

Moving the Needle on Gender Equity in Healthcare Leadership

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Today's headlines are filled with distressing reports of mistreatment of women at all levels of American society. As widespread and serious as the stories emerging from the #MeToo movement are, they are one symptom of a broader problem—persistent inequities in the way women are treated in our institutions, including how they are promoted and paid.

The data are compelling: In almost every industry, including healthcare, the average percentage of women declines dramatically as you move up the hierarchy. According to a 2017 McKinsey & Co. survey, healthcare is dominated by women employees (79 percent of the total workforce), yet only 18 percent of hospitals have a female CEO, and that declines to 11 percent in the 100 largest hospitals.

Gender inequity in compensation is clear-cut: Women begin their careers in their teens earning 88 percent of the amount men earn, and this gap widens as they grow older. In their prime earning years (45–65), women on average earn 78 percent of men's earnings, according to the 2017 *Current Population Survey*, conducted by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics. Some of this difference is due to position disparity; since men occupy higher-level positions, they are paid more. However, salary differences persist even when controlling for position. A compensation study of hospital CEOs that appeared in the Jan. 24, 2018, issue of *Medical Care Research & Review*, showed a 23 percent difference between men and women CEO's salaries, after adjusting for geography and hospital size.

Why Is Gender Equity Important?

These inequities are not new, but progress in rectifying them has been agonizingly slow. What if we could accelerate progress in healthcare organizations, moving women more rapidly into senior positions and actually equalizing compensation for equal work? Considerable research on this question has been conducted over the last decade by several consulting firms. While the studies have all been correlational, they indicate that achieving greater gender equity would have several positive effects, including performing at a higher level.

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SPECIAL FEATURE

Creating the Appropriate Strategic Balance Between the Old and the New

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Thriving careers result from leading successful organizations, which depends on the ability of leadership to define the appropriate strategic direction.

As such, health systems must respond to the rapidly changing healthcare landscape. The ability to address the escalating cost of care and introduce clinical innovations will reward health systems that provide significantly more benefit per dollar, or value-based care. There always will be a need for high-quality, capital-intensive facilities; those that deploy their physical and human capital appropriately, operate their systems efficiently and focus on a few core strategies, and are not distracted by the latest “strategy du jour,” will emerge as winners. Adopting these key strategies will help to ensure the systems are well-positioned for the future.

Redeploy capital from weak markets. If a hospital has a weak

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market position in a region, now is the time to exit that market. There is no evidence that a hospital with a weak market position can materially improve. Organizations should sell the distressed facility to the local competitor(s) and redeploy the funds to regions where there is a strong market presence.

Address underperforming facilities and services. The greatest cost savings come from eliminating underperforming assets. Organizations should

consolidate duplicate services in a region to avoid sub-optimal use and associated costs. Services and facilities that operate at a significant deficit must be objectively evaluated and eliminated if they cannot be justified.

Develop a comprehensive outpatient services delivery strategy. Both Medicare and commercial payers have signaled that the end is near for paying hospital rates for elective outpatient procedures. If a health system does not have

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a robust ambulatory network that includes outpatient imaging, ambulatory surgery and GI centers, there is a high probability that either local physicians will establish these outpatient centers or an outside organization will. These ambulatory businesses are high-margin growth businesses. It will be difficult for a health system to be relevant if it is not a leading provider of these services in its region.

Focus on access. Comprehensive access includes reasonable travel distances, a timely appointment and short wait times to see a provider. Lack of access is a primary reason for patients to seek care elsewhere. Rational geographic distribution of services, especially urgent care centers and primary care physicians, is critical, as are extended and weekend hours.

Negotiate hard for rates you believe you deserve. Commercial health plans are offering minimal increases and, in some cases, requiring reductions in their fee schedules. In addition, payers refuse to reimburse for what they perceive as unnecessary care. To remain solvent, healthcare organizations must demand their share of the premium.

Reduce cost per unit and cost per encounter. There are six primary cost drivers in a health system: personnel, supplies, utilization, capital deployment, clinical variation and financial systems. These cost-drivers must be measured in real time and compared with industry best-practice benchmarks, and deficiencies should be corrected immediately.

When deploying capital, every investment must demonstrate an incremental return in value.

Manage employed and contracted physicians effectively. In most health systems, physicians who are employed and/or receive a stipend provide a significant percentage of professional services. The industry best practice for managing these affiliated physicians is to have competent, experienced leaders—usually a physician-administrative dyad—and shared governance, where the physicians participate in setting and enforcing rules. An efficient, effective administrative infrastructure also is an essential competency yet to be developed in many health systems.

Develop a high-value, data-driven, clinically integrated network. It is common for health system executives to express their system's commitment to value-based care using the pronoun "we." For example, "We are committed to reducing variation in care." If the practicing physicians are not committed to the competencies associated with the delivery of value-based care, the system's value-based initiatives will fail.

Engaging practicing physicians in these strategic initiatives requires health system leaders to truly partner with influential members of the medical staff. Best practices for clinically integrated networks include governance shared with practicing physicians, providers who use the same EHR, a robust set of clinical guidelines, broad geographic coverage and a

sophisticated infrastructure. These networks require radical collaboration between multiple independent physician groups and the health system. It takes many years for a network of providers to develop the competency to provide high-quality, cost-effective care within a fixed budget. Health systems with a high-functioning, clinically integrated network will be well-positioned for the future.

Focus on growth by being "differently better." Even though inpatient volumes may be declining in the market, significant shifts in market share continue, which is resulting in large increases in volume for select health systems that offer better products and services. These health systems continue to grow market share by offering services that are "differently better" than others in the region, such as recruiting a physician with unique skills and organizing their service lines in ways that attract local physicians and patients.

There are no simple solutions to address the complex strategic issues facing healthcare leaders today. In 2017, Moody's Investor Service reported that the median operating margin for not-for-profit health systems was at a record low; this should serve as a wake-up call for the healthcare field to refocus its energies on these core strategies so that healthcare organizations and their leaders will be successful in the future.

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