The three step survival guide to optimize your workforce and thrive in today’s uncertain healthcare environment

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FACING THE UNKNOWN

Uncertainty and fundamental changes in the way healthcare is delivered are prevalent in the healthcare industry. Collectively, hospitals are facing an industry where it is increasingly difficult to survive. As legislative changes have already made an immediate impact on daily operations, the long-term results of a shift in care delivery could make or break many healthcare organizations.

Gain clarity of vision in spite of uncertainty

With the backdrop of widespread and dynamic uncertainty, the demands on health systems are increasing exponentially. The phrase “doing more with less” is not a simple cliché, but a survival battle cry. The workforce accounts for 54.2 percent of hospital operating costs, making workforce optimization the center of an operational strategy that is critical to hospitals’ long-term sustainability.

The ability to quickly and effectively react to the changes in the industry will be the measure of long-term success. Health systems will need to develop agile, flexible workforce management strategies that empower them to thrive despite the uncertainty. The ultimate goal is to accurately and consistently create staffing plans that optimize the entire workforce. By harnessing large volumes of data to deliver information that is timely and actionable, healthcare organizations are empowered to match patients and caregivers in a way that optimizes outcomes and minimize costs.

Uncertainty prevails in healthcare

- Reimbursements will continue to decline. Total health spending is projected to increase while per capita Medicare reimbursements will be flat because of the sequester and expanded Medicare enrollment.
- Bad debt seems to be on the rise. In the past, about a quarter of hospitals’ uncollectible accounts have typically been associated with patients who have some kind of insurance, but some industry experts expect an uptick because more and more consumers have high deductible health plans.
- Hospital job growth is sluggish. Hospitals added only 9,800 new jobs in 2013, much lower than the 73,300 jobs created in 2012.
- Consolidation continues to accelerate. Smaller hospitals and systems will continue to turn to larger, better capitalized organizations as a financial safety net. Acquisitions will likely continue to flourish in 2014, as organizations look to gain more control across the entire continuum of care.
Unanswered Questions

- Will the increase in mergers and acquisitions raise red flags with antitrust regulators?
- How many newly insured patients will the ACA drive into the system?
- Will the instability of the national economy result in rapidly rising interest rates?
- Will consumers become more concerned about protecting their health data?
- What’s the best way to transition from a fee for service payment model to a value-based system?
- How can health systems better control operating costs?
Determining how to best leverage the workforce can be daunting. Healthcare executives need to focus their time and resources on solutions that not only help their organization survive, but also thrive.

Recognizing that healthcare executives need to execute plans that have an immediate, positive impact while building a foundation for long-term success, API Healthcare has developed a suite of workforce optimization solutions for managing, developing and deploying the healthcare workforce.

The foundation of the API Healthcare solutions is the Electronic Employee Record (EER). Just as the Electronic Medical Record serves as a comprehensive repository for patient data, the EER compiles all personnel and labor-related data. The EER makes it easy to synthesize, analyze and process vast amounts of employee-related data to deliver usable, actionable data for decision-making.

With the ability to make data-driven decisions, your organization is empowered to drive toward outcomes that improve the quality of care and protect the bottom line. It’s the keystone of a successful workforce optimization strategy.

Creating a comprehensive workforce management strategy like this doesn’t happen overnight. However, a successful workforce operations management strategy is built in a way that allows each additional process improvement to build on existing solutions.

Based on working with thousands of clients, we’ve seen a strategic approach to workforce operational management deliver short-term results and long-term success. The process can be viewed as a three-phase approach.

### Electronic Employee Record

The Electronic Employee Record (EER) provides a single source of truth for employee and labor-related information. When workforce management data is aggregated in this way, healthcare leaders can readily access the information they need to make well-informed decisions. From controlling overtime to increasing
employee engagement, and from improving productivity to making better nurse/patient assignments, it’s easier to make the right decision and then take quick action to execute on that decision. The more robust the EER, the easier it will be to make decisions based on accurate data across the entire enterprise.
PHASE 1: BUILD A SOLID FOUNDATION

Hospitals that are struggling with significant financial constraints can find it difficult to invest in technology and create a stable foundation to better manage their workforce. Many health systems still rely on antiquated or manual processes to accomplish key workforce management tasks. In fact, over 45% of hospitals are still creating employee schedules manually.8

However, lacking a comprehensive workforce management and staffing strategy creates a shaky foundation and can hinder a hospital’s ability to move from day-to-day survival mode to long-term sustainability and success. Tracking time worked and creating effective staffing plans and schedules is data-intensive and time-sensitive. Without workflow-driven automation, data is not accessible so staffing decisions are not evidence-based, pay and staffing policies are not applied consistently and employees become frustrated with a lack of transparency and equity.

To overcome these challenges, an investment in standardized, streamlined and automated workforce management workflows to develop a rock solid base is critical. Processes that are typically evaluated during this phase include:

• Creating schedules
• Filling staffing holes
• Calculating timecards
• Absence and leave management
• Consolidating employee-related data

Ultimately, the goal of this phase is to connect time and attendance tracking with staffing and scheduling. Creating the ability to have a single repository for all labor and employee-related data for each and every employee gives the solid foundation. While nurses make up the largest part of the healthcare workforce9, it’s important to look beyond clinicians. To truly optimize the entire workforce, the solutions and strategies that are being developed need to include all staff members across the enterprise, from nursing to housekeeping to food services.

Benefits Realized

A successful first step toward a thriving workforce strategy results in equitable, consistent staffing and pay policies, which engenders a feeling of fairness and satisfaction for employees. Hospitals also realize both hard and soft dollar savings from the elimination of inefficient and inaccurate manual processes as well as dollars saved by decreasing staff turnover. The most tangible benefit is timely analysis of both hours worked (time and attendance) and hours scheduled to be worked (staffing and scheduling) so that overtime can be projected and steps can be taken to proactively avoid the overtime.

Case Study: Overtime Cost Savings

Through a state-mandated consolidation, three area hospitals in upstate New York combined to become Ellis Medicine. In order to provide the foundation of a new, cohesive culture for the organization comprised of 3,400 hospital employees.
employees, the Ellis Medicine team merged disparate databases and processes into a single, integrated database with the API Healthcare suite of solutions. The integration enabled data transparency and accountability enterprise-wide, starting in the executive suite and reaching every employee.

**Results**

- Nearly $2 million in overtime cost savings, beginning with a 26.7% decrease and $721,622 in savings during a six month period as compared to the same six month window the previous year
- Data transparency that enables the pairing of staffing data with census information to display real-time nurse-to-patient ratios on the intranet, accessible to all employees
PHASE 2: CONNECT BY LEVERAGING ANALYTICS

The focus during this phase is harnessing data so that better decisions can be made across the entire organization. With the ability to make data-driven workforce decisions, labor costs can be reduced dramatically while improving the organization’s ability to deliver high quality patient care.

With the foundation in place, the capabilities can be expanded to include the following processes:

- Productivity management
- Benefits enrollment
- Rewards-based staffing systems
- Retention and recruitment
- Career laddering and succession planning

Benefits Realized
During this phase, deliverables include data transparency and employee empowerment. With access to actionable data, executives, managers and staff can consistently make decisions that improve the bottom line and patient outcomes. Better access to data also enhances staff engagement through the implementation of programs that improve the employee experience, such as recognizing and rewarding employees who pick up extra shifts.

Case Study: Improved Productivity

Anderson Regional Medical Center in Meridian, MS was focused on avenues of efficiency and cost savings. To help achieve those goals, the team at Anderson Regional built a strong foundation for data-driven workforce operational excellence through a suite of workforce...
Harnessing data so that analytical decisions can connect the organization.

management solutions from API Healthcare, including:
- Staffing and Scheduling
- Time and Attendance
- Human Resources/Payroll
- Business Analytics

The solutions provide timely, relevant information so executives, managers and clinicians have the tools they need to staff the hospital based on patient need while effectively controlling labor costs.

Results
- Savings of a little over $2½ million over an 8-month period, compared to the prior year
PHASE 3: EMPOWERED TO THRIVE

Building a successful strategy culminates in transformational workforce management, where accurate predictive decisions can be made and your organization can thrive even in the most uncertain times. With processes streamlined and data readily available to drive an information-rich, decision-making organization, the workforce optimization solutions power the development of an agile workforce that meets changing needs within the extremely dynamic environment of healthcare.

During this phase, the systems are expanded so that clinical and operational data can be incorporated into workforce operational management processes. Examples include:

- Utilizing patient flow and asset management data to enhance staffing decisions
- Staffing based on acuity
- Analyzing the direct impact of staffing on patient outcomes

Benefits Realized

A successful transformation of healthcare requires an optimized, engaged workforce. Health systems can address the challenges of the new pay-for-performance delivery model, including strategic staffing across the entire continuum of care, skills gap analysis and training, and clearly linking staffing best practices to better patient outcomes.

In addition to understanding how staffing decisions directly impact the bottom line, hospital executives also need increased visibility to the link between staffing and patient outcomes. With reimbursements tied to specific quality metrics, much attention has been placed on efforts to reduce readmissions. A recent study in Health Affairs showed that an investment in staffing can pay off as hospitals with higher nurse staffing levels reduced their odds of being penalized by 25 percent as compared to otherwise similar hospitals with less nursing staff. That can be attributed to the fact that many evidence-based interventions that reduce readmissions, such as discharge planning, care coordination, and patient engagement, are often short-changed when nurse staffing levels are inadequate10.

The pinnacle of a successful workforce strategy is the ability to implement acuity-based staffing. When patient needs drive staffing decisions, both the bottom line and patient outcomes improve. Acuity-based staffing epitomizes workforce operational management at its best. In fact, acuity-based staffing regulations are gaining traction, with safe staffing legislation already enacted in 13 states and proposed at the federal level11.

Case Study: Acuity-Based Staffing

Salinas Valley Memorial Healthcare System in California is committed to staffing based on patient need in a way that is easy and accurate for clinical staff. To meet that goal, the Healthcare System is utilizing API Healthcare’s Patient Classification Solution (PCS). The PCS is linked to Salinas Valley Memorial’s EMR, so
clinical managers are able to map patient information to create an accurate picture of staffing needs, including patient workload and caregiver skill requirements. Because the PCS uses a proven, evidence-based methodology, clinicians trust the system to provide reliable information so they can make data-driven staffing decisions.

Results

- Buy-in and confidence from clinical staff because they recognize the value of reliable, acuity-based staffing information that utilizes clinical data from the EMR
- Increased efficiencies because the data is integrated from current clinical sources, making the information accurate and meaningful
ACHIEVING WORKFORCE OPERATIONAL EXCELLENCE

Staying on course to develop and deploy a transformational workforce management strategy is especially challenging in an environment where the entire healthcare delivery and payment model is undergoing massive restructuring.

New regulations and changing legislation are happening at dizzying speeds, requiring healthcare executives to make decisions based on predictions about how the changes will impact the healthcare industry overall and their hospital specifically. However, the one constant in this maelstrom of change is the need for optimizing the power of the healthcare workforce. Health systems must be able to develop an agile workforce management strategy that allows the workforce to be developed to meet current and future needs, and then deployed when and where they are needed to most cost-effectively meet community health needs. API Healthcare enables workforce operational excellence, a rock solid strategy that is a necessity during the uncertainty of health care reform.

Article Sources