

Healthcare leaders prioritize financial measures to confront market dynamics



To get a pulse on where leaders are focusing their efforts and what trends they're watching, Huron surveyed 300 healthcare executives across the U.S.

The research surfaces how healthcare leaders are positioning their organizations to solve complex financial challenges while igniting growth.

Inside the report

Healthcare trends

The No. 1 hurdle

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How leaders are responding

Top 10 healthcare trends:

A focus on financial growth and stability

The top three trends that surface today and in the near term all relate to financial management — a shift from last year's predominant focus on care delivery.

Huron's survey includes leaders across five functional areas:

Strategy and innovation

Finance and operations

Clinical care

Technology

People

This year	3-5 years
<ol style="list-style-type: none"> 1. Redefining portfolio 2. Cost reduction/optimization 3. Price increase/optimization 4. Data management and analytics 5. Technology infrastructure 6. Care delivery (physical care facilities and health communities) 7. Consumerism 8. Care access transformation 9. Ambulatory care expansion 10. Virtual care delivery (acute care in the home, telehealth, and remote patient monitoring) 	<ol style="list-style-type: none"> 1. Redefining portfolio 2. Price increase/optimization 3. Cost reduction/optimization 4. Technology infrastructure 5. Care access transformation 6. Value-based care 7. Care delivery (physical care facilities and health communities) 8. Virtual care delivery (acute care in the home, telehealth, and remote patient monitoring) 9. Revenue growth 10. Consumerism

***Bold** = new trend emergence

Top 10 healthcare challenges:

Cost is No. 1

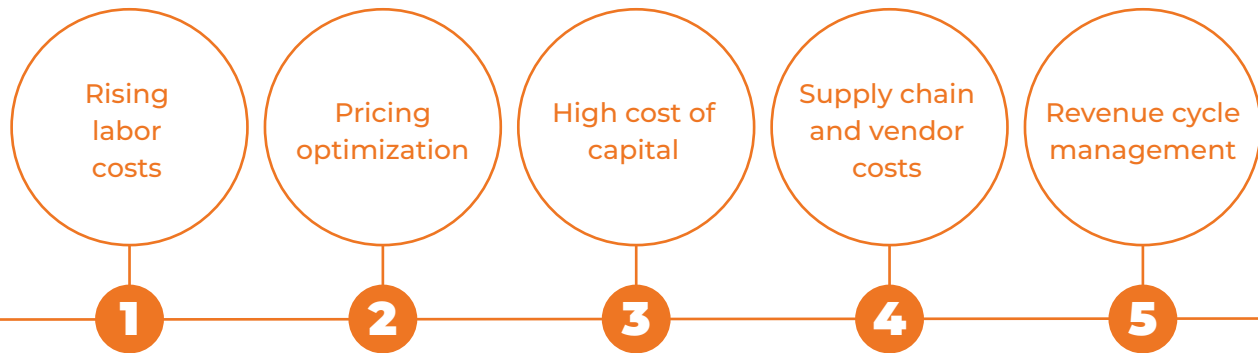
In alignment with emerging trends, healthcare leaders indicate financial challenges are their biggest hurdle. Consumerism, workforce shortages, and interoperability are also seen as growing challenges.

		% of orgs	YOY change
1.	Cost reduction/optimization	36%	+50%
2.	Price increase/optimization	34%	*No data for 2022
3.	Redefining portfolio/changing healthcare business model	33%	+43%
4.	Addressing consumerism	28%	+40%
5.	Value-based care	25%	+9%
6.	Managing health system capacity	25%	+4%
7.	Workforce shortages	24%	+26%
8.	Interoperability of systems (EHR/ERP)	24%	+41%
9.	Finding the right mix of inpatient and outpatient services	24%	+4%
10.	Changing our care delivery model (i.e., physical care facilities and health communities)	24%	-22%



Top 5 financial pressures

A closer look



To better understand industrywide cost and price challenges, healthcare leaders were asked to rate the impact of financial pressures on their organization. Rising labor costs emerged as the top financial pressure.

As organizations face heightened cost pressures, healthcare executives rank financial metrics as the most important evaluation method for

prioritizing investments to address critical challenges. This marks a shift away from social metrics, such as patient experience and community impact, identified by leaders in 2022.

How healthcare leaders [prioritize business decisions](#) to tackle widespread financial challenges is crucial to [improving an organization's bottom line](#) and enabling leaders to reinvest in their

people and businesses. Reaching an ideal financial state where cost and revenue performance are optimized will involve [balancing cost take-out with yield improvements](#). Enhancing core functions such as revenue cycle and supply chain along with strategic partnerships will be important levers to support financial improvements and gain efficiencies.



How are healthcare organizations addressing trends and challenges?

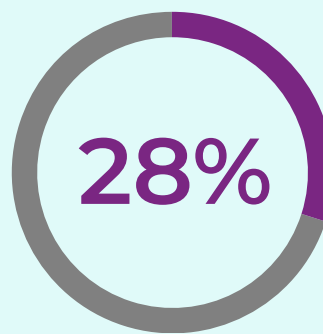
Healthcare executives indicate a multifaceted approach is needed to tackle the diverse mix of emerging trends and challenges they're facing. Planned initiatives and investments are anchored by **four core actions**:

1

Investing in digital tools, technology, and analytics

Healthcare organizations indicate a growing prioritization of digital initiatives to drive cost savings and strategic growth.

- **Among top five planned cost-saving measures:** Rationalizing applications and licenses and improving interoperability.
- **Strategic growth areas:** Technology-enabled care and data management and analytical decision-making.
- Leaders continue to invest in **artificial intelligence, machine learning, and automation** to realize efficiency and cost-saving goals and improve the patient and employee experience.

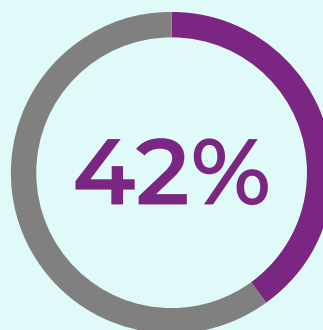


of healthcare executives are **investing in digital tools** to address emerging trends, more than double than in 2022.

DIGITAL-FIRST APPROACH:

What it means and why it matters

Digital-first organizations bring technology and corporate culture together to improve processes, maximize efficiencies, and offer unparalleled customer experience. By combining a digital mindset with a mature digital strategy, organizations can benefit through their ability to be agile, respond quickly to shifts in the market, and remain financially viable amid volatility.



of healthcare leaders anticipate **rationalizing applications and licenses** as the No. 2 cost-saving measure.

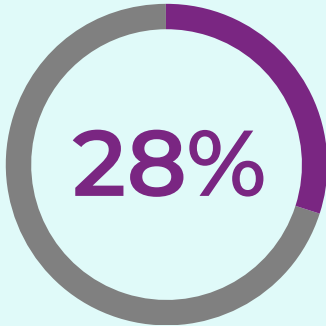
How are healthcare organizations addressing trends and challenges?

2

Evolving talent and workforce strategies

With workforce shortages identified as a top challenge and rising labor costs as the greatest financial pressure, healthcare organizations are turning their attention to workforce redesign to [alleviate turnover and attract talent](#).

- **Planned initiatives:** Restructuring the company and senior leadership, investing in talent, and rethinking workforce strategies, such as flexible staffing and remote work.
- **Virtual care is a primary focus area for recruitment and retention** as leaders plan to expand offerings and [reduce burnout](#). Leaders cite staffing the virtual care model as their most pressing telehealth priority, along with reimbursement.

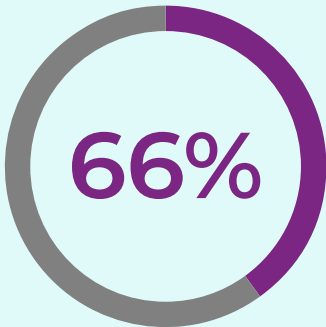


of healthcare organizations are considering **restructuring the company and senior leadership** to adapt to industry changes.

DIGITAL-FIRST APPROACH:

Tools to enable engagement and retention

Leading organizations are investing in digital tools for healthcare workers to optimize workflows and improve the employee experience. Automated documentation and ordering, care coordination tools, ambient clinical intelligence, and technologies that enable remote working capabilities are among [leaders' planned digital investments](#).



of healthcare leaders cite **staffing recruitment and retention** as a top growth priority.

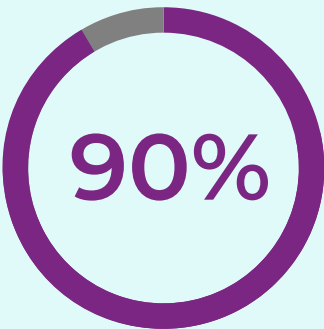
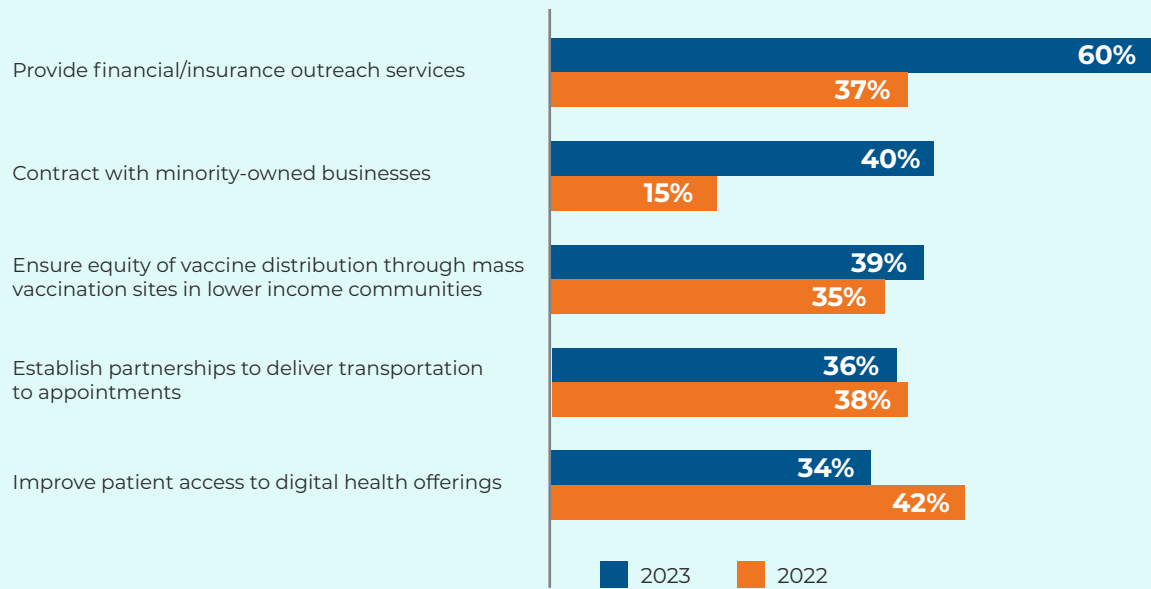
How are healthcare organizations addressing trends and challenges?

3 Advancing care delivery and health equity

As healthcare organizations strive to meet [consumer needs and preferences](#) and move toward value-based care models to improve patient outcomes, leaders are [rethinking how they deliver care](#) and engage with patients.

- **Three of the top 10 growth priorities identified by leaders are care- and consumer-focused:** Improving consumer engagement and retention, ambulatory expansion planning, and integrating care delivery models across the continuum.
- **Other high-priority investment areas:** Care access and social determinants of health (SDOH).

Top initiatives to address SDOH



of healthcare executives **consider SDOH a high priority and plan to invest** in the next 3 years, up from 67% in 2022.

DIGITAL-FIRST APPROACH:

Tools to enable better care and patient outcomes

Digital-first organizations recognize that [digital investments](#) will underpin how they transform care delivery and care for their patients. Digitally mature organizations are prioritizing investments in customer relationship management (CRM) platforms, population health tools, predictive analytics, real-time data analysis, and consumer-facing digital apps and tools.

How are healthcare organizations addressing trends and challenges?

4

Optimizing operations and business models

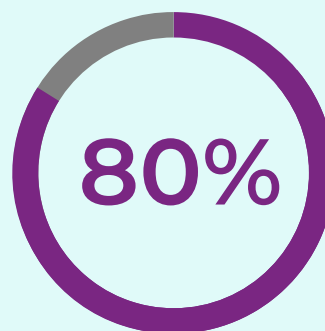
Pressure to grow while simultaneously reducing costs is forcing healthcare leaders to strategically rethink how their organizations operate.

- Redefining portfolio surfaced as the **top trend, cost-saving measure, and strategic growth priority.**
- **Other planned initiatives to enable operational improvement and organizational growth:**
 - Rethinking business models
 - Reducing capital expenditures
 - Increasing reimbursement accuracy
 - Optimizing supply chain management
 - Merger, acquisition, and partnership opportunities

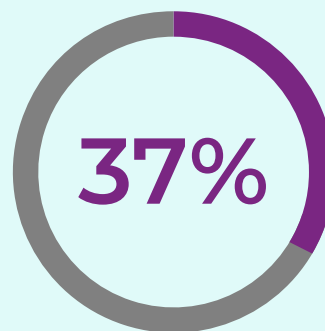
DIGITAL-FIRST APPROACH:

Tools to enable strategic decision-making and operational efficiency

Redefining portfolios and reconfiguring business models require streamlined data that provide a single source of truth for strategic decision-making. [Huron's research](#) finds that 88% of digitally mature organizations are investing in data sharing, management, and governance. Nearly all are investing in core technology and interoperability, including ERP platforms. Leading healthcare organizations are also [leveraging competitive market insights](#) to evaluate their portfolios and identify growth opportunities.



of healthcare executives consider redefining portfolio a high growth priority and about half view it as a top cost-saving measure.



of organizations plan to focus on increasing reimbursement accuracy and improving clinical documentation to improve margins.

Next steps for healthcare leaders

[Connect with a healthcare expert](#) about responding to industry trends impacting your organization.



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