





Understand your customer: Hospitals and health systems

From site-of-care shifts to workforce shortages, the hospital and health system sector can be difficult to understand. This cheat sheet helps cross-industry stakeholders stay up to speed on key trends and forces impacting their customers in the hospital and health system market. Use it to better understand your customers, support their top priorities, and improve partnership opportunities.

4 trends to understand hospital & health system outlook

Theme	Trend	Supporting evidence
 <p>Site-of-care shifts</p>	<p>Health systems navigate site-of-care shifts with investments in diversified assets and a focus on physician alignment.</p>	<ul style="list-style-type: none"> • 88% of hospitals & health systems report observing active migration of care to non-hospital sites. • Growth strategies focus on ambulatory spaces, keeping patients within their network, and acquiring physicians.
 <p>Margin management</p>	<p>Financial challenges prompt health systems to explore margin-enhancing tactics across the revenue cycle.</p>	<ul style="list-style-type: none"> • 46% of hospitals & health systems report both an increase in total volumes and deterioration in margin compared to February 2020². • As utilization rebounds limit traditional cost-cutting tactics, leaders turn to the revenue cycle for financial relief.
 <p>Workforce volatility</p>	<p>Workforce volatility leads health systems to experiment with new care team designs and technology augmentation solutions.</p>	<ul style="list-style-type: none"> • The #1 concern in 2021 for hospital CEOs was personnel shortages. • 58% of nurses reported actively looking or planning to leave nursing or retire in 2022. • Hospitals & health systems are experimenting with AI technology to assist with clinical note taking.
 <p>Health equity</p>	<p>Health systems increasingly see the value of investing in health equity and addressing SDOH¹, but real change will require long-term commitment to action across the healthcare ecosystem.</p>	<ul style="list-style-type: none"> • 1,705 hospitals and health systems pledged to American Hospital Association's campaign to eliminate healthcare disparities • Despite investment, 60% of overall health is determined solely by zip code and is one of the most significant components of life expectancy

1. Social determinants of health
 2. Advisory Board Health Systems Survey

Source: Advisory Board Survey of Health System Strategic Planners, November, 2022; "Survey: Workforce Challenges Cited by CEOs as Top Issue Confronting Hospitals in 2022," American College of Healthcare Executives, February, 2023; "State of the Long Term Care Industry," AHCA NCAL, September 2021; "Your zip code is more important than your genetic code," National Community Reinvestment Coalition, June 2021; "2022 Frontline nurse mental health & well-being survey," Trusted Health, 2022.

Conversations you should be having with your hospital & health system partners

Use these questions to foster actionable dialogue with your hospital and health system partners.

01

What tactics have you used to combat acceleration in site-of-care shifts locally? To what extent are you partnering with physicians to provide patients with community-based care options?

02

Will targeted cost-cutting actions be enough to stabilize your margins? To what extent will you turn to more drastic actions impacting access to care and the clinical workforce?

03

How are you optimizing your existing staff resources?
How are you positioning yourself to be the physician employer and practice acquirer of choice?

04

What steps are you taking to advance health equity?
What are your ambitions— and where are you running into challenges?

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