

# Workforce Management Best Practices in Healthcare



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Leading healthcare organizations have for some time now embraced the potential of Workforce Management (WFM) solutions. However, even some early adopters fail to reap the maximum benefits from this technology. This unrealized potential is the product of a common inability: Many organizations are simply not sure how to take their systems to the next level to achieve a maximum return on investment --given the current economic climate, achieving ROI is more critical than ever.

Many healthcare providers have, over the past decade, discovered that core WFM solutions — automated time, attendance and payroll processes — can create significant short and long-term ROI. And yet, this is really just the first step in reaping additional benefits and returns.

Many organizations find that after ‘go-live’ on a WFM solution, there is a plateau in benefits. In these cases, the organizations need to consider expanding their WFM footprint to include components like advanced labor scheduling, employee self-service capabilities and attendance management and analytics. A sustained commitment to improving and expanding WFM systems is needed.

In the current economic conditions, however, continuous improvement in WFM processes may seem at odds with the need to manage declining margins and an uncertain future. No sector of the economy is immune from the current downturn, and healthcare is certainly no exception. Access to capital is drying up, operational budgets are being reduced, and government support is under threat. Hospitals in particular are scrambling to make adjustments to this new economic reality.

In this sector, labor costs can account for 50 per cent or more of total operating budgets. As a result, according to a 2008 American Health Association report on the economic crisis, more than half of all hospitals surveyed have already made, or are considering, staff reductions, hiring freezes and an overall reduction in administrative costs to help them weather the economic downturn.

Cutting Administrative Costs	59%
Reducing Staff	53%
Reducing Services	27%
Divesting Assets	8%
Source: AMA "Economic Crisis: Initial Impact on Hospitals" Nov. 2008	



At the same time, however, leading healthcare executives realize that staff reductions do not necessarily translate into operational efficiencies. Layoffs may provide short-term cost savings, but in the long term they can create as many problems as they solve. The rush to cut the labor spend can also divert attention away from other, more constructive avenues for lowering labor costs. In particular, WFM systems have proven they can effectively control labor costs without eliminating positions.

For example, the labor spend can be directly reduced by additional automation of complex time and attendance processes. Advanced scheduling is particularly effective at creating accurate employee schedules that reduce the need for overtime or temporary agency replacements. In these instances, the cost of the solution is greatly outweighed by the efficiencies that can be realized. It is this equation that makes a compelling case for continued WFM investment in a down economy.

### **CASE STUDY: Taking WFM to the next level**

ABC Healthcare is a not-for-profit provider of health services that employs about 9000 staff in four hospitals, an oncology center and several satellite clinics in a large metropolitan area. The organization must navigate several different collective bargaining agreements.

Several years ago, ABC Healthcare implemented a time and attendance module from a leading WFM vendor for all salaried and nursing staff. The solution produced an immediate decrease in payroll errors and a reduction in overpayments for time not worked. Federal, state and local regulatory requirements, and union rules, were standardized and uniformly applied across all of the organization's sites, which decreased costly compliance problems and union grievances. Payroll processes were streamlined, eliminating manual errors and allowing some reallocation of staff.

In the final analysis, overall payroll expenses for ABC Healthcare dropped by 1.3 per cent. But after the initial success, what can the organization do to improve on its processes to deal with the pressures of a down economy? Although the WFM solution implemented by ABC Healthcare represented a quantum leap over its old processes, additional benefits will only come with additional investment in additional WFM features.

The goal of ABC Healthcare should be to expand the WFM footprint from a single module – time and attendance – to a fully automated and optimized WFM solution. In most instances, these additional returns will be achieved by focusing on reduced administrative costs and focused labor allocation. Once a foundation is set, increasing returns come from fine tuning the processes, initiating continuous improvement efforts and identifying new areas of opportunity for cost savings that were previously unseen.

By fully automating time and attendances processes, ABC Healthcare has ensured that employees are paid only for the time they worked. At this point, the organization can look at expanding the solution to include new modules that will budget, schedule, deploy and track staff.

For example, ABC Healthcare may find that they don't have the operational data needed to effectively manage labor resources. Without visibility to staffing availability it's impossible to guarantee the right staff at the right time, all the time – while meeting operational goals and minimizing overtime. The careful balance between quality of care and cost of operations challenges ABC to find ways to better manage the staff that they have, in this scenario, matching staff levels to volume with WFM metrics can be far more cost effective than “trying to do more with less.”

This strategy may run contrary to today's cost-cutting approach, but sustaining staffing levels while boosting cost efficiencies can contribute to the overall health and stability of an organization. In addition to a reduction in premium labor costs (overtime and temp agencies), the organization will get real-time data on staffing shortages and overages, the creation of more accurate schedules in less time, and improved employee morale and productivity.

Today's advanced WFM scheduling solutions can determine the required coverage based on real-time census/acuity data and predefined nurse-to-patient ratios, and then match available employees with open shifts by job, skill and qualification. This in turn will help improve the overall quality of the care delivered to patients.

The WFM solution does this by ensuring the right nurses, with the right skills are on the floor at the right time. The solution saves considerable time and effort by automatically generating an optimized schedule that allows unit managers to review, edit and monitor staffing coverage levels. The solution can also provide alerts to managers when an unforeseen event leaves the hospital (or individual areas of the hospital) understaffed. A WFM healthcare scheduling system can actually anticipate and avoid disruptive staffing shortages that ultimately drag down patient care and drive up overages from overtime or temporary staff.

If ABC Healthcare were to further broaden its WFM strategy to include employee self-service features, additional returns could be achieved in the areas of care, patient satisfaction, staff retention and overall financial performance. Self-service capabilities allow the nurses to review their schedules on-line and make changes that help promote work-life balance and flexibility. This in turn reduces unscheduled absences by allowing nurses to volunteer to fill open shifts, or swap shifts with minimal burden on unit managers. And managers will expend less effort and consume less time ensuring nurses with the right qualifications are matched with the right shifts.

## CONCLUSION

It is completely understandable that healthcare executives would be looking to address the current economic conditions by evaluating various means to quickly cut costs. A fully automated, broadly structured WFM solution can drive operational efficiencies and labor cost savings without having to resort to job cuts. An effective WFM strategy is essential for any organization that wants to not only survive the recession but also thrive in the post-recession world.

## FOR MORE INFORMATION

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