



Health System Leaders Shift Top Focus from Costs to Patient Outcomes



Survey of 140 health system clinicians and executives reveals how they are adapting to the evolving healthcare landscape

Johnson & Johnson

MEDICAL DEVICES COMPANIES

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Abstract

Improving patient outcomes has risen as a focus in 2019 for both health system executives and clinicians, according to a new survey from the Johnson & Johnson Medical Devices Companies (JJMDC). While health system executives still feel the sting of financial pressures, it has dropped in importance from the previous year, and advancing patient outcomes, improving operational efficiency and engaging employees to address burnout are now key priorities for both clinicians and executives. This white paper provides a look at key insights from the survey results on the challenges and opportunities facing health systems.

This is JJMDC's second annual survey, fielded among 60 health system executives, including those director-level and above, and 80 clinicians, including an equal number of both surgeons and operating room nurses from large health systems.ⁱ

The “Health” of Health Systems is Growing in Importance

Health systems are facing continued pressures to keep costs down and deliver the best patient care to improve health outcomes, all while maintaining diverse (and healthy) workforces and innovating their processes to compete with new entrants to the market.

At this transformative time in healthcare, the “health” of a health system has never been more important. And it’s getting harder to care for people, with considerable challenges impacting care delivery, including:

- Inefficient operations limiting throughput and creating unnecessary variations in care that can account for up to 30 percent of costsⁱⁱ
- Difficulty engaging, retaining and attracting the best talent; disengaged employees are two times more likely to leave your organizationⁱⁱⁱ
- Healthcare consumers are becoming discerning ‘shoppers’ and 81 percent are dissatisfied with their experience^{iv}

In today’s landscape, successful health systems are cultivating four critical competencies to thrive:

- Delivering clinical innovation
- Achieving operational efficiencies
- Establishing and maintaining a healthy workforce and culture
- Fostering a deeper connection with the healthcare consumer

In light of the many factors impacting health systems today, the Johnson & Johnson Medical Devices Companies (JJMDC) conducted its second annual survey among health system executives and clinicians to understand their approach to navigating competing priorities and complexities within their health systems.

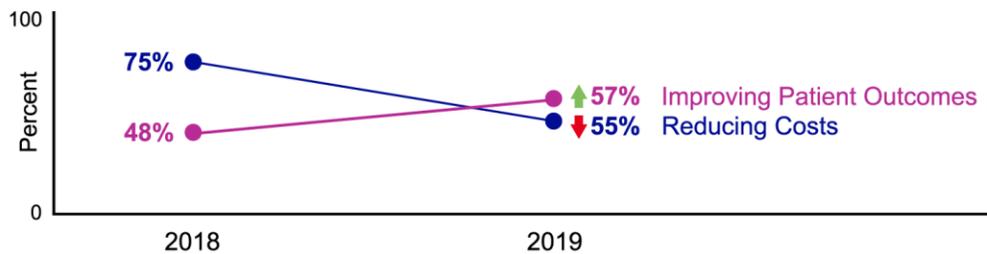
This white paper details five key insights from the survey results on the challenges and opportunities facing health systems.

Insight 1: Health system clinicians and executives shift top focus from reducing costs to improving patient outcomes

The survey findings suggest a potential shift in the paradigm for how healthcare organizations address cost pressures: they are going beyond traditional, tactical cost-cutting to focus on strategic cost transformation.

Nearly six-in-ten (57 percent) health system leaders (both executives and clinicians) ranked improving patient outcomes as a key area of focus for 2019, up from 48 percent in 2018. Reducing costs is still a top concern; however, it has decreased in importance for health system leaders in just one year's time. Seventy-five percent of health system leaders selected reducing costs as a top priority in 2018, and in 2019 that number decreased to 55 percent.

Top Focus Area for Health System Leaders Shift in One Year's Time



Rounding out the top five areas health system leaders are focused on in 2019 are: enhancing quality of care, improving the patient experience and improving staff satisfaction.

Overall, the survey suggests a continued shift toward value-based care. However, implementing value-based care models remains a challenge for many health systems. The complexity of health care processes and decision-making is seen as the biggest barrier to implementation with 55 percent of clinicians and 33 percent of executives seeing it as an obstacle.

Top Five Focus Areas for Health Systems in 2019

- 1 Improving Patient Outcomes**
57%
- 2 Reducing Costs**
55%
- 3 Enhancing Quality of Care**
55%
- 4 Improving Patient Experience**
51%
- 5 Improving Staff Satisfaction**
33%

Insight 2: Improved operational efficiency is a high priority, particularly for executives, as the benefits extend over a wide array of areas

Three quarters of clinicians (75 percent) and nearly all (95 percent) executives say that improving operational efficiency is a high priority for their health system.



3 in 4 clinicians and **9.5 in 10 executives** say improving operational efficiency is a high priority for their health system.

According to the survey, both clinicians and executives believe that four initiatives can yield desired improvements to many challenges faced by health systems:



Perioperative efficiency programs: According to clinicians, perioperative efficiency programs can improve time management (86 percent) and overall operating room performance (76 percent). Executives feel similarly, saying these programs can improve time management, quality of care, and patient satisfaction (77 percent for each).



Staff communication: Half of clinicians (50 percent) and executives (48 percent) say improving communication between staff is the most important way to improve operational efficiency.



Aligning staff with goals: More than a third of clinicians (38 percent) and more than half of executives (55 percent) see aligning staff with goals as the most important way to improve operational efficiency.



Supply chain optimization: Half of clinicians (50 percent) and executives (48 percent) say a benefit of an optimized supply chain is improving operational efficiency.

A Closer Look: Optimized Supply Chain Benefits and Challenges

An optimized supply chain can provide significant benefits across the health system, yet challenges in how the health system is organized, concerns over getting access to needed supplies and costs stand in the way of optimization, according to health system leaders.

Benefits of an optimized supply chain

Half of clinicians (50 percent) and more than two-thirds of executives (68 percent) say optimizing supply chains can help reduce costs.

Nearly half of clinicians (46 percent) and more than two-in-five (42 percent) executives say reducing waste is another key benefit of an optimized supply chain.

Pain points of an inefficient supply chain

Clinicians say getting needed supplies is the biggest pain point they feel when it comes to their health systems' supply chain operations (cited by 41 percent of clinicians, compared to 17 percent of executives), while executives say the cost is the biggest pain point (cited by 28 percent of executives, compared to 20 percent of clinicians).

Challenges to optimizing the supply chain

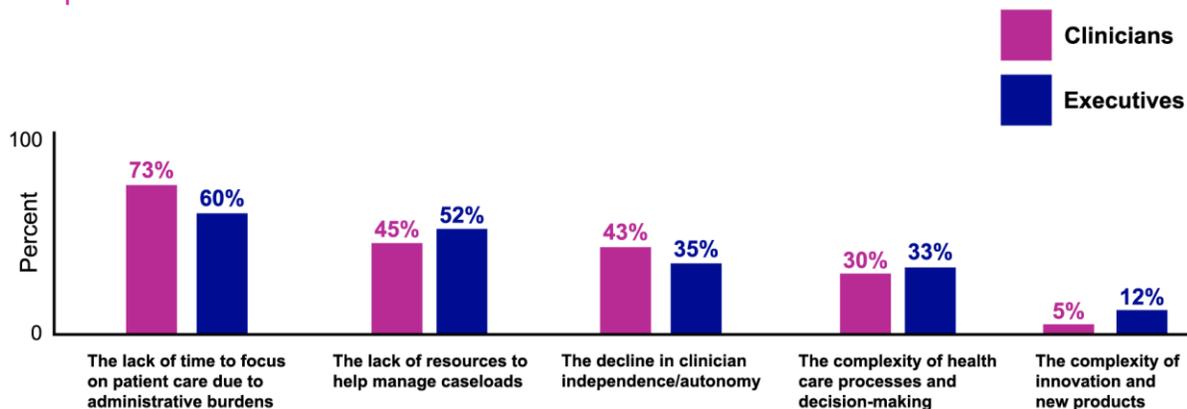
Clinicians see the biggest challenge as the culture of the health system, whether it be due to organizational silos or lack of employee alignment (75 percent say it is a barrier) while executives see a lack of integrated supply chain technology as the biggest barrier (60 percent).

Insight 3: Clinicians and executives are making strides to address clinician well-being and disengagement, creating a greater sense of purpose, which can lead to better outcomes

Burnout and disengagement, which is prevalent among 54 percent of physicians^v and 70 percent of nurses,^{vi} can have a serious impact across the health system. Research shows that they lead to decreased patient satisfaction, increased number of medical errors^{vii,viii}, lower productivity^{ix}, employee turnoverⁱⁱⁱ and suicide.^x

Clinicians see employee satisfaction (80 percent), levels of stress and fatigue (78 percent), and the quality of patient care (75 percent) as being the most impacted by a healthy workforce, while executives see levels of stress and fatigue (75 percent), employee satisfaction and employee productivity (68 percent, each) as being the most impacted.

Top Drivers of Burnout



Interestingly, clinicians see a healthy workforce as being more impactful across every issue than executives do, with the exception of its impact on the overall health system image and reputation (51 percent of clinicians see it as impactful compared to 58 percent of executives).

Realizing the importance of addressing burnout and disengagement, many (82 percent) clinicians and nearly all (98 percent) of executives say their health system is taking concrete actions to address the issue. The most common way health systems are tackling burnout and disengagement, as cited by one-in-five clinicians (20 percent) and one-in-three executives (33 percent), is by providing health and wellness resources.

Clinicians are more likely to point to broader ways in which burnout is being addressed, namely, addressing/managing burnout generally (15 percent mention) and meeting employee needs (14 percent mention), while executives are more able to point to specific offerings aimed at addressing burnout, including health/wellness resources (33 percent mention) and training programs (20 percent mention). To a lesser extent, both groups mention how health systems recruit and work to retain their staff (15 percent of both clinicians and executives).

Increasing employee engagement provides a greater sense of purpose, which can lead to better outcomes:

- Lower cost and higher productivity^{ix}
- Improved clinician engagement^{xi}
- Improved patient safety^{vii,viii}
- Improved patient experience^{xii}

Insight 4: Clinicians and executives agree that improving clinical performance is vitally important to better health outcomes, but there are many barriers to enhanced performance

Nearly nine-in-ten (88 percent) clinicians and executives cite improved patient outcomes as the biggest benefit of improving clinical performance. Clinicians also put improving patient satisfaction in a top tier (50 percent say it is a big benefit) while executives are more likely to cite reducing costs (45 percent) as a big benefit. Improved staff satisfaction and reputation of the health system are less likely to be viewed as benefits, as cited by fewer than one-in-five clinicians (21 percent and 11 percent, respectively) and executives (18 percent and 17 percent, respectively).

The barriers to improving clinical performance are many in the eyes of both clinicians and executives, as nearly every potential barrier tested is seen as being a significant barrier by a majority of both groups.

Cumbersome processes within health systems stand out as the largest barrier to improved clinical performance for both groups (81 percent of clinicians and 77 percent of executives), while clinicians place the lack of financial incentives for clinicians as the second biggest barrier (71 percent), and executives place uncertainty about how to measure improved clinical performance second (65 percent).

Insight 5: Less than half of clinicians and executives say their health system is adequately resourcing consumerism efforts, despite its growing importance

Health care consumerism – the cultural transformation of patients to active consumers of care – is growing in importance for executives and clinicians. This is driven by the need to reduce costs and the increased pressure put on health systems by heightened consumer expectations and the ability to shop around, as seen in other industry sectors like online retail.

The biggest driver of consumerism in the eyes of both clinicians and executives (39 percent and 33 percent, respectively) is the rising cost of health care for consumers, including co-pays, higher deductibles and more expensive health plans.

Clinicians are more likely to tie consumerism to improving the patient experience, as nearly a quarter (23 percent) cite the growth in consumer expectations fueled by other industries as the second biggest driver of

Differing Opinions: How to Improve Clinical Performance

Clinicians and executives have different perspectives on how clinical performance is improved.

29%

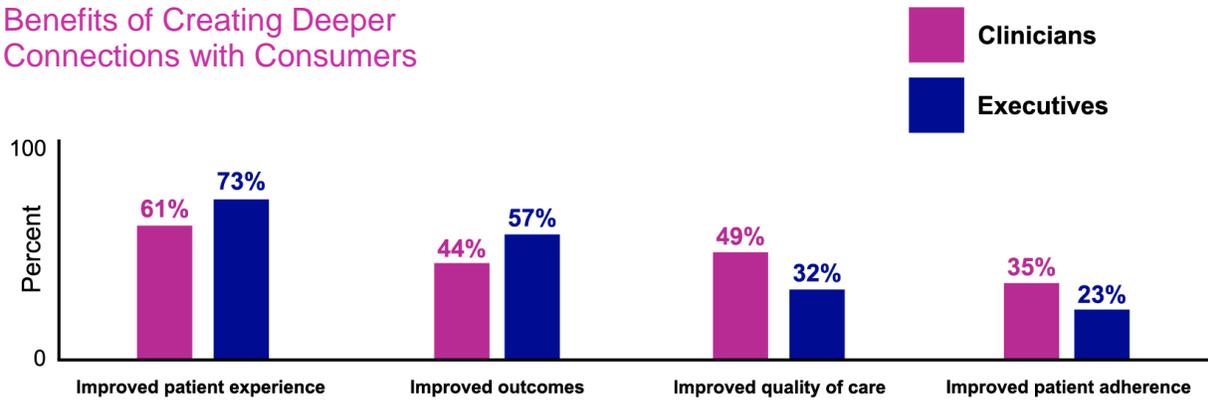
of clinicians say improving the clinical effectiveness of surgical procedures has the biggest positive impact on clinical performance (compared to just 8 percent of executives)

37%

of executives see reducing clinical variations as the most impactful (compared to just 10 percent of clinicians)

consumerism, while executives are more concerned about how costs are perceived and cite the availability of more information to compare health options and “shopping around” as the second biggest driver (25 percent).

Benefits of Creating Deeper Connections with Consumers

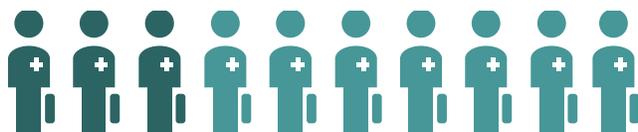


Health systems that use consumerism as a way to engage patients can see improvements to patient experience, outcomes, quality of care and patient adherence. However, despite the benefits of addressing consumerism, many do not feel their system is taking the adequate steps needed to fully implement it.

While approximately two-thirds of both clinicians and executives (61 percent and 68 percent, respectively) say addressing consumerism is a high priority, and a third (36 percent and 32 percent, respectively) say it is a medium priority, there is less confidence that health systems are doing enough to adequately resource efforts to meet heightened consumer expectations.



4 in 10 health system clinicians and executives say their health system is adequately resourcing consumerism efforts.



3 in 10 health system clinicians and executives say their health system is doing a lot to meet heightened consumer expectations.

Both clinicians and executives point to a wide array of initiatives that can help create deeper connections between health systems and consumers. Nearly two-thirds or more of clinicians and executives say providing information to help patients make the right choices (65 percent and 67 percent, respectively) and providing the patients with access to the best care in person or virtually would create a lot of connection (64 percent and 73 percent, respectively). Connecting the patient with the right care team (61 percent and 65 percent, respectively) and treating the patient as a partner to ensure they feel empowered and supported (59 percent and 63 percent, respectively) also are seen as important to creating deeper connections.

Embracing consumerism and implementing related programs can help health systems:^{xiii}

- Generate a positive consumer experience, engagement and satisfaction
- Improve patient care and population health
- Achieve improved patient outcomes
- Enhance operational efficiency, lower per capita costs and revenue growth
- Sustained consumer loyalty and retention

Healthier Systems Can Lead to Healthier Outcomes

Clinicians and hospital executives are prioritizing patient outcomes as a key focus. They are looking to do this through several interconnected strategies that all drive toward the ultimate goal of improved care and patient outcomes, such as improving operational efficiency, advancing employee engagement through a healthy workforce, improving clinical performance and creating a deeper connection with patients as consumers. Ultimately, delivering on these strategies will generate healthier outcomes for healthier health systems.

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Differing Opinions: Who Should Design Consumerism Programs

Clinicians and executives have different desired levels of involvement for designing consumerism programs.

1 in 5

clinicians are very interested in getting involved

1 in 2

executives are very interested in getting involved

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