

ANALYST CONNECTION



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Workforce Management: Making Healthcare More Efficient and Cost-Effective

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The ongoing healthcare reform debate highlights the issue of rising costs in the industry, yet that is just one of the many challenges facing healthcare organizations. An aging population, increased prevalence of chronic conditions, and greater access to insurance as a result of the Patient Protection and Affordable Care Act of 2010 (PPACA) will drive consumer demand for more healthcare services. Concurrently, a shortage of skilled, experienced nurses and an aging workforce are driving the need among healthcare organizations to more efficiently manage their workforce. It's not just an issue of reducing costs; by better managing the existing workforce in terms of enabling flexible scheduling and providing employees with optimal and equitable shift opportunities, healthcare organizations can continuously improve care and increase employee satisfaction.

As healthcare organizations seek to balance the need for reducing costs with the goal of improving care, keeping the workforce satisfied and engaged becomes paramount. In an effort to keep employees satisfied, healthcare organizations such as hospitals, long-term care facilities, and other providers can deploy workforce management tools that provide automation, self-service, and integrated tools for timekeeping, scheduling, productivity, analytics, and human resources.

The following questions were posed by Kronos Incorporated to Judy Hanover, research manager at IDC Health Insights, on behalf of Kronos' customers.

Q. What drivers does IDC Health Insights see behind the recent focus on workforce management in healthcare?

A. The major healthcare trends — an aging workforce, a shortage of nurses, increased patient demand, declining reimbursements, and costs that continue to rise — all contribute to a focus on workforce management. The baby boom generation is growing older, and a significant number of patients are requiring more intensive care. Typically, 80% of care is delivered in the last 20% of a patient's lifetime. In addition, a large number of nurses are planning to retire — in fact, according to a Nursing Management Survey from January 2010, 49% of nurses plan to retire by 2020. According to the National Sample Survey of Registered Nurses, the average age of all licensed registered nurses increased to 47.0 years in 2008. The U.S. recession has squeezed hospitals with increased volumes of charity care, lower reimbursement, and rising costs, of which the workforce is a major component. According to the American Hospital Association, 90% of U.S. hospitals have made cutbacks to address economic concerns, and 50% have reduced staff. Staffing cuts likely include nursing and clinical support staff at most hospitals.

In addition to the effects of the recession, the American Recovery and Reinvestment Act (ARRA) that passed in February 2009 will require hospitals to implement and/or upgrade clinical systems, such as electronic health records (EHRs) and computerized patient order entry (CPOE), or face penalties. While ARRA includes billions of dollars in Medicare and Medicaid incentive payments to providers and hospitals for implementing the new clinical applications, the costs are expected to exceed the incentives for most hospitals, and the new systems will place demands on staff to use and incorporate the applications into their workflow. In addition, the recent passage of the Patient Protection and Affordable Care Act and the looming shortage of healthcare workers make it more important than ever for hospitals to manage their workforces and labor costs efficiently and effectively. The ability to deploy workforce resources and align those resources with the organization strategy will be vital to the financial health of the institution.

Q. What are three ways that effective workforce management impacts quality care and safety for both patients and staff?

A. Hospitals need to schedule the proper skilled resources at the right place at the right time. This means making sure that the staff on hand has the right mix of credentials and certifications in order to manage different types of situations and conditions. It may be necessary, for example, to always have someone on hand with a specific skill set. Workforce management tools can also be used to track licensure, which is important for accreditation by the Joint Commission, and identify staff members who have licenses that are about to lapse. Without automation, credentialing is another labor-intensive and, thus, expensive process.

Managers also need to have insights into a nurse's availability and workload to reduce the need for expensive overtime. Tired, overworked staff is more prone to make mistakes that could lead to adverse events for patients. Workforce management technology can play a vital role in preventing the assignment of overworked or tired staff at higher risk of making errors in care.

Managers also want to optimize their own staff — to schedule their own employees first and then fill in the schedule if needed with supplemental labor. Workforce management can ensure that the resulting schedule effectively utilizes those staff members most familiar with a particular unit's environment and patient population and supports the delivery of optimum quality of care while minimizing the use of supplemental labor and providing managers with visibility into the entire workforce.

Q. What quality care and safety issues does IDC Health Insights see organizations addressing with improved workforce management processes?

A. Hospitals are increasingly being asked to focus on patient safety and the quality of care, and this has led to the implementation of new technologies at the point of care, including EHR and CPOE. It is widely estimated that fewer than 30% of U.S. hospitals have EHR and CPOE systems in place and less than 20% have widespread adoption by clinicians. These systems require capital to implement and must be deployed over the next few years to avoid penalties, yet all of the monetary incentives attached to ARRA will be awarded after the technology is successfully implemented and meaningful use is demonstrated. This need for capital has many healthcare organizations looking to uncover cost savings in other areas of their operations to apply against their clinical system investment. Workforce management solutions provide an opportunity to uncover hidden labor costs within hospitals and at the same time improve the delivery of quality care.

In order to compete, hospitals need to attract, manage, and retain the best talent while managing costs and processes effectively to support the mission of delivering high-quality patient care. For this reason, hospitals must recognize the need to apply the most advanced tools and a proven process in order to leverage their greatest asset and largest expense: employees. Workforce management solutions can help organizations uncover opportunities to improve workforce productivity and confidently decide the best use of labor — across the enterprise — while ensuring compliance and employee satisfaction.

Q. In acute care settings, workload is constantly fluctuating. How do workforce management tools help organizations balance a diverse mix of staff resources to ensure compliance in the delivery of quality care?

A. The patient population in a hospital is constantly in flux; on any given day, the number of patients who require different levels of care changes, and so should the makeup of the staff members who treat them. There are often complicated requirements as a result of regulatory or union rules, and regulatory compliance is important. Using analytics tools, managers can evaluate productivity information, budgeting, compliance, and other areas of concern. Managers can track their budgets in real time and allocate staffing accordingly to meet that budget, as well as comply with staff-to-patient ratios to deliver optimal care.

Q. How do staffing and scheduling processes impact employee retention and satisfaction?

A. Although healthcare isn't experiencing job losses as heavily as other employment sectors, the job market has tightened for nurses. Even with a recession, nurses are still in demand, and this demand will only increase if millions of additional Americans obtain coverage under healthcare reform. A shortage of nurses means that nurses have choices about where they want to work. It's important to provide them with scheduling options that make an opportunity attractive to the nursing labor pool. Nurses want to be able to schedule their shifts — when and where they want to work, take time off, and trade shifts if they need an impromptu day off. They want flexibility. Managers must take into account the need for staff choices along with the quality mix and safety environment at the hospital.

By using workforce management tools, managers can also put fairness and consistency into the scheduling and staffing process. Eliminating manual processes and using automated tools remove personality and perceived personal preferences shown by the managers from the equation. The skills, experience, and availability of employees become more important when determining schedules.

Allowing employees some degree of flexibility is also very important. Providing employees with the opportunity to pick up additional shifts, when they are available, through self-service scheduling is empowering. Employees have the ability to sign on for additional shifts in a fair and open way, and that's a capability that nurses certainly appreciate. Self-service tools are an attractive recruiting tool because they give nurses some control over their schedules, yet do so in a way that is in compliance with the rules and meets an organization's needs.

ABOUT THIS ANALYST

Judy Hanover provides research, market analysis, and consulting on healthcare information technology, strategy, and best practices for both the inpatient and ambulatory healthcare settings at IDC Health Insights. Her understanding of healthcare information technology is based on her experience working in the healthcare provider and payer vendor community, as well as her experience with healthcare IT end users.

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