed Now More than Ever,” *Medical Economics*, December 13, 2022.

Today's Required Leadership Competencies

The critical competencies for most C-level roles amalgamate traditional management skills and new emphases that reflect healthcare's demands going forward. Leaders must be more multifaceted than ever before. Several requirements deserve highlighting.

Top healthcare leadership traits

Asked to identify the current most desirable leadership skills, respondents to the 2022 AMN Trends survey produced the following ranking:

- **Communications: 23%**
- **Integrity: 18%**
- **Vision/Strategy: 17%**
- **Ability to Build Positive Culture: 16%**
- **Agility/Adaptability: 15%**

The list is consistent with prior years' results, but Communication and Integrity jumped ahead of perennial leader Vision/Strategy. This shift was likely prompted by the need during the pandemic to communicate with all constituencies to show empathy, engage staff, and explain actions. The high rank for Integrity signals leaders' need to improve trust among patients. Americans who said they trust information "a great deal" from doctors, hospitals, and nurses fell from mid-2020 through 2021 by 23%, 21%, and 16%, respectively.²⁶

The tight range of scores for the five attributes underscores leadership's multiple demands.

Social skills

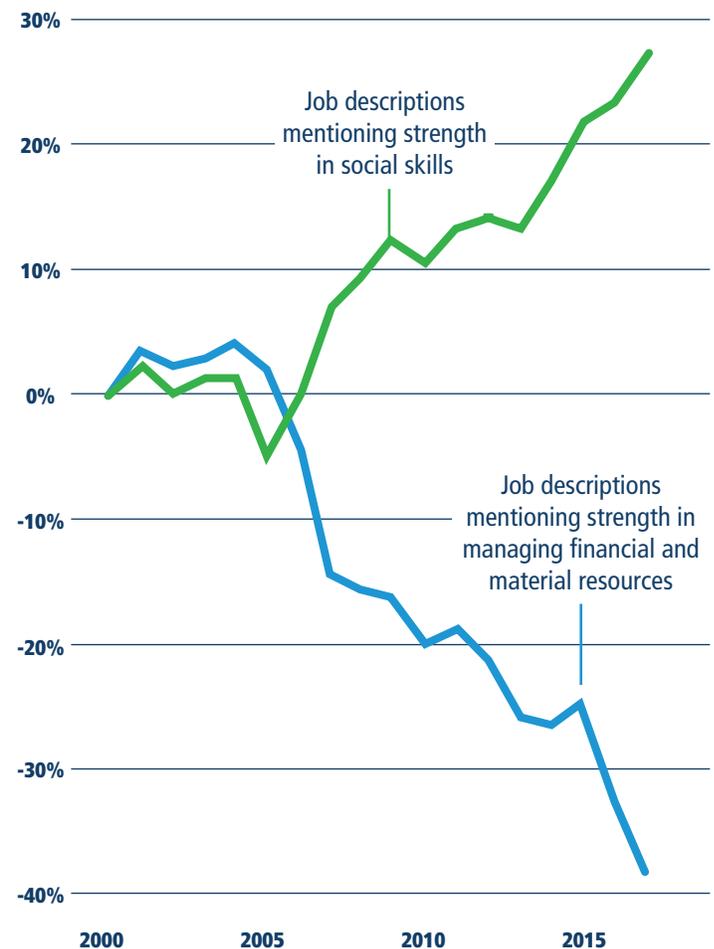
A recent cross-industry analysis examined 5,000 C-suite job descriptions over many years. A clear trend emerged from the data, namely, that "when companies today search for top leaders, they ... prioritize one qualification above all others: strong social skills" (Figure 5).²⁷

FIGURE 5

HELP WANTED: CEOs WHO ARE GOOD WITH PEOPLE

Since 2007, companies advertising C-suite openings have increasingly emphasized the importance of social skills and deemphasized operational expertise.

Change relative to 2000



26 Trilliant Health, 2022 Trends Shaping the Health Economy, October 19, 2022.

27 R. Sadun, J. Fuller, S. Hansen, and PJ Neal, "The C-Suite Skills That Matter Most," Harvard Business Review, July-August 2022.

The study defines the specific social skills as “a high level of self-awareness, the ability to listen and communicate well, a facility for working with different types of people and groups, and what psychologists call ‘theory of mind’ – the capacity to infer how others are thinking and feeling.”²⁸ Healthcare is a complex, personal service that clearly benefits from leadership possessing this skill mix.

Workforce management skills

In the new virtual and hybrid workforce reality, leaders everywhere must “go beyond traditional team leadership” and manage in two modes: “virtual coordination” and “face-to-face collaboration.”²⁹ This “multimodal” leadership produces a matrix of required styles (Figure 6). What unites the four roles is “the need for leaders to build and sustain connections and trust” in a heterogeneous setting.

Clinical leadership

Clinical leaders must adopt a “broader view of the healthcare system,” a focus on “health span” rather than life span, and an emphasis on forming effective interdisciplinary teams.³⁰ The requirement to be a “change agent” rewards “political skills,” especially in academic settings where structures and processes are often entrenched.³¹

Competency requirements for department chiefs are also changing. A leading physician CEO identified the two main skill gaps of incoming chiefs as budgeting savvy and “managing disruptive faculty,” and she enumerated four essential success attributes: “excellent communication skills, confidence in decision-making, deft ‘people skills,’ and emotional intelligence.”³²

A study on CNOs concluded that “developing resilience as a core leadership competency should be foundational in leader development.”³³ Resilience promotes nursing leaders’ job satisfaction, position success, and role sustainability, study results suggest.

FIGURE 6



28 Ibid.

29 R. Hooijberg and M. Watkins, “The Future of Team Leadership is Multimodal,” *MIT Sloan Management Review*, February 9, 2021.

30 Elsevier Health, *Clinician of the Future: Report 2022*, March 2022.

31 D. Raths, “CMIO 3.0.”

32 A. Kimball, “The Successful Department Chief: Essential Skills, Considerations in a Changing Landscape,” *Becker’s Hospital Review*, April 18, 2022.

33 N. Bernard, “The Relationships Between Resilience, Job Satisfaction, and Anticipated Turnover in CNOs,” *Nurse Leader*, December 17, 2020.

Roles and Competencies Action Plan

We see five steps forming the heart of an effective C-level role management action plan.

Evaluate roles and adjust requirements

Examine current roles in a disciplined and clear-eyed fashion to ensure their definition and competency requirements are consistent with healthcare trends. For new roles, ascertain if they are viable, well-defined, and supportable. Role assessments should be performed at regular intervals.

Create a comprehensive program

Many organizations are adopting a “total workforce management” perspective that considers connections between roles and collaboration requirements throughout the enterprise. AMN Trends revealed that 60% of responding organizations believe they need such an approach.

Intensify recruiting

Today's highly competitive executive talent market complicates the effort to find candidates who best align with shifting competency requirements. Organizations should cast a wide net, with external search help where appropriate. Recruiting outside of healthcare may be desirable. Expanding selection criteria also helps. For example, department chairs might be found among those with experience in a “matrixed support role such as residency director or medical director,” since such individuals “may have developed very robust skills that aren't recognized by our traditional criteria.”

Another comprehensive option is Multi-Search. This program involves a consultative partnership between the client organization and a recruiting firm to fill multiple positions for a specified time period. Multi-Search looks strategically across the positions to account for future leadership role requirements.

Creatively deploy interim leadership

Experienced interim leaders not only fill vacancies during a search or complete important projects, they can also be used to bring outside perspective to help clarify roles and verify competency requirements.

Maintain leadership development

Leadership development (LD) is an important tool in ensuring that roles remain relevant and that the right people fill them. Our experience shows that LD programs vary widely in scope and commitment across provider organizations. While current financial constraints will place LD budgets under pressure, maintaining a vibrant senior executive program is an investment with solid returns. The best LD encompasses onboarding, training, and mentoring as well as a strong C-suite succession plan.

C-SUITE ROLE MANAGEMENT ACTION PLAN





Conclusion

C-suite roles will continue to evolve. From new financial challenges to elevated executive turnover to a changing workforce, compelling industry trends are mandating that leaders become more strategic and reliant on a host of interpersonal skills. Organizations must be adept at responding to changing requirements in order to optimize their leadership tier.

The five steps outlined - role evaluation, committing to a comprehensive program, expanded recruiting to fill new and emerging roles, bringing interim leadership into the mix, and leadership development - represent an actionable program to manage roles consistently.

About AMN Healthcare Leadership Solutions

AMN Healthcare Leadership Solutions is the largest provider of interim leadership, physician, and executive search services, with a powerful track record of diverse placements across all specialty areas. Through a comprehensive and tailored approach to interim leadership and executive search, we help organizations deliver on strategic objectives for patient care, growth, and innovation. For more information on how we can help you navigate your talent needs, contact us today at LeadershipSolutions@amnhealthcare.com to request a call from one of our client partners.

