Workforce management has never been more challenging for hospitals and other health care organizations – or more costly, with hospitals wasting up to tens of millions of dollars every year on issues like turnover, temporary staff, and overtime. (Industry-wide, the independent Institute of Medicine tallies the waste at hundreds of billions of dollars).

Yet even as hospitals acknowledge these problems, few take steps to remediate them. To some extent, that’s understandable: these are complex, inter-linking issues with many moving parts. But the solution is not as out of reach as many hospitals might fear, and the benefits abound: better patient outcomes and massive savings that can increase profitability or be re-directed into other budget areas.

In this paper, we’ll present an overview of how to approach the seemingly incurable affliction of workforce inefficiency in health care by explaining how to:

1. Upgrade your recruiting efforts;
2. Optimize your workforce (including contingent, full-time and part-time staff); and
3. Use the right technology to tie everything together.

Don’t overlook this last point: a study from Texas Tech found that each one tenth of a percentage increase in IT expenditures correlates to nearly a million dollars of increased profit for an average Healthcare Delivery System. But even the best tool can’t work optimally in a vacuum, and we’ve got the best practices you need to know to make the systems work for you. Ready to upgrade your staff efficiency? Let’s get started on the next page.
Introduction: Workforce management has never been more challenging in health care. Thankfully, the options have never been better.

New pressures are shaking up the health care industry right in front of us, and the shake-up is leaving many providers and administrators feeling unsteady and unsure of their footing.

Obamacare: Up to 13 million more people will find health coverage thanks to the federal and state exchanges. In fact, the number of uninsured Americans has dropped below 10% for the first time ever, according to the Centers for Disease Control. That means the aging population of 75 million Baby Boomers have unparalleled access to health care ... just at the moment in history when 55% of the Registered Nurse (RN) workforce is age 50 and older, barreling toward retirement.

In fact, staffing shortages and hospital turnover (which is 27.4% worse in 2015 than in 2011) have been brutal on hospitals.

The costs are staggering. The average cost of turnover for a bedside RN is as high as $57,300, but the costs can go even higher: the American Nurses Association estimates that the cost of recruiting and placing open positions is around 1.1 to 1.6 times the annual salary for a registered nurse. Overall, the average hospital loses up to $7.6M per year to turnover.

Other, invisible costs can also take a bite. The Journal of the American Medical Association reports that each additional patient per nurse (i.e., fewer nurses, more patients) leads to a 7% increase in the likelihood of death within 30 days of admission.

Recruiting is equally fierce: nearly half (46%) of medical residents have been contacted over one hundred times during their training.

"With more people gaining access to medical benefits and an aging population who will need more medical attention in the coming years, health care organizations are gearing up now to accommodate these populations and provide the best quality care," said Eric Gilpin, President of CareerBuilder Healthcare. "In certain areas, however, demand for high quality candidates is higher than the available supply, forcing health care employers to rethink how they retain top employees along with attracting new, highly qualified workers."

Yet even as hospitals acknowledge these problems, few take steps to remediate them.
For example: an overwhelming 89.1% view retention as a “key strategic imperative,” but only 36.4% have any kind of formal retention strategy.\textsuperscript{a}

Fortunately, dealing with these problems need not be as onerous as hospitals fear — and the rewards can often exceed expectations. How? That’s the question this paper answers.

We’ll start at the root of staffing: recruiting.

**Upgrade your recruiting:** As long as recruiters are focused on yesterday’s priorities instead of tomorrow’s forecasted needs, hospitals will never stop playing catch-up in staffing.

**It’s a tough environment in which to find workers.** The shortages of skilled personnel make recruiting among health care providers a challenging task, and recruiters are desperately trying to find good candidates — nurses, physicians, administrators — in a market falling short of all of them.

But the factor really complicating matters is the flux in the health care market. Needs and trends are constantly shifting — and not always in tandem — and recruiters are constantly trying to solve yesterday’s staffing needs without even looking at tomorrow’s trends. That’s a major problem.

**Forecast staffing cycles and plan ahead.**

“The biggest issue of all for recruiters is planning for the unknown,” says Bryan Basset, Managing Director of Health eCareers, which recently released its 2015 Healthcare Recruiting Trends Survey.\textsuperscript{iv} His advice is to look ahead: “Make sure you’re recruiting in specialties where you can make hires today, even if you’re a couple of years out, because those areas will get tight again.”

In other words, shift focus from reactive hiring to proactive staffing, but that’s easier said than done for many hospitals and health care organizations. The problem: having no idea how to identify what their needs will be next week, much less years out.

**Use technology to your advantage.**

Health care-specific staffing and recruiting technology is the answer to creating both short-term and long-term staffing forecasts. We’ll explore this topic in more detail in the Technology section. For the moment, suffice it to say that sophisticated predictive staffing forecasts have been found to be at least 20% more effective than just using historical averages alone.\textsuperscript{ix} In fact, these systems can even become benefits to extol while recruiting: according to CareerBuilder, nearly half (43%) of new hires are actually attracted by the ability to work flexible schedules, which is something a good workforce management platform will make possible.\textsuperscript{xiv}

However, perhaps the most impactful best practice is to standardize policies and practices related to staffing. This action step has more layers to it than may be at first apparent; we’ll take an in-depth look at that idea next.
Optimize your workforce: Use people, process and technology to develop leaner, more standardized policies that can right-size the workforce, saving millions of dollars.

Manage the workforce more strategically through policies and engagement efforts: Hospitals should use people, process and technology to shift from reactive protocols to proactive initiatives. For example, go from spending valuable time every day deciding whom to call to pick up shifts, to forecasting needs and being able to pick the best people from the available bench. The right sets of policies and tools, with all of the rules of the organization built in, can help retain staff, yield better decisions from managers, and cultivate better performance from staff.

There are tangible rewards to this. According to Towers Watson, engaged employees are substantially more likely to remain with their employer (83% vs. 57%), reducing turnover and its associated costs.\textsuperscript{xv}

Furthermore, per Gallup, fully engaged and engaged physicians are 26% more productive than less engaged counterparts, which translates into $460,000 more patient revenue per physician per year.\textsuperscript{xvi} The rewards aren’t just financial. More nurses per patient has also been found to mean a 2% to 25% improvement in health outcomes.\textsuperscript{xvii}

But once again, all of this is easier said than done. Given a workforce that consists of many different roles and types of workers, how do you balance different priorities and people resources to optimize the workforce?

We’ll answer that question for the three major groups of health care workers: contract/temporary, part-time and full-time.

Contract and Temporary Workers

Many hospitals use too many contract workers, usually sourced from an agency and consequently paying a premium for them. Excessive use compounds costs and makes workforce optimization more challenging than it should be.

Make no mistake: these contract workers are typically smart, educated and proven at what they do. They’re just also expensive, and their loyalty is to their actual employer – the agency, not the hospital.

The Journal of Nursing Care Quality suggests that “modest use” of temporary staff can lead to cost savings and efficiencies for hospitals, but “heavy reliance” on temporary workers to meet long-term staffing needs was not found to be cost effective. Specifically, use of supplemental nurse staff in excess of 5.6% of total RN hours per unit per quarter increased total nursing personnel cost per patient per day; the increased costs compounded further as hospitals utilized more temporary nurse staff.\textsuperscript{xviii}

Diagnose Yourself: Do you use supplemental nursing staff for more than 5.6% of total RN hours?

Here’s a two-step process that will benefit any hospital that finds itself overly dependent on contract/temp staffing:

1: Grow Your In-House Bench of Contingent Workers

The agency model (a very successful $12B industry, by the way) works. It supplies hospitals and other health providers with a ready stable of skilled, experienced talent – but it will cost you. Instead, we recommend you be your own agency by cultivating a staffing pool of contingent workers. That way you can meet overtime issues, seasonal fluctuations, growth and expansion plans, and more – and do so at a cost of $40 per hour instead of $70.
2: Let Contingent Workers Schedule Themselves

At first this may sound counter-intuitive, but in fact, this is how the real staffing magic happens. This pool of workers are contingent for a reason: they don’t want to work at the same location or all the time. They enjoy diverse work environments and control over their own schedules. Many of these workers see themselves as working for themselves.

Letting them schedule themselves gives them that autonomy while simultaneously freeing hospital administrators from time-consuming, tedious, and manual scheduling.

Note, however, that this requires implementing a workforce management tool that bridges the gap between the administrators setting staffing needs and the workers browsing available shifts on their computer or smart device.

Case In Point: $2.2 million in savings

One five-hospital system faced a critical nursing shortage and found themselves paying $12 million annually to agencies and in overtime to fill vacancies. When they established an internal float pool system and hired 300+ additional contingent nurses of their own, connected through a powerful workforce management tool – they saved a net $2.2 million in the first 18 months.

Full-Time Workers

Your hospital is already maximally utilizing the hours of these workers; though they may work overtime, in general you can’t get more out of them except trying to grow them as leaders or specialists. In fact, that’s exactly what we recommend.

Invest In Leadership Training and Specializations

All too often hospitals end up promoting workers without providing adequate leadership training. That means individuals who were excellent at the job into which they were originally hired end up in positions that require new skills, but they’re not provided adequate leadership or business management training to execute a managerial role. You want your best workers to grow as professionals in your organization, but you don’t want to thrust them into positions for which they are unprepared. Invest in their futures: it engages them and gives you access to a pool of loyal workers with highly developed and practiced expertise.

Avoid Overtime Except For Rewards and Retention

Overtime should be used sparingly; otherwise, it is simply too costly both financially and with adverse patient outcomes. Many personnel depend on overtime, and valuable workers should not be denied access to it; but hospitals do not want to be dependent on, and held hostage by, those workers. A good benchmark is 2% or less of payroll.

Support Managers and Administrators for Success

It’s very common for front-line managers to be overwhelmed: too many committee commitments, too large a staff to oversee, too many constant fires to put out.

If you’re facing turnover or other personnel issues, take a closer look at the responsibilities and capabilities of your front-line managers. Remember that, especially in a hospital, an ounce of prevention is worth a pound of cure. The right preparation, training and tools can forestall problems before they arise. See the technology section for more information on the right tools.

Part-Time Workers

The key for part-timers is not whether they’re making themselves available. Like contingent workers, they have reasons for limiting themselves to part-time work (from kids to schooling), which can make it harder for them to pick up random shifts.

Instead, track that they’re being offered the shifts you need and if they’re meeting whatever commitments and productivity requirements for which they were hired.

The health care systems spends $190B annually on excessive administrative costs and another $130B on inefficiently delivered services. – The Institute of Medicine

Diagnose Yourself: Do you spend more than 2% of payroll on overtime payments?
Standardizing Workforce Policy

The best way to optimize a workforce and make sure you always have the right resource at the right time is to even the playing field.

That means, for one thing, applying the same workforce policies and procedures throughout your organization. Anyone who oversees staffing should be using the same system and steps.

It also means giving all employees insight and access. In line with our recommendations for contingent workers, we recommend giving staff members more scheduling power through transparency of information and tools that still allow administrators to maintain organizational rules.

For example, you might rule that a higher-cost person shouldn’t be used for roles requiring less education (like an RN doing something a Nursing Assistant could, or a Physician Assistant for simple medical needs). Yet fewer than one-third (30.1%) of respondents to Health eCareers’ survey said they would use Physician Assistant or Nurse Practitioners as alternative candidates for difficult-to-fill physician positions.\textsuperscript{xix}

That’s just inefficient and unnecessarily costly. Instead, the organization should set rules about which workers are appropriate to specific staffing situations, and then let its pool of workers handle the rest themselves.

That, however, obviously requires a scheduling and workforce management tool that’s both easy for staff to use but also sophisticated enough to handle all of those demands.

We’ll describe the technology that’s needed next.

Deploy Technology: The right tools can ease operations and provide valuable analysis that powers better workforce decisions.

For example, a good system can tie labor costs, workforce needs, and hospital goals all together. Tech tools can track the number of patients over time, their length of stay, which units they occupy, and the labor demand accosicated. With that data, hospitals can use predictive modeling to forecast the future, even incorporating outside data, like the effects weather has on admissions or ED visits.

Imagine a tool that could tell you that typically on Friday afternoons, after 3 p.m., if it’s raining out, the ER will see 30% more patients than usual so that you can staff appropriately.

Many hospitals sort of do this manually using historical averages, but this information arrives far too late to make relevant decisions. Sophisticated data analysis can generate forecasts as much as 20% more accurate than predictions made solely based on historical averages.\textsuperscript{xx} Hospitals can then automatically generate “patient-optimized schedules” that incorporate the right resource and certifications required, for the right shifts at the right cost.

Of course, the scheduling isn’t just patient-optimized; it also benefits staff, especially difficult-to-schedule contingent workers and full-timers seeking overtime.

This forecasting is another way to battle turnover and employee engagement among nurses and physicians because
it can reduce or eliminate elements of scheduling that dissatisfy workers, i.e., lack of transparency or availability in additional shifts, cancellations, etc.

Simultaneously, these tools provide decision-makers with insight into wait times, throughput, nurse-to-patient ratios, hours per patient day and almost any other metric a hospital might desire.

And improving those metrics can pay dividends. According to a study from Texas Tech University, “each one tenth of a percentage increase in IT expenditures is associated with approximately $950,000 in increased profit for an average-sized Integrated Healthcare Delivery System.”

But even the best tool can’t work optimally in a vacuum. Here are several best practices to extract the most value out of your technological investment.

1: Standardize practices related to staffing.

An organization can have efficient policies in place, but if no one is holding anyone accountable, individual practices between departments can vary and completely compromise the effectiveness of the policies. For example, if not all managers use the system the same way, it will not function optimally.

That kind of standardization also helps protect against flux created by reactive practices, as hospitals find themselves constantly spinning to address one crisis after another.

“There are so many forces that change the focus within a hospital,” Bill Thomson, a healthcare staffing expert at Health eCareers, explains. “If patient satisfaction surveys are down, focus shifts. If costs get out of hand, focus shifts. The focus for recruiters mirrors the changing focus of the organization as a whole, and that’s unsustainable.”

2: Favor the data.

When evaluating technology, look for a system that’s not just a scheduler but also an analytics data warehouse that can tie disparate data points together. More to the point, workforce management has to be done in real-time. Data is only as good as it’s being used. Whatever technology you use, in order to help make real-time decisions based on current needs, policies must mandate consistency in both use of the tool and staffing procedures. In fact, the system should interface with ADT, EHR, time/attendance and HR systems so that it can be fed the best data in real-time.

3: Minimize disruption.

As a side note, adopting new technology doesn’t have to be onerous. Look for a tool that imposes very little IT disruption (100% in cloud, no hardware or software to install or upgrade) and whose usage is intuitive and straight-forward enough to be learned in an hour or two by most staff.

Conclusion

Serious workforce challenges ail the health care industry, but the answer is not to throw more people at the problem. That approach is, at best, just a Band-Aid. With practitioner shortages, that can’t be the only cure anyways. Instead, use a combination of smart technology and clever strategy to streamline operations, relieve the staffing burden and reduce internal complexity. All it takes is a handful of straight-forward, albeit multi-layered, steps:

1. Recruit more efficient and cost-effectively
2. Manage the workforce more strategically through policies and engagement efforts
3. Put technology to optimal use

Ultimately, marrying the right technology to the right strategy creates a gestalt effect where the whole is greater than the sum of the parts. And in doing so, hospitals can also improve patient outcomes and save millions of dollars at the same time.
About Hallmark Healthcare Solutions

We are a people, process, technology consulting firm blending Strategy and Technology. Our sustainable results are customized and derived from years of input while working with global healthcare leaders. We laser focus on your organization’s needs; working with you to develop effective and efficient strategies. Sharing of these challenges and successes around organizational need are the essential components hospitals require to create exemplary outcomes. We provide consulting services and implement software to execute strategy and guarantee results. HHS helps in assisting clients with innovative staffing solutions and clinical integration programs by optimizing the scheduling, management, and reporting of their workforce. For the past 11 years we have conducted more than 4000 engagements for more than 1500 clients nationwide.

We help with workforce optimization solutions to enhance your clinical workforce strategy related to recruitment, deployment, retention and technology. We understand that a more engaged and adaptable workforce to fluctuate with volume changes, the ability to automate your scheduling process and sharing resources throughout the entire system is desired. Despite the current processes in place organizations often question their clinical productivity, workforce design and manual processes surrounding scheduling, reporting and compliance. The need for a larger resource pool, analytic software, real time information and the ability to better manage/communicate with staff around workforce needs is paramount to continued success. Hallmark is here to assist.

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References


