



# Mindsets

Executive Leadership Report

2024

**forv/s**  
**mazars**

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# Introduction

## Welcome to Mindsets 2024!

**We conduct the Mindsets survey on a recurring basis to gather timely insights from healthcare executive leaders across the country.**

We seek to learn their perspectives on the current state of the profession, the key challenges and opportunities before them, and their outlook on the future. From the insights gleaned, we create this resource you have in front of you—a view into the minds of leaders across the care continuum to help inform your strategy and decision making in the months ahead.

The 2024 survey revealed four major themes that are top-of-mind for healthcare executives: financial sustainability, value-based care, strategic planning, and workforce. In the following pages, we will explore each of these themes and highlight key findings from the survey that illustrate where healthcare leaders and their organizations currently stand, as well as where they would like to be in the short- and long-term.

Above all, Mindsets is an extension of our commitment to providing an **Unmatched Client Experience**® by delivering value that helps you adapt, grow, innovate, and lead. Please reach out if you have any questions about Mindsets or how we can help your organization.

Sincerely,



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# Introduction

In early 2024, the Healthcare Practice at Forvis Mazars launched Mindsets—a national survey of 120 executive healthcare leaders across the continuum of care.

Mindsets sought to gather what healthcare leaders see as the current state of the profession and what they anticipate for the industry’s future. Based on the survey responses and thorough review of respondent feedback, four major themes emerged: financial sustainability, value-based care (VBC), strategic planning, and workforce. The executive perspectives within these themes were often overlapping and wide-ranging. What stands out from the survey is that healthcare executives are starting to feel more optimistic about the future. After years of fighting multiple crises—clinical, operational, financial, and cultural—a sustainable future is in sight. This future, however, remains clouded by new challenges based on familiar, long-term issues that executives need to address to realize that sustainable future.

# Introduction

## Key Takeaways



### Financial Sustainability

After years of negative or razor-thin margins, leaders are cautiously optimistic about their future financial stability. Of course, healthcare providers need to maintain a margin to fulfill their mission, so financial sustainability remains the most pressing concern in both the short-term and long-term. To capitalize on this optimism and get ahead of future challenges, leaders are developing and executing performance improvement plans, looking to market consolidation, and aiming to integrate AI technology to elevate margin pressures and drive cost savings.



### Value-Based Care

The industry's VBC status is a muddled picture at best. While the rate of penetration is not unexpectedly low, most executives agree there is a strategic need for more value-based arrangements. Almost half of respondents believe engaging in more VBC is important to their organization. At the end of the day, healthcare leaders want to offer value for the money patients spend. However, less than a third of respondents feel they are set up for success in a value-based market, and improving these numbers doesn't appear to be an immediate priority for executives.



### Strategic Planning

Executives are struggling to create time to thoughtfully revisit their strategic plans. Daily operations and near-term challenges (including financial sustainability) seem to be monopolizing leaders' time, energy, and resources. Our survey found that, on average, executives spend less than 20 hours per month on strategic planning initiatives. As a result, organizations are sacrificing timeliness, relevance, and effective execution of their strategic plans.



### Workforce

Not surprisingly, our survey results show that talent recruiting and retention have reached critical levels across the healthcare industry. It is clear that leaders continue to wrestle with increased staffing costs, turnover, and burnout—along with decreased staff productivity—while their staff and organizations are showing signs of change fatigue. However, what is less clear is how healthcare leaders plan to balance multiple, equally concerning workforce challenges while pursuing their long-term goals of increased productivity and financial sustainability.

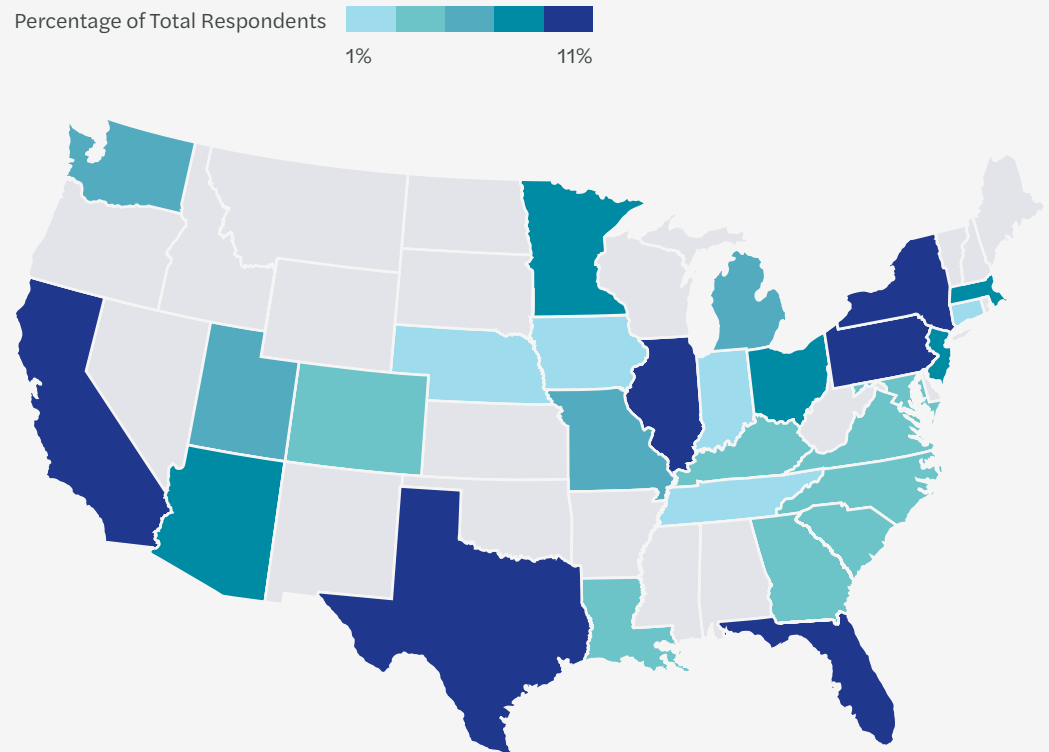
# Introduction

## Survey Methodology

**Forvis Mazars developed and curated the survey questions based on client feedback during a wide range of consulting engagements.**

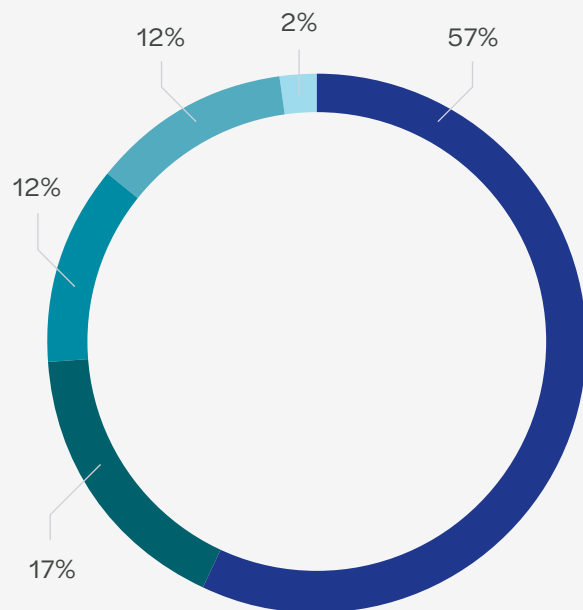
Our years of professional service to healthcare organizations also have informed us on the issues that leaders face. We engaged the Gerson Lehrman Group (GLG) in February 2024 to collect the responses. The 120 participants are all executives within the healthcare industry, spanning multiple sub-industries, organization sizes, and regions. Participants were selected from GLG's database through demographic screening questions regarding their role and organization to achieve a balance of responses.

Mindsets 2024 Respondents by State



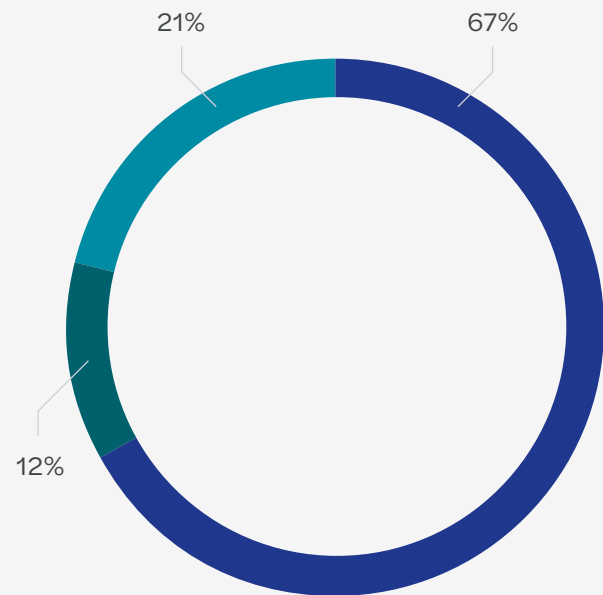
### Which of the following best describes your organization along the healthcare continuum?

- Hospital & Health System
- Physician Group Practice
- Community Health Center
- Senior Living/LTC
- Other



### What best describes your title?

- C-level or equivalent
- SVP-level or equivalent
- VP-level or equivalent



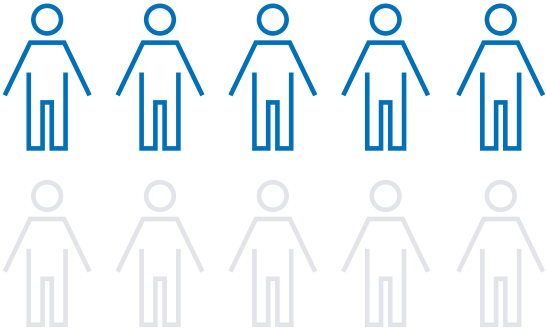
# Financial Sustainability

**Margins are tight, but the outlook is encouraging. Financial sustainability remains the primary concern for providers in this year's survey, dominating executives' time and focus in the current environment.**

Although nearly 60% of respondents believe financial performance will improve in the next two years, margin pressures and finances are predicted to continue as a leading concern now and into the future.

The biggest driver behind these concerns is the effectiveness of the revenue cycle. Less than 5% of respondents rate the strength of their revenue cycle as "very strong," and more than 60% rank revenue cycle challenges among their top three biggest obstacles to overcome.

Approximately 50% rank margin improvement pressures as one of their top three concerns over the next three to five years.



Obstacles to achieving financial sustainability:

#1

Revenue cycle challenges



#2

Decrease in workforce productivity





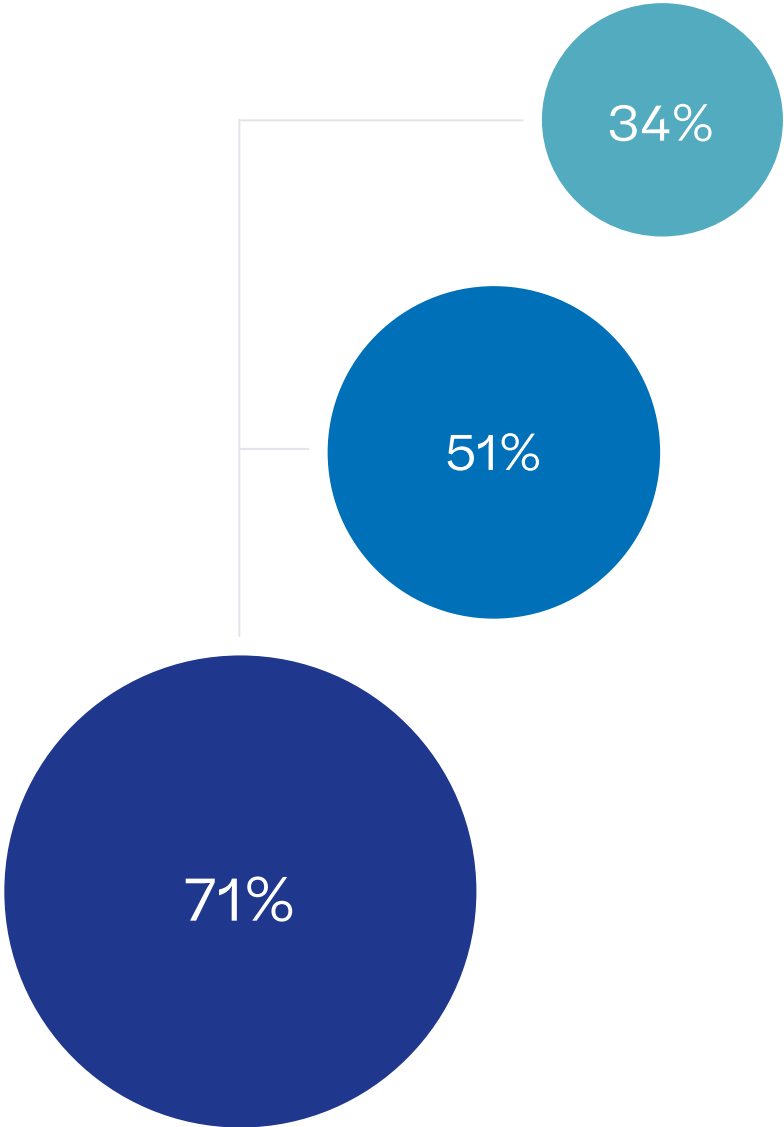
As margins continue to be challenged, organizations will focus on driving top-line growth and reducing unnecessary costs. Executives clearly see external market dynamics like economic uncertainty and non-traditional provider entrants as contributors to financial instability. Internal dynamics such as operating models and cost structure continue to be a challenge as well. While a focus on core operations, revenue cycle, and physician compensation structures are seen as the largest areas of opportunity for financial improvement, executives look toward growth opportunities and technology as buoys for their financial performance.

When it comes to market positioning, a significant percentage of survey respondents expect consolidations to accelerate due to a strong desire for greater financial sustainability—partnerships are seen as the most expected, preferred form of consolidation with transactions via merger or acquisition following second.

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## Financial sustainability is the primary driver of consolidations.

71% of respondents expect consolidations to accelerate (51% believe partnerships are preferred type of consolidation with transactions via merger or acquisition following second at 34%), while 24% expect them to stay the same.



## Value-Based Care

**While the promise is clear, next steps are uncertain. Although the journey toward VBC continues, the pace has slowed and has probably become stagnant. CMS has set a goal of 100% value-based arrangements by 2030.\***

However, the urgency and clarity of guidance from CMS (and commercial payors) seems to have softened, and providers are responding accordingly. Our survey showed that three out of four provider executives believe there's a strategic need for their organization to engage in more value-based arrangements; however, only 10% of respondents ranked VBC development as their top priority for the next two years.

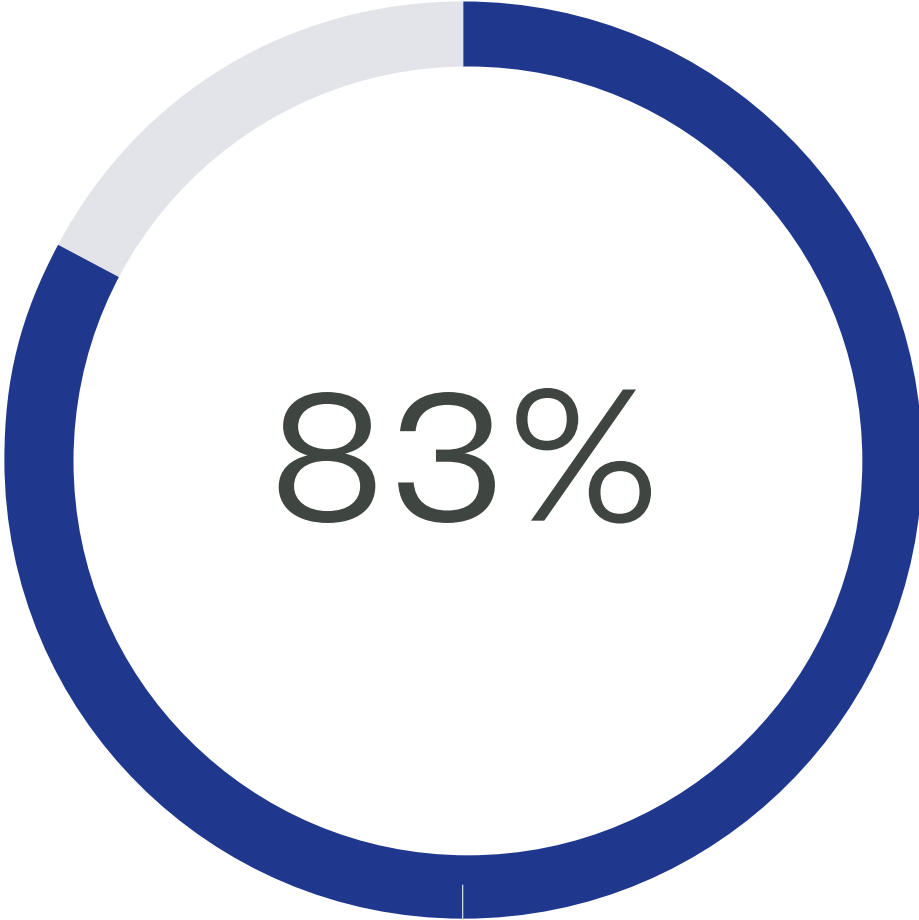
Only 5% of respondents believe their organization's value-based aspirations are fully aligned with its operational risk tolerance.

Less than 30% of respondents believe their VBC aspirations align with their operating model and organizational capabilities.



\* CMS Announces Increase in 2023 in Organizations and Beneficiaries Benefiting from Coordinated Care in Accountable Care Relationship, cms.gov, January 17, 2023.

While healthcare executives realize the importance of VBC transitions—and have made strides toward value-based operating models—most providers are not currently prioritizing VBC, nor have they made meaningful investments in capabilities to make the transition.



83% of respondents have less than half of their reimbursements flowing through value-based or risk agreements.

# Strategic Planning

**The five-year plan has lost its organizational relevance. Market forces and dynamics are moving faster than ever, and long-term plans on their own no longer serve as reliable guides to organizational priorities.**

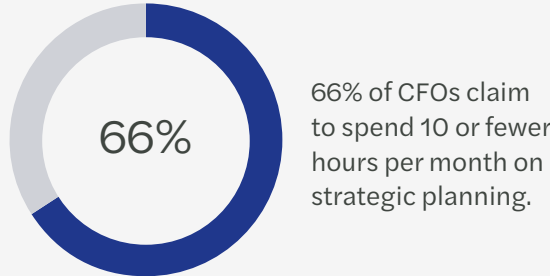
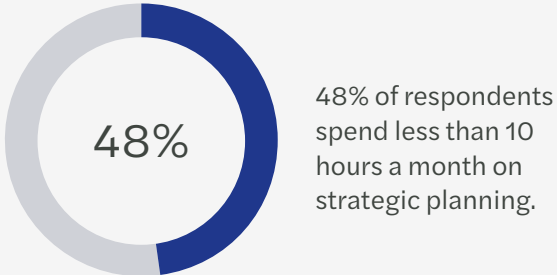
As our survey showed, three out of four respondents complete a strategic plan every one to three years. However, even these shorter-term strategic plans seem to have limited relevance to routine decision-making as organizations struggle to connect strategy and operations.

Leadership and organizational capacity seem to be consumed by the pursuit of financial sustainability, leaving little time or energy for the implementation and the continued alignment around strategic initiatives. For example, across the C-suite, the perceived relevance of a strategic plan to operational decision-making varies, and, in some instances, significantly from role to role, suggesting a lack of alignment among leaders. Left unchecked, this misalignment can have long-term negative impacts on organizational growth.

75% of respondents indicated that their organization completes an enterprise strategic plan every one to three years.

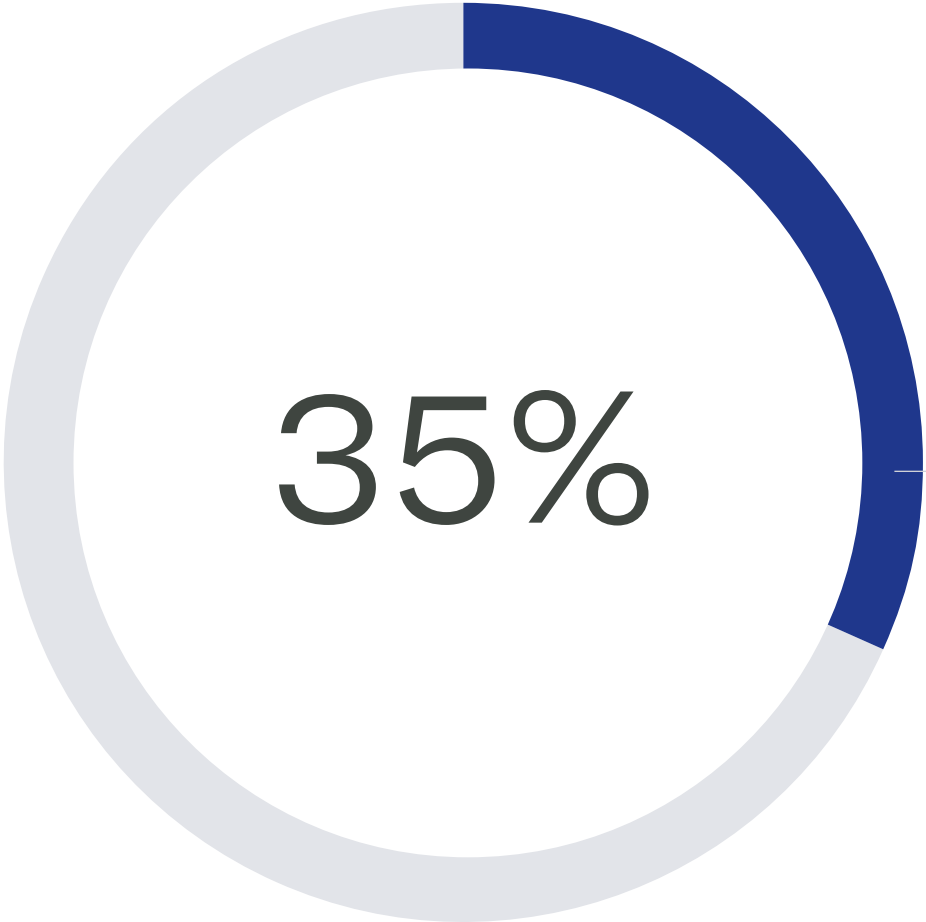
Less than half indicated that their strategic plan was of high relevance (score of 8-10) to their routine decision-making process.

**2x** COOs are two times more likely to perceive relevance than CFOs.



Our research indicates that, although strategic planning remains an important executive focus, successful execution of near-term strategic initiatives is challenged by organizational focus on financial sustainability, organization-wide change fatigue, and leadership bandwidth. Change fatigue limits an organization's capacity to effectively execute and benefit from strategic planning efforts. More than 80% of respondents characterized change fatigue in their organization as moderate to significant.

35% of respondents achieved less than half of their strategic plans' stated objectives.



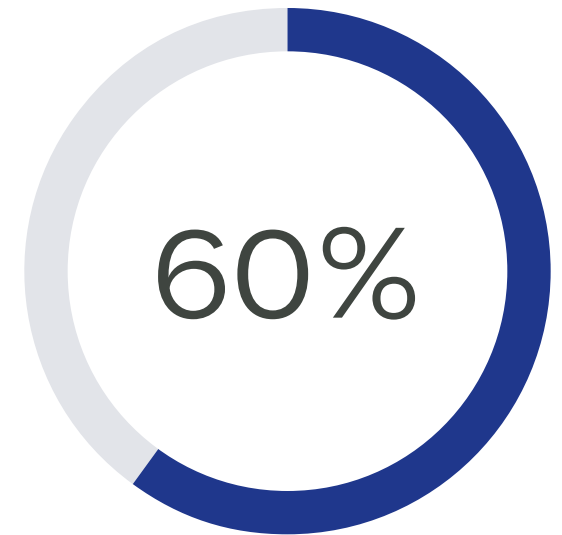
## Workforce

**The COVID-19 pandemic brought workforce challenges to the forefront of leadership agendas, and those challenges have remained a top concern for healthcare executives—namely burnout, scarcity and talent, turnover, and engagement. These challenges have become chronic issues that leaders are looking to develop long-term plans to address.**

The need for an effective workforce vision, strategy, and execution plan is clear. Finding and retaining talent while improving workforce productivity are particularly important initiatives given their meaningful contributions to financial sustainability. A majority of respondents rank decreases in workforce productivity as a primary obstacle to achieving financial sustainability. However, disproportionately focusing on productivity—while not prioritizing a workforce culture aligned with organizational missions and values—will potentially drive expenses associated with increased burnout and turnover, which may offset gains achieved through productivity initiatives.




Workforce challenges are top-ranked market concern by 45% of respondents.



60% of respondents rank decreases in workforce productivity as a top challenge to achieving financial sustainability.

Healthcare executives are facing a depleted workforce, plagued by a constant churn of talent that is unlikely to change if the main drivers behind turnover and burnout are not addressed in the near-term—such as morale, motivation, and frustration. Notably, for physician practice executives, 35% ranked people/workforce talent as their number one short-term concern. As executives across the continuum look beyond three to five years, staffing shortages are the clear concern presenting challenges for long-term viability.

A woman with dark curly hair, wearing blue scrubs, is seated in a meeting. She is looking off to the side with a thoughtful expression. In the background, other people are seated, some wearing face masks. The setting appears to be a modern office or conference room with large windows.

Clinical staffing shortages were the #1 concern over the next 3-5 years.

# Contributors

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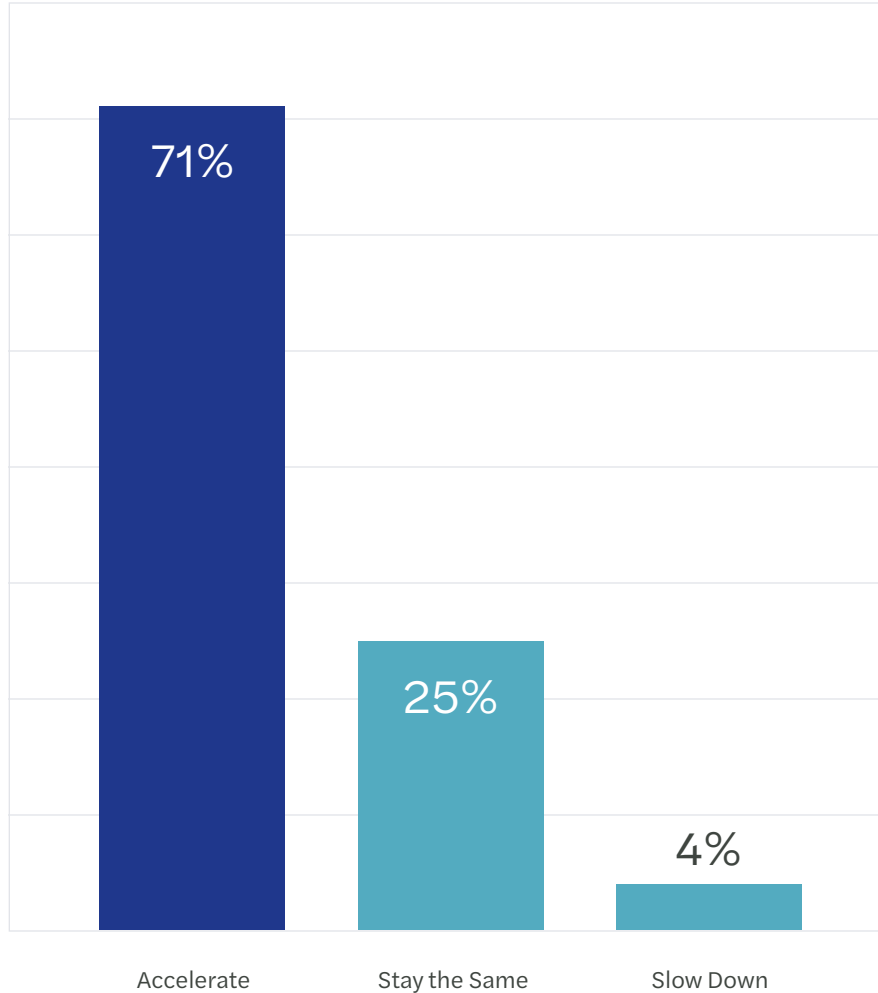


Mindsets 2024 Appendix  
**Complete Survey Results**



Q1

Anticipated pace of consolidations over the next two years:



Consolidation remains a core strategy for healthcare organizations to achieve sustainability and relevance within the healthcare marketplace, regardless of organizational type.

Q2

Preferred methods of consolidations foreseen in respondent's market/region:

- #1 Partnerships
- #2 Transactions *i.e.*, mergers or acquisitions
- #3 Affiliations

It is not unexpected to see partnership opportunities as the preferred method of alignment as capital and margins are being challenged and access to capital is being impacted by rising rates.

Q3

Most dominant driving factors behind market consolidations:

- #1 Financial Sustainability
- #2 Network Development
- #3 Contracting Leverage
- #4 Clinical Advancement
- #5 Community Benefit

These results reinforce that surviving in today's healthcare environment requires organizations to think about the right size and scale within their market and the affordability of operations.

Q4

How respondents see their organization primarily achieving growth targets over the next 2 years:

Inorganic growth 43%

Organic growth 57%

**Inorganic growth** i.e., mergers, partnerships, alignments and affiliations

**Organic growth** i.e., horizontal service line development, expansion of the continuum of care and/or general volume increases

The inorganic approach supports the continued pace of consolidations within the marketplace while organic growth supports the need for required discipline to develop community-oriented service lines, reimbursement, and value-based strategies as well as a continued focus on core operations.

Q5

Greatest near-term concern related to workforce:

#1 Burnout

#2 Scarcity

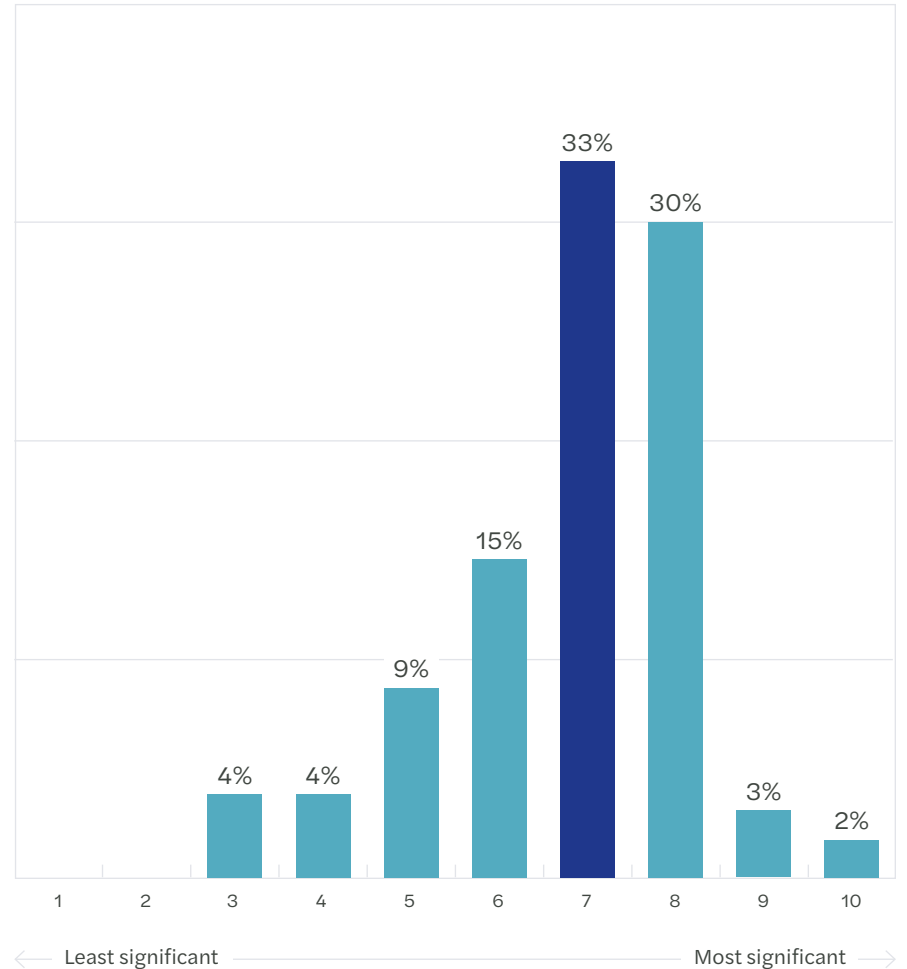
#3 Turnover

#4 Engagement

Burnout remains a prevalent challenge for healthcare executives. However, finding and retaining talent (scarcity and turnover) are pressing near-term concerns for the majority of respondents, given the financial challenges they present.

Q6

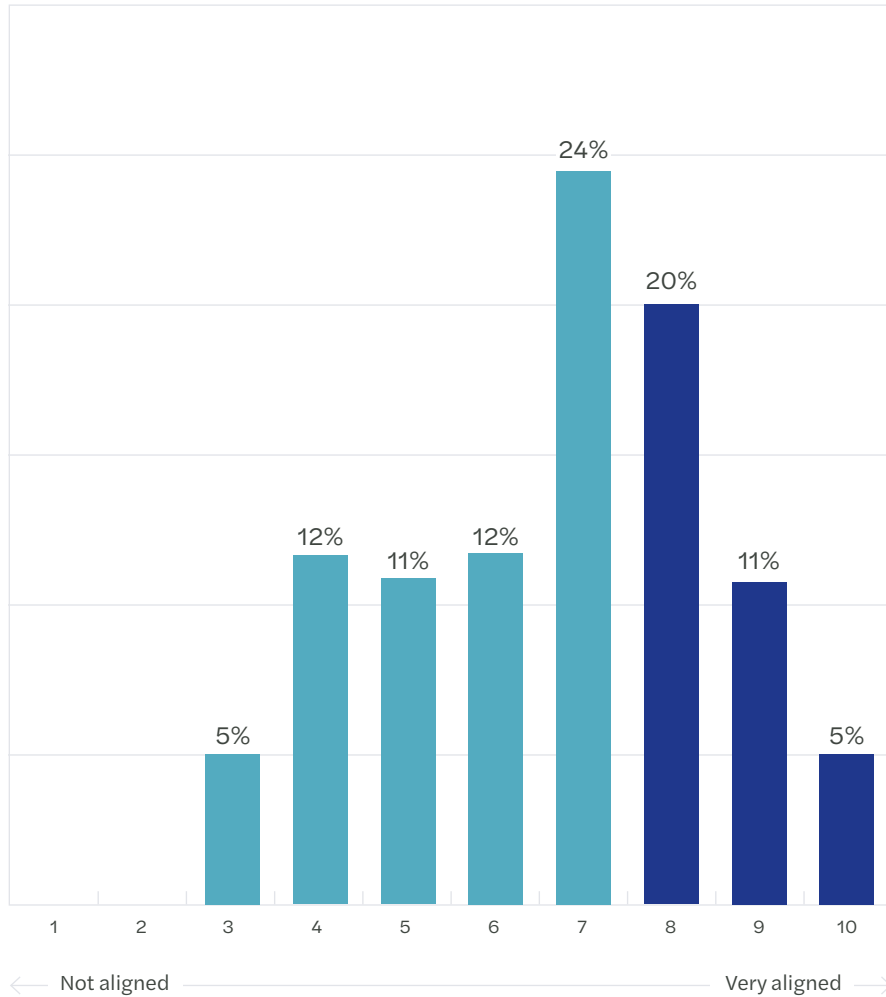
Characterization of change fatigue within a respondent's organization:



The majority of respondents rated change fatigue as seven or higher. Change fatigue threatens an organization's ability to transform to meet even modest growth goals. Understandably, the role most concerned about change fatigue was the CEO.

Q7

Alignment of an organization's value-based aspirations to its operational risk tolerance:



Approximately one-third of respondents believe their organization's value-based aspirations align with their operational risk tolerance, with respondents from Senior Living/LTC almost double that at 60%.

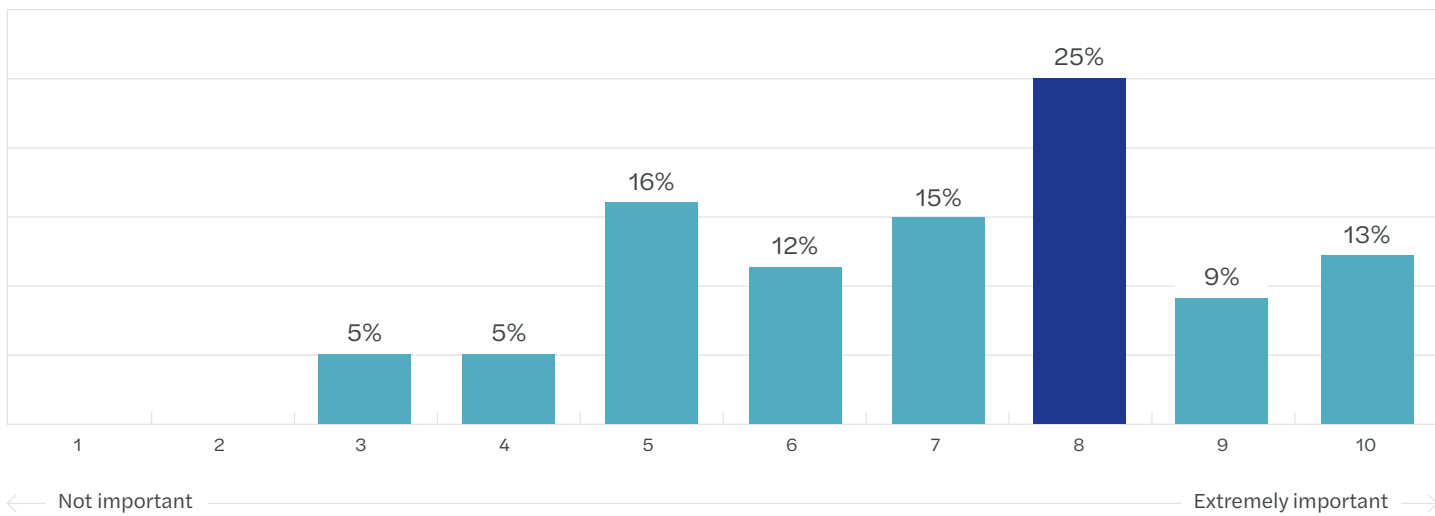


**Q8** Percentage of an organization's current third-party reimbursement that flows through value-based or risk agreements:

When taking into consideration the CMS goal of having 100% of reimbursement tied to value by 2030\*, it would appear the move to value may be slower than anticipated.



**Q9** Do you believe it is a strategic need for your organization to engage in more value-based arrangements?

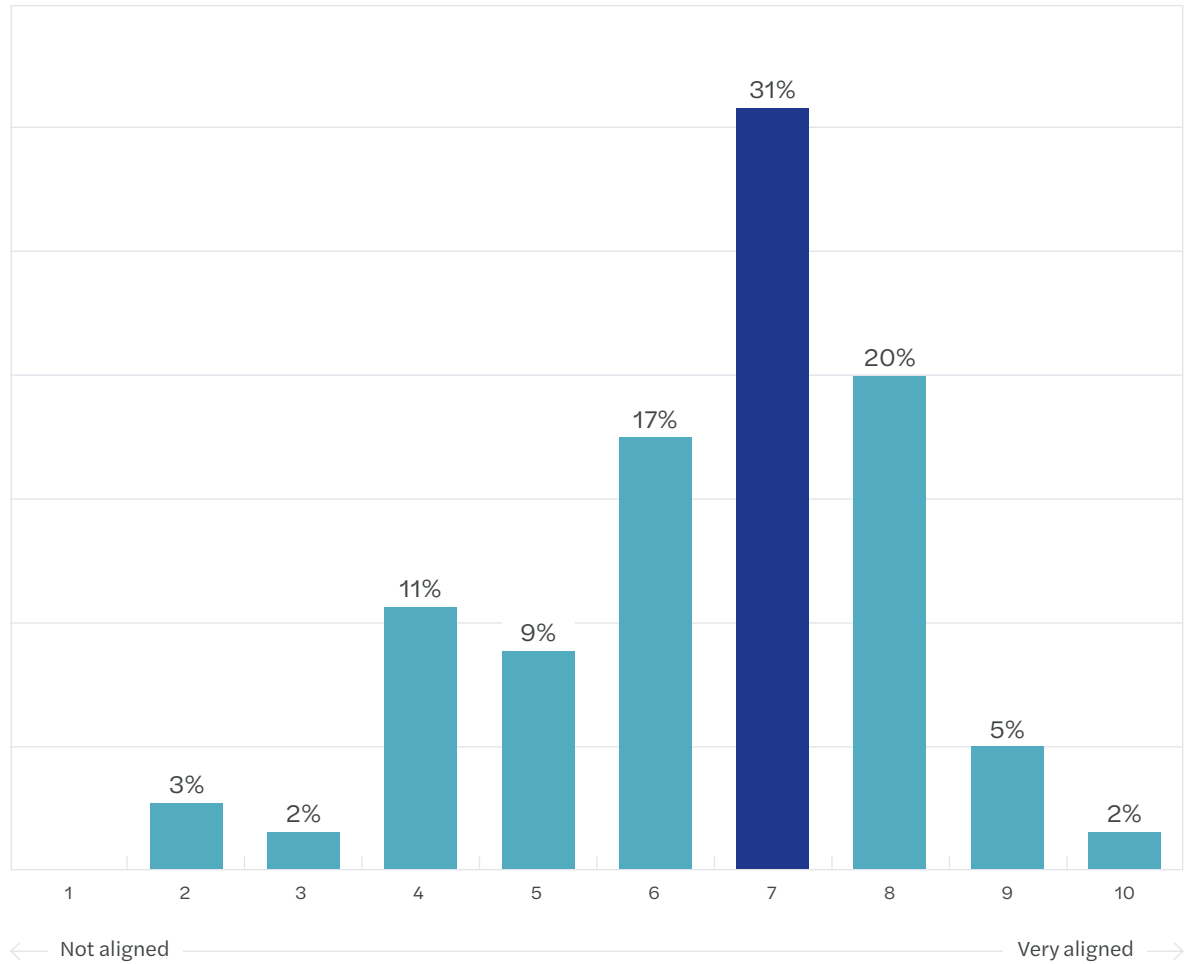


Nearly three out of four respondents indicated a strategic need for more value-based care arrangements in their organization; Community Health Centers (71%) and Senior Living/LTC (60%) are more likely to desire a greater need for increased arrangements.

\*CMS Announces Increase in 2023 in Organizations and Beneficiaries Benefiting from Coordinated Care in Accountable Care Relationship, cms.gov, January 17, 2023.

Q10

Alignment of current operating models and organizational capabilities *i.e.*, technological, clinical, etc. to an organization's value-based aspirations:



Less than a third of respondents ranked their current operating model and organizational capabilities as being aligned with value-based aspirations. Executives believe in the strategic importance of value-based care, but the traditional operating model and capabilities will not be sufficient to make this transition.





Q11

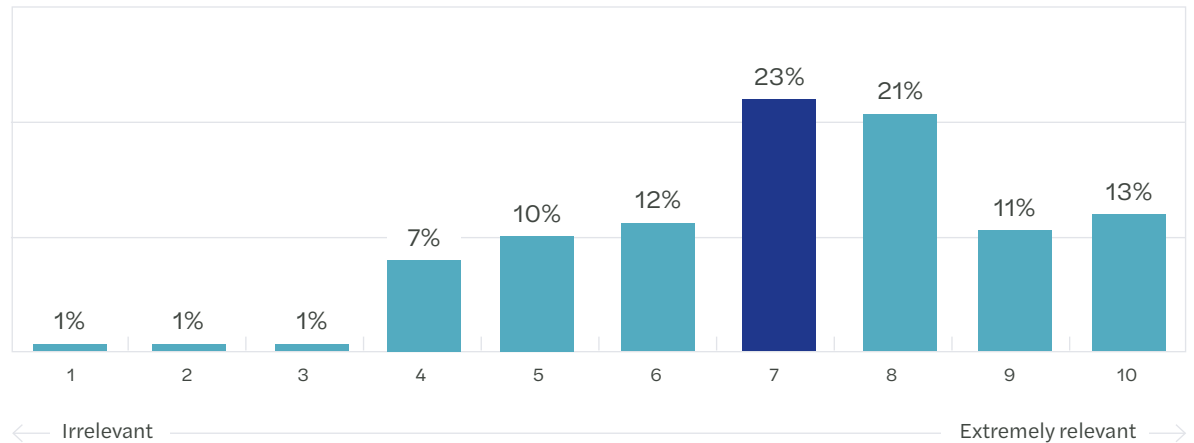
Frequency of completing an enterprise strategic plan:

Enterprise strategic planning completed every 3-5 years is no longer best practice, suggesting that business planning with a refined and ever-evolving strategy is the way of the future.



Q12

Relevance of an organization's current enterprise strategic plan to executives' routine decision-making process:

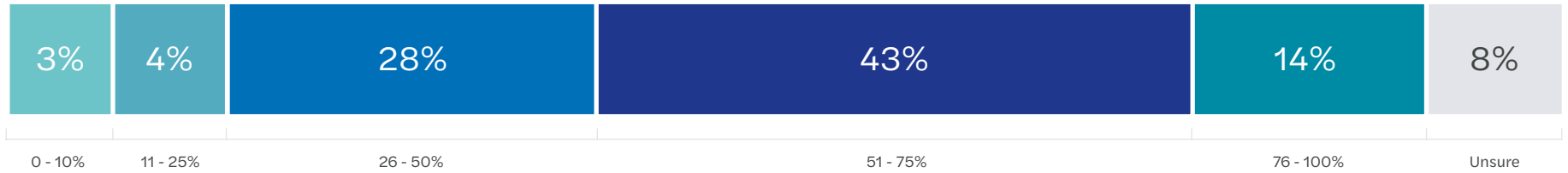


While over 75% of respondents indicated that their organization completes an enterprise strategic plan every 1-3 years, less than half of respondents indicated that their enterprise strategic plan was of high relevance (score of 8-10) to their routine decision-making process.

Q13

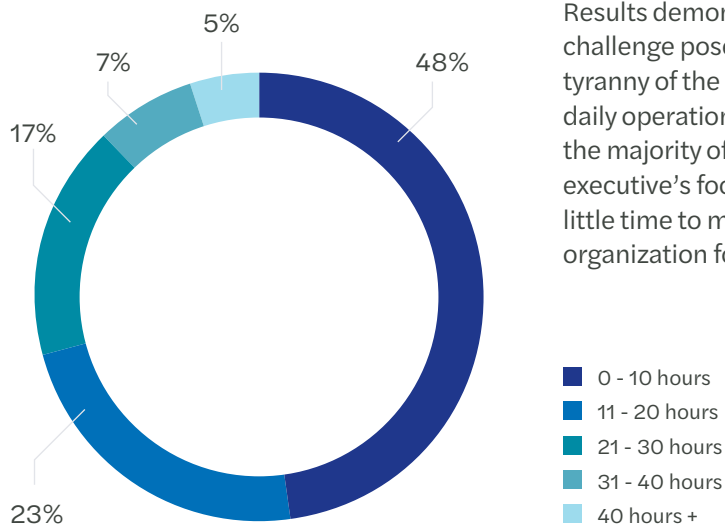
Percentage of an organization's latest enterprise strategic plan that was successful in meeting its stated objectives:

These results demonstrate the importance of not only setting aside time to develop a strategic plan, but dedicating time to prioritizing strategic initiatives and developing a thoughtful execution plan.

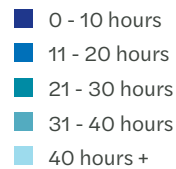


Q14

Hours dedicated to strategic planning activities each month:



Results demonstrate the challenge posed by the tyranny of the urgent—when daily operations consume the majority of a healthcare executive's focus, it leaves little time to move the organization forward.



Q15

Organizations' biggest challenge to achieving financial sustainability:

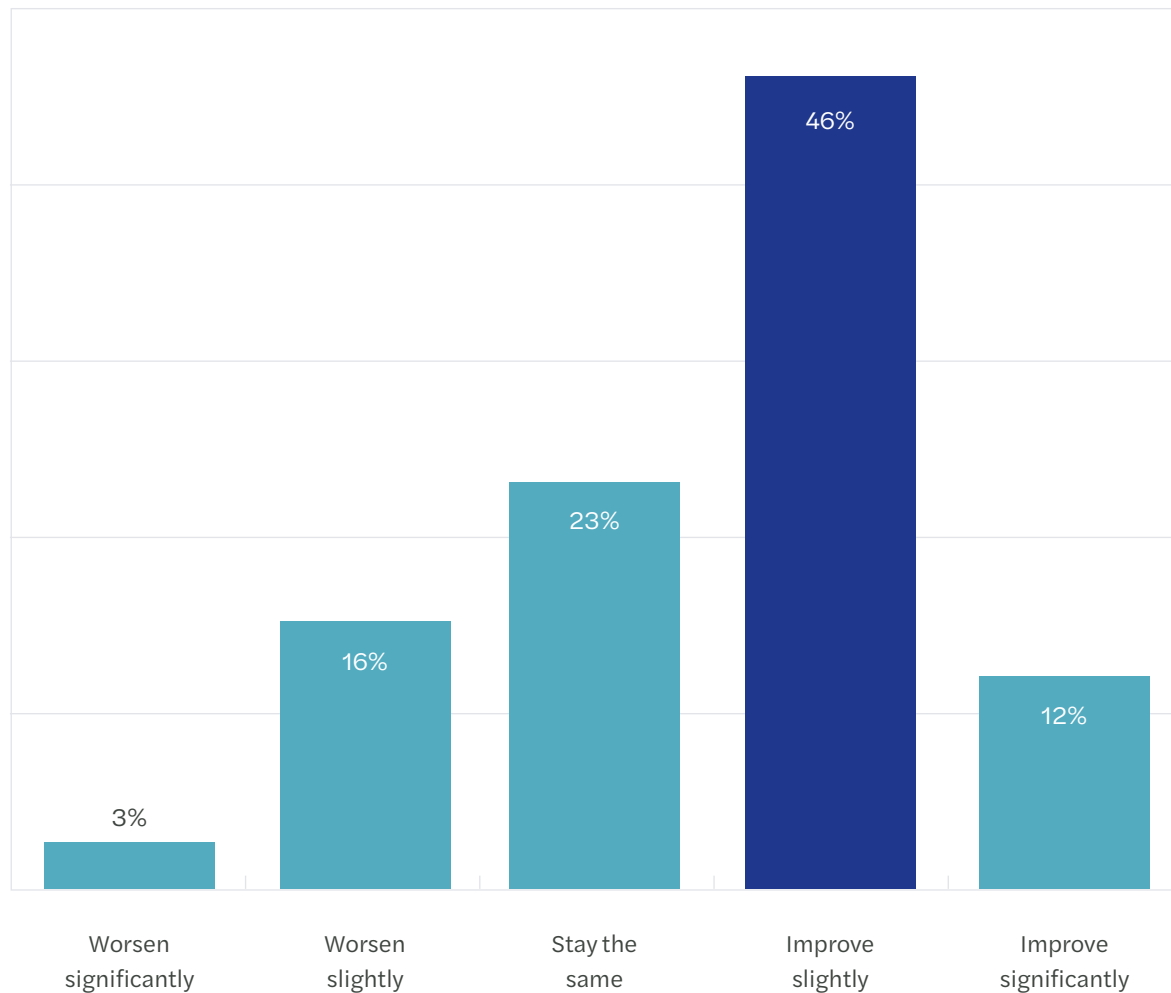
- #1 Revenue Cycle Challenges
- #2 Decrease in Workforce Productivity
- #3 High Labor Expense
- #4 Rising Physician Compensation
- #5 High Non-Labor Expense

Healthcare organizations are experiencing ongoing financial pressures, largely driven by revenue cycle challenges, declines in workforce productivity, and high labor expenses.



Q16

Expectation of change to future financial performance over the next 2 years compared to current financial performance:

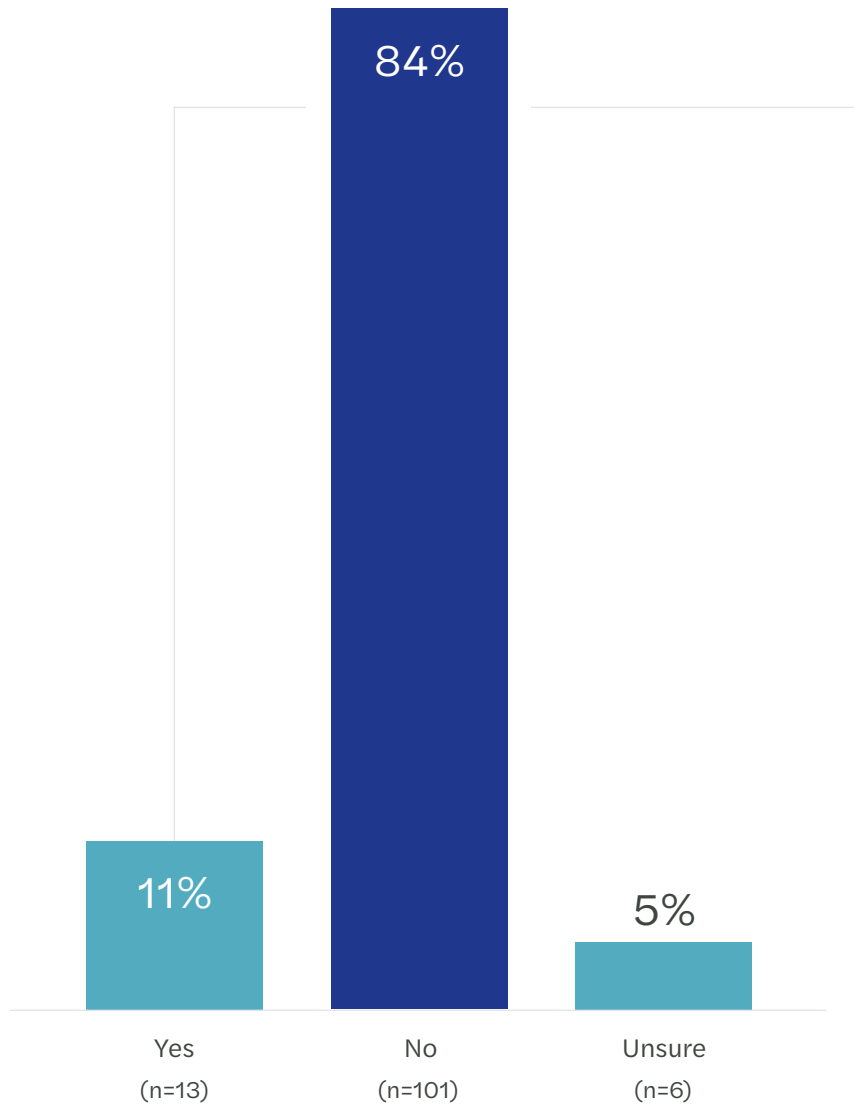


With core operations, revenue cycle, and labor expenses seen as the largest areas of opportunity for improvement, respondents are cautiously optimistic about achieving financial improvement in the short-term.



Q17

Has your organization violated or nearly violated its bond/debt covenants in the last year:



How organizations remediated the situation: ⊕

77% Developed an internal performance plan

54% Hired a third-party consultant

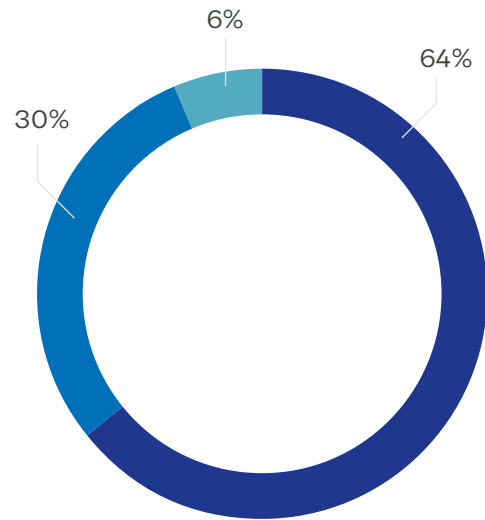
7% Negotiated with a debt holder

7% Requested a waiver from financial partner

As organizations continue to focus on financial sustainability, understanding and proactively managing debt covenants remains critical. While the majority of organizations were able to avoid breaching debt covenants, those that did, actively responded through internal performance plans and/or third-party consultants.

Q18

How organizations qualify their approach to reimbursement:



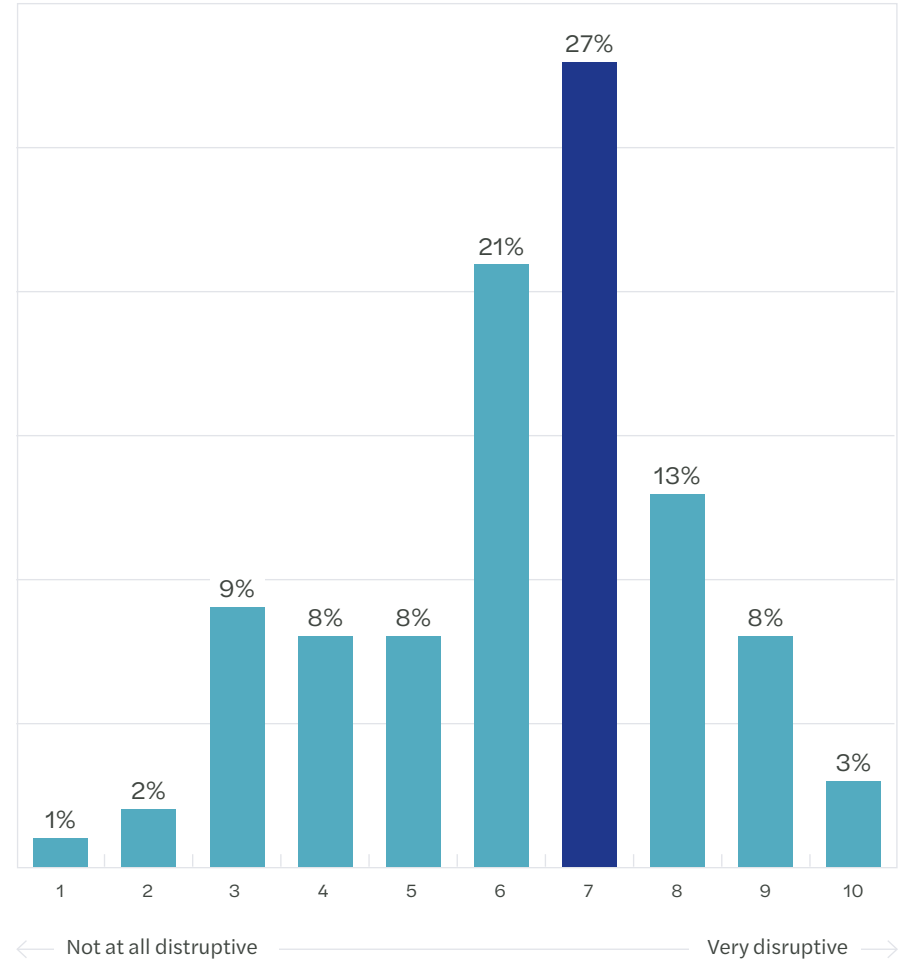
As positive margins continue to be hard to generate, looking for opportunities to receive the full amount of reimbursement an organization is entitled to is important.

- As a strategic function of the organization
- As a necessary compliance function
- Unsure



Q19

How disruptive are new reimbursement regulations to your organization?



Amid the many changes organizations are dealing with, more than 70% of respondents indicate that new reimbursement regulations are moderately to very disruptive. Adding complexity to existing regulations creates additional challenges for organizations.

**Q20** Most concerning market dynamics for organizations:

- #1 Regulatory Requirements
- #2 Current Operating Models and Cost Structure
- #3 Workforce Challenges
- #4 Economic Uncertainty
- #5 Non-traditional Provider Entrants *i.e.*, private equity

Organizations see external market dynamics like regulatory requirements as their top concern, but it is closely followed by internal dynamics, including current operating models, cost structure, and workforce challenges.

**Q21** Organizations' most immediate concern over the next 2 years:

- #1 Physician Alignment Strategies
- #2 M&A/Regionalization
- #3 Organizational Infrastructure/Agility/Model
- #4 People/Workforce Talent
- #5 Shifting Risk and Value-Based Care Development
- #6 Growing Innovation and Technology Platforms *i.e.*, AI and others
- #7 Cost Controls and Medicare Advantage Growth (both tied for #7)
- #8 Ambulatory and Outpatient Development
- #9 Acuity/Level of Service Growth

Physician alignment strategies ranked highest among the top two concerns highlighting the importance of integrating the physician voice in near-term planning and decision-making. However, the results of this question were incredibly close. Executives are faced with a number of imminent concerns.

**Q22** Organizations' most pressing concern for the next 3-5 years:

- #1 Clinical Staffing Shortages
- #2 Margin Improvement Pressures
- #3 Market Consolidation
- #4 Private Equity Players
- #5 Regulatory Compliance
- #6 Volume Growth
- #7 Leadership Talent

Clinical staffing shortages and margin improvement pressures remain top concerns. With the belief that margins will continue to be squeezed, organizations have an opportunity to drive top-line growth and reduce costs to circumvent expected negative margin headwinds.

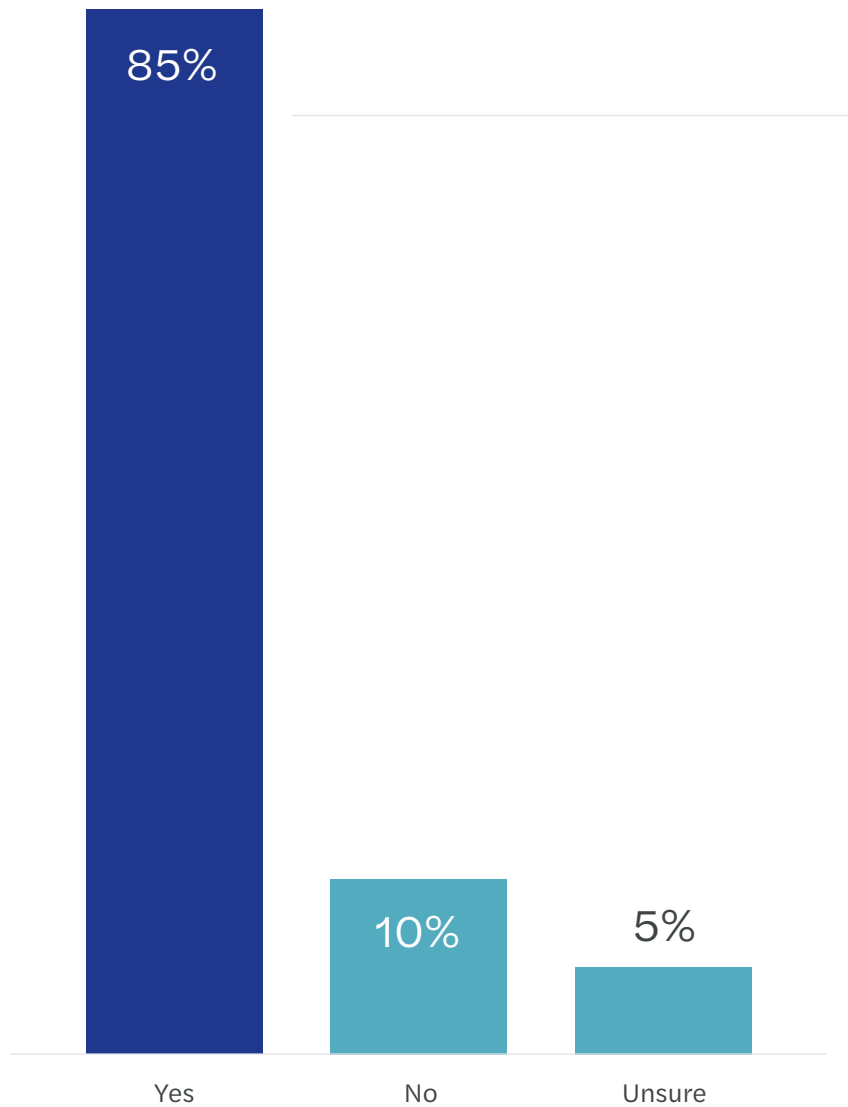
**Q23** Organizations' top concern over the next 5+ years:

- #1 Financial Sustainability
- #2 Third-Party Reimbursement Environment
- #3 Regulatory Complexities
- #4 Leadership Succession
- #5 Market Consolidation

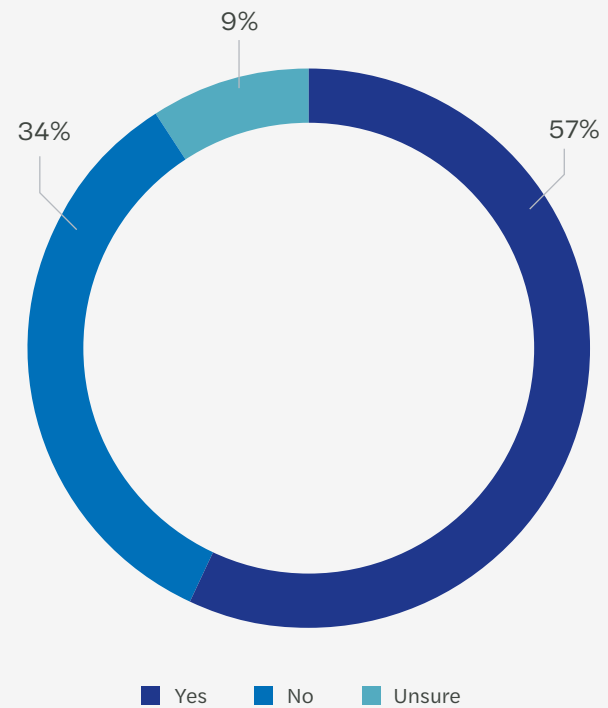
A strong response asserts that financial sustainability is the top long-term concern. Time and attention of leaders is devoted to building long-term margin and financial sustainability plans.

Q 24

Percentage of organizations that use benchmarking data to improve operations:



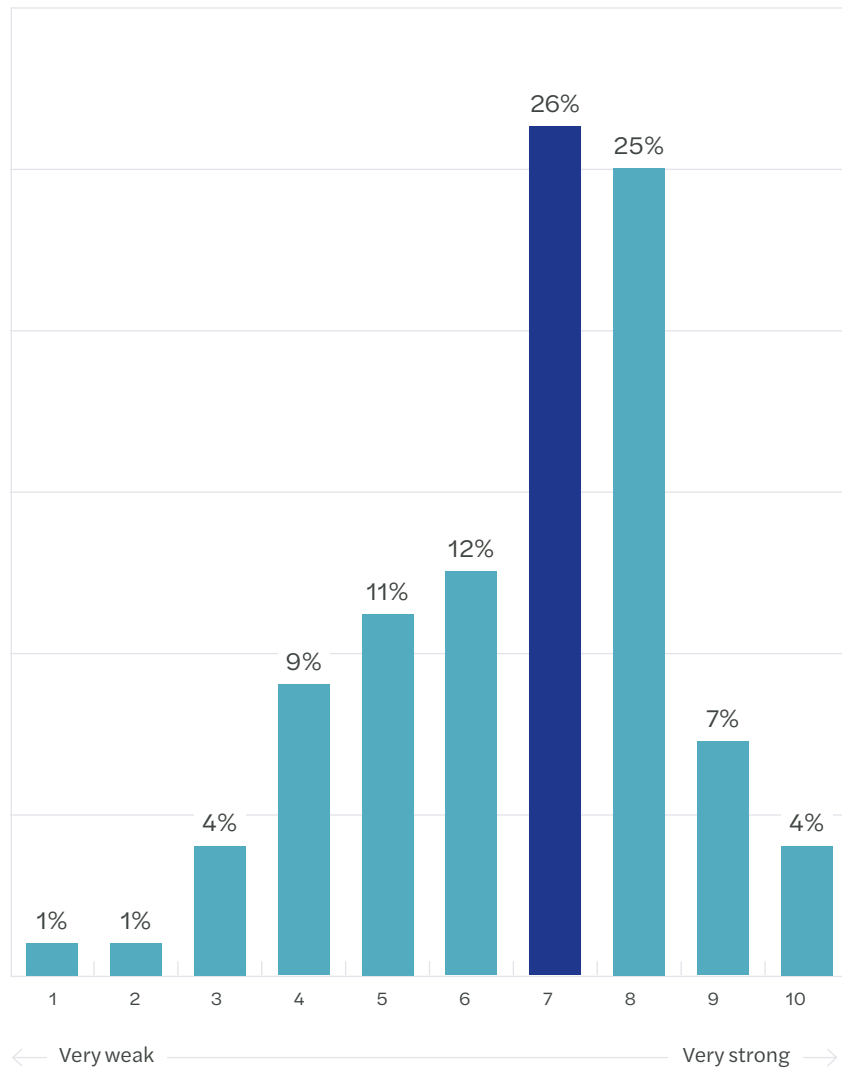
Also includes managed care benchmarking: +



While the majority of respondents use benchmarking data to improve operations, managed care benchmarking appears to be an opportunity for almost half of respondents.

Q25

Organizations' revenue cycle function strength/effectiveness:



Where organizations are struggling:

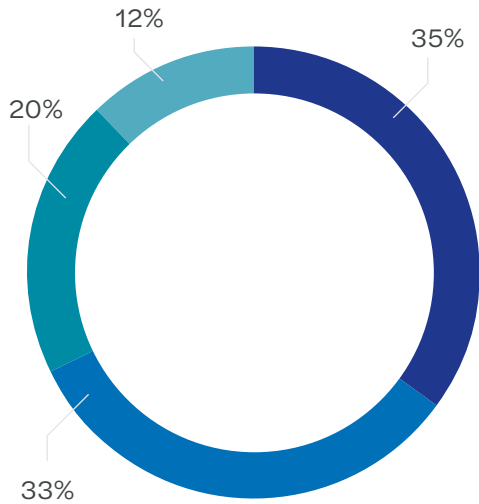


- 67% Denials management
- 64% Pricing and charge capture
- 61% Documentation and coding
- 54% AR management and cash posting
- 32% Scheduling and registrations

Executives who indicated their revenue cycle function was very to moderately weak (score of 1-5) pointed to denials, pricing and charge capture, and/or documentation and coding as major opportunities for improvement.

Q26

Where respondents foresee AI having the greatest potential impact in their daily operations:



Survey participants across all organization types believe AI's impact will be realized near equally within revenue cycle functions and clinical operations.

- Revenue cycle
- Clinical operations
- Patient experience
- Front desk management

Q27

Do you believe the implementation of AI will drive cost savings?

Survey participants from every organization type uniformly foresee the value and potential cost savings opportunities that will come from the promise of AI technologies—but not in the next two years.

Yes

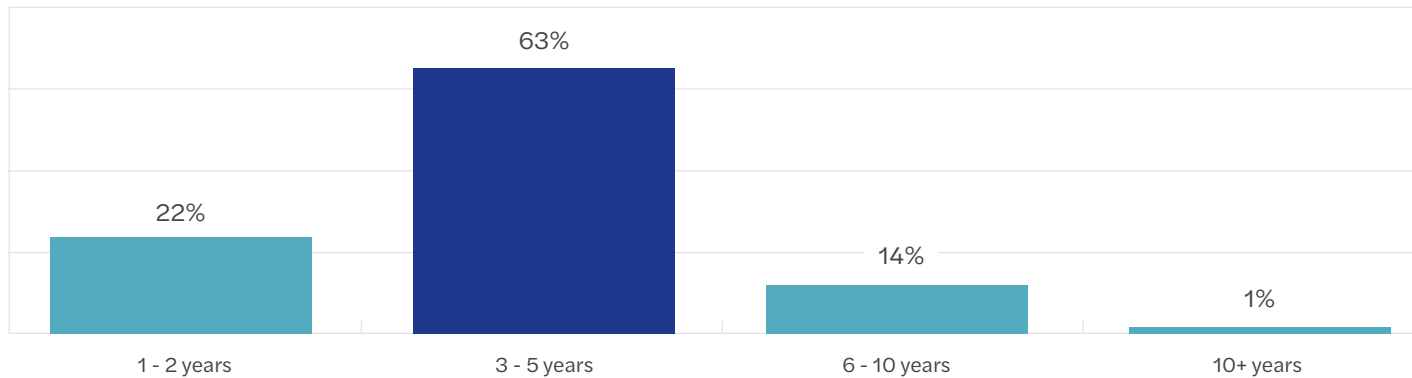
87%

No

13%

Q28

When respondents believe healthcare will truly benefit from AI technology:



The majority of respondents believe that the realization of value related to AI is still a few years out. AI is an evolutionary journey—we are at the forefront of understanding and realizing the implications and impact.

# Contacts

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