HEALTHCARE DIVERSITY IN THE SPOTLIGHT

AMN® Healthcare

AMNHealthcare.com

HEALTHCARE DIVERSITY IN THE SPOTLIGHT

The dramatically heightened national attention to racial justice has foregrounded the discussion of diversity in healthcare. The issue has multiple contours, and progress depends on a deeper understanding of all of them. This report draws on independent research and experience to present information on current industry status, influences that must be addressed, and promising success strategies in three key areas: Recruiting, Growing the Academic Pipeline, and Workforce Development. The analysis takes into account the implications of the coronavirus crisis.

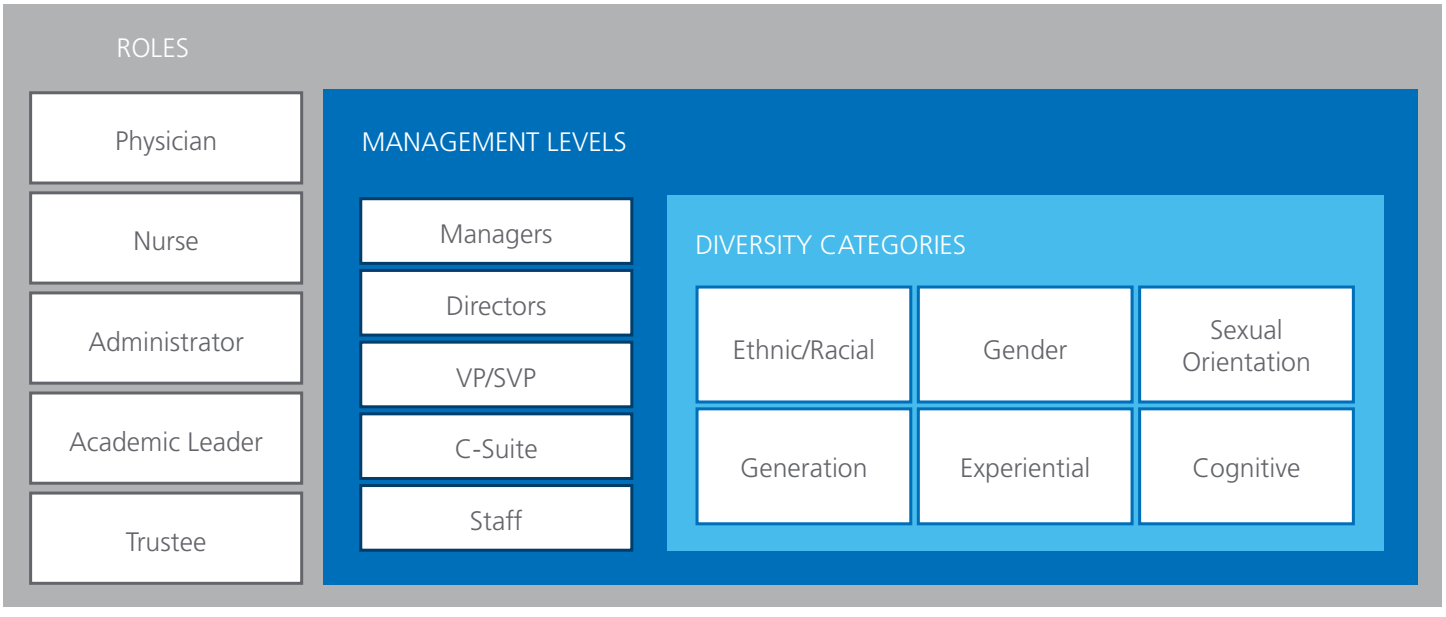
THE BIG PICTURE OF DIVERSITY

At the outset, the relationship should be noted between diversity, equity, and inclusion (DEI), a synergistic triad. Despite some definitional variation, **diversity** generally refers to hiring people with different backgrounds, **equity** suggests fair treatment and opportunities for all individuals, while **inclusion** describes ensuring that all feel they belong and are valued. When executed well, this triad is conducive to a healthy, engaged, and participatory workforce.

Another important foundational concept is that diversity is multidimensional. AMN has consistently identified what it terms the "complexity of diversity." Organizations must address diversity on at least three levels. (Figure 1)

FIGURE 1

HEALTHCARE'S COMPLEXITY OF DIVERSITY



DIVERSITY CATEGORIES

Health systems, hospitals, and groups must track six diversity categories to develop comprehensive strategies:

- **Gender.** Male/female parity in the executive suite and many physician specialties continues to be a challenge, even though women comprise two-thirds of the industry's workforce.
- **Racial and ethnic.** Historically underrepresented groups include Black, Hispanic, Native American, and others.
- **Sexual orientation.** Leaders and experts increasingly view diversity through an identity lens rather than just demographics. The result is growing attention to the health needs of LGBTQ individuals and corresponding desire to include this group in the workforce.
- **Generational.** Organizations are now managing five generations with sometimes differing motivations – Traditionalists, Baby Boomers, Generation X, Millennials, and Generation Z. Broad generational inclusiveness fosters a vibrant organization.
- **Experiential.** Many studies suggest that organizations with leaders who bring exposure to diverse experiences benefit from better decision making and sensitivity to different populations. Fielding a management team with a rich mosaic of experiences aids agility as well.
- **Cognitive.** Organizations today also need teams that think in diverse ways, often labelled "cognitive diversity." Such diversity encourages the creativity and innovation demanded by an increasingly competitive market.

MANAGEMENT LEVELS

DEI must become deeply embedded at all strata of the organization chart, from entry level to senior management. Too often, diversity programs have concentrated narrowly on upper levels creating unintentional diversity barriers.

ROLES

Comprehensive, meaningful diversity depends on addressing the range of administrative and clinical roles, including emerging ones. Doing so helps avoid gaps that can thwart a broadly diverse culture.

Each organization will navigate this complex matrix differently, but keeping the framework in view is essential to taking an integrated approach, not simply having "a diversity program."

BUILDING MOMENTUM FOR CHANGE

Several powerful forces are providing impetus for renewed focus on DEI in healthcare. Among the primary:

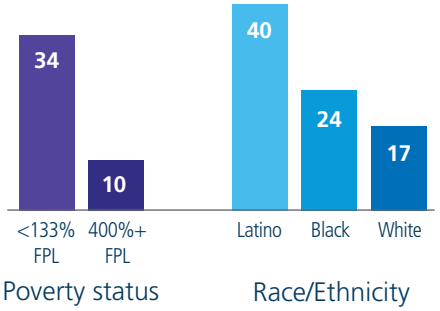
IMPACT OF COVID-19 CRISIS

Perhaps most prominently, the coronavirus crisis has spotlighted inequalities. It has been widely documented that COVID-19 has disproportionately affected the health of minority and economically disadvantaged populations. So too has the crisis' economic fallout, manifested in problems such as health insurance gaps.[1] (Figure 2)

Women have also lost healthcare jobs due to the pandemic at notably greater rates than men.[2]

FIGURE 2

PERCENT OF ADULTS AGES 19-64 WHO WERE UNINSURED ANYTIME IN THE PAST YEAR



1 Commonwealth Fund, *U.S. Health Insurance Coverage in 2020: A Looming Crisis in Affordability*, August 2020.
2 K. Gooch, "More Women Have Lost Healthcare Jobs Than Men," *Becker's Hospital Review*, June 16, 2020.

POPULATION HEALTH MANAGEMENT

in recent years, population health management (PHM) has accentuated concentration on the social determinants of care. This year's AMN Leadership Intelligence Report found that a PHM strategy is fully in place at 23% of organizations and being implemented at 32%. A cornerstone of PHM is "culturally competent care" reflecting the ability to relate positively to all patients. As the president of Morehouse School of Medicine observed: "When people are like their providers, that influences whether or not a patient is going to feel comfortable, where they're going to feel like they're seen or heard."[3]

EVIDENCE THAT DIVERSITY LEADS TO BETTER BUSINESS OUTCOMES

Many analyses across industries have concluded that diverse organizations tend to outperform less-diverse peers in:

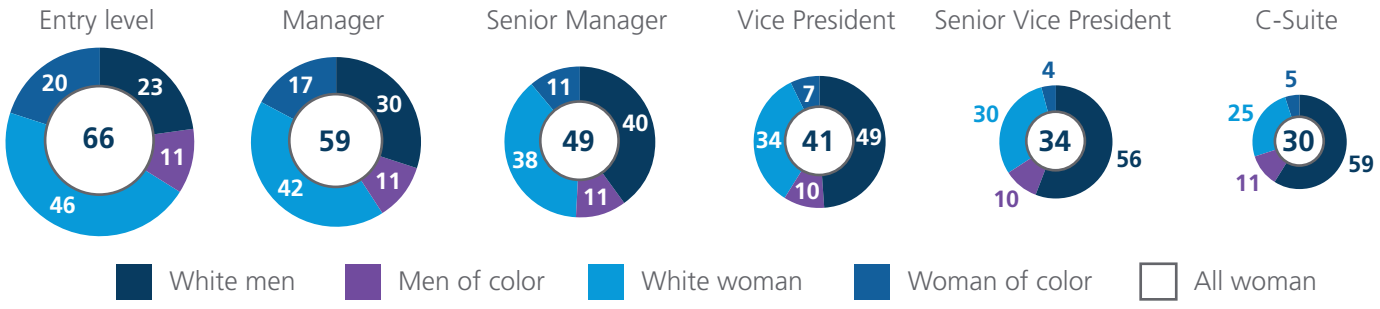
- **Dealing with complexity.** As AMN's Dr. Bernard Godley said in a recent panel, "Difficult problems and complex organizations are best addressed by diverse teams."[4]
- **Innovation.** "Companies that have achieved diversity on multiple dimensions are stronger innovators than those that haven't."[5]
- **Improved board performance.** Conference Board analysis indicates that cognitive diversity can expand a board's knowledge base, increase director independence and engagement, and improve board culture and decision-making.[6]
- **Financial results.** A cross-industry study found that "female leaders and gender-diverse boards are linked to better stock prices and profitability."[7]
- **Talent management.** In a recent global study 80% of respondents said their DEI strategies are critical to attracting and retaining talent, with 47% increasing their investments.[8]

MEASURING DIVERSITY PROGRESS

Pinpointing progress in achieving DEI objectives helps establish strategic baselines. There have been relatively few healthcare studies over the years that consistently benchmark attainment levels. A recent survey by McKinsey that included healthcare companies and providers offered some illumination. As Figure 3 shows, women occupy 30% of C-suite positions and people of color represent 16%.[9] The latter appears to be up slightly, as previous estimates have hovered around 10%. The numbers improve for women at the VP/SVP levels, but show little increase for executives of color. The picture looks brighter at lower management levels, except for a persistent static percentage for men of color.

FIGURE 3

SHARE OF EMPLOYEES BY GENDER, RACE, AND LEVEL, %



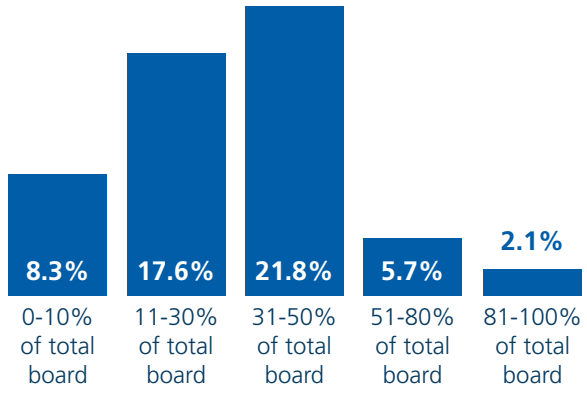
3 D. Belkin, "The Next Generation of Doctors," *Wall Street Journal*, Sept. 11, 2020.
4 B. Godley, M.D., *Physician Diversity: Building a URM Talent Pipeline at Your Academic Medical Center,* Alliance of Independent Academic Medical Centers webinar, July 16, 2020.
5 M. Tsusaka, C. Greiser, M. Krentz, M. Reeves, "The Business Imperative of Diversity," *Boston Consulting Group Report*, July 2019.
6 Conference Board, *Maximizing the Benefits of Board Diversity*, Director Notes, June 2020.
7 E. Rappleye, S&P: Firms with Female CEOs, CFOs are More Profitable," *Becker's Hospital Review*, October 17, 2019.
8 Randstad Sourceright, *2020 Talent Trends Report*, 2020.
9 G. Berlin, L. Darino, R. Groh, P. Kumar, *Women in Healthcare: Moving From the Front Lines to the Top Rung*, McKinsey & Company, August 2020.

Other research adds context:

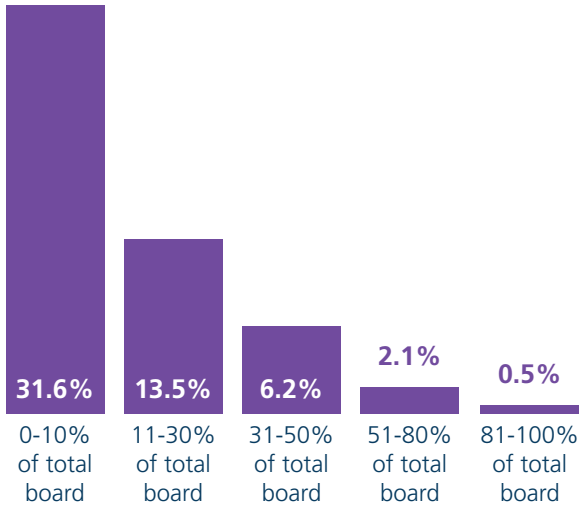
- **Boards.** A recent *Modern Healthcare* survey produced the distribution shown in Figure 4, in which approximately 8% of organizations have board membership with greater than half women executives.[10] About 22% are in the 31% - 50% range and 18% between 11% and 30%. For persons of color the numbers are distinctly lower, and almost 32% have boards with zero to 10% representation. Clearly this data highlights a significant diversity opportunity.

FIGURE 4

PERCENTAGE OF BOARDS WITH WOMEN LEADERS AT VARIOUS TOTAL LEVELS



PERCENTAGE OF BOARDS WITH PERSONS OF COLOR AT VARIOUS TOTAL LEVELS

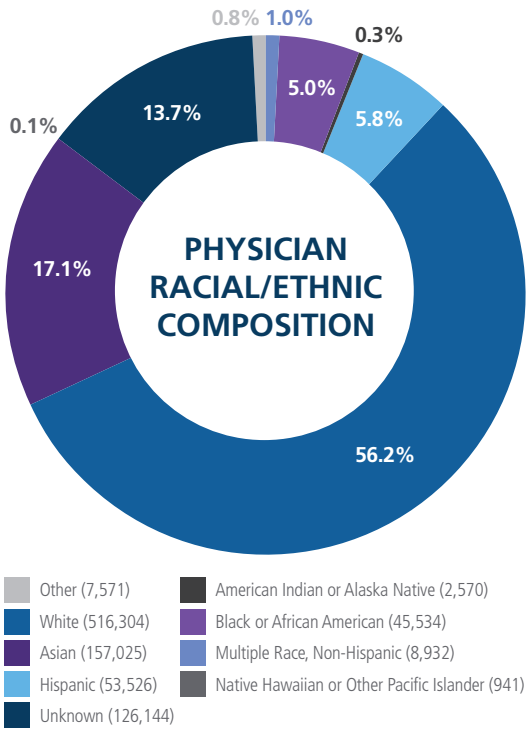


- **Physicians and nurses.** Occupying healthcare's frontline, physicians and nurses play a pivotal role in delivering culturally competent care. Diversity within the clinician ranks is thus important. Figure 5 displays the current breakdown of active physicians, indicating just 11% are Black, Hispanic, and Native American.[11]

  The gender mix has improved, but the proportion of active female physicians stands at just 36%.[12] The best available data for nursing is from 2017. Nurses from underrepresented minority (URM) backgrounds represented 19.2% of the registered RN workforce. Men accounted for 9.1%.[13]

- **Medical/Nursing Students.** Creating a robust pipeline of diverse clinicians and leaders starts with medical and nursing school enrollments. Once again, the numbers display some strength, especially for women. For 2019, the URM (Black, Latino/Hispanic, Native) population was 21.8% of medical school applicants and 21.2% of enrollments; the equivalent figures for women were 52.2% and 52.4%.[14] Nursing school 2019 enrollment data placed minorities at 35% of both bachelor's and master's degree students.[15]

FIGURE 5



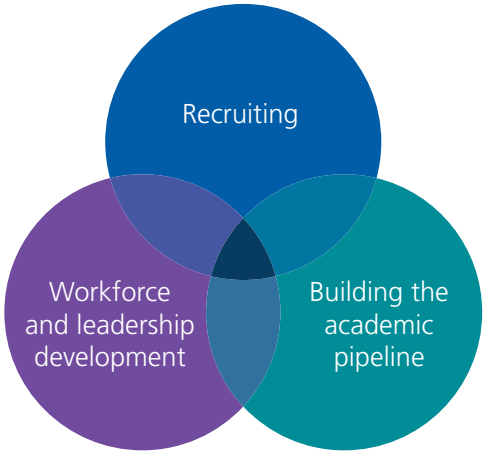
11 Association of American Medical Colleges, *Diversity in Medicine: Facts and Figures 2019*.
12 Kaiser Family Foundation, "Professionally Active Physicians by Gender," *State Health Facts*, March 2020.
13 American Association of Colleges of Nursing, *Fact Sheet: Enhancing Diversity in the Nursing Workforce*, April 2019.
14 Association of American Medical Colleges, *2019 Fall Applicant, Matriculant, and Enrollment Data Tables*, December 2019.
15 American Association of Colleges of Nursing, *2019 Annual Survey on Enrollment and Graduation in Baccalaureate and Graduate Degree Programs in Nursing*, online data, updated July 29, 2020.

- **Academic Leadership.** Two data points offer insight on academic leadership. Under 10% of medical school faculty were URM in 2018.[16] That is a significant shortfall relative to those groups' proportion of the U.S. population. A different study found that females accounted for 38% of senior physician deans. The analysis concluded that "a lower tier physician dean was 1.25 times more likely to be a man, and a higher tier dean was 1.16 times more likely."[17]

SOLUTIONS AND STRATEGIES

Responding to the magnitude of the issue demands a range of solutions. A fundamental requirement is to make DEI a strategic imperative, not just a "project." This truism has not always gained adherence in healthcare. As one physician executive recently stated, "Diversity and Inclusion as an afterthought is exclusion as a forethought."[18] The effort must be intentional, consistent, supported, and funded.

Review of the literature highlights several promising strategies grouped into three domains: Recruiting, Growing the Academic Pipeline, and Workforce/ Leadership Development.



RECRUITING

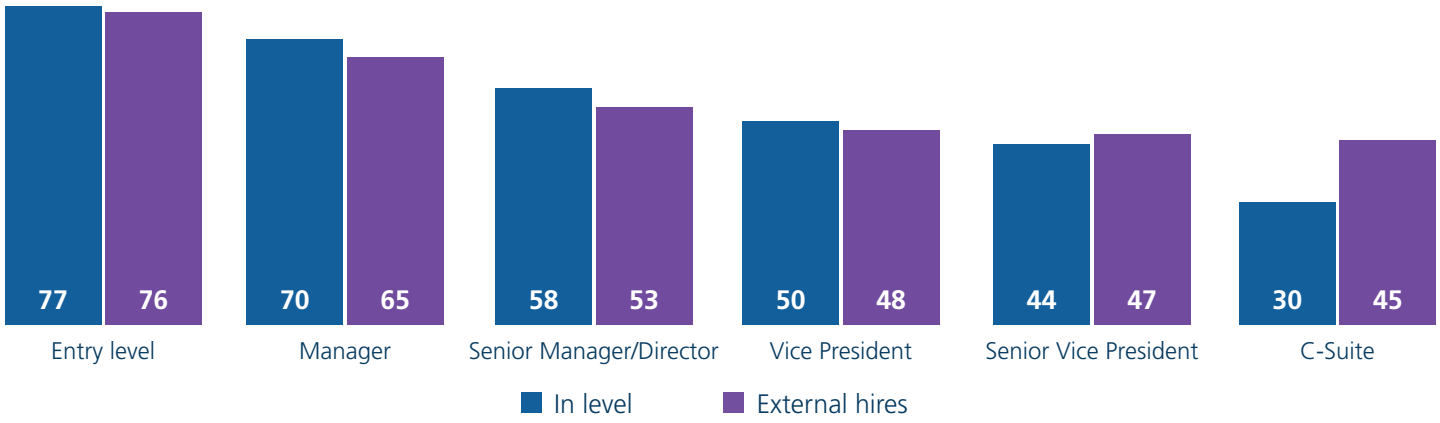
Proactive diversity recruiting programs have a way to go in healthcare. The 2019 AMN Healthcare Leadership Diversity survey saw only 43% of organizations claiming to make diversity a primary recruiting focus. The concern is that "an organization's lack of diversity is often tied to inadequate recruitment rather than an empty pipeline."[19] DEI improvement steps include:

- **Start at the board level.** It clearly helps if hospital and health system boards possess meaningful diversification. One expert urges ensuring that recruiting is not limited to the usual board member networks and having multiple directors interview candidates with an emphasis on discerning the level of cognitive diversity the candidate proffers.[20]
- **Set specific targets for recruiting women and underrepresented minorities.** Evaluate legitimate, achievable goals for all organizational levels and roles. An assertive corollary is to require diverse candidate panels for certain searches.
- **Create diverse search committees.** Diverse hiring committees make a clear statement to candidates and bring varied perspectives to the process.
- **Set clear evaluation criteria.** A leading consultant asserts the value of setting evaluation criteria in advance of the process, with full transparency to bolster the perception that the hires are merit-based.[21]
- **Seek more leaders from outside the organization.** Hiring from outside rather than relying heavily on internal promotions can augment diversity. There is some evidence that this move can be beneficial for gender diversity at key senior executive levels.[22] (Figure 6) Nearly half of Vice President and higher positions were occupied by externally recruited individuals.

16 Association of American Medical Colleges, *Diversity in Medicine: Facts and Figures 2019*.
17 A. Larson, et al, "Representation of Women Physician Deans in U.S. Medical School," *Journal of Women's Health*, May 2019.
18 D. Landry, M.D., *Physician Diversity: Building a URM Talent Pipeline at Your Academic Medical Center*, Alliance of Independent Academic Medical Centers webinar, July 16, 2020.
19 R. Livingston, "How to Promote Racial Equity in the Workplace," *Harvard Business Review*, September-October 2020.
20 J. Landaw, "How Diverse is Your Board, Really?" *Harvard Business Review Online*, June 11, 2020.
21 McKinsey, *Women in Healthcare: Moving from the Front Lines to the Top Rung*, August 2020.
22 Ibid.

FIGURE 6

SHARE OF EMPLOYEES WHO ARE WOMEN, BY LEVEL, %



BUILDING THE ACADEMIC PIPELINE

Initiatives that promote full-range diversity throughout the academic setting are equally valuable. Two clinical leaders recently summarized important steps that can be implemented:

- **Perform a gap analysis.** Determine where the institution stands relative to national benchmarks in order to set appropriate goals.
- **Implement multi-level programs.** Some medical schools have expanded outreach as far as the high school level to begin early awareness. At the other end of the pipeline, organizations can increase direct cultivation of URM trainee candidates, promoting opportunities and providing specific advice.
- **Develop a diversity brand reputation.** Nurturing and communicating a positive DEI association with the academic medical center fosters interest and favorable perceptions among diverse candidates.
- **Target faculty recruitment.** A way to generate early wins in faculty diversification is to concentrate on mid-career appointments, rather than the most senior.[23]

These various efforts can be combined into a comprehensive program, tailored to each academic center's needs. Figure 7 below presents one such methodology.

FIGURE 7

A CUSTOMIZED PROGRAM IN FOUR PHASES

Phase I
- Understand institutional goals
- Analyze URM demographics
- Pilot our program
- Select initial participating department
- Consult with leaders to absorb culture
- Set goals, appoint a task force, and allocate roles

Phase II
- Initiate external URM faculty recruitment
- Establish search process, timeframes, incentives, roles, and support networks
- Promote program internally and externally

Phase III
- Establish Visiting Clerkship Program
- Initiate URM student/resident recruiting
- Develop a compelling message to attract participants
- Identify/visit medical school partners
- Create collateral and select incentives for participants in program

Phase IV
- Expand the pilot program to other departments
- Evaluate and adapt program per department
- Track results and promote internally & externally

23 Godley and Landry, *Physician Diversity: Building a URM Talent Pipeline at Your Academic Medical Center*, Alliance of Independent Academic Medical Centers webinar, July 16, 2020.

WORKFORCE AND LEADERSHIP DEVELOPMENT

DEI programs that successfully tackle the "complexity of diversity" rely on diligent attention to workforce management and leadership development activities. Four strategies merit consideration:

- **Focus on advancement across management levels.** Women and minorities remain stubbornly underrepresented in senior management. Analytics can uncover specific advancement stress points. For example, one study documented that a particular hurdle for women of color in healthcare is the jump from manager to senior manager/director.[24] Promotion pathways may need alteration.
- **Reconsider implicit bias training.** Several analysts question whether these training programs "result in permanent, long-term reductions of implicit bias scores or, more importantly, sustained and meaningful changes in behavior."[25] Instead, some propose two alternative tactics to counteract bias.[26] First, collect and analyze data, allowing people to see the evidentiary bias patterns. Second, replace subjective judgement in relevant decision-making with objective criteria.
- **Concentrate on proven development techniques.** Meaningful mentoring and sponsorship help emerging leaders learn, advance, and engage deeply with their organizations. Unfortunately, such opportunities are less available to URM. A recent poll showed that 27% believe "lack of mentors or sponsors is the most important issue facing persons of color in the healthcare industry."[27] Well-constructed, culturally sensitive development programs are important.
- **Increase inclusion.** Many levers can be pulled in service of inclusionary outcomes. Research suggests that leadership modeling and a culture of inclusion are key success factors. Figure 8 displays the results of one cross-industry study that identified four leading factors correlated with a strong sense of inclusion.[28]

FIGURE 8

LEADING FACTORS IN SENSE OF INCLUSION

Diverse, inclusive leadership	• Organizational focus on inclusive leadership • Diverse leaders in the organization
Meritocracy	• Initiatives to increase fairness in performance evaluations • Meritocratic organizational culture
Sponsorship	• Colleagues go out of way to support an individual's advancement
Access to senior leaders	• Substantive interactions with senior leaders that contribute to advancement

STAYING THE COURSE DURING THE COVID-19 CRISIS

The serious dislocations from the coronavirus crisis have prompted concern that diversity efforts may take a back burner in this environment. What can be done to preserve momentum?

MAINTAIN OR EXPAND DEI INITIATIVES

While some constraints on budgets and management attention are inevitable, two factors should be considered. First, building sustainable DEI success is a long-term endeavor that can be seriously set back by interrupted investment. Second, the current moment presents a significant – even unique – opportunity to achieve major progress.

---

24 McKinsey, *Women in Healthcare: Moving from the Front Lines to the Top Rung*, August 2020.
25 T. Green and N. Hagiwara, "The Problem with Implicit Bias Training," *Scientific American*, August 28, 2020.
26 M. Gamble, "Your Implicit Bias Training Probably Won't Work, but These Two Strategies Will," *Becker's Hospital Review*, June 15, 2020.
27 *Modern Healthcare*, "Gender, Racial Diversity Still Lacking in Leadership Ranks," August 17/24, 2020.
28 McKinsey, *Understanding Organizational Barriers to a More Inclusive Workplace*, June 2020.

ADDRESS WORK-LIFE BALANCE

The burdens on all working parents, particularly women, from work at home are substantial. Hospitals able to institute childcare options, flexible schedules, paid leave, and other policies can foster retention, engagement, and deterrence of career-harming inability to participate in key projects for women and URM.

UTILIZE TECHNOLOGY

The pandemic has curtailed face-to-face hiring, medical school interviews, and others. Video interviews, virtual experiences to showcase residency opportunities to candidates, and others help keep DEI programs on track. One analysis adds that many professionals of color may find virtual networking "more comfortable and authentic."[29]

DEEPEN UNDERSTANDING OF HEALTH EQUITY ISSUES

The American Hospital Association recommends assiduous board-level attention to equity, noting "trustees must request and review data that highlight health differences between population groups" to best "target interventions to address those disparities."[30] Partnerships with community organizations will continue to expand to attack root social determinants that give rise to deep-seated health inequities.

CONSIDER LINKING PAY TO HEALTH EQUITY

A more aggressive approach is being taken by some health systems. One announced that its top 600 executives will have some pay directly tied to outcomes on metrics such as reducing maternal morbidity in URM populations.[31] Another has initiated a 10% weighted incentive goal for diversity hiring for its top 13 executives.[32]

AMN HEALTHCARE'S COMMITMENT TO DIVERSITY

- 65% of AMN team members are women
- 63% of supervisor through senior managers are women
- Executive team includes women as CEO, Chief Legal Officer, Chief Talent Officer, Group President & COO of Strategic Talent Solutions, and divisional and brand presidents
- 56% of the Board of Directors are women
- 31% of the entire team are people of color
- AMN team is 58% Millennials, 34% Generation X, and 8% Baby Boomers

Note: AMN Healthcare diversity metrics as of October 5, 2020

CONCLUSION

Arguably, breakthrough progress in healthcare DEI has never been more achievable – even amidst a pandemic. This paper helps leaders seize this opportunity by establishing a foundation of data on current diversity levels and by analyzing the multiple factors that influence the "complexity of diversity." A path to success can be delineated by a set intersecting strategies in the vital areas of Recruiting, Growing the Academic Pipeline, and Workforce/Leadership Development. Deploying these with commitment offers promise to accelerate realization of healthcare that is truly, effectively, and sustainably diverse.

29 L. Morgan Roberts and A. Mayo, "Remote Networking as a Person of Color," *Harvard Business Review online*, September 7, 2020.
30 P. Bathija, "Addressing Health Equity in the Hospital Board Room," *American Hospital Association Trustee Insights*, September 2020.
31 D. Raths, "Time to Tie Executive Pay to Health Equity Metrics?" *Healthcare Innovation*, October 26, 2020.
32 M. Clement and D. Cook, "We All Need to Do Something to Fight Inequities and Get Healthcare Right, for Every Patient, Every Time," *Modern Healthcare*, October 19, 2020.