

Pay Practices Optimization Results



\$6.5 million in Annual Savings Delivered Through Paid Leave, Premium Pay Improvements

The Client

Multi-state, large hospital system on the West Coast with ~25,000 employees

The Challenge

Each site had separate payroll and timekeeping systems as well as local Human Resources (“HR”) Departments.

The Approach

- The project began with detailed analysis of pay codes at the employee level
- Interviews were conducted to understand local markets and history of premium pay and leave management practices
- Comparisons of policies and data allowed our consultants to locate variations between intent of policies and actual practice
- Prior to finalizing recommendations, discussions were held across the system with CFOs, HR executives, and clinical leaders to review individual market conditions
- Revised policies were drafted and communication documents were prepared for rollout to leadership and staff

The Results

Upon completion of the project, more than \$6.5M in annual savings associated with reductions in paid leave and premium pay practices were identified and implemented.



Evidence-Based Best Practices Deliver \$1.2 million Savings in Premium Pay Practices

The Client

Acute care hospital in the Northwest with 280 beds

The Challenge

The hospital had not reviewed premium pay practices and paid leave utilization in a number of years, so many policies were outdated and practices had grown beyond the original intent of the written policies.

The Approach

- Organized a HR Committee of dedicated employees from all levels of the organization with representation from both clinical and non-clinical areas
- Performed detailed data analytics and comparison of findings to internal policies and market practices
- Reviewed data findings and various scenarios for proposed changes with consideration given to balancing the culture with the need to manage financial resources
- Vetted proposed changes with directors across the organization, and made final recommendations based upon their input
- HR Committee teamed with the organization's HR leadership to provide revised policies clearly reflecting the new practices
- Developed an extensive communication plan which included senior leadership partnering with department managers and directors to communicate the changes

The Results

\$1.2 million dollars in implemented savings associated with alignment of rates and utilization to the organization's compensation philosophy and market practices.



Overtime and Recruiting Initiative Results in Annual Overtime Savings of \$1.1 million

The Client

Acute care hospital in Southern California with ~350 staffed beds

The Challenge

This hospital was facing significant overtime and shift bonus expense in its nursing units. Challenged with a highly competitive and difficult recruiting environment, vacancies were assumed to be driving the high labor costs. The organization was also challenged with many manual processes that contributed to inefficiencies in recruiting.

The Approach

- Categorized overtime occurrences at the employee level to understand how much of the overtime was “incremental,” and could be reduced by changes in processes, and how much was likely attributable to “backfill” of full or partial shifts
- Established targets and communicated them to department managers
- Deployed a wide range of tactics including more effective use of charge nurses, pre-approval requirements for overtime, and improved protocols for use of contingent workers
- Spearheaded a reconciliation process of all staff working in the in-scope units to maximize recruiting efforts and ensure hiring managers were working in unison with the recruiting staff
- Compared results to department and clusters of like-units with shared resources to identify and confirm the number of vacancies to be posted
- Developed processes for ongoing monitoring and communication with recruiters

The Results

Streamlined processes were developed to approve and post vacancies, and best practices were implemented in staffing. To monitor progress and ensure sustainability, departmental targets were established, and automated tools, utilizing timekeeping, and payroll data were deployed to keep the initiative at the forefront of decision making. Annual recurring overtime savings of \$1.1 million were achieved.



