2023 Midyear Business Leaders Outlook: Healthcare

Healthcare leaders forge ahead—even as they anticipate a recession.
Executive summary

**RECESSION CONCERNS**

More than half of U.S. healthcare business leaders believe a recession is likely this year—or has already started.

**WORKFORCE OUTLOOK**

The healthcare sector expects to maintain or grow its workforce over the coming months.

**NONTRADITIONAL CARE MODELS**

- Remote patient monitoring: 56%
- Virtual care: 55%
- Home care: 45%

A commanding 93% of leaders are using or considering at least one nontraditional care model. The most common are home care, telehealth and remote patient monitoring.

**ENGAGING CONSUMERS**

- Digital wallet capabilities: 47%
- Patient financing: 45%
- Real-time means of collecting patient feedback: 45%

To engage consumers and patients in the current market environment, 47% of healthcare leaders are leaning on digital wallets to make payments more flexible and convenient.

**RECESSION RESPONSE**

- Make changes to strategy, pricing or product mix: 62%
- Implement risk-reduction strategies: 47%
- Cut discretionary expenses and overhead: 44%

Healthcare leaders are prepared for a potential recession. Most said they’ll change their strategy, pricing or product mix.

**ARTIFICIAL INTELLIGENCE ADOPTION**

- Business operations: 74%
- Human resources/training: 50%
- Product development: 42%

Across the sector, 69% of healthcare leaders said they’ll turn to AI to help their organizations, especially in business operations, HR and product development.
Economic outlook and expectations

Healthcare leaders remain positive about the national and local economies with 62% optimistic about the U.S. economy compared to 29% of leaders overall. Most healthcare executives also expect to increase their revenue, profit, capital spending and borrowing in the next year.

### ECONOMIC OUTLOOK

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Pessimistic</th>
<th>Neutral</th>
<th>Optimistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global economy</td>
<td>24%</td>
<td>24%</td>
<td>53%</td>
</tr>
<tr>
<td>National economy</td>
<td>20%</td>
<td>18%</td>
<td>62%</td>
</tr>
<tr>
<td>Local/regional economy</td>
<td>11%</td>
<td>18%</td>
<td>71%</td>
</tr>
<tr>
<td>Your industry's performance</td>
<td>15%</td>
<td>7%</td>
<td>78%</td>
</tr>
<tr>
<td>Your company's performance</td>
<td>16%</td>
<td>5%</td>
<td>78%</td>
</tr>
</tbody>
</table>

### EXPECTATIONS FOR THE YEAR AHEAD

<table>
<thead>
<tr>
<th>Area</th>
<th>Decrease</th>
<th>Remain the same</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue/sales</td>
<td>7%</td>
<td>7%</td>
<td>85%</td>
</tr>
<tr>
<td>Profits</td>
<td>9%</td>
<td>11%</td>
<td>80%</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>15%</td>
<td>20%</td>
<td>66%</td>
</tr>
<tr>
<td>Credit needs</td>
<td>9%</td>
<td>27%</td>
<td>64%</td>
</tr>
</tbody>
</table>
Recession expectations

Most healthcare leaders expect a recession in 2023. Many said they’ll modify their strategy, pricing or product mix in response or look to trim overhead and identify ways to manage risk.

**RECESSION EXPECTATIONS**

- Already in recession/expect a recession in 2023: 45% (U.S. business leaders), 51% (Healthcare leaders)
- Do not expect a recession in 2023: 35% (U.S. business leaders), 35% (Healthcare leaders)
- Not sure: 20% (U.S. business leaders), 15% (Healthcare leaders)

**RECESSION RESPONSE**

- Make changes to strategy, pricing or product mix: 62%
- Implement risk-reduction strategies: 47%
- Cut discretionary expenses and overhead: 44%
- Increase hedging activity: 42%
Healthcare industry opportunities

Most healthcare leaders said their organizations use or are considering remote patient monitoring and telehealth. To engage with consumers, companies are offering more flexible, consumer-friendly payment options.

**NONTRADITIONAL CARE MODELS IN CONSIDERATION**
- Remote patient monitoring: 56%
- Virtual care/telehealth: 55%
- Home care: 45%
- Shift to value-based, risk-bearing model: 44%
- Diversify to nontraditional revenue streams: 33%

**MAINTAINING MARGIN**
- Working capital optimization: 51%
- Partnerships or mergers to increase economies of scale: 42%
- Outsourcing clinical functions: 38%
- Exploring development of a health plan: 35%

**ENGAGING CONSUMERS AND PATIENTS**
- Digital wallet capabilities: 47%
- Patient financing: 45%
- Real-time means of collecting patient feedback: 45%
- Cost estimation: 44%
- Financial counseling: 42%
- Self-serve scheduling and registration: 40%

JPMorgan
Business strategy

To help grow their businesses, more than half of healthcare leaders said they’ll prioritize their most profitable products and embrace strategic partnerships and investments.

**PLANNED GROWTH STRATEGIES**

- Prioritization of the most profitable products: 55%
- Strategic partnerships and/or investments: 51%
- Introduction of new products/services: 49%
- Expansion into new distribution channels: 40%
Artificial intelligence (AI) adoption

Well above the U.S. average, nearly 3 in 4 healthcare executives said they’re using or considering AI-identified applications for business operations, human resources, product development and finance/accounting.

**USING OR CONSIDERING AI TOOLS**

- **U.S business leaders**
  - Using or considering AI: 69%
  - Not using or considering AI: 38%
  - Not sure: 7%

- **Healthcare Leaders**
  - Using or considering AI: 46%
  - Not using or considering AI: 24%
  - Not sure: 16%

**TOP AI BUSINESS APPLICATIONS**

- Business operations: 74%
- Human resources/training: 50%
- Product development: 42%
- Financial management/accounting: 42%
- Internal/external communications: 29%
- Pricing/costing: 29%

1. Among 38 respondents who are currently using or considering using AI, or who are not sure.
More than 7 in 10 healthcare leaders said their costs rose over the prior six months. Most of those affected companies expected to pass those increased costs onto their consumers.

86% plan to add or maintain headcount.

85% of those experiencing rising costs plan to increase prices for consumers/buyers.

**CHANGES IN COSTS OF BUSINESS OVER PAST 6 MONTHS**
- Costs are declining: 11%
- Costs are rising: 71%
- Costs are staying the same: 18%

**HOW LEADERS THINK THE FED SHOULD RESPOND TO THE CURRENT ECONOMIC LANDSCAPE**
- Raise rates: 40%
- Pause rate hikes: 44%
- Cut rates: 13%
- Unsure: 4%
Inflation (20%) and rising energy prices (20%) were the most commonly cited external threats. The results found that 73% of healthcare companies were targeted by fraud or a cyberattack.
About the survey

Started in 2011, the annual and midyear Business Leaders Outlook survey series provides snapshots of the challenges and opportunities facing executives of midsize companies in the United States.

This year, 55 respondents completed the midyear online survey between June 14 and July 5, 2023. Results are within statistical parameters for validity; the error rate is plus or minus 13.5% at the 95% confidence interval.
Who took the survey: Healthcare leaders

**BY TITLE**
- CFO: 25%
- CEO/chairman/chairwoman: 51%
- Other C-level: 16%
- Other: 5%

**BY ANNUAL REVENUE**
- Under $20mm: 2%
- $20mm-$100mm: 49%
- $101mm-$499mm: 58%

**BY NUMBER OF EMPLOYEES**
- 1-49: 16%
- 50-99: 18%
- 100-249: 18%
- 250-499: 18%
- 500-999: 0%
- 1000-4999: 0%
- 5000+: 44%