



Hospital Industry Key Challenges Analysis

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Introduction

2023 has been and will undoubtedly be a tumultuous year for the hospital industry due to the remnants of the pandemic. One of the largest management consulting firms globally, McKinsey, projects that the pandemic could cost upwards of \$200 billion annually in long-term prevention and treatment costs. Furthermore, there have been drastic shifts in the hospital industry's payer mix; analysts expect the government sector to be "50 percent larger than commercial segments by 2026" (Patel and Singhal 2023). This is still not mentioning possible disruptive technologies. And while these circumstances have altered much of the status quo, they also present new opportunities for businesses to arise or grow.

Objective: The purpose of this research paper is to analyze the key challenges in the hospital industry for 2023, identify new business opportunities, and explore the segments to focus on for existing hospitals and consultant agencies.

Results

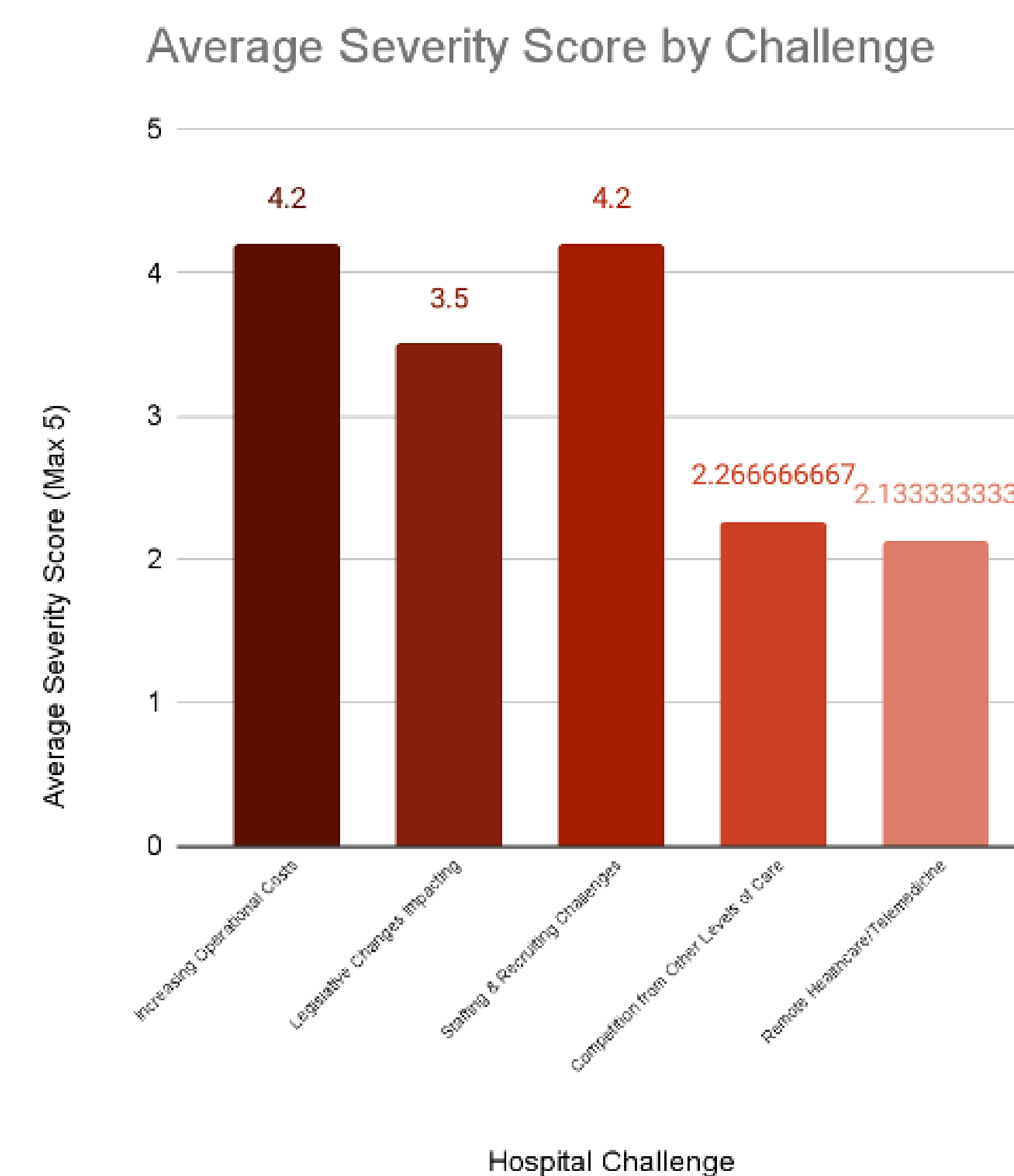


Figure 1.1: Aggregate hospital industry analysis

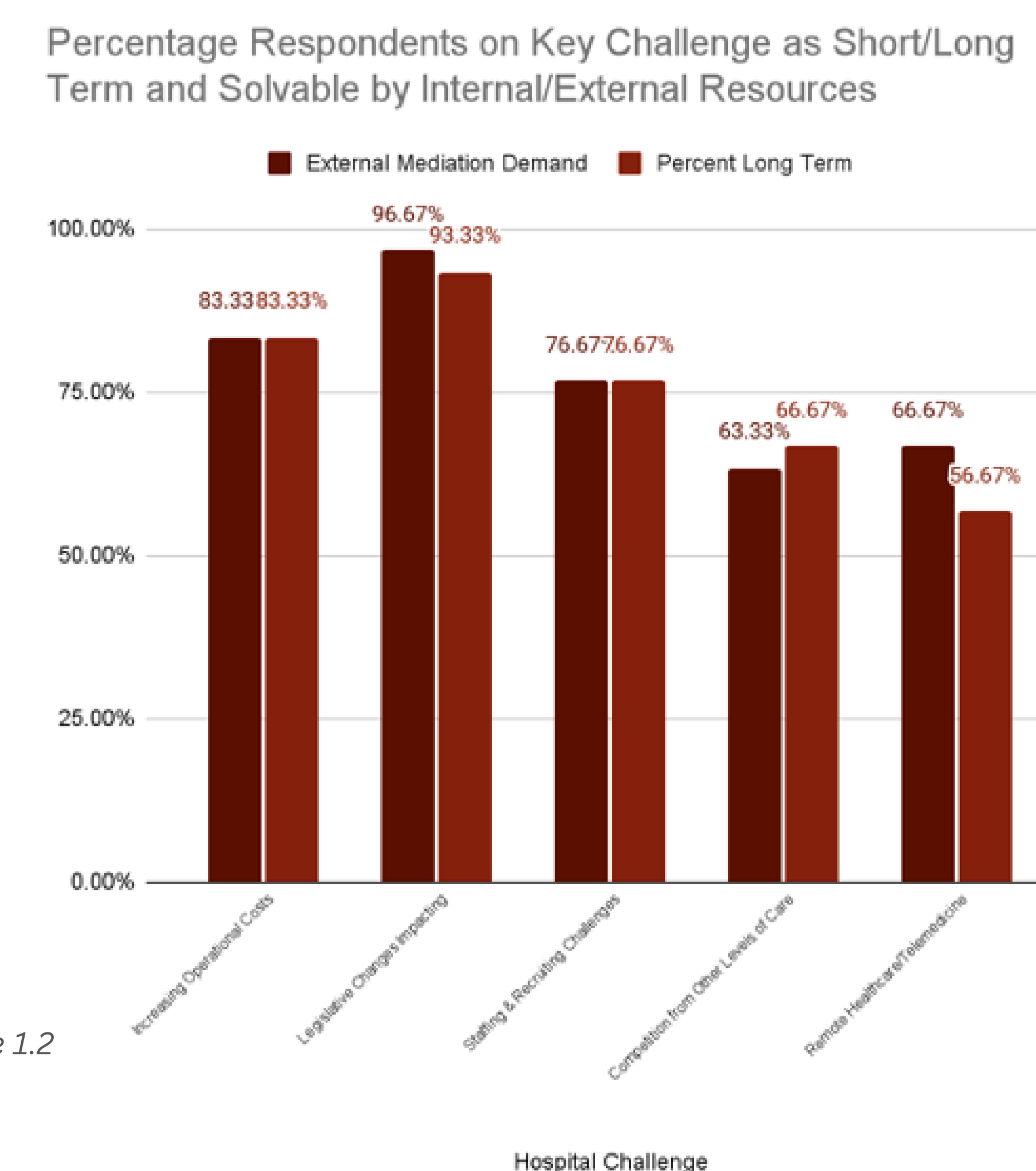


Figure 1.2

Figure 1.2: Overall respondent agreement per provided key challenge on resources required and duration

Methodology

A survey was sent out from February to March of 2023 to over 40,000 hospital executives across the United States. Respondents were asked to rate five provided key challenges (increasing operational costs, legislative changes impacting reimbursement, staffing & recruiting, competition from other levels of care, and remote healthcare/telemedicine) based on a Likert-scale rating of 1 to 5, and/or provide their own challenge. Additional information was requested, such as their position, hospital type, and whether they thought the challenges were long-term and required external resources.

Key Metrics:

- Average Severity Score
- Percent Respondent Agreement

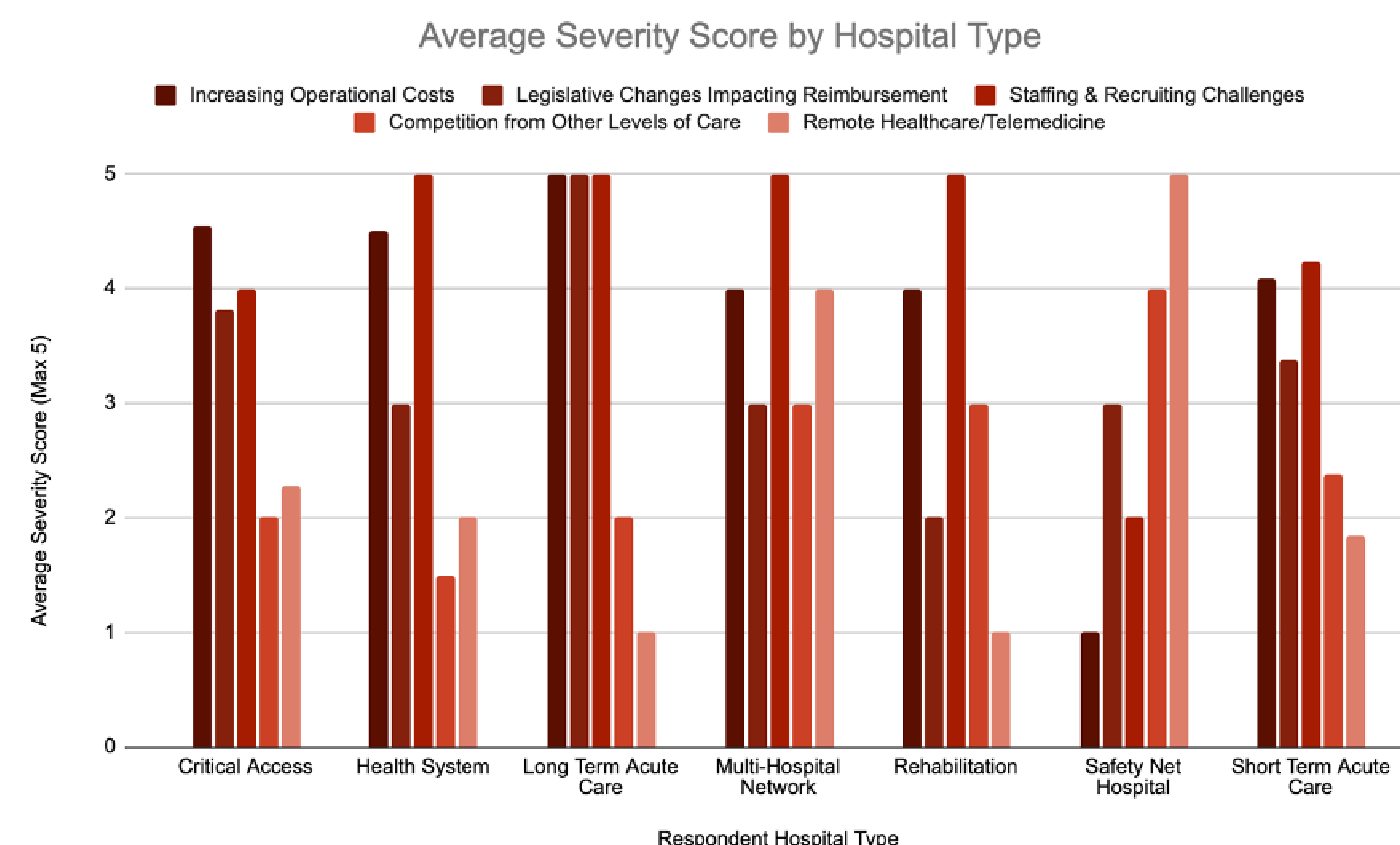


Figure 2.1: Breakdown of challenges by hospital type; hospital type designation is based on government designation and/or operational specification

Respondent-provided Additional Challenges

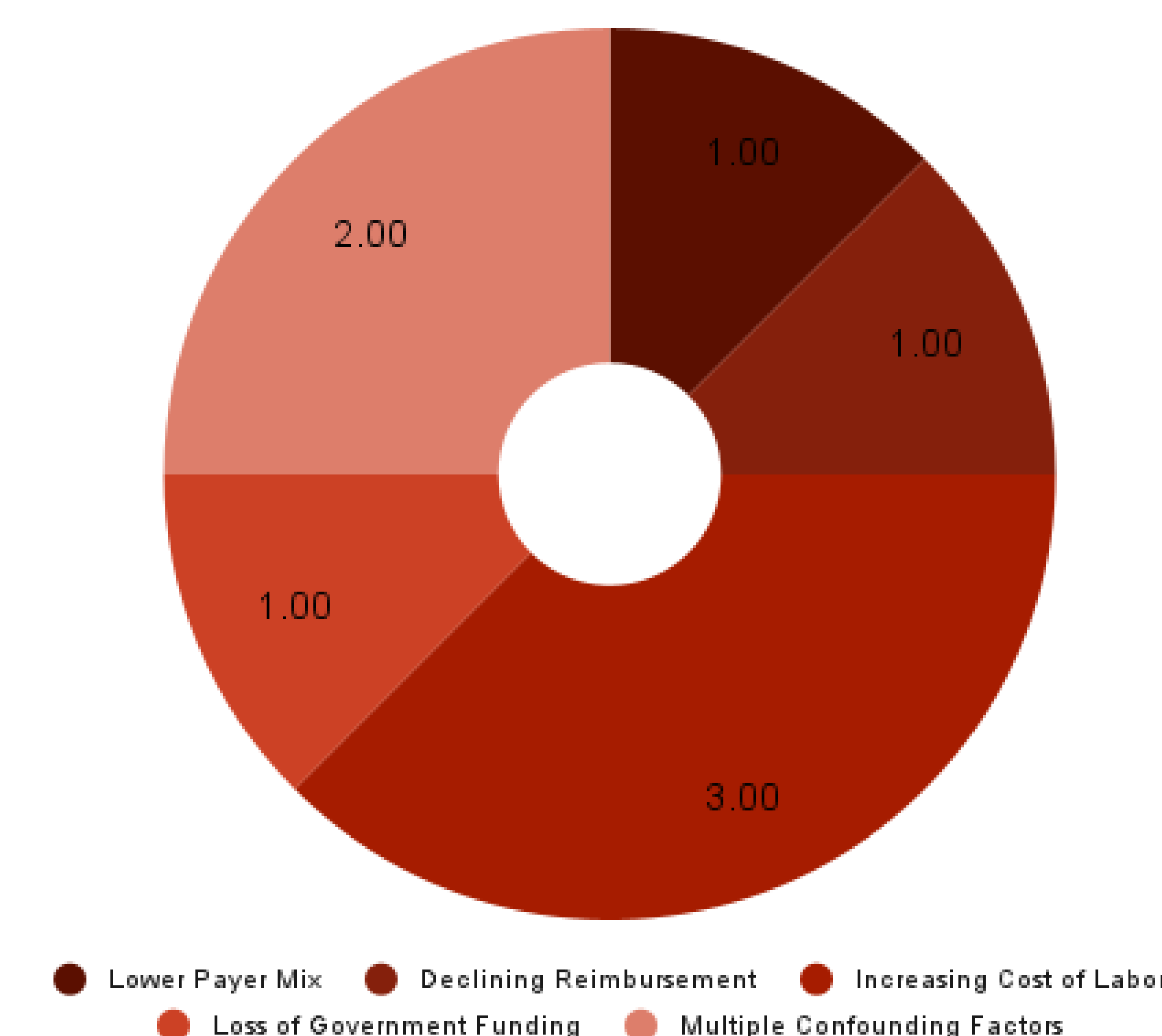


Figure 2.2: Additional respondent provided challenges by number of submissions

Conclusion

The conclusion is not as simple as Figure 1.1 may suggest. While increasing operational costs is the leading driver, several challenges are interlinked to it, and hospital types may be dealing with different challenges to varying degrees due to their operations and revenue structures. There certainly are opportunities for external consultants to address; however, it is difficult to say that there is one unique challenge to target. Instead, market demand exists for various difficulties currently in the hospital industry, and it is more important to focus on the specific area of concern instead of looking exclusively at the macro-industry trends.

Discussion

While the results of the survey are sufficient to draw a pulse on the market sentiment, it is important to consider that only 30 respondents were considered. This means that only 0.07% of the national executive population was about to voice their opinion.

Still, there are multiple facets to take from the results. From a hospital, consultant, or business startup perspective, the industry demand for solutions is very apparent. These should be applied to develop more effective business plans to tackle the coming year. Concerning further studies, these results could be used to track hospital challenges long-term and better track developments or develop benchmarks.