



AMERICAN
BANKRUPTCY
INSTITUTE

2022 Health Care Program

Workforce, Workforce, Workforce

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What Is Really Going On With The Labor Market?

The Demographic Issues That Dictate The Next 20 Years of Challenges

October 2022



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American Bankruptcy Institute Board of Directors
Chambers USA: Bankruptcy/Restructuring – Illinois
Lawdragon: 500 Leading US Bankruptcy and Restructuring Lawyers (2022)
American Bankruptcy Institute: 40 Under 40 (2017)





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Reimbursement Committee Member for numerous states associations, including Florida, Ohio and Texas.



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Chief Growth Officer and General Counsel
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ABI Board – Board Member, 2018
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Board Member, The Workforce Institute
at UKG (Ultimate Kronos Group)

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Two (and a half) Year Pandemic-aversary: Where we're at

1

This is how we
impress our friends



2

I need bank approval to go
literally anywhere



3

Hiring criteria for all jobs
begins and ends with:
Will show up for work



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Lost In The Headlines: Labor Market Realities

Wages we the last year
– but cons ent up 7.9%

Companies every industry,
are complaining rtages – but we
have historical payment at 3.6%



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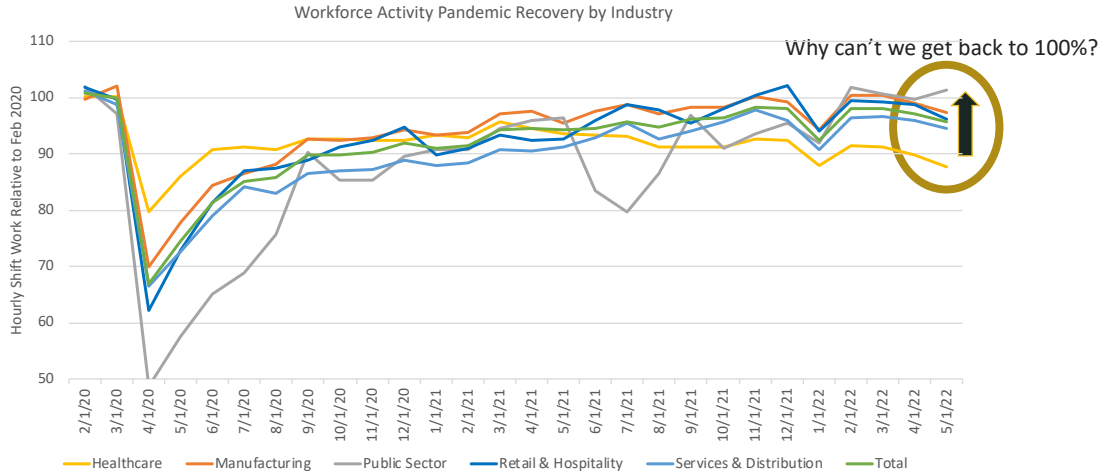
How much of an upper hand do employees really have these days?



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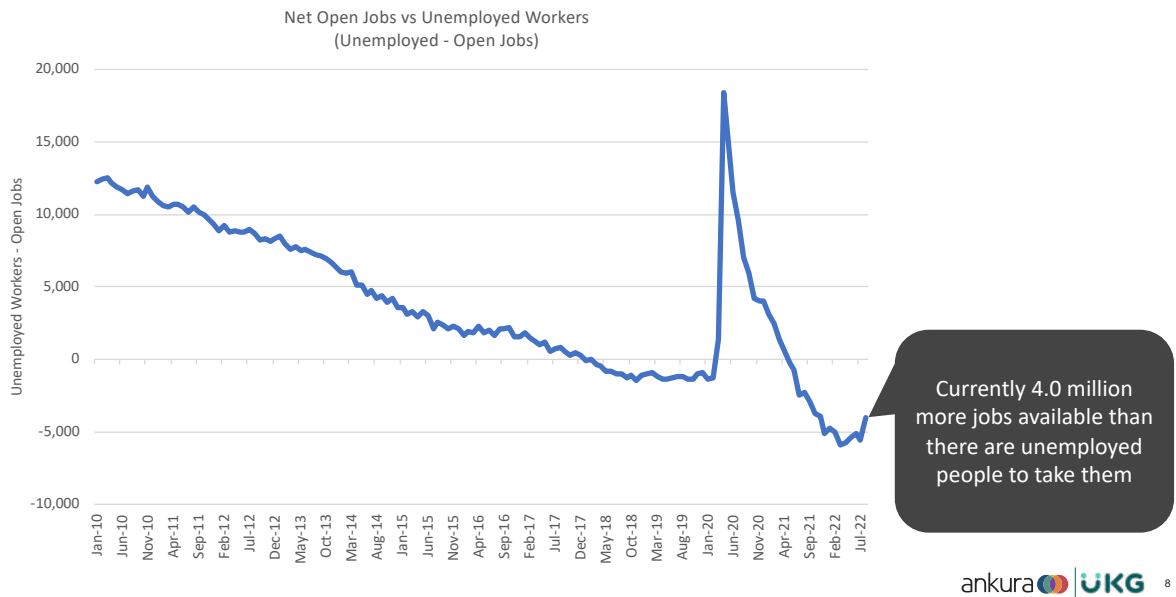
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UKG Data – Things Have Changed!



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Unemployment Data



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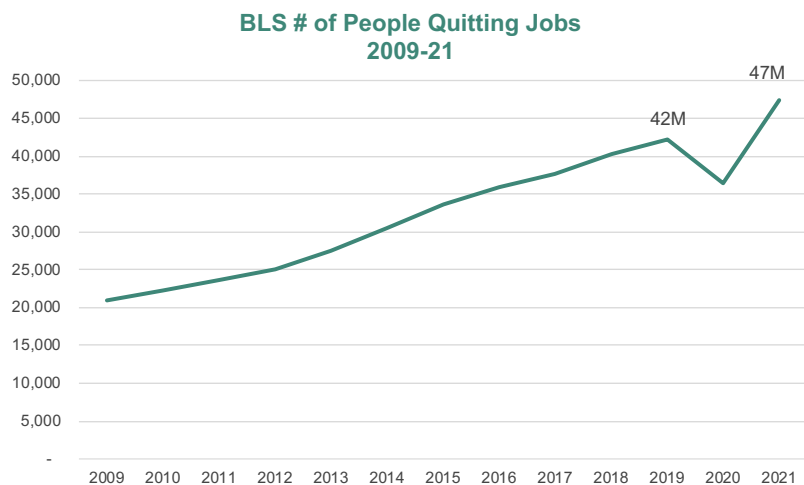
What's REALLY Behind the Great Resignation?



1. People are quitting all over the place!

Reality Check:

- Quits have been rising every year for 10 years prior to the pandemic
- 42 million people quit their jobs in 2019, 47 million quit in 2021
- More pressure than ever to train great managers



Source: BLS

Workers talk about quitting as part of the 'Great Resignation.' Employers

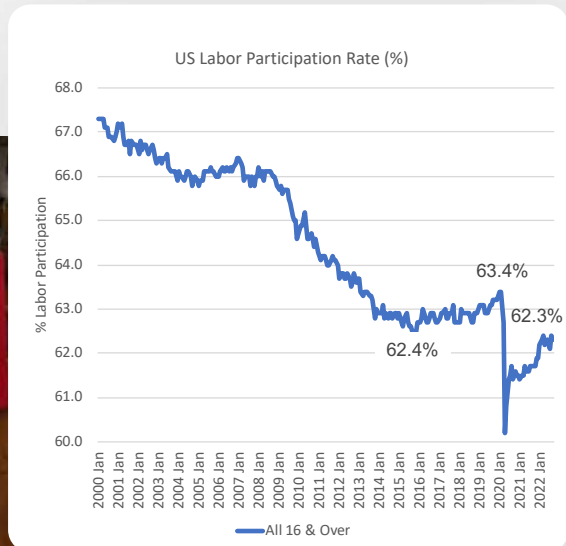
43% of people who quit their jobs during the pandemic admit they were actually better off at their old job, and 1 in 5 have already boomeranged back to the company they left.

Separately, [Microsoft research](#) found that 41% of the global workforce is weighing leaving their current employer this year. (Probably more accurate)

2. Nobody wants to work anymore!

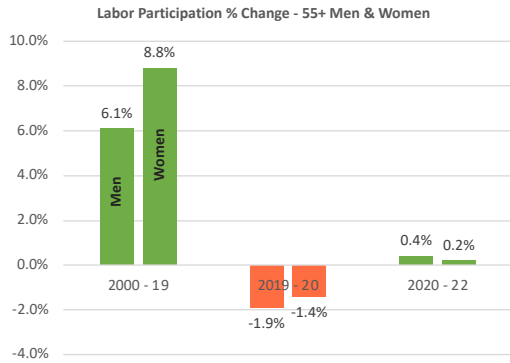
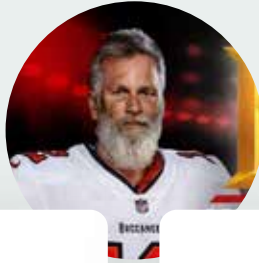
Reality Check:

- Labor participation was declining for 20 years prior to the pandemic
- It's down 0.2% from the pre-pandemic low, 1.2% off the pre-pandemic high
- We've got a major demographic issue

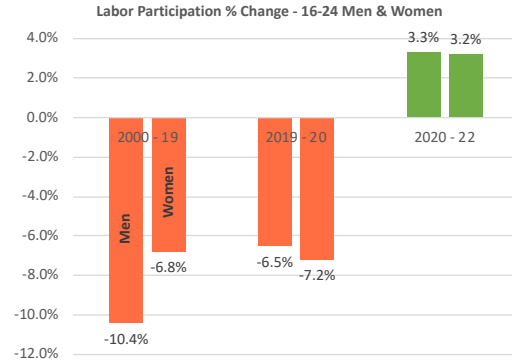


Source: BLS

It's all old people retiring!



Source: BLS

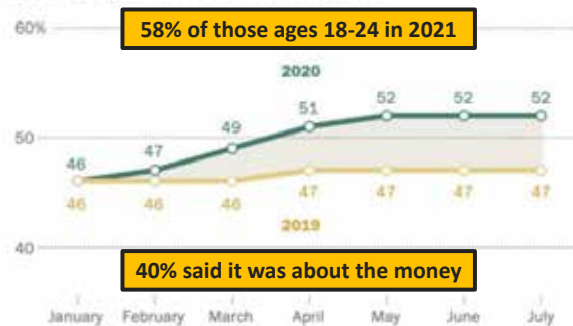


A Reason For Lower Labor Participation? Now Workforce Flexibility

As of today, the average net worth for a boomer household is \$1.2 million, making it the wealthiest generation in the history of the world. By 2030, \$68 TRILLION will transfer to their children.

COVID-19 disruptions associated with a large increase in the share of young adults living with parent(s)

% of 18- to 29-year-olds in U.S. living with a parent

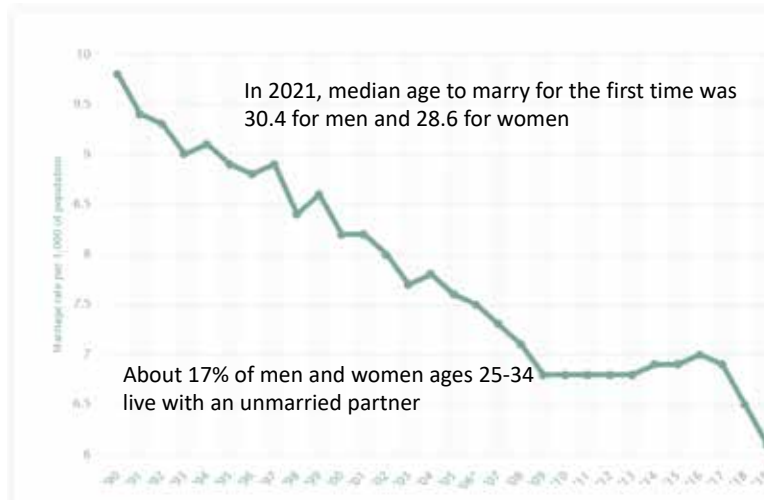


Note: "Living with a parent" refers to those who are residing with at least one parent in the household.
Source: Pew Research Center analysis of 2019 and 2020 Current Population Survey monthly files.

PEW RESEARCH CENTER

Marriage rate in the United States from 1990 to 2019

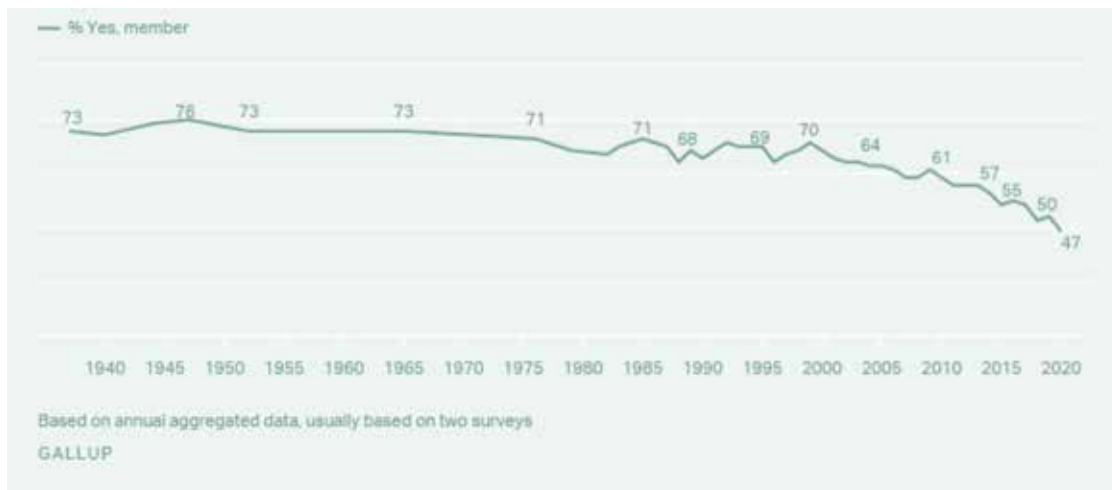
(per 1,000 of population)



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Church Membership Among U.S. Adults Now Below 50%

Do you happen to be a member of a church, synagogue or mosque?



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Birth Rates Per Woman in the United States



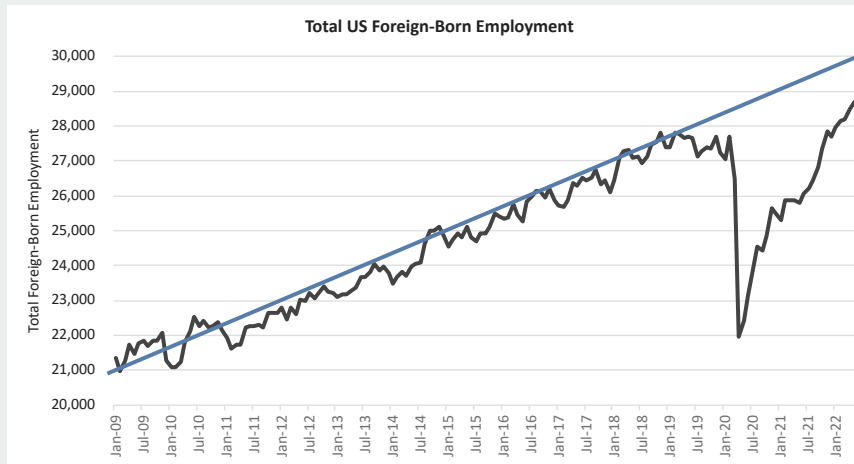
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Adding More Pressure.....

850,000 prime working age males are out due to opioids.

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Immigrants are taking all the jobs!



Currently ~1 million fewer jobs taken by foreign-born individuals than there would have been based on pre-pandemic trends

Source: BLS

What Are The Biggest Trends?

In a job market that has continued to put the power in the hands of the employee, the long list of demands continues to grow. They want a lot:

1. The ability to make a difference every day
2. Feeling valued
3. Structured mentoring
4. Being told "Thank You" when earned
5. Low barriers to employment
6. Fringe benefits
7. Being on a winning team
8. Competitive pay
9. Supporting the production of socially responsible brands
10. Being a part of a diverse team
11. Earned wage access
12. Flexible shift schedules
13. Alternative shifts from classic 8s
14. The right amount of overtime
15. And so on, and so on.....

Wages: Perception vs. Reality

Why Employers Will Not Be Able To Buy Their Way Out of This



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Great Communication?

3 Characteristics Separate Companies Rated Highly From Everyone Else.

Asking Questions, Listening, and Saying “Thank You.”

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Work Force, Work Force, Work Force

Staffing Challenges in Healthcare

Jennifer Meyerowitz
Chief Growth Officer & General Counsel

SAK Healthcare

October 2022

Forward.

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Staffing & Labor Issues in Healthcare

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Staffing & Labor Issues

- Healthcare is a VERY labor dependent model
 - Issue for everyone – constant discussion at every facility we go into
 - Resumes submitted and people not showing up for interviews, not responding
 - People are starting work and not coming back
 - Short on every position - skilled and not skilled – short on Nurses, Dietary Managers, Business Office, Maintenance

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Why Lack of Supply

- Hospitals had healthcare heroes, but same workers in nursing homes were villains
- Bad PR for healthcare facilities
 - Thought to be the most dangerous places to work
 - Vilified in media
 - View that PE funds come in and cut costs at expense of patients/staff/residents
- People want more flexible schedules now; want to work from home or fewer days of the week
 - Going into other professions
 - Using Agency
- The government money enabled workers to stay at home and still have money to live on so opted out of the labor market
- Very stressful environment to be around
 - Sick, elderly
 - Lack of staff
 - Expenses Tight
 - Surveyors/Regulators Constant
- Lack of Technology – hand delivery, paper checks/invoices, labor intensive
- COVID vaccination requirements
- Mask requirements hurt supply

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Labor Pool

- Pipeline of talent coming into the Health care industry is down
 - CNA candidate pool behaviorally unstable and poor quality
 - CNA credentialing/testing failure rate very high
 - Concern about risks from COVID and vaccine adverse
 - Field is too demanding – weekends, holidays, nights
 - Skilled workers make 2X plus in bio pharma or with agency

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Labor Costs

- Even when you do get staff, the cost is unsustainable
- Most facilities are using agency – which is now 3 and 4 times more per hour than pre-COVID
- Facility salaries going up b/c have to compete with agency
- In addition, losing staff to other industries – healthcare workers are leaving and working at Amazon warehouses, manufacturing, restaurants or stay at home positions.
- Nurses and clinical staff are waiting and not accepting shifts b/c waiting for more money or bonuses
- Begging employees to stay and matching other offers

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Results of Inadequate Staffing to Facilities

- Health care providers are being forced to limit capacity and cancel elective procedures because of issues with respect to availability and capacity of hospital staff; which affects downstream referrals to skilled nursing homes
- Census down b/c can't get staff to cover enough rooms
- Regulatory issues and fines
 - Staff not regular
 - Hard to properly train transient work force
 - Lawsuits due to insufficient staffing
- Some of the agency nurses not dedicated or care about the facility b/c they are transient
- Facilities ending up in receiverships or bankruptcy; or facilities closing down

Forward.

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Creative Methods for Finding Staff

- We are seeing facilities take creative action to find staff:
 - Referral Bonuses
 - App for finding nurses
 - Clients starting their own agency
 - Go over the border to get licensing
 - Tik Tok Challenge
 - Recruiting from high schools/colleges

Forward.

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Faculty

John Frehse is a senior managing director at Ankura in New York and has more than 20 years of experience focused on labor and operations strategy. He has developed and implemented strategies for more than 100 companies, and he delivers to corporate leaders innovative labor solutions that incorporate solutions to employee needs. His work has spanned a wide range of industries, including food and beverage, automotive, chemical, electronics, pharmaceuticals, power, call centers, banking/insurance, distribution, telecommunications, mining, government and health care. Before joining Ankura, Mr. Frehse was a founding partner of Core Practice LLC, an international labor-strategies firm. Prior to that, he was head of Global Strategic Services Sales for Blue Pumpkin Software, now known as Verint. His clients included the manufacturer of automobile driveline and drivetrain components and systems, a multinational food manufacturing and processing conglomerate, and a Canadian telecommunications and media company. Mr. Frehse sits on the board of The Workforce Institute and is a thought leader for its think tank. He is also a member of the advisory board for HR.com's Workforce Management practice, where he educates management teams on union negotiation strategies and employee engagement methodologies. Mr. Frehse's professional experience includes labor strategy development for an American specialty storage and organization products retail chain on warehouse and distribution operations; the restructuring of a Canadian telecommunications and media company's contact center operations, which reduced turnover by more than half in the first year and captured more than \$10 million in labor savings in the first year; labor and advisory work for several multinational food-manufacturing and processing conglomerates; labor strategy development for various mining operations globally; and cost-reduction and performance improvement for one of the largest American department store retail chain's contact center operations. He received his B.A. from Wake Forest University.

Jennifer M. Meyerowitz is chief growth officer and general counsel for SAK Healthcare in Atlanta. Her experience in health care consulting, bankruptcy, restructuring, operational management and advisory services spans more than 23 years, and she has served as an attorney, consultant, investor, advisor, real estate professional and company leader. Ms. Meyerowitz is responsible for implementing SAK's growth strategy, managing operational reporting for facilities and client relations, overseeing the human resources and legal departments of SAK and providing executive-level management to the company. She previously worked with Summit Investment Management and Keen-Summit Capital Partners, buying distressed debt, selling distressed real estate and negotiating lease portfolios in bankruptcy and restructuring processes. She also served in operations, business-development, consulting and other leadership roles, including as vice president for global legal technology and services companies, with responsibility for development, legal consulting and strategic communications, compliance and logistics, and case-management functions for the company's bankruptcy and restructuring settlement services. Ms. Meyerowitz began her career as a practicing attorney at Alston & Bird LLP, where for nearly 10 years she represented debtors, secured and unsecured creditors, creditors' committees, landlords and tenants, banks and trustees in complex workouts, debt-restructurings, commercial litigation and chapter 11 bankruptcy proceedings. She is an active participant in several industry organizations, serving on their boards, speaking on panels and publishing industry articles. Ms. Meyerowitz is a former global chair of the International Women's Insolvency & Restructuring Confederation and a former chair and co-founder of its Georgia network. She currently

serves on the boards of ABI and the Association of Insolvency and Restructuring Advisors, and on the global executive board of the Turnaround Management Association. She also is involved in various other professional organizations, including having served as a former chair of the Bankruptcy Section of the Atlanta Bar Association and currently serving on various boards and committees in the industry, as well as other nonprofit organizations in her community. Ms. Meyerowitz received her B.A. from the University of Michigan and her J.D. from Emory University School of Law, where she was executive notes and comments editor for the *Emory Bankruptcy Developments Journal*.

Eric E. Walker is a partner with Cooley LLP in its Business Restructuring & Reorganization Group in Chicago, where he focuses his practice on all aspects of financial restructuring and bankruptcy, with experience representing virtually every major stakeholder in bankruptcy proceedings throughout the country. He has particular experience in the health care industry, representing debtors, creditor committees, private-equity sponsors, stalking-horse bidders, landlords and other constituents in out-of-court restructuring negotiations, bankruptcy and litigation. Mr. Walker also has experience in restructuring hospital systems, senior-living facilities, continuing-care retirement communities (CCRCs), skilled nursing facilities (SNFs), behavioral health centers and diagnostic medical laboratories. His successful representation of the asset-purchaser in the Health Diagnostic Laboratories (HDL) bankruptcy case was awarded the 2016 Restructuring Deal of the Year (Under \$100M) by The M&A Advisor. Mr. Walker also has experience in the hotel and hospitality industry and regularly represents hotel owners, developers, operators, lenders and major hotel brands in transactions, state and federal litigation, and bankruptcy. He represented the petitioners before the U.S. Supreme Court in *RadLAX Gateway Hotel LLC, et al. v. Amalgamated Bank* (Case No. 11-166), a landmark chapter 11 bankruptcy case involving secured creditor cramdown. Mr. Walker has been recognized as a leading bankruptcy practitioner by *Chambers USA*, *Lawdragon* and the National Conference of Bankruptcy Judges. He is a member of ABI's inaugural class of 40 Under 40 (2017), and he currently serves on ABI's Board of Directors. He also is an executive editor of the *ABI Journal*, and serves on the advisory board of ABI's Health Care Program. He frequently writes and speaks on issues of bankruptcy and health care law. Mr. Walker received his B.S.B.A. in finance in 2000 from Miami University and his J.D. in 2006 from the University of Connecticut School of Law, where he served on the *Connecticut Law Review*.

Robert Webster is CFO of Elite Medical Staffing in Clearwater, Fla., which he joined in April 2018. He is responsible for delivering strategic leadership, steering financial reporting, accounting, internal controls and processes to drive financial sustainability, and to promote business growth in alignment with company vision and objectives. He spends 70-80% of his time in an operational capacity growing the business and is actively involved in business-development efforts. Mr. Webster was recruited initially to turn around financial management, combining strong financial and business experience, knowledge and skills to revamp, reengineer and improve financial and accounting functions. Prior to joining Elite, he held various financial leadership roles (including CFO, VP of Finance and Finance director) at various long-term care and skilled-nursing companies. Mr. Webster received his Bachelor's degree from Towson University.