Providence

New Operating Model
Frequently Asked Questions

NEW QUESTIONS – AUGUST 2022

What is Providence's commitment to diversity?
The Providence family of organizations is committed to building an inclusive, diverse, and equitable workforce and culture, and recognizes the value of having leadership and a workforce that represents ALL dimensions of diversity and the communities we serve.

As a demonstration of the commitment to DEI and the intention to incorporate DEI best practices into our business plans, talent processes, and management behaviors, the Office of Diversity, Equity, and Inclusion conducted a systemwide DEI Listening Tour across 45 locations and included more than 500 participants. The tour provided both a safe space for caregivers across the Providence family to share experiences and an opportunity to assess the state of DEI throughout the system. Results of the Listening Tour, along with the Mission Fidelity Assessment, and Caregiver Engagement Survey, will inform the development of a systemwide DEI roadmap.

Our strength lies in the diversity of the workforce and in cultivating a work environment where ALL caregivers across the system can thrive and are welcomed. But the work is far from over. With the full support of the executive leadership team, everyone will continuously push for better.

How does the new operating model advance and enable local decision making?
The new operating model streamlines senior layers of leadership, which reduces bureaucracy and the number of approvals required for local decisions by ministries and affiliates.

How will shared services adapt to the new operating model?
The design work for shared services is underway. Shared services will adapt structures and resources to support the new operating model. Shared services leaders plan on sharing more information when decisions are made.

How does the new operating model affect Physician Enterprise, Ambulatory Network and Clinical Institutes?
The design work for these lines of service is underway. Leaders of these services plan on sharing more information when decisions are made.

How does the new operating model affect Home and Community Care ministries and affiliates?
The design work for Home and Community Care is underway. Leaders for Home and Community Care plan on sharing more information when decisions are made.

FAQ – JULY 2022

Why are we making this change now?
The Providence family of organizations has been working to create a more sustainable model of health care by 2025 as part of our vision of Health for a Better World. We began this journey before the pandemic, but it has become even more imperative today as health systems across the country face a new reality. The national health care labor shortage, inflation, global supply chain disruptions — combined with reimbursement from insurers not keeping pace with the rising cost of care — have resulted in unprecedented operating losses for health systems nationally, including Providence. As resources become increasingly scarce, our system is called to continue supporting caregivers and serving patients by simplifying our operating model and leadership structure.

What is different about the new operating model?
In the new model, the leadership structure is more streamlined. At a regional level, the existing seven regions are being regrouped into three new divisions:

- South – Southern and Northern California
- Central – Oregon, Eastern Washington/Montana and Texas/New Mexico
- North – Puget Sound and Alaska

What are the benefits of this structure?
The new structure moves our system from seven current regional executive leadership teams to three. This will free up resources for the frontlines, help our ministries and affiliates be nimble enough to adapt to a fast-changing world, and empower local decision-making to meet the unique needs of each of their communities.

What does this mean for current regional executive teams?
Stakeholders will begin the process of selecting the new division leadership teams over the next month. The most difficult aspect of this change is that there will not be a place for every current regional executive in the new structure. This is especially painful knowing that every leader has given their heart and soul to the Mission, especially during the pandemic. That is why we are absolutely committed to going through this process with compassion and respect.

What is the process for selecting members of the new divisional senior leadership teams?
Since some positions will have incumbents and others will not, the selection process will range from appointments to a competitive interview process. We will work to fill positions through a carefully managed process as quickly as possible. One-on-one conversations are being held with each senior leader to discuss the process for their particular role.

What does this mean for ministry/service area chief executives and leadership teams?
Service areas/ministries serve as the front line of care, and the new structure focuses on ensuring resources are available at the local level. Once the division leadership teams are built, the next step will be to work with our ministries/service areas to evaluate what type of leadership support they need to ensure their local teams are supported and have what they need to deliver safe, quality care.

What does this mean for frontline caregivers?
With the new operating model, the goal is to free up resources to continue supporting caregivers at the point of care. Our ministries and affiliates will keep the focus on retention and recruitment for essential roles, especially given the workforce shortage.

Will there be changes to the regional boards and community ministry boards?
We recognize the restructure will raise questions around the governance model. While there are no changes planned at this time, we will partner with our regional boards to assess any adjustments that may be needed in the future to ensure they are continuing to meet local needs.

How quickly will we see other changes in regions and ministries?
The first step is to establish the three new division leadership teams and operationalize the new model. Once leaders are in place, they will work with their regions, ministries and affiliates to ensure their needs are being met and what changes may be needed to support them.

Will we close certain services?
Our shared goal is to ensure that the communities our ministries and affiliates serve have access to essential patient care services. That being said, the severe workforce shortage has created capacity issues in some ministries/service areas. This requires a review of all our collective offerings to ensure ministries and affiliates have the appropriate level of resources to provide high-quality care or whether the service is best delivered through partnerships or through others in their communities.

Are we expecting layoffs?
Retention and recruitment for essential patient care roles will continue to be a top priority, especially given the national shortage of health care personnel.

The Providence family of organizations has made every effort to reduce non-caregiver expenses, such as a strict moratorium on non-essential travel, limiting consulting and discretionary spending, not hiring non-patient care positions, pausing new construction not related to life/safety or compliance, and reviewing leases and real estate holdings. However, after going through a thoughtful ethical discernment process, we have determined that to ensure appropriate support for the frontlines, our family of organizations needs to reduce the number of leadership and administrative roles. Over the next few weeks, we anticipate the new divisions, shared services and lines of business will reduce duplicative leadership and administrative roles as they adapt their structures and resources to support the new model.

Does this mean caregivers will do more with less?
The intent is to prioritize essential work. A simplified leadership structure will help to ensure caregivers are focused on work that delivers or supports core patient-care operations.

How were the regions selected for each division?
The regions were grouped together based on similar strategies and demographics, as well as revenue size.

Why are the ambulatory care network, clinical institutes and Providence physician groups coming together under one aligned structure?
These lines of business are aligning to ensure a more integrated approach to delivering care. This will help them be better positioned to operate more sustainably given today's financial realities, which will enable them to continue to invest in world-class specialty care offerings and have aligned clinical strategy, prioritization, decision-making, and leadership. Although these lines of business will have an aligned executive leadership structure, frontline caregivers will experience no change in their direct leadership or employing facility.

What are the next steps in aligning the ambulatory care network, clinical institutes and Providence physician groups?
Over the next few weeks, key stakeholders from the ambulatory care network, clinical institutes and Providence physician groups will engage in operational planning.