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CEO TURNOVER IN GEORGIA RURAL HOSPITALS, 2011-2017

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HIGHLIGHTS

The average annual turnover rate in Georgia rural hospitals between 2011 and 2017 was 24%, with a low of 17% in 2012 and in 2015 and a high of 37% in 2016. Between 2011 and 2017, rural hospitals had on average, approximately two CEO changes, with 46% reporting three or more CEO changes. Annual turnover rates were found to be consistently higher in rural prospectively paid (PPS) hospitals, compared to Critical Access Hospitals (CAHs).

BACKGROUND

Hospital chief executive officer (CEO) turnover rates have increased nationally over the last decade, increasing from 15% in 2007 to 18% in 2017, and after reaching a peak of 20% in 2013 (American College of Healthcare Executives [ACHE], 2008; ACHE, 2018). Unexpected leadership turnover can be disruptive for organizations operating in an ever-dynamic environment like healthcare. The existing literature indicates an inverse relationship between CEO turnover and hospital performance, with a stronger negative impact of turnover on performance in nonprofit hospitals (Brickley & Van Horn, 2002) and among small rural hospitals (Alexander & Lee, 1996).

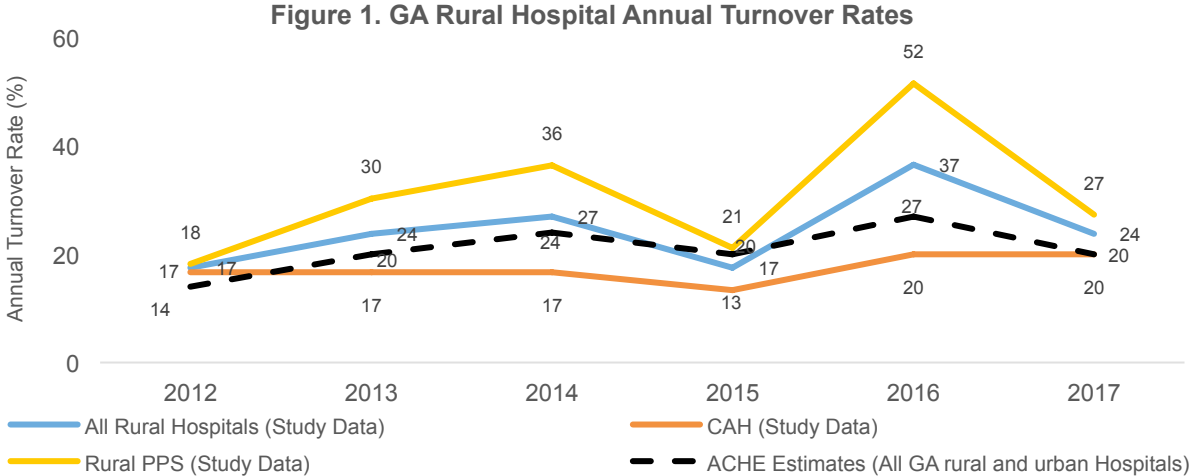
In 2018, the American College of Healthcare Executives (ACHE) estimated the CEO turnover rate in Georgia hospitals to be 20%, higher than the national rate of 18%. There is, however, a dearth of literature on CEO turnover in rural hospitals in the state. The purpose of this research brief is to describe CEO turnover in Georgia's rural hospitals between 2011 and 2017.

METHODS

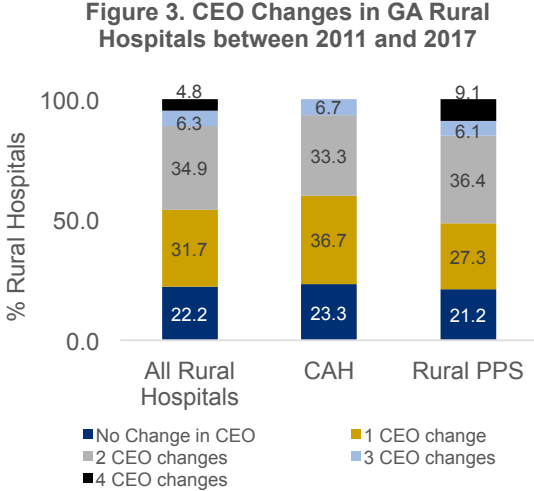
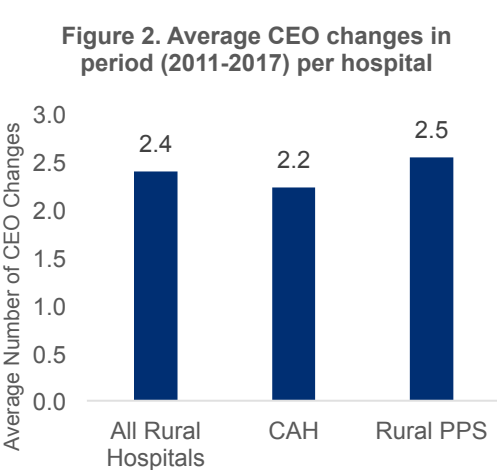
CEO information for each rural hospital was abstracted by year from the Georgia Annual Hospital Survey. Turnover was defined as a change in a hospital's CEO (i.e., CEO departure) in a given year. There was no way of discriminating if the departure was voluntary (e.g., retirement) or involuntary (i.e., termination). The study sample included all hospitals defined as rural hospitals by the Georgia Department of Community Health (N=63). Data were abstracted for the years 2011 to 2017, with 2011 designated as the index year for this study. Turnover rates were evaluated for all rural hospitals but also for Critical Access Hospitals (N=30) and other rural prospective paid hospitals (Rural PPS hospital, N=33).

FINDINGS

Annual CEO turnover rates in Georgia rural hospitals increased steadily between 2012 and 2014 from 17% to 24%. It declined to 20% in 2015, followed by a sharp rise to 37% in 2016. In 2017, the annual turnover rate declined to 24%. In general, these trends mirrored overall hospital CEO turnover trends in the state, as evidenced by estimates provided by ACHE. Turnover rates remained consistently higher for rural PPS hospitals over the study period, compared to CAHs (Figure 1).



The average number of CEO changes or successions per hospital over the study period was 2.4, with rural PPS hospitals reporting a higher number of successions compared to CAH (mean of 2.5 vs. 2.2) (Figure 2). About one in five (22.2%) of rural hospitals in Georgia reported no CEO changes between 2011 and 2016. Forty-six percent reported three or more CEO changes over the same time period. A higher proportion of rural PPS hospitals (51.5%) reported three or more CEO changes between 2011 and 2017, compared to CAHs (40.0%) (Figure 3).



DISCUSSION

Findings from this study suggest that CEO turnover rate may be high in rural Georgia hospitals, particularly among rural PPS hospitals. These high rates may reflect the challenges associated with managing struggling rural hospitals and/or retaining health professionals in rural areas. Rural hospitals may benefit from succession planning in this regard. Additional research is needed to shed light on the underlying factors influencing CEO turnover among rural hospitals in the state.

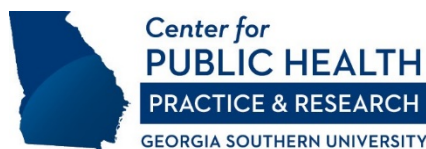
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