

# RUSSELL REYNOLDS ASSOCIATES

Leadership, Succession and Search

## How Executives and Engaged Consumers are Forcing Change in Healthcare

Executives in the healthcare services field are operating in the midst of massive transformation brought on by political reforms, such as the Affordable Care Act, and intense pressure on existing payment models. These dramatic changes have also helped spur increased consumer engagement and digital transformation across the industry. Managing and succeeding in this period will take a unique set of leadership skills.

The latest public airing of these challenges was The New York Times story: In Need of a New Hip, But Priced out of the U.S. The piece tells the plight of Michael Shopenn, who was quoted a price in excess of \$75,000 for a hip-replacement procedure—his insurance had declined coverage. Instead, Shopenn flew to Belgium and had the procedure done at a private hospital outside Brussels. His total cost for airfare, hospital fees, medication, five days at the hospital and another week in rehab came to \$13, 666. Had Shopenn been covered by Medicare, the average reimbursement today would have been \$12,099, but for those outside that system, including commercial payers, the cost is closer to \$30,000 and can reach as high as \$100,000. Some individuals and organizations, however, have begun to adapt and negotiate in order to bring costs down.

The story is a sharp reminder that evolved leadership will be needed to succeed as the marketplace continues to shift rapidly. Engaged consumers and payers alike are beginning to demand lower-cost options while innovation and its associated investment are increasingly essential to the future success of the industry. Successful leaders will need to be expert at managing rapid change, capitalizing on digital opportunities, reducing waste, and forging innovative partnerships across the healthcare spectrum.

At Russell Reynolds Associates we work with organizations across the healthcare service spectrum to build excellent leadership teams capable of thriving in today's challenging healthcare environment. To find out how we can help your organization, and to reach one of our consultants, click [here](#).

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