

Healthcare Industry Hit with the Great Resignation & Retirement

The COVID-19 pandemic has served as a catalyst for two current healthcare workforce trends: the Great Retirement and the Great Resignation. While the Great Resignation among physicians and other clinicians has been well reported, a potential onslaught of retirements by senior executives may further impact hospitals and health systems at an already precarious time. This Health Capital Topics article will discuss some of the key challenges and issues surrounding healthcare's Great Retirement and Great Resignation.

Hospital chief executive officers (CEOs) have a significant role in ensuring the stability of the organizations that they run. Despite their significance, the average tenure of a hospital CEO is just over 5.5 years, with a median of only 4.5 years.¹ There are a number of reasons why high level executives might leave their organizations, including:

- (1) Increase in mergers and acquisitions in the healthcare marketplace;
- (2) A growing number of alternative opportunities that offer career growth;
- (3) Tensions between organizational boards and their healthcare affiliated staff; and,
- (4) Exposures of financial and quality-control issues.²

The onset of the COVID-19 pandemic caused a new slew of issues for senior executives, as they had to move quickly to decide how to meet the demands of the pandemic and attempt to educate their local communities on the virus. This time in the spotlight has not been without controversy, due to the unfortunate political tinge of the virus, which has sowed discord across the U.S. Perhaps due to the tumultuous state of the overall healthcare industry, many hospital CEOs ostensibly stayed in their positions, or hospital boards decided not to make a leadership change, until the worst of the pandemic subsided, resulting in a hospital CEO turnover rate of 16% in 2020, the lowest since 2011.³ As the pandemic draws to a close, a high turnover rate might be expected once again as a number of large healthcare systems have already announced their CEOs' plans to retire in the next several months:

- (1) Jim Hinton, CEO of Baylor Scott & White, the largest nonprofit health system in Texas, will retire at the end of 2021;⁴

- (2) Stephen Klasko, MD, CEO of Jefferson Health, an 18-hospital system in Philadelphia, will retire at the end of 2021;⁵
- (3) Penny Wheeler, MD, CEO of Allina Health, an 11-hospital and 90+-clinic system located throughout Minnesota and western Wisconsin, will retire at the end of 2021;⁶
- (4) Marna Borgstrom, CEO of Yale New Haven Health, Connecticut's largest healthcare system, will retire in March 2022;⁷ and,
- (5) Lloyd Dean, CEO of CommonSpirit Health, a 140-hospital system, will retire in summer 2022.⁸

The number of hospital executives leaving their positions indicates a larger current trend in the healthcare industry – the considerable number of hospital workers willing to walk away from the profession.

Even before the COVID-19 pandemic, morale and optimism about the future practice of medicine was low, with 46% of physicians planning to change career paths.⁹ The pandemic's unique challenges and frustrations seems to have accelerated this change, with physicians quitting at historic rates over the past 17 months.¹⁰ Chief among the reasons for resignation among physicians is burnout, which has become so pervasive in recent years that a 2019 report published by the Harvard T.H. Chan School of Public Health, the Harvard Global Health Institute, the Massachusetts Medical Society, and the Massachusetts Health and Hospital Association (MHA) deemed the condition a public health crisis.¹¹ Burnout manifests as emotional exhaustion, depersonalization (cynicism), and a sense of inefficacy, and can develop into depression, substance abuse, and family dysfunction.¹² Nearly half of all physicians experience burnout in some form, negatively impacting physician productivity.¹³ Every one-point increase in burnout (on a seven-point scale) was found to be associated with a 30-40% increase in the likelihood that physicians will reduce their work hours in the next two years, which equates to losing all of the graduates from seven medical schools every year.¹⁴

The cause for burnout is rooted in deep-seated challenges facing the nation's providers. One challenge is the excessive number of working hours demanded of physicians. Nearly 60% of physicians work 71 or more hours in a week and 50% work between 61 and 70 hours each week.¹⁵ This excessive number of working hours leads in part to a lack of time for other sectors of life. For

example, nearly 40% of female physicians scale back their medical practice, or leave the profession altogether, early in their careers, citing family as their primary reason.¹⁶ Another challenge is the administrative burdens being placed on physicians' shoulders. In countless surveys and studies, physicians of all specialties consistently cite the time and energy they must devote to filling out forms and other administrative tasks near or at the top of their list of grievances.¹⁷ Physicians also cite frustrating computer interfaces and issues caused by the electronic health records (EHRs), which tend to crowd out physicians' face-to-face engagement with patients and increase the already long working hours.¹⁸

The COVID-19 pandemic has exacerbated these aforementioned challenges and presented additional unique issues, not just for physicians, but for all healthcare workers. A survey of 20,947 healthcare workers across 42 healthcare organizations found that 61% of those surveyed felt high fear of exposing themselves or their families to COVID-19, while 38% experienced anxiety or depression.¹⁹ Another 43% suffered from work overload and 49% had burnout.²⁰ Approximately 90% reported that they had been getting less than the recommended eight hours of sleep each night, and one in three admitted to sleeping four hours or less.²¹ Work performance is suffering as a result – one in three healthcare workers feel that they have been making more mistakes at work.²² Nearly half have considered

retiring, quitting their jobs, or changing their careers altogether, while the same number say that their mental health has deteriorated.²³ Losing physicians and other healthcare workers may result in a lack of accessibility in medical care for patients and comes at a steep cost to employers – one estimate of the lost revenue per full-time-equivalent physician is \$990,000, with the cost of recruiting and replacing a physician ranging from \$500,000 to \$1,000,000.²⁴

According to a 2021 Association of American Medical Colleges (AAMC) report, the U.S. could see an estimated shortage of 37,800 to 124,000 physicians by 2034.²⁵ As this report does not “expressly model the impact of COVID-19,”²⁶ the Great Retirement and Great Resignation will likely exacerbate this critical shortage as more and more physicians, and other healthcare workers, seek to scale back their work hours or leave medicine altogether. This trend, coupled with the increased number of retiring CEOs could put some hospitals in dire straits. At the same time however, a historic number of female applicants are entering clinical professions and the number of medical schools applicants has increased dramatically.²⁷ Such increases in new entrants to the medical profession, as well as continued advancements in healthcare technology, will likely be needed to stymie worsening workforce shortages and may have the added benefit of paving the way for new innovation to achieve a truly value-based healthcare system.

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