



# TOP TAKEAWAYS

## Navigating Volatile Markets in the Digital Health Ecosystem

Digital health has grown exponentially over the last two years, fueled by improved technology and the urgent need for telehealth access during the COVID-19 pandemic. But in the face of inflation, provider burnout, and international and domestic turmoil, we have seen signs of anxiety across the digital health ecosystem. This three-part miniseries offers a compact evaluation of the key issues affecting the digital health ecosystem today. Despite various pressures, the current environment represents an opportunity for the digital health sector to grow, with appropriate caution and attention to various economic and regulatory risks.

## Workforce Management Solutions in an Uncertain Economic Environment: Top Takeaways

Recent months have seen layoffs and consolidation among some digital health companies, even those that experienced significant investment over the past 18 months. As these companies shift their focus from growth to redundancy elimination, smart workforce management strategies are more important than ever. In the first installment of our three-part miniseries, McDermott partners Stephen Bernstein and Ellen Bronchetti to discuss timely employment-related strategies for digital health companies.

1

When considering layoffs, employers should determine whether the company has contractual restrictions that require specific advance notice periods. Employers should also review both federal and state Worker Adjustment and Retraining Notification (WARN) Act requirements, as well as the Older Worker Benefit Protection Act if severance will be offered.

2

Options to avoid permanent layoffs while still achieving cost efficiencies include voluntary separation programs, voluntary leave programs, reductions in salary and hours (with careful attention to exempt versus non-exempt status requirements), and workforce restructuring.

3

Strategic compensation packages can help retain key talent in today's volatile market. Consider awarding bonuses or benefits (e.g., sabbaticals) based on employee length of service, or structuring compensation based on company performance.