

**2021**

**WORKFORCE TRENDS  
REPORT SERIES**

# HEALTHCARE

Findings and insights from the 2021 Benefits Strategy  
& Benchmarking Survey

**U.S. Edition**



**Gallagher**

Insurance | Risk Management | Consulting

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# Introduction

Vital to helping other businesses and society at large prevent and recover from COVID-19, healthcare organizations—and their workforces—have been tested unlike any other.

An organization is as strong as its people. That's why wellbeing is at the center of Gallagher Better Works<sup>SM</sup>, our comprehensive approach that aligns your people strategy with your overall business goals. It focuses on the full spectrum of organizational wellbeing—taking a strategic approach to investing in employee wellbeing at the right cost structures to support diverse workforce needs.

Part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on 715 healthcare organizations that participated in our 2021 Benefits Strategy & Benchmarking Survey.

From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



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# Benefits Strategy & Benchmarking Survey Healthcare Participant Profile



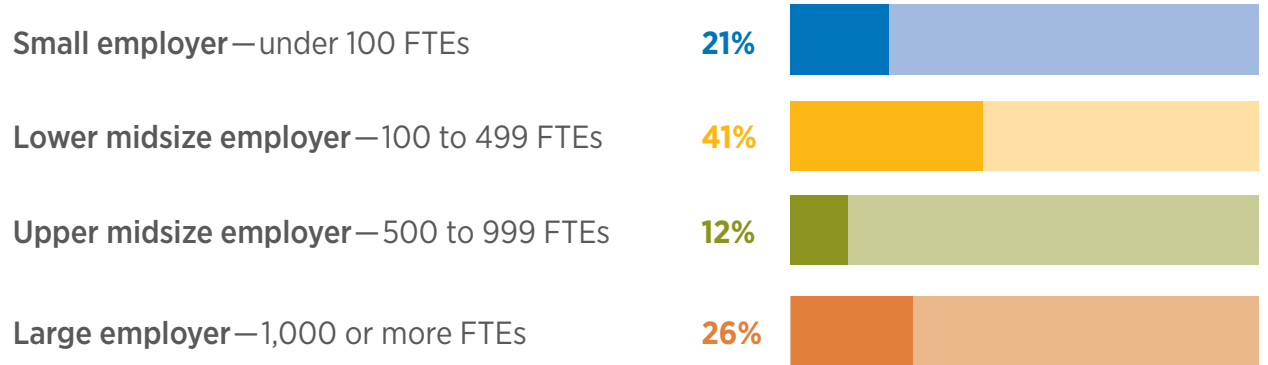
**715**

Healthcare organizations

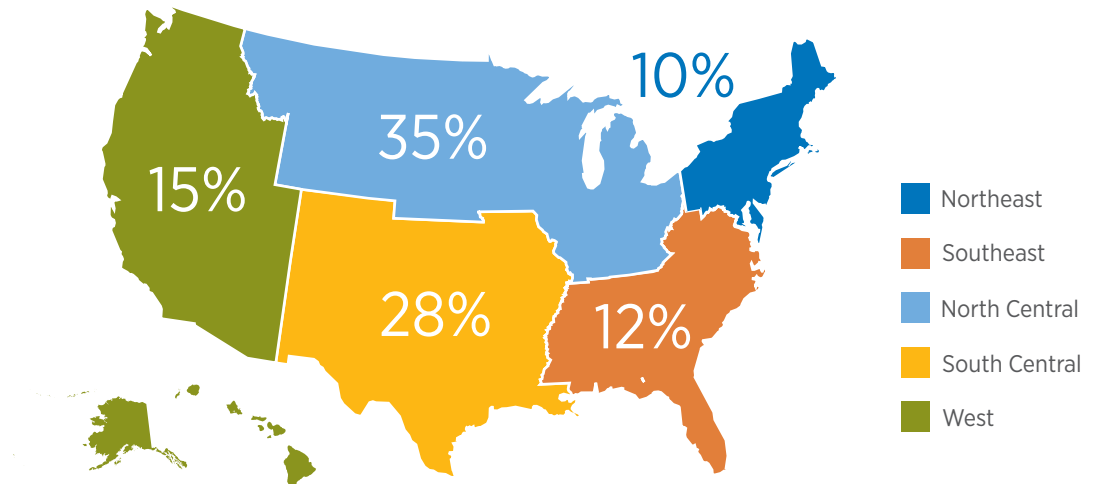
## Type of healthcare organization

- 17% Single hospital system
- 16% Independent hospital
- 16% Multi-hospital system
- 13% Medical group or clinic
- 4% Home health or hospice
- 4% Long-term care facility
- 4% Psychiatric hospital or behavioral health facility
- 26% Other healthcare organization

## Workforce size—full-time equivalents (FTEs)



## Geography



# Key Takeaways for Healthcare Employers

## People & Organizational Wellbeing Strategy



A carefully constructed and thoroughly communicated compensation and benefits strategy is pivotal for maintaining an engaged and productive workforce.

## Physical & Emotional Wellbeing



Cost-saving opportunities are available through better pharmacy benefit management and greater alignment of paid time off (PTO) policies with HR strategies.

## Career Wellbeing



Engagement strategies are underutilized, and contribution-based compensation could help address the nursing shortage.

## Financial Wellbeing



An adverse relationship between employee stress and financial wellbeing should not go left unchecked.

## Organizational Wellbeing



The continuing need to holistically support employee wellbeing is clear, but it requires a proactive, data-driven approach supported by leadership and clear communication.

# People & Organizational Wellbeing Strategy

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## Maintain an engaged and productive workforce.

Health systems and hospitals confront a diverse set of challenges that are all interrelated, ranging from hiring and engaging a workforce that delivers high-quality care to maintaining a sustainable level of revenue and market share. So it's no surprise that attracting and retaining a competitive workforce is by far the highest priority for both HR and operations.

To drive better outcomes, organizations need to be open to new ideas and attentive to changing employee needs. Taking a long-range view when planning—guided by key priorities, organizational goals and an understanding of where employee values lie—allows healthcare employers to build in resilience to change.



## Top challenges unique to hospitals and health systems

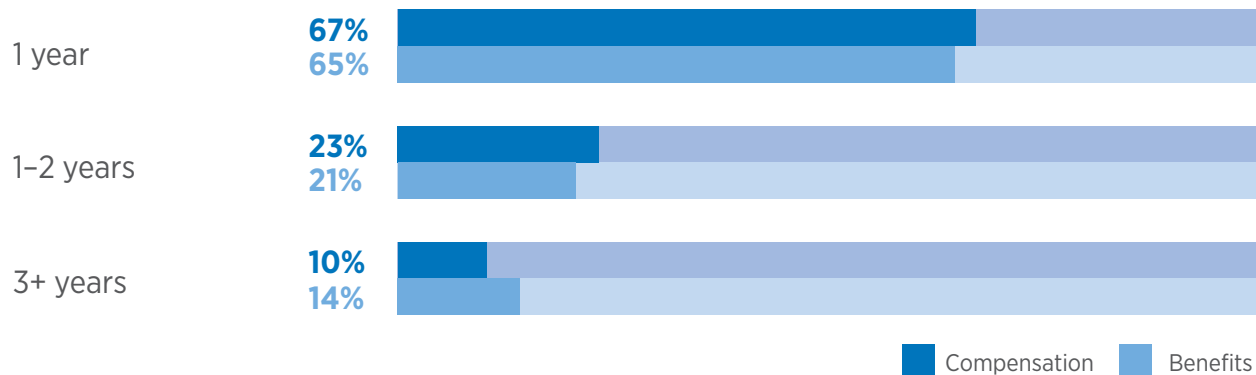
- 1 Attracting and keeping nursing staff
- 2 Improving overall morale within the organization
- 3 Improving staff performance to improve patient satisfaction
- 4 Reducing physician and staff burnout
- 5 Attracting and keeping physician staff

**53%** Expect to increase workforce headcount by 2023

Less than **1** in **4**

View compensation and benefits as investments in maximizing workforce performance

### Compensation and benefits planning horizon



Turnover rate of 20% or more in 2020



Actual



Targeted

Rank attracting and retaining a competitive workforce No. 1



HR



Operational

# Physical & Emotional Wellbeing

## Align cost-saving opportunities with innovative solutions.

Employers are looking for outside-the-box solutions to relieve cost pressures without shifting further financial responsibility to employees. Yet many are missing opportunities in the pharmacy benefit like carve-outs, changes to plan design and improved tactics to manage the use of specialty drugs. Employers should also be taking a hard look at agreements and contracts with third-parties, paying close attention to the appropriateness of discounts.

Unlimited PTO also merits a closer look, especially for leadership positions. It eliminates employees' inclination to use all their allotted days each year and their employer's need to consider cashing out any balance remaining within the PTO period. This can also help improve operating margins by reducing negative liability on the balance sheet. The added flexibility supports attraction, retention and productivity.





Top healthcare cost-management challenges

1

High cost of medical services

2

High cost of specialty drugs

3

Unhealthy covered population (employees and dependents)

Nearly 6 in 10

Increased employee cost share at the most recent renewal

62% Offer buyback of unused vacation or PTO days

1%

Offer unlimited PTO

3%

Are considering for 2023

13%

Carve out the pharmacy benefit

7%

Plan to by 2023

Common cost control tactics

Increase the employee contribution to the premium cost

50%



Increase the employee cost share through plan design changes

38%



44% Either don't know or don't use tactics to manage the use and costs of specialty drug benefits

# Career Wellbeing

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## Rethink compensation strategies to address the nursing shortage.

Engagement influences opportunities and outcomes for the organization, including enhanced operational and business performance, as well as reduced voluntary turnover. Inviting employees to individually share their thoughts and opinions demonstrates genuine concern about the employee experience.

A market competitive compensation package is expected and plays an important role in optimizing engagement. Differentiating compensation based on contribution to overall organizational success can support areas with shortages of employees (like nursing staff) that have a direct impact on care delivery, patient satisfaction and revenue.



Top tactics used to increase engagement

1

Give timely and constructive feedback

2

Communicate in a way that fosters trust and confidence

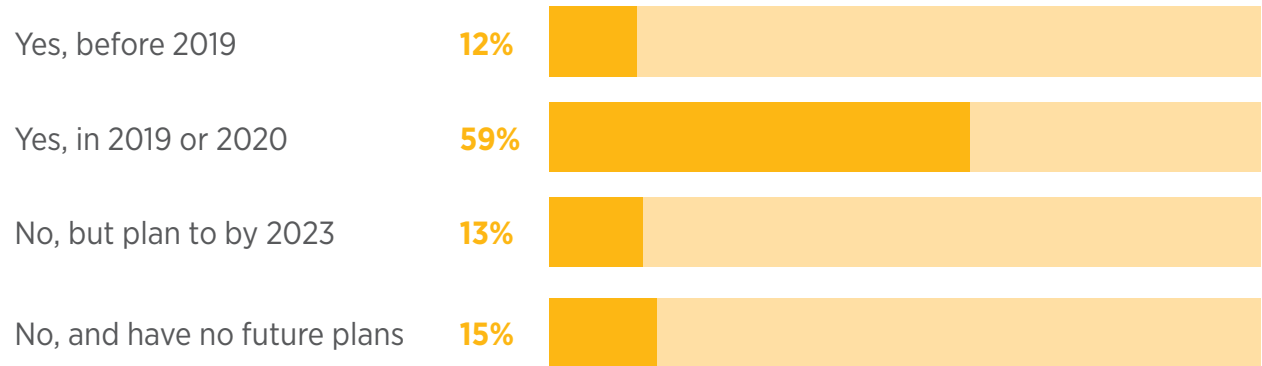
3

Provide performance-based recognition

3 in 4

Are prioritizing attracting and keeping nursing staff over the next three years

Have conducted a survey to measure workforce engagement



61% Believe their workforce is highly engaged

56% Use engagement surveys to measure employee communication success

Total rewards elements enhanced to meet recruitment and retention objectives

79%

Base salary

39%

Variable compensation or bonus programs

# Financial Wellbeing

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## Develop a strategy to effectively relieve employee financial anxiety.

While the threat of COVID-19 to physical health is still serious, the strain of coping with lifestyle changes, financial worries and other anxieties caused by the pandemic affects far more employees.

Once developed, an effective financial wellbeing strategy can perform well with routine maintenance. Outside expertise is often helpful in laying the groundwork and optimizing results. Professional communication advice can also serve an important purpose—providing insight on motivating retirement plan participation to boost organizational value.



# Financial Wellbeing

**45%** Indicate financial wellbeing has become more important since 2019

## Common financial wellbeing programs and resources

- 71%** Employee discount programs
- 64%** Financial advisor sessions
- 46%** Financial literacy and other educational opportunities
- 26%** Student loan repayment programs
- 23%** Debt counseling

**95%** Have a retirement program

**8 in 10**

Match employee contributions

## Methods used to promote better savings habits

**48%**

Auto-enrollment

**23%**

Auto-escalation

## Percentage of employee contribution matched



## Maximum matched as a percentage of salary



# Organizational Wellbeing

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Take a proactive, comprehensive approach to supporting the whole health of employees.

Employers can only achieve the full potential of employee wellbeing by integrating its physical, emotional, career and financial aspects. There's a clear link between whole health, engagement and productivity. And right now, focusing on emotional wellbeing in particular is especially important to help reduce stress and burnout in the workforce.

Yet many healthcare employers are still taking a reactive approach to wellbeing, adding solutions in an ad hoc manner to address needs. Leveraging data can help provide an accurate depiction of employee and organizational health. And when the approach to wellbeing is supported by leadership and clear communications, employers secure a better future by delivering a better employee experience.



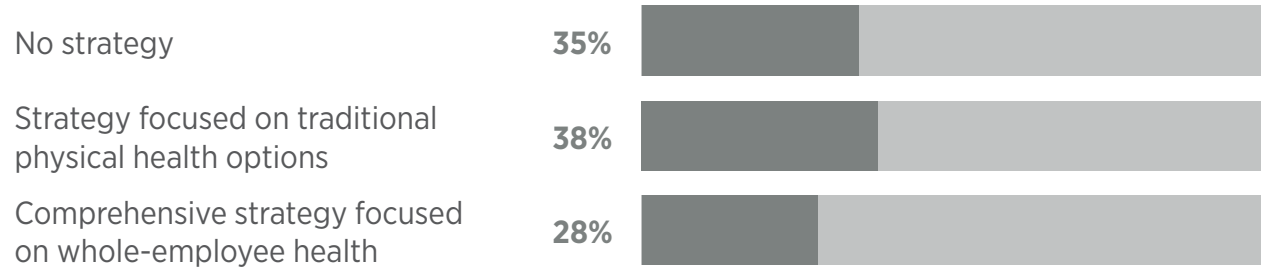
## 21%–40%

Most common wellbeing program participation rate

### Emotional wellbeing programs and resources offered

- 90% Employee assistance programs
- 48% Flexible work arrangements
- 43% Classes to promote emotional wellbeing
- 17% Onsite meditation rooms

### Scope of the wellbeing strategy



**↑ 13 points since 2020**

Increased prioritization of the social aspects of emotional wellbeing over the last two years

**44%** Agree their organization has an effective strategy to create or sustain a culture of total wellbeing

**37%** Think their organization's communication with employees creates tangible results or behavior change

# Final Remarks

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The major disruptions of the pandemic have created a unique opportunity for healthcare employers to reimagine their approach to total rewards.

Stepping outside of the norm, it's essential to make decisions informed by workforce preferences. This requires a platform for employee feedback, and intentional efforts to understand the diverse demographics of your workforce and their unique needs.

In an industry where employees are dedicated to caring for the overall wellbeing of others, successful attraction and retention of key employees, including nursing staff and other care delivery professionals, is contingent upon taking a more holistic and comprehensive approach to employee wellbeing.

A strategy rooted in improving the wellbeing of your people is one that enhances organizational wellbeing.

For additional insights and custom benchmarking on the latest trends impacting healthcare employers, contact your local Gallagher consultant.



# About Gallagher

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Pursuing “better” is an ongoing journey. Employers of all shapes and sizes, in all parts of the world, are acutely aware that people’s changing expectations demand more from the organizations and brands they invest in. And nowhere is one person’s investment—and their expectation for better—more apparent than in their choice of employer.

Now more than ever, employers have an opportunity to secure a better future by delivering a better employee experience. Building a workplace that works better means helping your employees succeed by supporting their ability to invest more fully in themselves, their communities and their organization’s wellbeing.

Gallagher Better Works<sup>SM</sup> is a comprehensive approach to your people strategy that aligns the diverse expectations of your employees with your overall business goals, at the right cost structure. Using data-driven insights, you’ll be empowered to recruit, retain and retire vital talent through intentional, sustainable investments in your employees’ physical, emotional, financial and career wellbeing.

Your people excel when you purposefully cultivate the employee experience—with benefits, compensation, HR programs, and ways of working that help energize and balance all aspects of their lives. Create a sense of belonging, purpose and trust with an approach that’s rooted in the wellbeing of your people. That’s how you keep moving toward your better—ensuring your organization can thrive—even in times of uncertainty.



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