The State of Diversity & Inclusion in the Healthcare Industry

Part 1: Industry Overview
Preface

This report is the first in a three-part series of Diversity Best Practice reports focused on the healthcare industry—the fastest growing segment of the US economy, and the segment undergoing the most dramatic and fundamental change. The first report in the series, Part One: Industry Overview, takes a big picture view of the industry, and provides a snapshot of the major issues and trends impacting healthcare today through the lens of diversity and inclusion. The subsequent two reports in the series hone in on issues and trends related to workforce, workplace, and patient care, with a particular focus on five major sectors of the industry: primary care and the growing outpost of convenience care centers, health insurance, pharmaceutical, retail healthcare, and medical devices.
The healthcare industry is in the midst of dramatic change.

Population trends, passage of the Affordable Care Act, workforce shortages, and new technologies have all contributed to create an industry in flux. There is pressure across every sector to reduce costs, yet at the same time, increase access and improve the quality of care and services.

Health disparities continue to exist for marginalized segments of the population, creating not only an ethical dilemma, but also increasing costs and negatively impacting health outcomes for many Americans.

In addition, an increasingly diverse consumer population, inequities in the health industry workforce, and pressure from underrepresented employees are driving the need for innovative recruitment strategies and tapping into non-traditional, diverse pools of candidates to develop the next generation of health professionals.

Diversity and inclusion is playing an increasingly pivotal role in an industry gearing up to meet the needs of a diverse consumer population, address workforce inequities, and reduce healthcare disparities.

The risks of exclusion are high: companies that don’t invest in a diverse workforce and develop strategies to engage consumers from diverse communities risk negative public scrutiny and stand to lose valuable market share in today’s highly competitive healthcare environment.

There continues to be a great deal of uncertainty around the industry’s future, and what healthcare will look like post-Affordable Care Act (ACA).

However, it is clear that factors related to cost, access, and quality of care will continue to be major drivers of change and innovation in all sectors of the industry for some time to come.
Industry Growth and the ACA

The healthcare industry has been in a state of accelerated growth for decades.

As the US population has increased, so has consumer demand for healthcare. Passage of the Affordable Care Act (ACA) placed further demands on every sector of the industry by expanding access to care for millions of Americans. By 2019, it is estimated that approximately 34 million Americans will have gained insurance coverage under the ACA. Many of these individuals are from underserved populations; most are low income Blacks and Hispanics.

During the period 2015 to 2030, the US population is projected to grow by 12 percent, from about 321 million to 359 million. Most of that growth will come from minority and immigrant populations. As health industry leaders plan for the future, many are recognizing the importance of diversity and inclusion strategies and the need for a culturally competent workforce that can better connect with and serve today’s diverse population.

Diversity and the ACA

The ACA includes provisions focused on diversity and reducing health disparities, specifically:

- Increasing diversity within the primary care, dental, mental health and long-term care workforce
- Requiring the collection of workforce diversity data
- Expanding workforce diversity grants to include nurses
- Investing in the development and evaluation of culturally competent curricula in educational training
- Supporting cultural competence training for primary care providers
- Providing some preference for loan repayment for individuals who have cultural competency experience

Source: National Conference of State Legislators

Workforce Challenges

Worker shortages across all health sectors.

The healthcare labor force has not been able to keep pace with US population growth, or the influx of new consumer groups afforded access under the ACA. From 2000 to 2016, overall US employment increased by 10 percent; during the same timeframe, health related employment increased by 42 percent. However, multiple sectors in the health industry are experiencing severe worker shortages—in 2014, there were approximately 6,000 geographic areas in the US designated as health professional shortage areas. Compounding the shortfall of healthcare workers to meet current demands is a shortage of minorities and women in the health workforce, particularly in higher paying jobs and leadership positions. Today’s healthcare labor force is not representative of the populations it serves, and workplace inequities persist for many marginalized healthcare workers.
Companies in every sector of the healthcare industry are recognizing the value of a diverse workforce. Unfortunately, in the current competitive marketplace and environment of worker shortages, many of those same organizations are finding it challenging to recruit and retain new talent, particularly workers with cultural competency, bilingual skill sets, or who are themselves from diverse ethnic and underserved communities. Increasingly, companies are addressing workforce shortages by developing employees already in their workforce, including providing mentoring, sponsorship, and leadership training programs for diverse high potential employees. Many are leveraging employee resource groups to develop relationships with diverse communities, higher education providers, associations, and non-profits that advocate for and support diverse populations to expand the pipeline of next generation healthcare workers.

Source: DOL, BLS, AHA/ACHE; Altarum; 2017 Gallup; US Census

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**Lack of Diversity in Health Industry**

*Minorities and women remain underrepresented in healthcare professions, particularly in higher paying and leadership positions*

- **Only 9% of CEO positions** at hospitals and health systems are held by minority populations, the second-lowest percentage of all C-suite positions

- **White men hold more senior-level positions** in healthcare than minority men

- In 2015, the **median salaries of Black and Hispanic men** in the healthcare industry were 17% and 8% less respectively than white men

- **Women account for 80% of healthcare jobs** but are significantly under-represented in executive positions; only 4% of healthcare companies are run by women

- **White women hold more senior-level positions than minority women**, and the gap has widened, not decreased, since 2010

- **Black women in health-related jobs** went from earning nearly the same median salary as white women in 2007 to 13% less in 2015

- Between **80-90% of leadership roles** in medicine, such as medical school deans, are filled by men

- **Women are 52% less likely than men to be promoted** to senior healthcare positions, even after controlling for age, experience, education, and training

Source: AHA/ACHE; Deloitte; Missouri; Collegegrad.com
**2016 Health Industry Workforce Demographics by Sector**

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<thead>
<tr>
<th>Industry Sector</th>
<th>Male</th>
<th>Female</th>
<th>White</th>
<th>Black</th>
<th>Asian</th>
<th>Hispanic</th>
</tr>
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<tbody>
<tr>
<td>Healthcare/Social Assistance</td>
<td>21%</td>
<td>79%</td>
<td>63%</td>
<td>17%</td>
<td>7%</td>
<td>13%</td>
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<tr>
<td>Health Services (except hospitals)</td>
<td>22%</td>
<td>78%</td>
<td>62%</td>
<td>18%</td>
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<td>13%</td>
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<tr>
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<tr>
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<td>68%</td>
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<td>46%</td>
<td>30%</td>
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<td>16%</td>
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<tr>
<td>Pharma Manufacturing</td>
<td>55%</td>
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<td>64%</td>
<td>9%</td>
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<td>11%</td>
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<tr>
<td>Insurance Carriers (all)</td>
<td>39%</td>
<td>61%</td>
<td>73%</td>
<td>11%</td>
<td>6%</td>
<td>10%</td>
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<tr>
<td>Social Assistance</td>
<td>16%</td>
<td>84%</td>
<td>59%</td>
<td>20%</td>
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<td>Retail Pharma/Drug</td>
<td>37%</td>
<td>63%</td>
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<td>13%</td>
</tr>
<tr>
<td>Drugs/Sundries</td>
<td>52%</td>
<td>48%</td>
<td>70%</td>
<td>8%</td>
<td>7%</td>
<td>15%</td>
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</tbody>
</table>

Source: DOL, BLS

**Talent Pool**

*Baby boomers are retiring at a record pace: 10,000 will turn 65 every day for the next 15 years*

- Experts predict that over the next 3-10 years, **32 million jobs will be vacated** by workers retiring, and 20 million new jobs will be created
- During that same timeframe, it is estimated **only 29 million new job seekers will enter the workforce**, creating a potential 23 million worker shortfall

Source: AHA/ACHE; Deloitte

**Differing Perspectives on Workforce Diversity**

- In a national survey of healthcare executives, **only 28% of white respondents and 12% of minority respondents agree** that healthcare organizations have been effective in closing the diversity leadership gap over the previous five years
- **73% of white respondents** believe opportunities for diverse leaders have improved over the previous five years; **only 34% of minorities** share that view
- **67% of white respondents agree** the availability of diversity leadership positions in healthcare organizations has improved over the previous five years; only 30% percent of minorities agree
- **64% of minority and 47% of white respondents** do not believe their own management teams reflect the diversity of the patients they serve

Source: Witt/Kieffer Healthcare Leadership Diversity Study

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**Occupations with Worker Shortages (2013–2018)**

- Many of the occupations projected to grow the fastest in the US economy are concentrated in the health industry, a sector already experiencing severe worker shortages
- **Emergency Medical Technicians**: 27,354
- **Physicians, Surgeons, All other**: 33,498
- **Dental Assistants**: 34,925
- **Pharmacy Technicians**: 35,532
- **Pharmacists**: 39,972
- **Medical Assistants**: 47,843
- **Home Health Aides**: 69,081
- **Nursing Assistants**: 103,697
- **Registered Nurses**: 106,416
- **Registered Nurses**: 264,683

Source: Article; Embracing Generational Differences, Missouri; Collegegrad.com
Reducing Health Disparities

Health disparities persist.

Cultural differences, language barriers, and high rates of unemployment and poverty have created major disparities in health status and health outcomes for minorities and other marginalized groups. Lack of diversity in the healthcare workforce, poor provider-to-patient communication, and health literacy challenges further contribute to the problem.

Minorities continue to experience discrimination in healthcare settings and have worse health outcomes than white individuals. They are more likely to be uninsured or underinsured, and many face barriers when it comes to accessing even basic care—those that do have access, often receive lower quality care. A national study by the Joint Center for Political and Economic Studies approximates that 30 percent of total direct medical expenditures for Blacks, Hispanics, and Asians are excess costs due to health inequities.

Today, many healthcare providers are developing and leveraging diversity and inclusion initiatives to reduce costs and tackle the inequities that are created by worker bias, stereotyping, and a lack of linguistic or cultural competency. In addition, new reimbursement requirements under the ACA require health providers to collect clinical and financial information that will help to identify where disparities exist and how to reduce them.

A diverse workforce has proven to be an effective strategy for addressing disparities and improving access and quality of care for marginalized groups. The Health Professionals for Diversity (HPD) coalition notes that physicians of color are more likely than white physicians to practice in underserved communities and treat larger numbers of minority patients, and that Black, Hispanic, and female physicians are more likely to provide care to economically disadvantaged groups, uninsured patients, and patients who rely on Medicaid. One national study estimates that eliminating health disparities for minorities could reduce direct medical costs by $230 billion and indirect costs by more than $1 trillion over a 3-year period.

### Adults Ages 18–64 without health insurance by race

<table>
<thead>
<tr>
<th>Race</th>
<th>% without insurance</th>
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<tbody>
<tr>
<td>Latinos</td>
<td>41.6%</td>
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<tr>
<td>Indian Americans</td>
<td>33.7%</td>
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<tr>
<td>Blacks</td>
<td>22.1%</td>
</tr>
<tr>
<td>Multi-racial</td>
<td>20.1%</td>
</tr>
<tr>
<td>Whites</td>
<td>14.6%</td>
</tr>
<tr>
<td>Asians</td>
<td>14%</td>
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</tbody>
</table>

Source: Centers for Disease Control and Prevention

### Quality of care

In a national survey conducted by the Kaiser Foundation:

- 75% of physicians felt that minority patients received a lower level of care than white patients
- 25% of white patients felt they received higher quality care than their minority counterparts

### Access to care is a primary barrier for many communities.

For example, according to the Centers for Disease Control and Prevention:

- Hispanics are 17% of the US population yet they represent nearly 42% of uninsured Americans.

### Life expectancy rates vary depending on race and ethnicity as much as 30 years between the richest and poorest counties in the US

Source: Center for Healthcare Innovation; Harvard; Health Professionals for Diversity Coalition
Health Disparities Persist

The health of the nation’s population has improved over the past few decades, but not for all Americans

MINORITY GROUPS experience higher mortality rates from heart disease, HIV/AIDS, diabetes, mental health and other illnesses

- **The average waiting time for African Americans** needing kidney transplants is almost twice as long as that of white patients
- **Black women with breast cancer are 67% more likely to die** from the disease than white women
- **Hispanic and Black youth** are substantially more likely to die from diabetes than white youth
- **Minority children overall are more likely to die from leukemia** than white children
- **The mortality rate for Black infants is almost 2.5 times greater** than it is for white infants

According to the National Center for Health Statistics:

Members of the LGBT COMMUNITY are more likely than their heterosexual counterparts to experience difficulty accessing health care

- **Individuals in same-sex relationships** are significantly less likely than others to have health insurance, and are more likely to report unmet health needs
- **These differences result, at least in part, from decreased access** to employer-sponsored health insurance benefits for same-sex partners and spouses

According to a study by the Fenway Institute

Source: Sullivan Report; Center for Healthcare Innovation; Harvard; Health Professionals for Diversity Coalition

Systemic focus on prevention and wellness.

Today, chronic conditions account for 75 percent of healthcare costs, with obesity and diabetes two of the primary contributors. On average, individuals with chronic conditions take only half the prescribed dose of their medications; 50 percent do not follow medical advice.

Progressive healthcare providers are increasingly leveraging their diversity and inclusion efforts and employee resource groups to engage diverse communities in preventive care practices and company-sponsored health and wellness programs. Many work within their communities to improve health literacy and increase the capacity of diverse community members to obtain, process, and understand basic health information and make informed health decisions. When care providers engage and build relationships with patients, costs go down and outcomes improve.

Source: DOL, BLS, AHA/ACHE; Altarum; 2017 Gallup; US Census
The Aging Population

The U.S. population ages 80 and older will nearly triple between 2010 and 2050; the number of people ages 90 and older will quadruple.

U.S. population ages 65 and older, 2010-2050
In millions

According to a study by the Association of American Medical Colleges, as patients get older they need two to three times as many health services, primarily in specialty care sectors where workforce shortages are particularly stark.

The high costs associated with managing chronic diseases and providing long-term care for the elderly have contributed to a systemic shift away from traditional healthcare treatment options toward dramatically different strategies that center on prevention, well-being, and independence—strategies that are delivered on an outpatient basis, cost less, and have better outcomes.

The senior population is also becoming more diverse:

65+ population from a minority group:

Source: The Census Bureau
Increased Culture and Language Demands

The US population has become more diverse.

Current demographics in the US already outpace predictions from just five years ago, and according to the Census Bureau, whites are slated to be a minority population in less than 20 years. Today’s healthcare labor force, across all industry sectors, does not reflect the demographics of the general population or patients served.

Language barriers and cultural differences prevent limited English patients from effectively communicating with physicians and other care providers. According to the National Institutes of Health, today, 20 million Americans speak poor English; 10 million speak none. More than 300 languages are spoken in the US, and according to the Institute of Medicine, 90 million adult Americans have limited health literacy. Communication errors in turn lead to missed diagnoses, increased costs, and poor health outcomes for many minorities.

Patient satisfaction and positive health outcomes are directly related to effective patient and provider communication, and culturally-sensitive and linguistically accessible services that are tailored to the unique needs of target populations have proven to be more cost effective. Patients who receive care from practitioners that share the same cultural background are more engaged in their treatment, which leads to higher patient satisfaction, better health outcomes, and a positive reputation with diverse patient populations.

A loyal consumer base in turn helps health organizations solidify their market share and avoid high patient turnover and low utilization rates.

Population Overview

- In the millennial generation, which will account for 75% of the US workforce by 2025, whites have already become a minority population
- By 2060, Asian and Hispanic populations will increase by 128% and 115% respectively; the Black population will double by that time, but the white population will grow by just 16%
- The population under age 18 is projected to grow by only 5%, while the population aged 65 and over is projected to grow by 55%
- From 2005 to 2035, the population of individuals over age 65 will double to approximately 80 million
- Approximately 1 in 5 Americans have a disability; 60% of them are under 65
- According to the Department of Labor, in 2016, approximately 21 million men and women were veterans, accounting for 9% of the civilian working age population
- A Pew Research Center study found that today, more than 10 million adults identify as LGBTQ, approximately 1.75 million more than in 2012
- 58% of the LGBTQ segment of the US population are of the millennial generation

Source: AHA/ACHE; Altarum; 2017 Gallup; US Census Bureau
Compounding the worker shortage issue is a lack of diversity and significant underrepresentation of minorities and women in the primary care workforce.

- Only 19% of hospital CEOs are women
- 47% of not-for-profit hospital governing boards lack a single racial or ethnic minority member
- Although minorities represent 31% of hospital patients nationally, they comprise only 14% of hospital board members, 12% of executive leadership positions, and 17% of first- and mid-level management positions
- Minority physicians are underrepresented in terms of US demographics and the demographic mix of patients
- Nurses from minority backgrounds represent only 19% of the registered nurse workforce
- Only 12% of US medical school graduates are Black, Hispanic or Native American

Source: Advisory Board; RockHealth; EmeraldInsight; Penn State, HealtheCareers, AAMC Diversity Report
Health insurers are increasingly shifting focus from volume to value. Achieving ‘value’ is driving plan providers to collaborate outside their sector to create new partnerships with hospitals, delivery systems, and physicians focused on expanding access to care and improving outcomes for an increasingly diverse patient population.

In addition, insurers are increasingly focused on services that emphasize prevention, wellness, and disease management with the goal of minimizing costs by reducing hospital stays and keeping patients out of the emergency department. To that end, many insurers have bought or launched urgent care clinics as a more cost effective alternative to inpatient care.

Health insurers are also more focused on engaging consumers and are developing bilingual capacities in their workforce and ensuring information and services are delivered in formats and languages that are accessible, relevant, and culturally appropriate to diverse consumer populations.

The shift in focus away from volume and fee-for-treatment to accountable care and pay-for-performance is driving collaboration across all sectors of the industry.

A national study found that 40 percent of Fortune 50 companies pursued new healthcare partnerships in 2014 alone. The study also found that 58 percent of customers would be more likely to choose a healthcare company that partnered with other provider groups to improve services. For health insurers, partnerships with hospitals, delivery systems, and physician groups are becoming a critical factor in improving quality and reducing costs.

Competition is also heating up. The influx of millions of Americans entering the healthcare system under the ACA, advent of public and private exchanges, and new entrants to the market, have increased competition and further sparked demand for high-quality, low-cost coverage options.

Increased competition has brought with it a retail focus and moved the patient to the forefront.

Insurers are actively engaging with consumers and collecting new information from them to better understand specific population health concerns and chronic conditions among populations.

Today, the Healthcare Effectiveness Data and Information Set (HEDIS) is used by 90% percent of health payers to track provider performance and patient outcomes. Partnerships with provider groups are critical to effectively addressing care gaps.

As in every other sector of the healthcare industry, developing cultural competency in the workforce and health literacy among consumer and patient groups has become a priority for health insurers.

Source: Deloitte; Wall Street Journal

Technological advances in every sector.

Hospitals are increasingly establishing complex ecosystems of care that offer a continuum of services from a centralized structure, including outpatient services, free standing emergency rooms, telehealth services, healthcare monitoring apps, and home health devices. Telemedicine and other technological apps allow physicians to treat patients in rural areas of the country where the shortage of health professionals is often the most severe. Drug makers are actively collaborating with tech and mobile device companies to develop the next generation of pharmaceutical products and devices that can help with diagnostics and monitor patient health remotely. The ability to capture this level of information has the potential to fast track knowledge development and help providers more accurately understand how different patient populations respond to different treatments.

These and a myriad of other technological advances are driving the need for a tech savvy healthcare workforce and present further challenges to an industry already finding it difficult to recruit scarce talent.

Source: AHA/ACHE; Altanum; 2017 Gallup; US Census
More than 854,000 people work in the US pharmaceutical industry; the sector, directly or indirectly, supports 4.4 million US jobs.

The industry has come under increased pressure as a result of new requirements under the ACA and uncertainty regarding the potential repeal of the Act; pressure to reduce costs, a consumer population that is growing, aging, and increasingly more diverse, advances in technology, and a systemic shift toward prevention and patient-centered care.

Many progressive companies are moving away from the top-down model of product development toward interactive approaches that engage patients in treatment options and managing chronic conditions. The increased focus on consumer and patient engagement has driven the need for cultural competency and bilingual capacity in the pharma workforce and in all phases of product development and promotion.

Companies across the industry are recognizing the benefits of establishing a diverse workforce to drive innovation and generate new ideas that are culturally relevant to diverse consumer populations.

Cultural challenges and racial disparities persist in the pharmaceutical industry—not only in the workforce, but also in research and development, product development, and clinical trials.

A Russell Reynolds analysis of the pharma industry found that minorities and women remain underrepresented in many pharma companies; when benchmarked against the Fortune 500, the Pharma 50 (Pharma Exec’s Top 50 companies) landed in the center with regard to workforce diversity—particularly representation of women and minorities at the higher level.

* Only 17% of executives in the top 20 pharmaceutical companies in the Fortune 500 are women
* There are no female CEOs in the top 20 and one third have no female representation on their Board
* Only 12% of Pharma 50 Executive Committee seats are held by women
* 38% of Pharma 50 companies have no women on the Executive Committee
* In the top 50, women hold 17% of Board seats; minorities hold only 8% of seats
* 16 and 14 out of the top 50 pharma companies’ boards and Executive Committees, respectively, have only one nationality represented on their boards—that of the headquarters country

Source: PWC, RussellReynolds

<table>
<thead>
<tr>
<th>BOARD COMPOSITION</th>
<th>% Women</th>
<th>% Minorities</th>
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</thead>
<tbody>
<tr>
<td>Pharma 50</td>
<td>17%</td>
<td>8%</td>
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<tr>
<td>Fortune 500</td>
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<td>Companies</td>
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<td>Consumer Goods</td>
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<td>Financial Services</td>
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<td>Industrial/Natural Resources</td>
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<td>11%</td>
</tr>
<tr>
<td>Tech</td>
<td>19%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: RussellReynolds
Lack of Diversity in Clinical Trials

Minority patients are still underrepresented in clinical trials.

**CLINICAL TRIALS**

- **Population**
  - Blacks: 12%
  - Hispanics: 5%
- **Clinical Trials Participation**
  - Blacks: 5%
  - Hispanics: 1%

**CANCER CLINICAL TRIALS**

- **Total population**: 100%
- **Minority population**: 38%
- **Minorities enrolled in cancer clinical trials**: >10%

**CARDIOVASCULAR RESEARCH TRIALS**

- **Trial participants**
  - Women: 35%
  - Coronary disease patients: 43%
- **Minority population**
  - Blacks: 3%
  - Hispanics: 11%

**NATIONAL CANCER INSTITUTE TRIALS**

- **Total population**: 100%
- **Latinos population**: 17%
- **Latino participants in NCI treatment trials**: 5%

**U.S. CLINICAL TRIALS**

- **Total population**: 76% White
- **Minority populations**
  - 11% Asian
  - 7% Black
  - 5% Hispanic/Latino

In a nation where minority populations are estimated to be majority populations by 2044, inclusion in clinical trials is an essential component in eliminating health disparities and developing relevant new medicines and pharmaceutical devices.
The retail health industry is growing and expanding as a result of population changes, consolidated delivery systems, a shift in focus to outpatient care, demand for more widely available, cheaper drugs, and technological breakthroughs with regard to medical devices and patient monitoring.

In addition, increased societal focus on prevention and well-being are accelerating consumer demand for holistic solutions to health concerns: today the market for health-and-wellness products is growing three times faster than the market for over-the-counter sick care items.

Rising costs associated with drug development have also impacted pharmacy retail. An increase in the number of commonly used drugs that have moved from prescription to over-the-counter status have resulted in higher volume drug sales: at the same time, prices for those drugs have fallen and many are now available through other retail channels.

The retail health industry is moving toward a broader end-to-end user experience for today’s healthcare consumer. Pharmacies and retail healthcare providers are rapidly expanding their services to offer a growing array of clinical care services, including immunizations, blood tests, specialty drugs, health evaluations, and other non-routine health services. Providing end-to-end services at the local level means understanding and engaging target populations within the community, and ensuring that products and services are aligned with local needs and preferences.

Source: Bason Study; Forbes

Board composition lags many other industries and Fortune 500

2016 Retail Industry Workforce Demographics

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Male</th>
<th>Female</th>
<th>White</th>
<th>Black</th>
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<tbody>
<tr>
<td>Retail Industry</td>
<td>52%</td>
<td>48%</td>
<td>65%</td>
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<td>7%</td>
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</table>

Source: DOL,BLS
Global competition, consolidation of hospitals and health systems, and pressure to reduce costs and improve outcomes are changing the way medical device companies do business.

In addition, increased health demands brought about by an aging population and pressure to contain costs are impacting how and where patients are treated. As a result, healthcare is increasingly delivered in alternative outpatient and home-based settings, leading to a proliferation of high technology medical devices that can be used by patients and unskilled health care workers.

The demand for do-it-yourself health options has driven innovation in the wearables, mobile apps, and digital medical devices that engage patients and empower them to collect, analyze, and understand their own health conditions. Investments in digital technology and digital applications are not isolated to the healthcare industry—in a 2015 Fortune survey of CEOs, 88 percent reported that digital tech was strategically important for data mining and analytics, and 85 percent reported that digital technology created value in operational efficiency and customer engagement.

Global medical devices sales are estimated to increase 6.4 percent annually from 2016 to 2020, reaching nearly $440 billion according to the International Trade Administration. US medical device manufacturers are increasingly operating in an intensely competitive, culturally diverse global market that is powered by the need for constant innovation and products that are relevant to today’s health consumer.

Source: Deloitte; Fortune

**Shift from inpatient treatment to outpatient care.**

Healthcare consumers are demanding faster, more convenient and affordable options for basic medical services and uncomplicated medical care. As a result, primary care providers across the spectrum are challenged with providing more access to an increasingly diverse patient base, and at the same time, lowering costs and reducing health disparities. Population changes and technological advances also contribute to the growing move away from costly, inpatient care to an evolving array of outpatient options. Today, hospitals are the slowest growing sector of the primary care industry. According to the American Hospitals Association, from 2008 to 2012 alone, inpatient hospitals stays decreased by 2 million. Outpatient care centers have proven to be a less costly alternative to inpatient treatment options. Between the same 2008 to 2012 period, outpatient care visits increased by 51 million.

To capture market share of the growing outpatient care niche, hospital systems have begun to collaborate and diversify to establish ‘ecosystems’ of care that offer a continuum of services from a centralized structure and focus has increased on developing a diverse primary care workforce that better reflects the patient population. Two fast growing segments of the outpatient care industry are urgent care centers and retail health clinics. Both segments face considerable workforce challenges as they recruit and hire from the same limited pool of primary care physicians, physician assistants, and nurse practitioners as hospitals and other healthcare providers. For the underinsured and uninsured population, outpatient care centers offer significantly lower cost alternatives to physician office visits and emergency room services. Most outpatient centers accept Medicare and Medicaid, which are increasingly not accepted by private practice providers. Unfortunately, outpatient centers are often located in higher-income, urban, and suburban settings, with higher concentrations of white and fewer black and Hispanic residents, populations that make up the bulk of uninsured Americans.

Source: DOL, BLS
What’s Next...

Succeeding in today’s competitive healthcare economy requires embracing a patient-centered view of care delivery, expanding access to underserved populations, and competing on cost, quality, and convenience. To remain relevant, companies must engage diverse populations and deliver services in local, community based settings that foster both access and utilization.

The next two reports in the DBP series take a more in-depth look at issues, challenges, and trends related to the healthcare workforce (re-examining the skills and competencies needed for today’s health professional, succession planning, and building the pipeline) and workplace (creating a diverse and inclusive culture that supports and promotes workforce equity and successfully attracts and engages diverse consumer and patient populations; and patient care (increasing patient choice and satisfaction, improving health literacy, building better patient/practitioner relationships, and eliminating health disparities).

Each of the upcoming reports will highlight and examine best practice strategies and approaches with a particular focus on five major sectors of the industry: primary care and the growing outpost of convenience care centers, health insurance, pharmaceutical, retail healthcare, and medical devices.
## References for Health Series – Part 1


AACHPO. 2012. *Fact Sheet: Need for Diversity in the Health Workforce.*


Vesely, R. 2014. *Moving more care from inpatient to outpatient settings is a transformative trend for hospitals.* Hospitals and Health Networks.


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## Additional Resources

- Advisory Board
- American Medical Association
- American College of Healthcare Executives
- Bureau of Labor Statistics
- Census Bureau
- Centers for Disease Control
- Harvard Center for Population Studies
- Health Resources and Services Administration
- Pew Research Center
- National Conference Board
- National Institutes of Health
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