



# Implement Workforce Management Tools to Reduce Cost Intensity

*This brief describes GE Healthcare Consulting's Workforce Management solution, which is a comprehensive data and process driven approach to identifying and activating sustainable labor productivity improvements while considering all the elements of the Human Capital Value Chain.*

## Background

Hospital executives from acute care hospitals and integrated delivery networks with more than 300 beds identified declining reimbursements (number 1) and difficulty finding and retaining qualified staff (tied for 4/5) as top challenges in a study completed in December 2018<sup>1</sup>. The intersection of these challenges requires that health systems respond simultaneously to cost pressures while provisioning a qualified and agile workforce that meets the needs of the system.

In order to address the cost pressures of declining reimbursements, the cost intensity of the workforce requires different thinking than in years past as the workforce demographics and work styles change (e.g., increased mobility, "Gig" economy). Workforce planning and deployment analytics must support the changing environment in how work is done and how staff are deployed.

Further confounding the workforce challenges is the increased prevalence of workforce and productivity benchmarks that range from professional societies (e.g., American Association for Respiratory Care, Association of Women's Health, Obstetrics, and Neonatal Nurses); subscription services (IBM, Premier); and enterprise performance management vendors (e.g., Kaufman Hall). Applying these often conflicting data points as critical inputs to a workforce planning process requires domain expertise and analytical prowess.

Once workforce planning efforts are complete - often within the context of the cost pressures resulting from the declining reimbursement challenge - there emerges a disconnect from the plan (e.g., departmental labor budgets) and the ability for



department leaders to achieve the plan. Some contributing factors to this disconnect include: Last minute changes made to "make budget" which are not grounded in reality (e.g., volume increases or overtime reductions).

1. Lack of strategies and tactics to address low workloads
2. Inconsistent reporting and accountability across divisions
3. Core and flexible staffing which are misaligned with current workload trends
4. Lack of advanced analytics
5. Over-reliance on contract labor to fill core staffing needs

## Challenge

As health systems seek to decrease the cost intensity of the workforce, effective workforce management processes that

<sup>1</sup><https://www.beckershospitalreview.com/hospital-management-administration/healthcare-executives-identify-their-12-top-challenges.html>



consider the latest workforce trends and are supported by leadership are a requisite. Department leaders must be equipped with workforce planning tools, advanced analytics, and productivity improvement knowledge. Without these requisites, attempts to manage labor costs and right-size departments can result in unintended consequences to include quality issues, increased staff turnover, and negative public attention.

## Workforce Management Consulting Solutions: Where Analytics Meet Activation

With a firm belief that staffing and care quality are inextricably linked, GE Healthcare Consulting works collaboratively with hospitals and health systems to design and activate workforce management systems that maximize value for health systems and their patients.

Organizations must raise the staffing IQ of managers and equip them with the tools and knowledge at teachable moments as they run their respective departments. Our extensive workforce management solutions provide managers with key components of the HCVC: Demand Based Staffing; Daily Shift Management; and Labor Productivity, and Management Enablers.

### Demand-Based Staffing

GE Healthcare Consulting deploys expertise to educate managers on the approaches to evaluating the demand side of staffing and ensures that managers are grounded in workforce planning. These experts provide:

- Staffing to demand analytics; skill mix alignment; and, core and flexible staffing processes and tools
- Workforce planning insights from advanced analytics
- Design for required levels of agility and flexibility

### Daily Shift Management

Efforts to improve the skills of managers provide daily staffing tools in all relevant departments. We deploy subject matter experts in the respective departments, bringing forward best practices and alternative staffing models to be adapted for implementation. For example:

- Patient needs based staffing
- Contingent workforce strategies
- Leave management integration
- Daily vigilance on overtime

### Labor Productivity

The ongoing achievement of productivity targets is a major component of an organization’s effective management of labor expenses. Consistent rigor and accountability to the achievement of productivity targets are required in times of financial success, as well as during financial distress. GE Healthcare Consulting works with clients to ensure the effectiveness of:

- Utility and frequency of productivity reports
- Productivity target setting and ongoing monitoring
- Integration of productivity metrics in management systems (position requisition and performance management)

### Management Enablers

Many organizations underestimate the change management effort required in any cost out engagement. Doing so, especially when the workforce is involved, can yield rework and employee unrest. The management enablers used in workforce management engagements are designed to match the level of change management to each client’s environment.

## Results

Highlighted results from our decades of experience in Workforce Management are provided below:

Organization Type	U.S. Region	Human Capital Focus	Annual Savings (actual)
Large Academic Health System	Northeast	Workforce Management (2 years)	\$50M
Two Hospital System (Heavily Unionized)	Northwest	Workforce Management (1 year)	\$4.5M
Major Academic Hospital	Northwest	Demand-based Staffing / Daily Shift Management in Nursing (1 year)	\$3.7M
Small Rural Critical Access	Northwest	Labor Productivity (1 year)	\$5.3M