How to Reduce Operating Costs by Improving Staff Utilization

With spending reaching $2.8 trillion each year, according to the Centers for Medicare and Medicaid Services (CMS) National Health Expenditure Data, healthcare now accounts for roughly one-sixth of the entire U.S. economy. At its historical pace, national healthcare spending will increase to approximately 26 percent of the gross domestic product by 2038, driven by various factors such as an aging population, new medical technologies and rising administrative expenses.

Considering the rising expenditures and new value-based care delivery and reimbursement models, healthcare organizations are under enormous pressure to reduce costs in many operational areas, including healthcare’s largest cost center: personnel resources. Providers also have an opportunity to address expenses by eliminating manual, paper-based administrative processes that consume a large part of the typical hospital or health system budget, hinder staff productivity, and sometimes introduce errors—all of which can be detrimental to a hospital’s clinical and financial performance.

In October 2013, Forbes magazine published an op-ed article by Louis Goodman and Tim Norbeck titled, “Who’s to Blame for Our Rising Healthcare Costs?” dismissing the myth that physician salaries are the primary culprit for rapidly increasing healthcare expenditures. Reiterating conclusions from Congressional Budget Office (CBO) intelligence and other reports, the article emphasizes that “…Technology, administrative expenses, hospital costs, lifestyle choice and chronic disease conditions have all had greater impacts on rising overall healthcare costs than physicians.”

Referring specifically to administrative burdens, the authors note that: “Physicians are continually frustrated as they see increasing administrative regulations as significant burdens that take away from patient care, and they are deeply pessimistic as they struggle to sustain their practices … Many independent practicing physicians are seeking employment at larger hospital systems to avoid administrative burdens.”

To combat administrative waste and the waste of resources, experts say that healthcare leaders must step back, and, with a critical eye, ask themselves if they are effectively adding value to the healthcare system—a value that has been defined by noted Harvard economist Michael Porter as “…the health outcomes achieved per dollar spent.” In healthcare, the concept of value increasingly is being measured by evaluating the product of all costs devoted to achieving desired patient outcomes. Argues one Harvard Business Review blog, “An efficient business gets the most output possible, given current technology, from every dollar spent.”

Administrative and operational tasks are no exception to this rule, including those related to staff resource allocation that has long been mired in inefficiency. Healthcare leaders committed to delivering value understand that improving efficiencies and reducing costs in their workforce management practices must be a top priority.
Inefficiency is one thing, but rudimentary scheduling technologies can hide even more serious problems for hospitals. This inability to effectively manipulate data leaves healthcare organizations struggling with staffing situations that affect their bottom lines. In addition to short-staffing, which can lead to additional costs for temporary personnel, hospitals also struggle with lopsided scheduling. Stemming from an inability to view both scheduling and time data simultaneously, lopsided scheduling occurs when some personnel are underutilized while others are working overtime, resulting in a significant hit to the bottom line.

Balancing all the factors that impact the appropriate use of staff resources is a tall task for healthcare organizations. They must ensure that the office is appropriately staffed down to each specialty; that all preferences and requests—which can total up to 50 per year, per provider—are accounted for; that they have enough personnel to accommodate varying patient loads throughout the day; and that they are able to incorporate a “mix” of staff with necessary skills, training and credentials to ensure patients receive the necessary attention in a timely manner.

Scheduling in this manner can prove so difficult, in fact, that healthcare organizations often divert senior staff and clinical leadership—who have an unmatched level of credibility and a deep understanding of the clinical and organizational needs—to a scheduling role, rather than empowering administrative staff to handle these tasks. While this may indeed solve some of the more common scheduling snafus, it is a woeful use of valuable resources and certainly does not translate to value for the consumer.
Searching for the Right Tools

Healthcare organizations desiring to improve their financial viability by lowering costs are often enamored by automated administrative systems. Unfortunately, many of these disparate scheduling, time tracking and payroll solutions operate in their own silos, unable to share valuable, congruent data. This creates a great deal of redundant effort for staff and limits an organization’s ability to proactively balance workloads, monitor clinician hours and ensure that employees are paid timely and accurately.

Healthcare leaders require more advanced tools to keep up with today’s unique demands, and the solution is found in integrated workforce management software. These innovative technologies can improve the efficiency and operations of hospital departments by allowing them to assign resources more accurately, even when they must integrate the numerous complex requirements of their facility and clinical specialties. It also helps them build schedules faster.

Fletcher Allen Health Care in Burlington, Vt., is one organization that was able to improve its schedule build-time tenfold with an automated scheduling solution. Spending 80 hours per month building schedules with a manual solution, they were able to reduce the time to eight hours with an integrated workforce management technology.

Intelligence added to historical data provides administrators with a clearer picture of their minimum staffing requirements, which they can then use to align personnel assets. In addition to ensuring specialties are covered, for instance, leadership will be able to quickly identify extra personnel in the schedule that are not needed on a given day, preventing them from paying for unutilized resources.

Integrated workforce management software also provides a platform for schedulers to verify whether or not a physician’s specialty impacts clinical availability, among other factors. It will ultimately help prevent scheduling errors, which can not only be costly for the organization, but, in cases where the right personnel are not available when needed, can actually be detrimental to patient care. Progressive practices are even taking advantage of new rules-based scheduling technologies to become more efficient and lower administrative costs. By allowing practices to populate the software with practice policies and regulations, they can apply predetermined rules to schedules and general requests.

Whether it is a week-long vacation, a day a physician elects not to be on call or a period of time when they are at a medical education seminar, the volume of requests in a practice can become unmanageable without the right tools. Customized for a particular hospital or group practice, the software can immediately recognize a unique scheduling conflict and alert administrative staff, ensuring that problems are resolved as quickly as possible.

Healthcare organizations can also implement a series of scheduling work patterns and automations that run in the background, which verify the accuracy and fairness of every schedule built. With online request calendar tools that automatically check items such as vacation credits and specialty roles, the software can seamlessly steer individuals to choose days that are likely to be approved. The result is fast turnaround time on all requests, which proves invaluable to both clinicians and administrators alike.

With a staff of 160, Fletcher Allen Health Care was processing 50 requests a week, with each request taking 20 minutes to research and approve, representing nearly 17 hours of lost productivity per week. After deploying intuitive scheduling software, the organization was able to reduce the time spent per request from 20 minutes to two minutes. The increased efficiency allowed Fletcher Allen to reduce the number of FTEs dedicated to scheduling from 1.5 to 0.25.
An Administrator’s Best Friend

Today’s integrated workforce management solutions extend well beyond mere scheduling. Tools integrated into the software are built on universal principals such as time-based cost accounting, which can assist healthcare organizations in delivering greater value to their patients. Additionally, insights extracted from a workforce management system can provide intelligence on how effectively resources are being utilized, as well as cost-analysis features that aid in activities such as overtime forecasting.

Automation also facilitates the cross-referencing of data to ensure staff is clocking the right number of hours, the right specialties are represented and that the schedule is fair for all employees. With information supporting how scheduling improvements have helped optimize staff time, clinical leaders will be empowered to communicate the ROI of integrated workforce management software.

Located in Fort Myers, Fla., Medical Anesthesia and Pain Management Consultants (MAPMC) provides services to three local hospitals and a surgery center. Prior to implementing a fully automated solution, they were not able to merge the schedules of their anesthesiologists with that of their CRNA’s, creating a great deal of redundant effort. Moreover, as their stand-alone time tracking software was not integrated with their scheduling, they also had to manually enter their data into their payroll system. Real-time data from their integrated workforce management technology helped them create balanced workloads and cut their payroll management time from 20 to eight hours per week.

MAPMC was also able to extend their workforce management software from scheduling to other areas. “[Our solution] automatically calculates the differentials and rates based on the wildly complex rules of our employment agreements,” says Jeffery Beck, MD, American Anesthesia, VA. “Generating payroll is as simple as running a custom report. It has saved us countless hours of time and given us perfect accuracy and accountability.”

Scheduling technology that is able to integrate with other administrative systems adds further value by allowing staff to identify scheduling disparities in real time. This allows administrators to place staff forecasted for under-time into additional cases, while relieving staff who are forecasted for overtime. In the end, staff will be able to work closer to their scheduled hours, reducing costs for non-worked time.

Perhaps the greatest benefit of an integrated workforce management solution for healthcare organizations is that they will be able to transition scheduling from a clinician task to one handled by administrative personnel. While it’s a clear win for the healthcare organization in terms of cost, it also frees physicians to spend more time where their skills are best utilized: with the patient.
Conclusion

Automated, integrated workforce management solutions are rewriting the books on staff scheduling, helping healthcare organizations inject efficiencies into resource allocation processes, improving human resource utilization and reducing administrative costs. Healthcare organizations across North America are recounting how they used to waste staff time on antiquated scheduling systems or needlessly spent money on staffing imbalances, such as non-worked or overtime hours. Today’s workforce management solutions are not only helping providers achieve financial stability, they are also helping organizations deliver true value to their patients.