

**BRIEF**

# Scripps nixes hospital CEO positions and \$30M in services

By **Jeff Byers, Meg Bryant** • Dec. 5, 2017

## Dive Brief:

- Scripps Health is cutting hospital C-suite positions and slashing \$30 million from corporate services in an effort to remain viable in today's changing healthcare environment, Modern Healthcare reported.
- In a memo to employees, CEO Chris Van Gorder said the company will do away with chief executive officer positions at each of its four hospitals. In their place will be a CEO for the Encinitas, Green and La Jolla campuses, one for Mercy San Diego and Chula Vista facilities and one for ancillary services.
- Meanwhile, North Philadelphia Health System (NPHS) said CEO George Walmsley III and other executives will resign as part of a court-ordered cost-cutting plan, Becker's Hospital CFO reported. The Pennsylvania system filed for Chapter 11 bankruptcy last year.

## Dive Insight:

The news from Scripps and NPHS reflects that executive positions aren't free from scrutiny when evaluating budgets. The transitions are the latest in a trend continuing throughout the year.

In May, for example, Ruth Brinkley resigned as KentuckyOne

Health CEO a week after the system announced operation cuts in the Louisville area. Other high profile executive exits announced this year included Cleveland Clinic's Toby Cosgrove and MD Anderson Cancer Center's Ronald DePinho.

San Diego-based Scripps stated it will redesign its care delivery system to be more patient-centric and cost efficient. Van Gorder attributed the changes to shrinking reimbursement and rising operating costs, noting the nonprofit health system had failed to meet its operating budget for the first time in 15 years.

Hospitals are facing budgetary challenges this year similar to what Scripps is saying. Restructuring leadership has become one means to trim costs and control finances as hospitals and health systems across the country struggle to maintain a healthy bottom line. Investors are demanding accountability and pressuring organizations to take steps that will help them compete in a changing market.

Tenet Healthcare, for example, has also made leadership changes as it restructures in the face of declining admissions. Tenet, which operates 77 hospitals, saw total patient admissions drop 4.5% in the first six months of 2017. In October, the health system announced it was cutting its regional management layer and CEO Trevor Fetter resigned a few months sooner than expected.

Despite these trends, an analysis from Challenger, Gray & Christmas released last month found hospital CEO exits are down this year (92) compared with 2016 (126).

## Recommended Reading:



Modern Healthcare

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