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Strange Bedfellows

The Convergence of Innovation and Compliance in Long-Term Care

By **Justin Rudwell with contribution from Thor Hunter**

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https://calibanisnotaslave.weebly.com/caliban-and-trinculo.html

Author's note

From the beginning of time, innovation has played a critical role in the development of species, communities, commerce, and modern society. The term itself has come to be closely aligned with the idea of success, and is an expectation for any forward-looking organization.

Compliance, which for the purposes of this paper includes both operational and legal elements, has traditionally lagged behind innovation. While compliance as a function is very necessary, it can also become a detriment to a company's ability to innovate.

When I speak of historical events and present-day trends in long-term care, I am normally referencing the United States, although there will be many parallels with health systems around the world. While the paper largely focuses on long-term care, some of the themes and analysis will equally apply to healthcare services that are ancillary to long-term care such as post-acute, rehab, assisted living, in-home care, memory care, and the like.

In discussing innovation, I am focusing on advancements in technology that support operations and a **"non-desk"** workforce. As far as compliance, I am concerned with both operational and legal compliance concerns that exist within the day to day running of a long-term care organization, particularly as it relates to the non-desk workforce and their increasing access to supportive operational technology.

“Misery acquaints a man with strange bedfellows.”
William Shakespeare, The Tempest

Executive summary

In the ever-changing and diverse world of healthcare, there is a natural tension that exists between innovation and compliance. One side seeks out change, something new and unknown. This often comes with a perception of risk, but also benefit for the organization. The other side seeks to control its environment, stay within a known universe, and limit exposure to risk. What results is a delicate but important dance between these competing forces. Managed correctly, the relationship can support the growth of a highly successful organization that meets the needs of all stakeholders and redefines how risks are mitigated. Managed incorrectly, it can lead to a dysfunctional culture where fear drives behavior, investment in innovation is de-prioritized, and exposure to operational and financial risk increases.

This paper looks at innovation and compliance in the context of broader challenges being faced by the long-term care industry as a whole. Specifically, the paper covers:

1. **How a rapidly changing resident demographic will:**
   a. Continue to drive merger and acquisition activity; and
   b. Impact operations and corresponding risk management strategies.

2. **How increasing competition for workforce talent will:**
    a. Make work trust central to human capital management strategy,
    b. Challenge companies to consider a broader set of stakeholders; and
    c. Require investment in operational infrastructure that empowers leaders.

3. **The role of technology in bringing compliance and innovation together, considering:**
    a. The rising prevalence of technology in the workplace,
    b. The role of technology in creating a healthy information ecology; and
    c. The impact that technology has on culture, empowerment and equity of access.

The conclusion of this paper is that technology has a central role to play in creating a healthy ecosystem whereby innovation and compliance can coexist for the ultimate benefit of the organization at large. Furthermore, advances in technology are driving a rising expectation amongst the non-desk workforce that they will be given more support and access to information than ever before, in order to feel more connected and better do their jobs.

Introduction

William Shakespeare wrote The Tempest in 1611, at a time of great sociopolitical change in England where colonial expansion to new worlds was an overriding theme of the time. The first significant foray of the British Empire outside of Europe was being felt, particularly in Africa and America. As we all are, Shakespeare was heavily impacted by his environment. His masterpiece reflects not only the events of the day, but also reveals his personal position on a hot topic of the era - colonization.

In Act 2, Scene 2, stormy seas have shipwrecked Trinculo (a jester) on an uncharted island where he is forced to seek shelter under the cloak of a deformed native, Caliban. This foreign and unlikely partnership is thrust upon the characters and Trinculo utters the famous line, "*Misery acquaints a man with strange bedfellows*.". In that moment, the two become unlikely partners who enjoy a symbiotic moment.

Eventually, Caliban, who is meant to represent the free people of the "new world", is enslaved by Prospero, a colonizer who wishes to impose his land's traditions, structures, and laws in this new environment. While unable to change the tide of "progress" and the eventual outcome that has led to the global sociopolitical landscape and legal doctrines that govern how we live today, in this Act and

Scene, Shakespeare beautifully captures what it means to find common ground between unexpected allies.

The concept of strange bedfellows exists today in many forms, places and situations. In this paper, we examine innovation and compliance in a healthcare setting, specifically long-term care, and how these traditionally divergent interests are converging for the benefit of organizations, the workforce, and ultimately, those who use their services.

A brief history of long-term care

Prior to the establishment of the private nursing home industry, widowed seniors who were either unable or no longer chose to live alone had the following options: co-habit with a child or a sibling, or live in government funded institutions traditionally referred to as poorhouses. A concept created by the English in the 17th century, these were also known as “workhouses" where able-bodied individuals were expected to carry out labor under threat of imprisonment if they refused.

In a pre-World War II United States, census data reveals that older couples typically lived with unmarried children, the widowed old with married children, and the never married, especially spinsters, with their siblings. It follows that those who were unable to live on their own or with family would have been relegated to public institutions. This all changed in 1935.

Just fourteen short months after promising to deliver a plan for social insurance as a safeguard “against the hazards and vicissitudes of life.”, President Franklin D. Roosevelt signed into law the Social Security Act (SSA) on August 14th, 1935. Under the SSA, the Old Age Assistance program made federal money available to the states to provide financial assistance to poor seniors. This new law provided important protections for seniors, partly because it explicitly prohibited payments to any individual living in aforementioned poorhouses, which were known at the time for their terrible living conditions. This same funding restriction set the stage for the creation of the private nursing home industry.

Over the course of the next 33 years, a number of amendments to the SSA were implemented that transformed the industry, including:

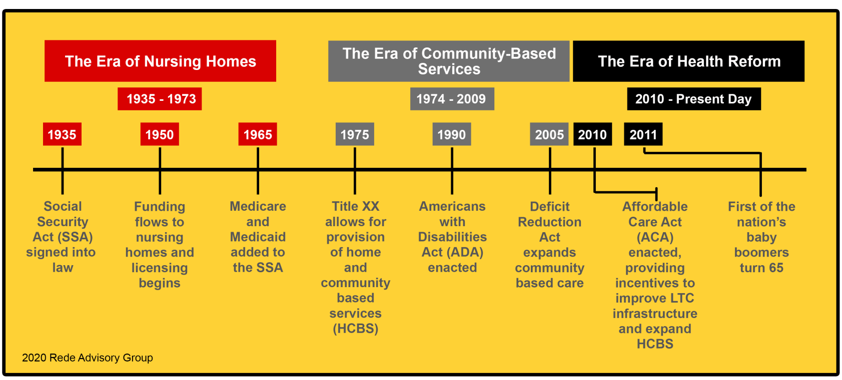
- Allocation of funds and monetary management shifts from the recipient of care to the nursing homes themselves
- Medicaid required coverage of long-term care in institutions but not homes, creating a bias in favor of institutional rather than in-home long-term care
- Licensing and regulatory powers granted to states, including an ability to withhold funding for those facilities that do not meet standards

Perhaps the most influential legislation in the development of the private nursing home industry came in the form of Medicare in 1965. It allowed for reimbursement of services provided under skilled nursing home facilities as well as long-term acute care hospitals. The impact of Medicare was monumental. In the 15 years between 1960 and 1975, the number of nursing homes in the United States increased 140%, nursing-home beds increased by 302%, and revenues rose 2,000%. By 1980, 80% of all institutionalized elderly resided in commercially run nursing homes.

The period from 1974 to 2006 would see an expansion of benefits and access, and a notable shift toward home and community-based services (HCBS). During this period and in response to ongoing and well-documented evidence of elder abuse, neglect and exploitation, The Nursing Home Reform Act of 1987 was established in order to imposed quality standards for Medicare and Medicaid-certified nursing homes.

In 2010 the era of health reform was ushered in with the introduction of The Affordable Care Act (ACA). The Act provided new options to states under the Medicaid program to incentivize the improvement of their long-term care infrastructures and expand HCBS. With the groundwork having been laid, in 2011, the first of the nation's baby boomers turned 65.

Figure 1: Timeline of key amendments to the Social Security Act



Source data: https://www.kff.org/wp-content/uploads/2015/08/8773-long-term-care-in-the-united-states-a-timeline1.pdf

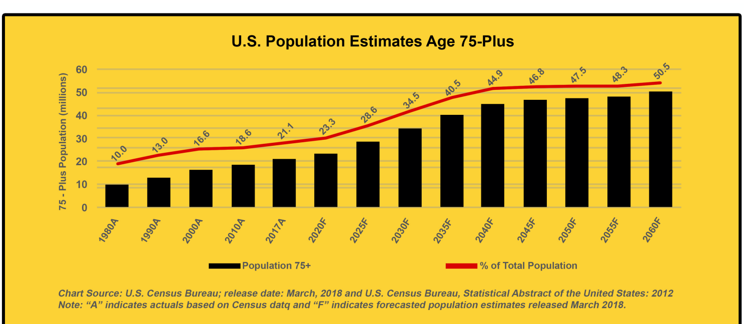
In the following sections, we explore the macro-trends that are shaping the industry, how these intersect to create risk and opportunity, and make suggestions for how long-term care organizations can prepare for, and respond to, inevitable change.

The consequences of a fast-changing resident demographic

One unique element of long-term care relative to many other industries is that forecasting for future demand is relatively simple. In manufacturing for example, production of a particular product is highly dependent on the will of the consumer, who is influenced by innumerable factors such as level of expendable income, taste, need versus want, availability of alternatives, and so on. In construction, the health of the economy is a massive driver of demand, and even small changes within a complicated supply chain can materially impact the industry.

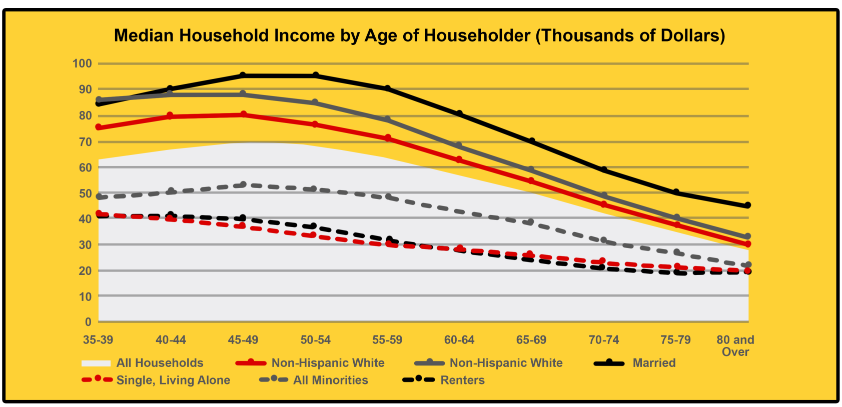
For long-term care, we know that the world population is rapidly aging, which of course will lead to an inevitable increase in demand for care. By 2050, nearly 17% of the global population (some 1.6 billion people) will be over age 65. In the U.S. some 48.3 million people (nearly 12% of the population) will be 75 or older.

Figure 2: U.S. Population Estimates Age 75-Plus



Let's consider the financial stability of this growing segment of the population. According to a recent study by Harvard, if current income and wealth distributions hold, population and household growth among older ages will mean millions more older owners and renters in precarious financial situations. Furthermore, today's pre-retirees may face heightened financial challenges as they cross into later life because of the blow many were dealt by the Great Recession (including unemployment or early retirement, loss of savings, and declines in home equity) and impending shortfalls in Medicaid and Social Security. Compared to previous generations, higher shares of these older adults are carrying debt into retirement, and smaller shares hold traditional pensions.

Figure 3: Median Household Income by Age of Householder



Source data: JCHS tabulations of US Census Bureau, 2014 American Community Survey 1-Year Estimates

The same study by Harvard estimates that by 2035 nearly 17.1 million households will face housing cost burdens, and approximately half of these will be facing severe housing cost burdens, where 50% of gross income is spent on housing. This leaves very little left over for the support and care that would enable them to remain in their homes, although amongst the majority of seniors, in-home care is seen as preferred where possible. While even moderate- and middle-income owners are likely to face cost burdens, renters will be especially vulnerable to cost burdens, and by 2035, over 7.6 million renters may be eligible for housing subsidies. Fulfilling their needs could require substantial increases in federal funding from current levels.

This doesn't necessarily mean that expectations for level of care will be diminished, however. According to the OECD's Better Life Index, the United States performs very well in many measures of well-being relative to most other countries, ranking at the top in housing and above the average in income and wealth, health status, jobs and earnings, education and skills, personal security, subjective well-being, environmental quality, social connections, and civic engagement. So, despite a significant portion of the population being resource constrained, the expectations around the quality of care and the environment in which the care is delivered remains high.

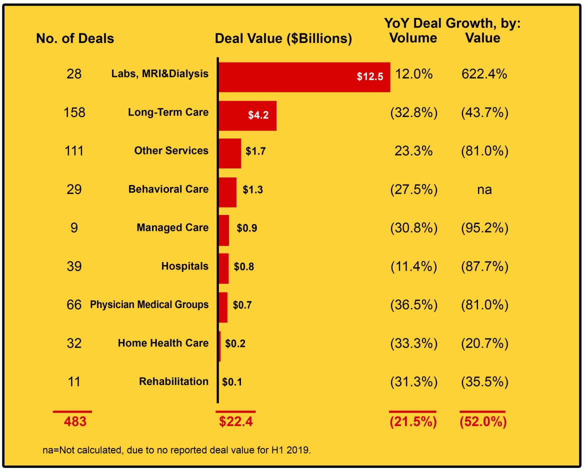
How will long term care organizations optimize their businesses to account for these trends and expectations?

Let's look now at two significant impacts that these trends are having on the industry, and the broader implications for the workforce and compliance landscape. Later on, we look at how innovative technologies can have an immediate impact on the workforce while also promoting compliance.

Insight: Ongoing merger and acquisition activity will impact talent retention

According to a recent article in Bloomberg Law, the aging general population and recent health-care initiatives have both expanded the pool of insurance coverage for those that require long-term care, and unfavorably impacted the payor mix and reimbursement rates. In response, ***long-term care organizations have shifted focus to improving operational efficiencies via economies of scale, resulting in further industry consolidation***. According to a report by accounting and consulting firm PwC, the healthcare sector has seen more than 500 merger and acquisition deals in the first half of each year from 2016 to 2019, with 2020 falling just short of that number.

Figure 4: Deal Volume, Value, & Year-Over-Year Growth, H1 2020



Source: Deal Search Online and Health Care M&A News (July 2020), www.HealthCareMandA.com

The drivers behind the merger and acquisition trend in long-term care are fairly clear. ***What attracts less attention are the hard yards that directly precede and follow the operational merger of multiple organizations***.

Firstly, the emotional impact on potentially affected workers cannot be understated. Without an effective operational infrastructure in place, a culture of fear can quickly set in amongst the workforce which will impact productivity in the run up to the merger. Secondly, having a clear talent retention strategy is critical to the future success of the newly formed entity. This normally will include a talent retention program that targets critical employees with a mix of financial and non-financial incentives. While financial measures tend to be the first lever organizations turn to, this approach can be both expensive and often less effective than companies anticipate.

Beyond this, target company employees are also expected to adapt quickly to the new corporate culture, management structure, and work practices. If the new management team struggles to communicate effectively to aid in the transition, discontent and disengagement among the employees can occur.

Lack of communication and engagement can have a significant impact on any segment of the workforce that is far removed from strategic decisions being taken at a corporate level. ***Typically, those most disconnected are frontline, or "non-desk" workers***. Non-desk workers do not typically operate within an office setting, but are at the cold face of the business, providing services or building products. In a long-term care setting this would include nurse practitioners, cleaning staff, facilities management, meal providers, and the like. We talk more about the non-desk workforce later in this paper, and how investing in engagement with this segment of the workforce is an essential part of encouraging the development of a healthy corporate ecosystem.

Insight: The risk landscape for caregivers is expanding with increasing in-home options

As per the aforementioned Harvard study, the aging population is growing as advancements in healthcare and care options grow, with the oldest populations expected to live longer than ever before. By 2035, the 80+ demographic is expected to double, and the number of older adults with a disability is expected to increase to 76%, or 31.2 million. This would indicate growth in the ongoing need for development of care communities. At the same time, most older adults continue to maintain a preference to receive care at home.

Over the coming two decades, demographic changes and the mobility of younger generations means that there will be fewer family caregivers who will be available to assist with care. Paid care will becoming increasingly necessary as a result, and there will be a shift toward more intensive care being carried out in the home. However, more than 9 million older homeowners have less than $50,000 in non-housing assets, which would be quickly depleted by the cost of paid in-home care. ***Public investment and private sector efforts to expand access to affordable in-home supportive services will be critical going forward.***

Promising pilot and small-scale programs exist, such as changes to government health insurance programs to cover the cost of in-home care, home modifications, or supportive services to remain in the community. The question remains as to how successfully these programs can be scaled.

In the end, care scenarios will continue to include a mix of options based on individual need and financial capacity. With advancements in technology, even the idea of intensive care shifting toward the home is not beyond the realm of possibility. Telemedicine, medication reminder tools, ordering groceries for delivery, self-driving cars (albeit in the future), all are emerging resources to help older adults stay in-home. As these advancements are made more widely available, it follows that the need for in-home professional care will also grow. As a consequence, for organizations and providers of care, there will be an increasing need to streamline operations and take an expanded view of the operational and legal risk landscape.

When considering additional risks associated with the provision of in-home care, ***organizations will need to invest in operational infrastructure and training that properly supports and adequately prepares the workforce to be mobile, agile, and connected***. Non-desk workers will increasingly be working outside of controlled environments, exposed to potential health and safety risks during home visits and in-transit, with less access to the type of support structures that workers at centralized facilities typically enjoy.

Not only will the changes to the operational and legal landscape require investment, but it will also require a fundamental shift in the way that leaders see their workforce. ***Those leaders and organizations that best adapt to the changing environment through innovation that supports equity and inclusion will lead the way in terms of workforce retention, satisfaction, and sustainability***. In the following section, I look specifically at workforce challenges in the industry, and will introduce the concept of work trust as a central tenet to creating a healthy ecosystem.

Caring for those who care

For the better part of a decade, the topic of workforce shortages in healthcare has been well documented, but solutions have been slow to develop. There are multiple factors contributing to the shortages that the industry is facing. These include:

- **Increase in demand** - the aforementioned aging population and increases in prevalence of chronic disease which are necessitating additional workforce numbers
- **A looming gap** - an aging workforce that is nearing retirement, also contributing to the increase in demand
- **Schooling shortfalls** – limited capacity of traditional education programs

A 2016 study published in *Human Resources for Health* indicated a global demand for 80 million health care workers by 2030. The supply of healthcare professionals is expected to reach just 65 million, leaving a shortage of 15 million worldwide. Though the basic threshold for health care workers is 23 skilled professionals per 10,000 people, there are 83 countries that still fail to meet the standard.

Ramping up the education pipeline seems like the obvious answer to the problem, but it has proven to be a more complicated issue. U.S. nursing schools turned away 79,659 qualified applicants from baccalaureate and graduate nursing programs in 2012 due to insufficient number of faculty, clinical sites, classroom space, clinical preceptors, and budget constraints. According to the Atlantic, this continued lack of infrastructure is driving the need for more creative solutions such as online learning and apprenticeship programs. Even so, there remains an experience gap whereby fledgling nurses are replacing retiring staff that have forty years or more under their belts. All of these factors have contributed to a hyper-competitive marketplace where companies need to increase their focus on human capital management strategies in order to attract and retain the best candidates, all while achieving an optimal level of service to residents.

Insight: Establishing work trust is central to a successful Human Capital Management strategy

Work trust *is a behavioral outcome that results from an organization's quantitative and qualitative investment in creating a culture of care that enables strong operational leadership and empowers the workforce*.

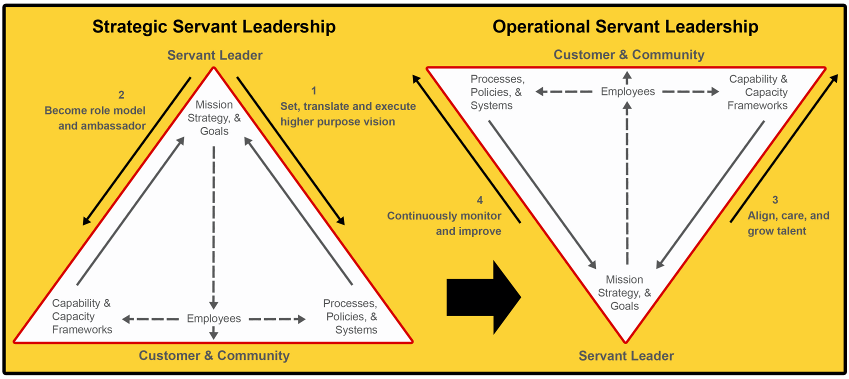
Work trust most often exhibits itself in the form of a feeling of being supported, empowered, and part of a collective for the betterment of both the individual and the whole. Work trust is central to a healthy ecosystem whereby individuals, and by association a company, can thrive. Qualitatively, the behaviors exhibited by leadership have a marked impact on work trust, which in turn can be measured by levels of employee engagement, performance, and retention.

On one end of the spectrum you have a style of leadership that can be characterized as parent and child. Leaders see themselves as providers, driving performance through control and measuring success in terms of outputs. In exchange for jobs and compensation, they expect loyalty from their employees and seek to reinforce behaviors that lead to desired outcomes that benefit the company, if not the employee.

On the other end of the spectrum is a style of leadership that is characterized by the principles of ***servant leadership***, whereby control is shared and success is measured through growth and development of the workforce. Employees can add value, they see the potential for development, and there is a shared sense of purpose. As individuals move further along the spectrum toward servant leadership, ***work trust replaces one-sided expectations of loyalty***, and there is an increase in the likelihood of improved employee engagement, performance and retention. The principles of servant leadership map well to long-term care, where the non-desk workforce operates through collaboration and with a great deal of autonomy.

According to Coetzer, Bussin and Geldenhuys at the University of Johannesburg, over time, servant leadership can transition from strategic to operational. In operational leadership the hierarchy is flipped upside-down, and the servant leader serves and empowers employees to achieve the higher purpose vision (as originally established in strategic servant leadership). In this way employees do not serve the leader in the expense of the customer, but employees are served and empowered by the leader to render exceptional customer service in line with the set vision and to help followers become servant leaders themselves.

Figure 5: Servant Leadership - flipping the hierarchy



Source: https://www.mdpi.com/2076-3387/7/1/5/htm

Intent and behavioral modification on its own is not enough, however. ***Companies who commit to creation of work trust also need to set aside budget to invest in an operational infrastructure that enables real and effective connection***. Within the ecosystem of an organization, the operational infrastructure is made up of people, business processes, and supporting technology. Processes and technology should be structured to complement an existing hierarchy, accounting for formal as well as informal elements. Additionally, it should be built to empower leaders and deliver desired outcomes through support of its intended audience. Well conceived operational infrastructure will ensure that strategic aims are aligned with desired outcomes. Symptoms of misalignment are wide ranging and include everything from employee turnover to lost productivity.

Investment needs to be intentional and informed by a clearly defined problem, e.g. 'I need to create a culture of work trust through greater inclusion of my non-desk workers'. This is in contrast to an approach whereby one jumps into generic solution mode, e.g. 'I need to send out a weekly newsletter'. The latter does not address the core need, nor does it allow for measurement of success or failure based on a common understanding of a baseline position. The former provides the opportunity to baseline the current situation, map out a desired outcome, analyze the gaps between the two positions, and come up with specific actions to address those gaps. Impact of this approach will most certainly be greater and have more lasting effects.

Progressive organizations are constantly reading the tea leaves and looking to stay ahead of industry workforce trends. They also recognize that one must invest in operational infrastructure that is specifically architected for connecting with the workforce, just as they would invest in products or services. Operational infrastructure is a key component in the empowerment of leaders, who, without a highway that connect them to their peers and direct reports, would underperform on the aforementioned measures of success. ***This is particularly felt when the beneficiaries of communication are non-desk workers, who typically operate without email and other platforms that information workers enjoy, and as such are disconnected by default***.

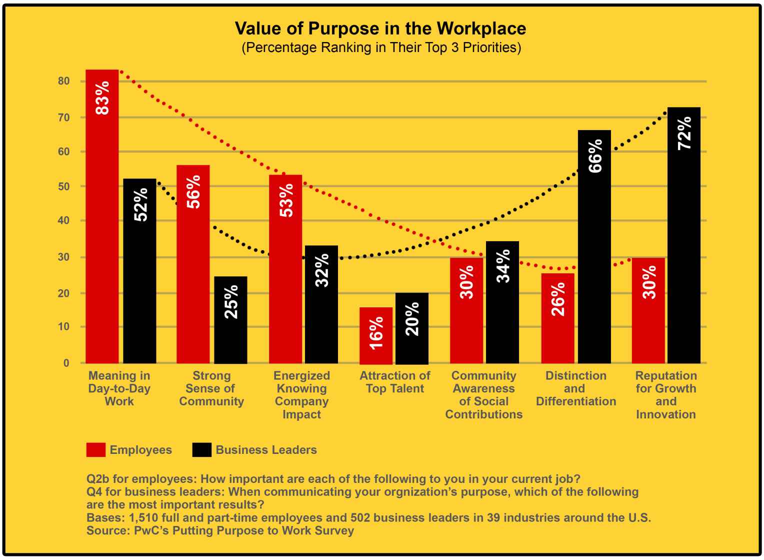
Insight: The stakeholder landscape is underpinned by different value drivers

Given the current and foreseeable issues surrounding talent acquisition and retention, companies who do not make necessary adjustments in their view of the stakeholder landscape will find that their human capital management challenges only increase. In the past, the power dynamic between various stakeholders would have very much sat with shareholders, and/or the corporate entity who was spoilt for choice in terms of staffing. Over time this stakeholder group has grown to increasingly include the needs and expectations of customers (or residents and their families in the case of long-term care), the community at large, special interest groups, and current and prospective employees, to name a few. What has been driving this expansion?

The power dynamic shift is mostly down to simple changes in supply and demand. As competition for the best employees increases, companies need to increasingly focus on the needs of those employees to attract and retain the best talent. Those needs might be monetary, and they could equally be non-monetary. Broadly speaking, there has been a slow-developing shift from a purely monetary-driven economy to a purpose-driven economy. This has impacted all industries and is a reflection of the attitudes and priorities held new generations of workers and consumers alike, in part informed by corporate excesses of the past that have put the interests of executives and shareholders above all else.

To see this shift, all one needs to do is to look at how the retention data has changed. In a recent study by PwC, millennials were 5.3 times more likely to stay when they had a strong connection to their employer's purpose. In contrast, non-millennials were only 2.3 time more likely to stay given a strong connection to the employer's purpose. Furthermore, when studying the differing perceptions of what adds value within an organization, one can quickly see a gap between employees and business leaders.

Figure 6: Value of Purpose in the Workplace



This gap is significant not only for the reason that leadership and the workforce are often misaligned, but also because this misalignment can lead to disillusionment. According to Gallup, a sense of engagement is directly correlated to an employee's ability to find meaning in their daily work, access to developmental opportunities, and clarity about role. It follows that if there is misalignment between what leadership deems to be core to its purpose versus that of employees, then communications, support, initiatives and the like will miss the mark with the workforce.

Next, we look at the importance of good communication, the different types of messages, and the role of operational infrastructure in **how** we communicate. Having the right infrastructure in place can help to bridge gaps by repairing and growing the overall sense of common purpose in an organization.

Insight: Well designed operational infrastructure is the key to effective communication

There are many ways to measure the effectiveness of your organizational leaders at every level, from financial impact to qualitative feedback from direct reports, customer satisfaction, and everything in between. In the case of operational leaders, there have been many studies that focus on the adjectives that describe a good leader - competent, honest, inspirational, empowering, self-aware, committed, visionary, and the list goes on. ***A central component of all of these qualities is excellent communication.***

Communication is a qualitative skill that not only has an impact on the recipient's sense of connectivity and engagement, but it also has the potential to be linked to quantitative measures of success such as increased productivity, retention of staff, and so on. One-to-one interviews, HR data analysis, pulse surveys, or other engagement indicators are key to understanding the qualitative and quantitative impact that connectivity is having on an organization. The problem is, many organizations take a static view of these indicators, and do not challenge themselves to gain a deeper understanding of how they could do better. The truth is, communication is not a one-size-fits-all mechanism for engagement. A more complex reality requires companies to be more intentional in their approach to engagement, analyze trends over time, and invest in the right mix of tools to ensure that they connect with all employees.

There are two primary considerations when it comes to maximizing impact of communications.

1. **What** you are going to communicate - what is the content that is going to resonate most with the recipients and how do the needs of these stakeholder groups vary; and
2. **How** are you going to communicate - not all message types or communication platforms are equal

We briefly touched on the importance of purpose in the previous section, which speaks to the **what**. In this section we are focusing mostly on the **how**. Let's start by understanding the four basic message types that are typically used in a work setting. These can be described as:

A. **<u>Broadcast</u>** messages are pushed out to everyone in an organization, and are typically used for company wide announcements, alerts and updates. Those allowed to initiate this type of message are normally limited to a handful of individuals.

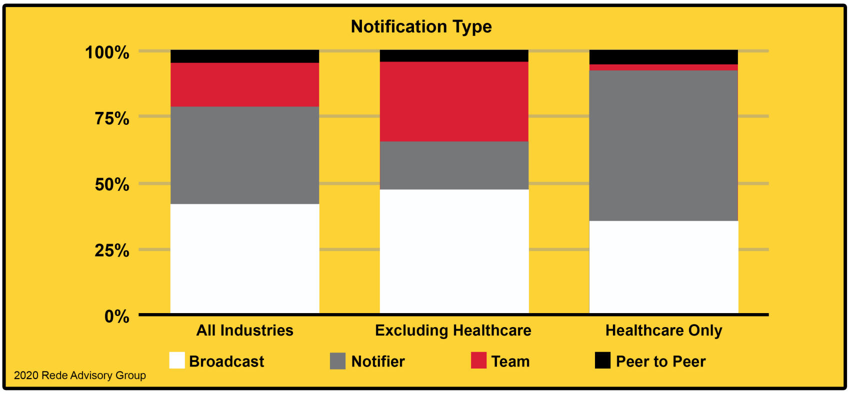
B. **Team messages** are effectively for group text messaging that allows for 'reply all' to everyone in the group. Anyone in a pre-designated group can initiate or reply to a message.

C. **Peer-to-Peer** messages function effectively like personal one to one messages most commonly used with texting and other popular social applications. Frequently this mode of messaging will include read receipts that cannot be disabled.

D. **Notifier** messages are broadcast messages sent out by operational leaders at all levels of an organization. Designed correctly, notifier messages can be sent to many, but allow for responses that thread one-to-one. This eliminates noise and provides a powerful mechanism for leaders to drive engagement with teams and individuals.

The perfect mix for use of various message types varies according to organizational need. Saying this, ***when it comes to healthcare, it is clear that leadership-centric operational infrastructure design is critical to effective communication.*** Redeapp, a provider of operational communications infrastructure for industries that have majority non-desk workers, analyzed more than 30 million messages sent over its platform from January 2020 to early December 2020 and found that healthcare organizations utilized Notifier messages nearly 58% of the time, compared to only 17.5% across all other industries. Why? It comes back to the alignment between long-term care and servant leadership, which necessitates and prioritizes operational leader-led communication.

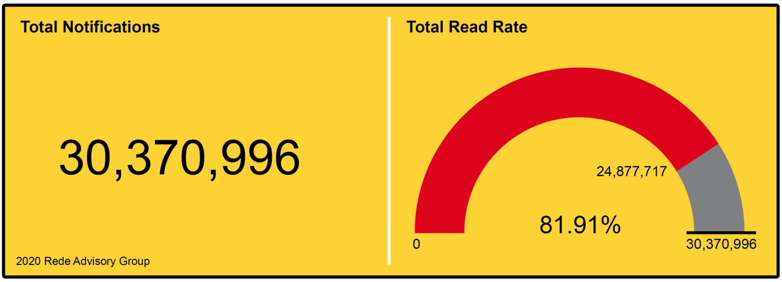
Figure 7: Percentage of message types used across all industries, all industries excluding healthcare, and healthcare only



Companies who invest in operational infrastructure should be seeking high engagement as an outcome in order to meet ROI expectations. ***As a benchmark, anything less than a 68% read rate across the board generally means that the engagement platform of choice is not performing, and should be reviewed***. Because there are many factors that can negatively impact effectiveness, such as leadership buy-in or usefulness of content, **design** becomes one of the most important factors in determining success. If the platform has been built around the needs of the primary audience, the chances of success greatly increase. If that audience is made up of mostly non-desk workers, then traditional solutions - email, social media, and desk-driven software - simply will not work.

An operational infrastructure that has been designed to enable operational leaders and empower the workforce that it is intended to support will more easily achieve engagement. One common measure of engagement is read rates. In the case of the aforementioned Redeapp analysis, read rates exceeded 81% on average, regardless of industry.

Figure 8: Read rates as a measure of engagement across industries



Ultimately, the real power behind advanced platforms comes in the form of data analysis. ***The best designed and most powerful platforms are able to identify the most effective communicators and link this to real ROI***. Aside from the potential to develop and promote these leaders, one can start to leverage the data for other purposes. For example, analyzing the mix of communication types, frequency, length, style and content utilized by the best communicators can give organizations a powerful tool in developing performance metrics for leaders, and linking this to profit centers.

In healthy organizations, the needs of shareholders will never be fully replaced, nor will the need for ROI and at a minimum, sustainable growth. The differentiating factor will be the ability of leaders to implement a fit-for-purpose operational infrastructure that enables operational leaders and empowers **all stakeholders**, whether they be driven by economic outcomes or a strong sense of shared purpose.

Technology is central to managing change and risk

Technology is often seen as a commodity - something that is a must-have for fulfilling basic operational needs. The cliché of IT departments dwelling in the windowless sub-structures of office buildings, existing for the sole purposes of hardware updates, support, and security, has been a hard one to overcome in the collective consciousness of boardrooms. As companies realize the innovative power of technology, legal and compliance departments see that same innovation as an additional burden that creates a need for updated policies, and exposes the organization to unknown risks. Rather than treat technology as a tool in the compliance arsenal, it is too often shunted aside at the expense of the organization as a whole, and those who it might otherwise benefit.

In this section, I explore how the unstoppable rise of technology has benefited some more than others, and how that has created a chasm in the treatment of different segments of the workforce. I argue for the embrace of smart technology, and explain how purposeful investment can empower leaders, reduce operational and legal risk, and allow for more equitable treatment of the workforce, which in turn will help with retention, productivity, and a creation of a healthy ecosystem.

Insight: Technical spending is on the rise in response to external factors, but internal factors remain important

One of the unstoppable line items in annual budgets is technology spend. Exploring the preponderance of technology solutions for every aspect of business can be overwhelming and seem tangential to many an executive. In fact, the impact that technology has on how we make things, provide services, and connect with our customers and workers is significant and far reaching. For healthcare, the impact is even more notable when considering public health crises.

According to a recent survey by Philips and SHN looking at the senior living industry, eighty percent of respondents noted that their organizations increased spending on technology in the first half of 2020 in order to address COVID-19 needs. That number is even higher looking ahead to 2021, with 87% of respondents increasing their technology budget for next year.

Where is all of this additional money going? In response to COVID-19, spending trends have shifted away from solely resident-based experimental budgets and toward operational infrastructure support, such as tele-health. So not only are companies tying to respond to an external factor, but they are having to invest in the proper support for their workforce. Unfortunately, it often takes a crisis to shine a light on the shortcomings of operational infrastructure. Even so, throwing money at an issue is the easy part. The hard yards are in understanding the problem that you are trying to solve, choosing the right solution, and eliciting the desired human response through alignment of strategy and processes.

Insight: A healthy information ecology is architected for ease of access and usability

The health workers of today share many of the same qualities as their predecessors. They are passionate for their work, care deeply about the people they help, well trained, and brave in the face of daily challenges. There is one significant difference in the health workers of today, and it is not in the qualities that they exhibit but rather in the access that they have to technology. This key advantage is too often underplayed by organizations who are either unaware or reluctant to tap into this ready-made operational infrastructure for engagement.

Design and investment have been reserved almost exclusively for the benefit of desk-based workers, but what about non-desk workers who are typically paid on an hourly basis? Yes, companies need to consider the compensatory risks of asking workers to utilize their personal devices, and the potential exposure to risk through violation of wage and hour laws. On the other hand, if access to workflow support and communication are denied to this critical segment of the workforce, does this not have a detrimental impact on the ability of these workers to carry out their roles safely, efficiently, and effectively?

There are (rightfully) expectations of inclusion and equity amongst the modern non-desk health workforce. Aside from being the right thing to do and long overdue, it is becoming more and more difficult for companies to deny the business need. In the absence of a supportive operational infrastructure, human nature dictates that workarounds will be found, which in themselves may easily violate privacy or wage and hour laws. Purposeful technology design can offset these risks and actually help with the proactive mitigation and management of risk. Information ecosystems are complex, and the data points that are held within them are often highly sensitive. This may drive certain organizations to limit innovation due to fears surrounding compliance issues, and this would be a backward step. Without a doubt, not considering the needs and expectations of the entire workforce leads to disengagement, higher turnover, and a loss of work trust.

Insight: Investment in access for the workforce is investment in work trust

Aside from strong leadership, access is one of the most important elements in creation of work trust. It's the highway within operational infrastructure by which the workforce is connected to an organization. ***A lack of connection or obfuscation of needed information inevitably sows distrust amongst the workforce and significantly increases risk within an organization***. The risks are not just legal, but also operational. Organizations that lack a reliable highway often battle with multiple sources of truth - a disorganized and inaccessible intranet, paper-based policies and procedures, verbal instructions for which there is no audit trail, rumor, and so on. This lack of access to a single source of truth not only disempowers leaders, but also undermines work trust and forces companies to default to a position of risk aversion.

Intentional and specifically architected design for providing this access can solve many of these challenges. It is the role of the many rather than the few to make sure that the design meets the needs of each person that it will touch. While the genesis for a decision to invest will likely come from a single point of pain and the buck will ultimately stop somewhere, a proper and complete solution that creates access will actually benefit from broader stakeholder engagement. For example, legal, compliance and security teams have an increasingly strategic role to play in creating innovative yet compliant solutions to modern day challenges, particularly where the rights of individuals (PHI) and employees (wage and hour) need equal attention. This doesn't mean that legal, compliance and security should exclusively own the space. Co-ownership, creation, and governance that also includes operations and communications increases the possible reality of a fit-for-purpose solution that meets the needs of all.

The return on investment can be measured in the reduction of risk, and the increase in work trust, which in itself results in many other benefits such as better performance, a better product or service, and loyalty.

The role of innovation in a healthy ecosystem

For all of history, innovation - the act of changing an established, or creating a new method, idea or product - has played an important role in who succeeds and who fails. It fits neatly with the idea of natural selection initially espoused by Charles Darwin, whereby organisms better adapted to their environment tend to survive and produce more offspring. In the natural world, there are innumerable examples of this. A chimpanzee inserts a stick into a termite mound, and as the insects attack the foreign object, the chimp withdraws the stick and fills his belly with a protein-rich snack. This is a simple example of innovation in the natural world that may very well give this chimpanzee an advantage over its peers.

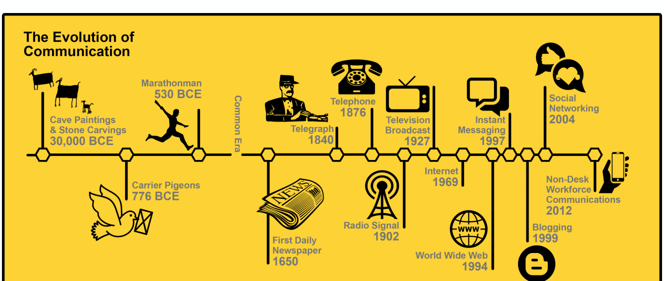
In the business world, a company's version of success is defined by how closely it meets its vision and mission. For most companies, longevity is the aim, which can only be achieved through remaining relevant, and producing a product or providing a service that is valued by enough people to make the business sustainable. Remaining relevant is a recurring theme throughout this paper, as is the idea of companies as ecosystems that can only remain healthy through constant evolution and innovation.

Those who respond best to market needs will gain competitive advantages over others, particularly if innovation:

1. Enables a company to internally transform itself by creating an environment that attracts and retains strong leaders and employees, encourages beneficial behaviors, drives efficiencies, lowers costs, and/or
2. Provides a service and/or product that is uniquely appealing to a commercially sustainable number of consumers in such a way that they are willing to forego alternatives more often than not.

Transformational innovations have come in cycles throughout history. These game-changing moments have typically been followed by periods of micro-innovations that build on the previous big shift, until another big idea creates a step-change in the way that things are done. What we have seen over time is that the periods between these step-changes has steadily decreased, largely due to advances in widely accessible, advanced technology.

Figure 9: Transformation in communication technologies



Source: https://sci10sectionm.files.wordpress.com/2013/12/timeline.jpg

Technology plays an increasingly important role in accessibility to information, and in turn, innovation. What is less obvious is the role that it plays in compliance, which might otherwise see technology as a threat that creates unnecessary risk in the system. This is an outdated view that can significantly impact the health of a company's ecosystem, and ultimately, its longevity.

Good intent and its consequences

Over the past century, healthcare has become one of the United States' most profitable sectors, while at the same time becoming one of its most regulated. With heavy regulation comes high financial penalties for breaking the rules, which in turn drives the need for a greater focus on compliance. At the most basic level, compliance officers who work in healthcare have to deal with risk on two fronts - external (patient safety, privacy of health data, and billing practices), and internal (standard workplace regulations and wage and hour law).

The rules of the game are pre-defined by bodies such as the U.S. Department of Health and Human Services' (HHS) Office of the Inspector General (OIG), who are responsible for ensuring patient privacy, quality of care, and combatting fraud. Passage of The Healthcare Information Portability and Accountability Act (HIPAA) and The Health Information Technology for Economic and Clinical Health Act (HITECH) have given regulators powerful mechanisms to enforce compliance. Breaches of information can lead to penalties of up to $1.5 million per case. And when it comes to the potential liability associated with billing practices, the numbers are attention-grabbing to say the least.

During the American Civil War, The False Claims Act was implemented to combat fraud from defense contractors supplying the Union Army. The Act establishes "civil liability for offenses related to certain acts, including knowingly presenting a false or fraudulent claim to the government for payment." Additional amendments to the act under the Reagan Administration enhanced recovery incentives for whistleblowers reporting fraud. A study by Michigan State University notes that although the Act targets many types of fraudulent claims, healthcare fraud constitutes the majority of cases. According to the U.S. Department of Justice, in 2015 alone, of the $3.5 billion collected from False Claims Act cases, $1.9 billion came from the healthcare organizations. WilmerHale's annual year in review publication shows that the trend has continued. In 2016, healthcare's share of the collections reached $2.6 billion. In 2017, the figure dipped slightly to $2.5 billion, followed by $2.51 billion in 2018, and another $2.6 billion in 2019.

With the staggering cost of fraud capturing the major headlines, one must not forget other areas of risk. The Fair Labor Standards Act (FLSA) and various state wage and hour counterparts are resulting in a rising number of class action suits related to employers falling afoul of statutory workforce requirements. The impact on the bottom line is real, with millions of dollars in class action suits being filed, litigated and settled. The demand on time and resources is significant and quantifiable, as are the attorney fees. As the National Law Review notes, these issues can stem anywhere from unlawful corporate policies to local managers failing to properly enforce otherwise lawful policies.

All of this has led us to a place where companies are at risk of letting the tail wag the dog. ***Many organizations are***

operating out of a pervasive sense of fear – fear of litigation, fear of financial loss, fear of loss of share value - which negatively impacts on the ability of leadership teams to promote a culture of work trust with its employees. The intent behind this entrenchment is protection, but this is a myopic perspective that ironically puts organizations at greater risk.

In response to this significant financial and reputational risk, compliance officers develop policies, procedures and standards of conduct that set out the operational practices that employees are meant to live by. This is all well and good, until you factor in the most important element – human behavior. Humans are like water. We will find the crack, the path of least resistance, and work our way through the system. No amount of policy development will switch off this inherent characteristic. Thus, risk will always exist where humans are involved. The challenge therefore becomes one of providing a workable framework within which we can most effectively mitigate our risk. For compliance it's not simply a case of "build it and they will come", but rather there is a need to embrace innovation and emerging technologies that engage fallible humans to positively impact behavior and create a culture of work trust, which in turn will ultimately lower risk.

The convergence of innovation and compliance

We've explored the reality of high-risk environments, and how this can unduly influence an organization's appetite for innovation. Taking this a step further, one could easily say that innovation and compliance sit at opposite ends of the risk spectrum. Compliance is typically risk averse, and innovation naturally pushes the limits of risk. So, can and should this juxtaposition be overcome?

Innovation and the birth of compliance

In the natural world, innovation has existed since the beginning of time as a key determinant behind the success of a particular species. This is no different for humans who, throughout history, have excelled based on their ability to innovate and subsequently, gain a degree of control over their environment. As our species has spread across the globe, our ability to connect and communicate effectively has enabled this expansion. The need for co-operation through establishment of community-based structures and societal norms has been required to maintain our success. Because of this framework, commerce as we know it today has been able to flourish, with innovation as a primary driver. Historically speaking, this commercial success has benefited a relatively small number of individuals, and come at the detriment of a broader group of stakeholders.

The United Nations says that while the origin of "human rights" lies in the nature of the human being itself, as articulated in all the world's major religions and moral philosophy, "human rights law" is a more recent phenomenon that is closely associated with the rise of the liberal democratic State. The idea of equity and inclusion for all, regardless of social standing, has been one of the factors in the development of human rights law and ultimately, regulation of industries that in turn spawned the need for companies to invest in compliance as a function.

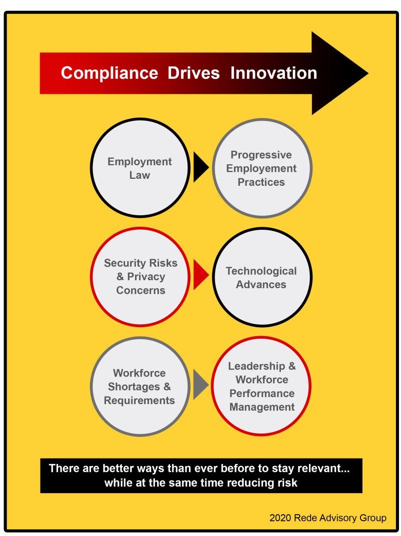
What does this mean? Basically, in the past, commercial success driven by “innovation” not only benefited a relative few, but it also frequently came at a great cost to the many who made the commercial success possible. While we might feel that things have improved, the truth is that the issue still exists, although less in the public eye. Stories about sweat shops servicing the insatiable appetite of consumers will occasionally surface before something else grabs our attention.

To diverge or to converge, that is the question

According to the Finance Professionals’ Post, modern compliance programs can be traced back to the turn of the 20th century, when public safety agencies began to emerge. The Food and Drug Administration, for example, was created in 1906. Spurred on by popular culture, the new public safety movement increased friction between private business and the federal government as it began oversight of industries as diverse as meatpacking and financial services. This friction resulted from a shift in the traditional balance of power, and still exists today.

The argument that regulation and compliance stifles innovation is in part born out of the reluctance of companies to change. Why? Change is viewed as difficult, more often than not it costs money, and shareholders love stability. Unfortunately for some, this aversion to change is increasingly outdated, and highly risky. Change is a function of progress, and as discussed, the rate of change has been increasing exponentially with the advent of the technological revolution. Those who do not innovate will likely go the way of Blockbuster, who famously failed to adapt to change in consumer behavior driven by the availability of on-demand movies. By embracing change and investing in transformative technology, compliance can actually drive innovation within an organization.

Figure 10: Compliance's role in driving innovation



The traditional formula is straightforward. Regulators establish the rules of the game, and compliance seeks to ensure that the rules are not broken. These rules might relate to anything from employment law to maintaining the privacy of personal health records. Given this context, there are two primary approaches that one can take.

Compliance officers can either:

a) Set out restrictive policies and procedures that do not reflect the reality of what happens on an operational level, and in isolation of other functions that could help to establish the necessary operational infrastructure to ensure compliance; or

b) Get actively involved in the cross-functional design of an operational infrastructure that meet the operational reality faced by non-desk workers, so that the needs of these workers are met while at the same time creating a compliant environment

The first option can create an environment of fear, where the individual who makes operational decisions based on that which makes their job easier puts them at increased personal risk. Effectively, the company is creating a scenario whereby disinvestment in supportive operational infrastructure shifts responsibility for compliance from the company to the individual, and with it, the punitive outcomes resulting from lack of compliance. For the non-desk worker, the impact of inequity of support drives loss of work trust and all of the negative consequences that can follow.

The second option is the way of the future. A recent article from the Wall Street Journal cited guidance from a leading risk management advisory group who are encouraging organizations to better coordinate risk management, compliance and ethics functions to strengthen protections against legal and regulatory pitfalls. This effectively means improved communication between functions, and breaking down silos that hinder transfer of knowledge. It's all too easy to set out compliance guidelines that are not based on reality and therefore are difficult to enforce at a departmental level.

When it comes to compliance with employment law, for example, compliance departments need to be working hand-in-glove with risk managers from Human Resources to understand the needs of employees, and how they can best carry out their roles without falling afoul of regulations or putting the company at risk. This should include strategic discussions about supportive processes and technologies that can help achieve stated goals.

True transformation is the result of a collective effort to seek out smart design that results in desired outcomes for all, including those workers whose needs have been intentionally or unintentionally ignored. Smart design is about alignment across the entirety of an organization - alignment of leadership, messaging, purpose, value drivers, processes and behaviors - through creation of a specifically architected operational infrastructure that empowers leaders, creates equity and inclusion for non-desk workers, and drives a culture of work trust.

In closing

Shakespeare was a seer of truth, a master of allegory. He inherently understood that an unforeseen and unexplored relationship, created through necessity and potential pain of loss, might yield surprisingly beneficial results. As Trinculo had to overcome feelings of fear to seek refuge with Caliban, so too must the world of compliance increasingly seek out a partner in innovation. Leaders within long-term care who embrace the joint power of these strange bedfellows will be able to nurture their sensitive ecosystems and in doing so, create a stable and supportive environment for everyone.

About the author

Justin Rudwell is a management consultant specializing in people strategy and organizational transformation. He has held advisory roles with PwC in London, England's Department of Health, and the National Health Service. He co-founded an international wine import and distribution business, and acted as Executive Director for a non-profit focused on environmental sustainability. He currently serves as the General Manager for Rede Advisory Group.

About the contributor

Thor Hunter is a business development and sales consultant with broad experience in the world of enterprise software platforms. In his career he has split time between the Fortune 500 and startup environments. Regardless of role or client, he always brings his passion for solving complex challenges. He lives with his wife and two daughters in Louisville, Kentucky and is currently the head of Business Development for Redeapp.

About Redeapp and Rede Advisory Group

Redeapp is a Mobile Leadership-Centric enterprise solution designed to create a culture of **work trust** within companies by maximizing the impact of operational leaders at every level and broadly increasing performance across organizations. Redeapp brings its unique software and advisory platform to industries that depend on a highly engaged and optimized frontline workforce, who we refer to as “**non-desk**” workers.

Leaders who successfully bridge the communication, digital, behavioral and application gap between management and the non-desk worker are far more effective and positively impact the bottom line. Eliminating this gap allows companies to unify their entire workforce around a culture of work trust that promotes equity and inclusion. Redeapp provides leaders with the tools needed to create value through engagement, mitigate risks, and drive employee retention and satisfaction through empowerment and a feeling of purpose.

For nearly a decade, Redeapp has sat at the complex crossroads of disruptive technology, generational change within the workforce, shifting corporate focus, and transformative business delivery models, all of which have fundamentally altered the way that companies manage their workforce. Here, Redeapp utilizes highly structured, private and secure communication, content, automation and workflow to enable leaders and connect the unconnected so that employees are always **Rede for work**.

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