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Aligning Costs, Productivity & Quality

Health care organizations need to position themselves to do more with current staff while maintaining high-quality care.

By Brian Graves

Several trends are driving the health care industry's increased focus on improving care quality. These range from pay-for-performance and consumer-directed health care initiatives, to improving patient safety and the prevention of hospital-acquired infections. In fact, 56 percent of the CIOs who participated in the 2008 HIMSS Leadership Survey said that improving care quality is the top business issue at their organizations.

For many organizations, efforts to improve care quality focus on the implementation of clinical information systems. These solutions are important components of an overall care quality improvement strategy, though they are not designed to manage the deployment of staffing resources based on fluctuating service demands, such as patient volume, census or acuity. Numerous studies have shown that understaffed clinical departments place patient safety at risk and jeopardize patient outcomes. On the other hand, overstaffed departments consume precious dollars without improving care.

To comprehensively address the issues of costs and care quality, health care organizations need to align employee productivity with business goals — making sure the appropriate people and expertise are at the right place at the right time.

This capability will be crucial in the coming years due to several industry challenges. For example, labor costs per adjusted patient discharge have increased more than 60 percent, on average, during the past 10 years (source: Thomson Healthcare, May 2007). The 78 million people within the aging baby boomer generation will increase the demand for care in coming years, since the oldest among that demographic is now 62 years old (source: National Institute on Aging, May 2006). Finally, experts predict that the industry's existing shortage of nurses will only worsen as the baby boomer generation ages. Studies show that today's 10 percent shortfall of nurses will grow to 36 percent by 2012.

In short, health care organizations need to position themselves to do more with current staff on hand while maintaining high-quality care. Workforce management solutions can help organizations accomplish this by consolidating employee-related information into a centralized source — and by providing decision-makers with visibility into operational performance, as well as the tools to deploy staff in the most efficient and cost-effective manner.

Consolidating workforce information

Gaining insight into workforce information is a challenge because the data is stored in multiple systems at most organizations. Those systems may include payroll, staff scheduling, human resources, time and attendance, admissions and acuity systems. In addition, the systems often share information with other systems, such as billing, budgeting and clinical solutions. The result: Bits of information are scattered throughout the enterprise, making it difficult to get a consolidated view of not only employee and staffing data, but how it impacts operations.

From a tactical perspective, silos of information stifle productivity and prevent managers from being able to make decisions based on consolidated information. For example, a manager may offer an open shift to an employee without knowing that it will lead to overtime pay — even when other equally skilled employees were available to work the shift without incurring overtime.

In other situations, managers may incur the higher cost of using a nursing agency to fill an open shift position because they were unable to locate an available nurse among their staff where one may have actually existed.

Another limiting factor of disparate systems is that they often force managers to manually correlate data between systems, rather than showing data from one system in context with related data from another system. For example, managers reviewing time-and-attendance reports can see the hours that their employees worked, but that information is not placed in context with data from the scheduling system to see when employees were supposed to arrive and leave their shifts. As a result, issues often don't get noticed until payroll is generated, leaving the payroll staff and managers scrambling for resolution at the last minute.

By consolidating information, integrated workforce management solutions can automatically make correlations between data and provide managers with real-time alerts to prevent issues and unnecessary costs. This allows managers to resolve issues as they arise, rather than discovering them after costs have been incurred. The selection of staff for open shifts can be based on cost-effectiveness, availability, staff preference and expertise. Reports can show variances between actual vs. scheduled hours worked. Additional staff can be deployed to other departments based on patient volume, census or acuity. Absences — whether unscheduled or part of the

Family and Medical Leave Act — can be automatically accommodated by the system without manual adjustments. And, "payroll Monday" can pass by with fewer headaches because issues can be spotted and addressed during the pay period, as they occur.

Additionally, the consolidation of information creates a single self-service location for users to edit, request, review and approve time and attendance, schedule, human resource (HR) and payroll information. Most important, payroll, scheduling and HR criteria can be combined into a single solution so policies can be applied equitably among the staff.

Actionable information

Timely access to the right information about staffing and productivity enables executives and front-line managers to proactively monitor operations and make adjustments within the pay period to prevent unnecessary costs and productivity losses from affecting the budget. Dashboards can display workforce performance metrics based on user-defined variables, such as direct patient care hours, staffing to patient volumes or acuity. The value of having this updated information on an ongoing basis — daily as opposed to an infrequent or ad-hoc basis — is that it allows executives to quickly spot and resolve staff deployment issues, make informed and timely adjustments within the budget, and identify trends while consistently monitoring progress toward business goals.

Access to timely and meaningful workforce intelligence allows organizations to create a track record that can be used to develop objective workforce performance measurements for departments and individuals. Once established, variances in productivity or costs can be detected quickly so issues can get resolved to keep performance on target. Trending enables executives to develop internal best practices or measure the organization against industry best practices.

Beyond having analytic capabilities, executives need the tools to make adjustments that will keep productivity and costs in check. For instance, when an organization identifies that patient volumes are consistently higher in one department on a particular day of the week, executives can work with managers to adjust staffing schedules by reallocating staff.

Attracting patients and staff

Organizations need to acquire the technology that will give them a competitive advantage to improve their performance. This is not only important to attract the business that drives revenues, but also to attract quality employees. With nursing shortages and escalating labor costs expected to continue into the next decade, recruiting and retaining qualified employees becomes an important component of any care-quality improvement effort. The effective use of workforce management solutions can help organizations balance nurse-to-patient staffing ratios and increase scheduling flexibility to maintain high employee satisfaction levels, both of which are factors in achieving Nurse Magnet status from the American Nurses Credentialing Center.

Workforce management is not just a departmental issue, but an enterprise issue that requires a comprehensive view of operations to be effective. With staffing resources accounting for 50 to 60 percent of the typical hospital's operating budget, even modest productivity improvements can have a substantial positive impact on the bottom line — at least 1 to 2 percent of payroll in most organizations. The health care organizations that will be best positioned to succeed in the coming decade will align their efforts to increase productivity and reduce costs with the overall business goal of delivering high care quality.

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