

# Workforce Management Best Practices

Harnessing Workforce Data for Labor Cost  
Containment and Quality of Care Initiatives



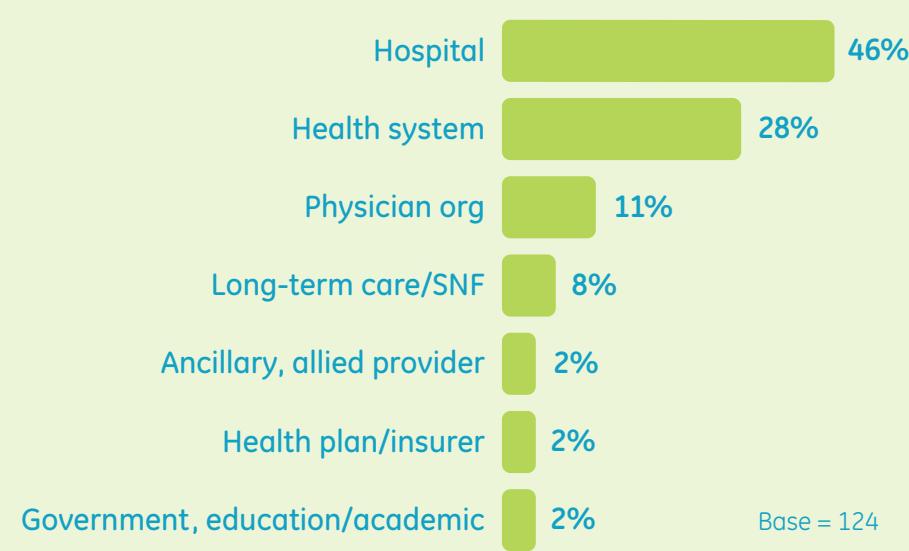
Based on a survey conducted by HealthLeaders

# Move to Optimize

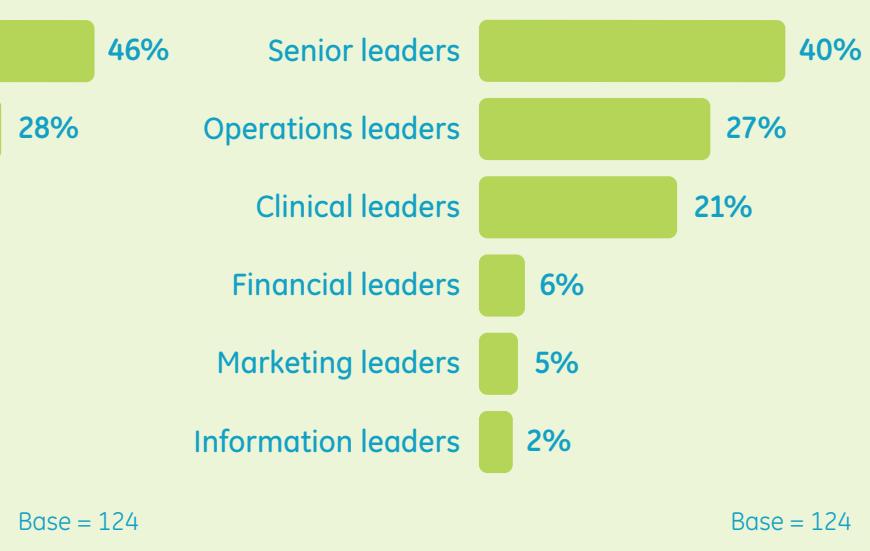
Today's healthcare organizations are moving towards workforce optimization by utilizing strategies that deliver both cost containment and quality of care. Those strategies require them to use workforce data in ways they've never done before. Automating workforce management processes such as time/attendance, staffing/scheduling and human resources/payroll is not enough. Instead, forward-thinking health systems are finding new ways to tap into the power of workforce data analytics. A recent **HealthLeaders** survey of 124 healthcare executives sheds light on strategies that are proving to be successful to health systems across the country.



## Respondent Profile - Employment



## Respondent Profile - Title

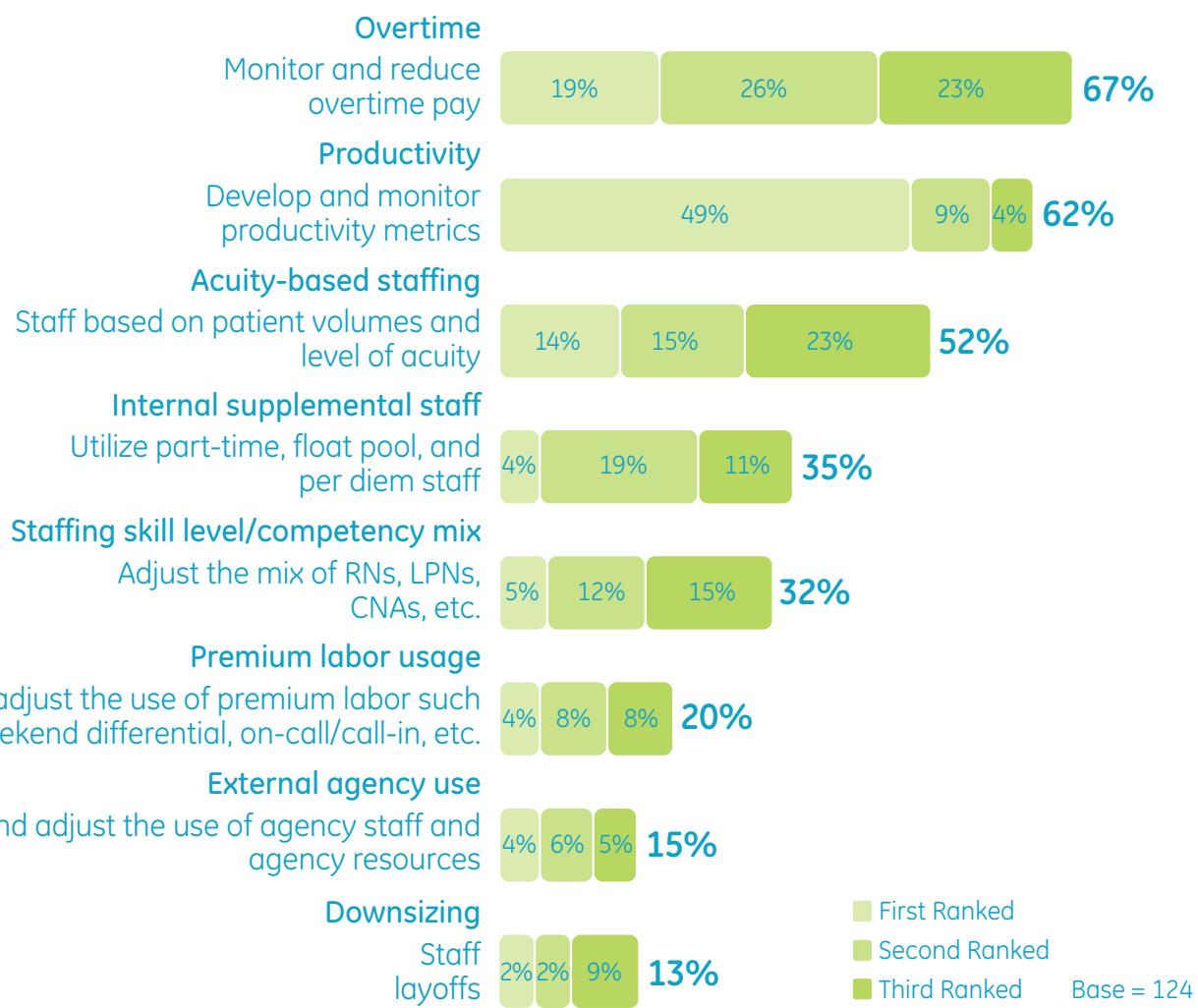


# Harnessing Data to Deliver

The healthcare workforce is the critical component that links the entire organization's clinical and financial imperatives. The Health Leaders survey found that many of the most effective workforce management initiatives could be used to drive both labor cost reductions and quality of care improvements.

## Top Workforce Management Initiatives for Labor Cost Reduction

*"Regarding labor cost reduction, please rank the top three workforce management initiatives your organization has found to be most successful"*



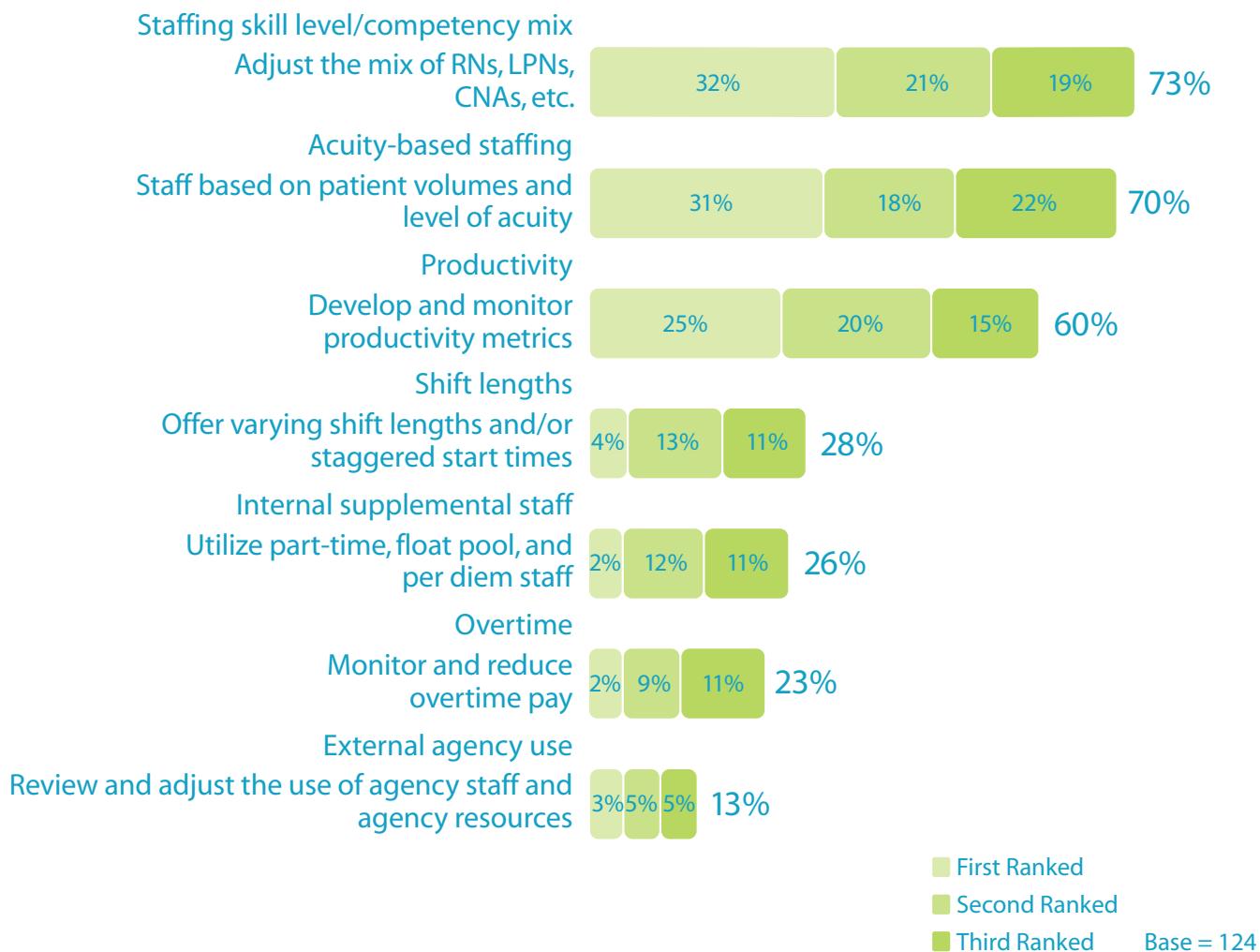
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Based on the survey results,  
workforce management initiatives

# Results

## Top Workforce Management Initiatives for Quality of Care Improvements

"Regarding quality of care improvements, please rank the top three workforce management initiatives your organization has found to be most successful"



healthcare leaders found the following to be the most successful:

# 1

## Productivity

### Develop and monitor productivity metrics

With a proven track record of impacting both bottom line and care quality, productivity tops the list of workforce management best practices. Almost 50% of survey respondents indicated productivity was the single most successful labor cost reduction initiative for their organization, and 60% placed productivity in the top three most successful quality of care improvement initiatives.

Productivity is a measure of the output (patient care hours, procedures, tests) that can be produced given a certain combination of inputs (employee hours, equipment). For a health system, this means matching the appropriate labor to the amount of volume and patient care need both within the hospital and across the continuum of care.

The biggest challenges with a productivity initiative typically involve the data analytics. First, what will the metrics be? Even patients with the same diagnosis can have vastly different care needs, and the environment in which the care is delivered can impact how long it will take to deliver that care. Therefore, health systems typically develop productivity benchmarks that are specific to their organization and the unique variables within each unit of the organization.

Second, how will data be made accessible and actionable to those accountable for managing productivity? Data about patient volumes and employee staffing must be compiled and made available to decision-makers in time for them to make decisions that affect the outcomes before the pay period – or even the current shift – has ended.



# 2

# Acuity-based staffing

## Staff based on volumes and level of acuity

The survey results show acuity-based staffing following closely behind productivity as a successful initiative for both labor cost reduction and quality of care improvements, landing in the top three on both lists.

Acuity-based staffing is easy to understand in theory, but can be hard to put into practice without the right analytics to support data-driven staffing decisions. Acuity-based staffing goes beyond simple nurse-to-patient ratios to make sure that not only are there enough caregivers working to meet patient needs, but that the skill sets and competencies of the nurses and support staff match each patient's unique needs.

In the past, many health systems have relied on staffing without intelligent data. The underlying premise for this subjective approach is that experienced nurses can "feel" the environment and patients don't really vary that much. The reality is that not all nurses have the ability or experience to sense the environment and make the best staffing decisions based on intuition. New care delivery models are changing how and where care will be delivered, and the variations in location and type of care needed will be significant.

An acuity-based staffing initiative takes into account that not all nurses are equal, patients are all different and care delivery models are changing. Within this new paradigm, ratios can provide a baseline, but they are only a starting point for developing effective, safe staffing plans. Instead, acuity-based methodologies rely on objective, reliable data and sophisticated analytics to make staffing decisions that are based on evidence and outcomes.



# 3

## Overtime

### Monitor and reduce overtime pay

The survey identified overtime as the top initiative for labor cost reduction. A systematic approach to reducing overtime has been found to be the most successful way to yield substantial cost savings. Health systems can drive down overtime costs through the reduction of projected overtime. By looking at the hours an employee has already worked and the hours they are scheduled to work, proactive adjustments can be made to eliminate the overtime **before** it happens.

Another effective overtime reduction strategy is to take a closer look at incidental overtime, which is sometimes

called incremental or creeping overtime. When employees arrive a few minutes early, skip their lunch or stay late, they slowly but steadily accumulate overtime. Those incidental hours lead to overtime costs that are anything but incidental. For example, if 1000 employees stay just 10 minutes beyond the end of their shift every day, that could cost the organization millions each year. By using data to analyze patterns of incidental overtime, managers can develop policies, such as improved shift change procedures or lunch coverage, that eliminate the unnecessary instances of incidental overtime without violating state and federal labor laws.



# 4

## Skill levels/competencies Adjust the mix

With almost 3/4 of respondents placing skill level/competency mix as one of their top three quality of care improvement initiatives, a focus on this strategy is warranted for any organization working to improve patient care quality.

This initiative requires the ability to utilize workforce analytics to make better short-term and long-term staffing decisions. In the short-term, staffing plans should be based on the optimal skill mix so that staff can be deployed to the right place at the right time to balance both care needs, budget constraints and ensure patient satisfaction.

In the long-term, decisions need to be made to determine how to recruit, retain and develop a workforce with the right competencies and skills to meet both current and future demands. Identifying the specific staff needs across the health system and then how to engage, empower and ensure the highest potential performance is core to labor cost reduction and quality of care improvements.



# 5

## Internal supplemental staff

### Utilize part-time, float pool & per-diem staff

With 32% of respondents ranking an internal supplemental staff in the top three most successful labor cost reduction initiatives and 26% indicating it's a top-three initiative for care quality improvement, this initiative may not fit the needs of every organization. However, health systems that are able to use this strategy effectively may reap benefits.

Because hospitals experience ups and downs in both census and acuity, they are challenged with how to keep enough full-time employees on staff to meet the needs during high census while avoiding overstaffing during times of low census. Typically, 80% of shifts are filled by full-time employees. However, determining how to cover the other 20% of shifts can have a substantive impact on the bottom line. If those shifts are often filled by agency staff or employees that are going into overtime, labor costs can quickly skyrocket.

Developing an internal resource pool can be a cost-effective strategy for filling open shifts in a way that does not compromise the quality of patient care. To achieve the most success, this initiative should focus on analyzing data that reflects patient care needs and staffing holes across the entire enterprise. With a big picture view of staffing needs, it's easier to make optimal staffing decisions for the entire organization, achieving that critical balance between delivering high quality care and managing labor costs.



# Leverage Workforce Data for Success

The HealthLeaders survey shows that developing strategies around workforce data is important to gaining success for a healthcare organization. As the connecting point between cost containment and quality of care, the healthcare workforce is one of the largest drivers of both clinical and financial success. Tracking, managing and analyzing the often disparate reams of data regarding healthcare workers requires a sophisticated analytics strategy to drive both labor cost containment and quality of care improvement. The most effective strategies make it possible to use workforce analytics to ensure that the best decision for the organization is easy for decision-makers to determine and act upon. With accurate, timely, actionable data available at all levels of the organization, data-driven workforce management decisions can be made throughout the organization, from front-line staff and managers to the executive team.



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