

Workforce Management: Building Productivity Culture

HFMA – Arkansas Chapter – Fall Conference
October 22, 2021

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CPAs & Advisors



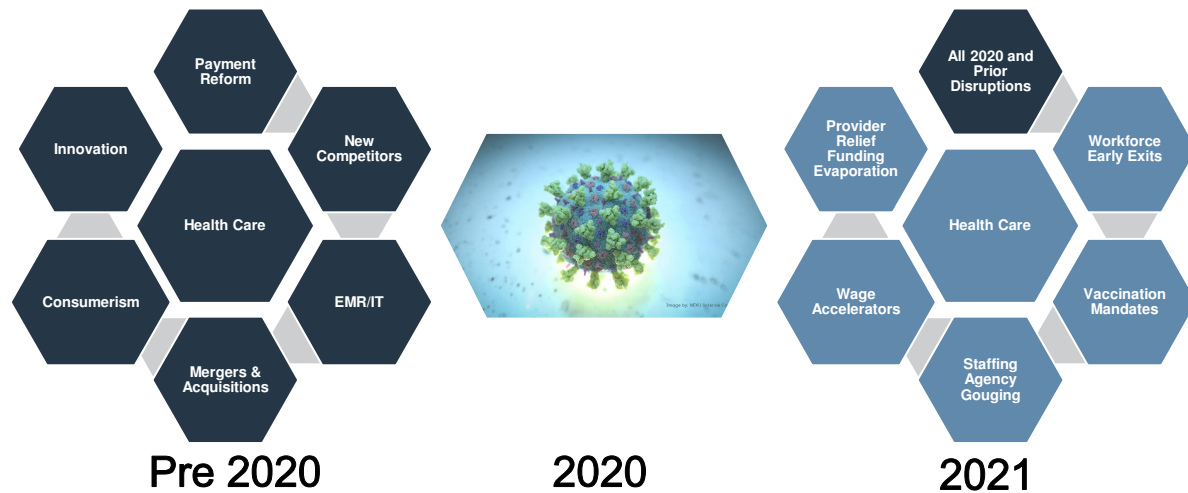
Agenda

- › Performance Disruptions & Blinders
- › Pathway to Productivity Improvement – 3 Case Studies
- › Strategy Establishment
- › Defining Productivity
- › Workforce & Provider Productivity Tools
- › Discussion

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Performance Disruptions



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Polling Question 1

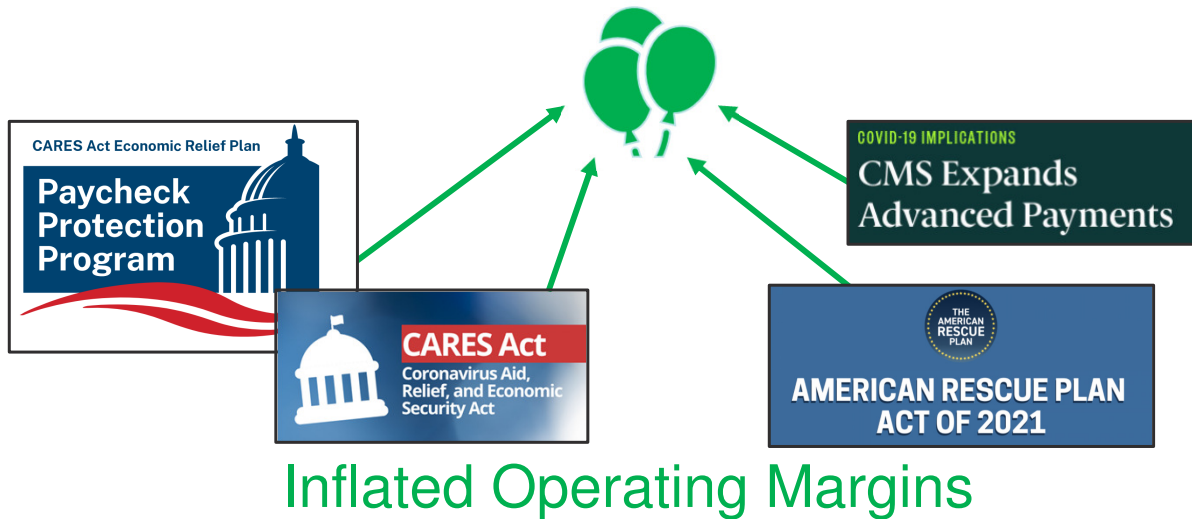
➤ During 2020 most organizations experienced improved margins due to Provider Relief Funds, did your organization assess departmental productivity in early 2021 and reset staffing expectations?

- Yes
- No

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Blinders to Bottom Line



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Pathway to Building Productivity Culture



Opportunity Assessment



DATA GATHERING & ANALYSIS

Healthcare Labor Cost Rising
Consume 45% - 65%+ of Net Revenue
Care transitioning to Ambulatory Setting
Cost Structure Improvements
Organizational Structure Shifts



TARGETED EXPENSE MANAGEMENT

Revenue Growth
Alignment and Right Sizing to data analytics and KPI's



MONITOR AND ACTION TO EMERGING TRENDS

Healthcare Leaders Need:
Access to Meaningful Comparisons
Access to timely Productivity Reports
Active and Drillable Performance Dashboards
Assistance in Improvement Processes

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Case Example: Hospital in Wisconsin

- ❖ 2 years of declining financial performance
- ❖ Lost 2 key physicians: orthopedic and general surgeon
- ❖ Large, 3-year construction project
- ❖ EMR conversion to Epic Community
- ❖ Limited visibility to operational and financial KPI's
- ❖ COVID



- **Benchmarking Assessment - Discovery**
- **Design & Implementation**
 - Process: Scheduling, Staffing, Scope of Services
 - People: Skill mix, cross training, maximizing talents
 - Technology: Visibility to timely performance
 - Director Agreed Upon and driven Value Proposition
- **Monitoring for all Department Directors**
- **Results (during Pandemic)**
 - 5% improvement to Net Operating Income, not including Provider Relief Funds

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Case Example: Hospital in Missouri

- ❖ Key Leadership Turnover
- ❖ Growth in Service Lines
- ❖ Ambulatory expansion construction project
- ❖ EMR conversion to Meditech Expanse
- ❖ Limited visibility to operational and financial KPI's
- ❖ COVID



- Data Integrity and Single Source of Truth
- Dashboard and Productivity Culture, Education
- Benchmarking Assessment - Discovery
- Monitoring for all Department Directors
- New Budgeting and Performance Process
- Results (during Pandemic):
 - Initially maintained NOI, progressed to additional 2% NOI
 - Able to appropriately back furloughed staff
 - Build productivity culture, including physician enterprise
 - Assist in Funding of salary increases
 - Properly staff new Ambulatory Services

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Case Example: Hospital in Colorado

- ❖ 3 years of declining financial performance
- ❖ Strategic Plan developed with Board and Leadership
- ❖ Limited visibility to operational and financial KPI's



- Benchmarking Assessment – Discovery
 - 4 Key Themes: Revenue Integrity, Key Operational Deficiencies, Non-Labor Expense, Workforce Expenses
- Design & Implementation
- Course Correction due to FTE and Salary Expense Outpacing Cash Reserves
- Rightsizing for all Departments
- Monitoring and Continued Workforce Performance Improvement
- Results
 - 10% reduction in FTE's (54 total), no adverse patient events
 - Financial Performance Break Even, 4.6% Improvement

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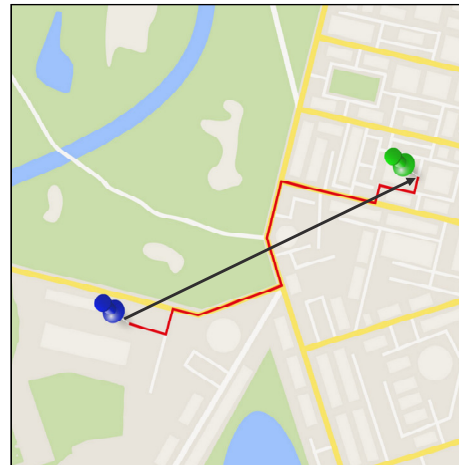
Baseline & Strategy

Baseline

- Budget
- Historical Data
- Benchmarking

Strategy

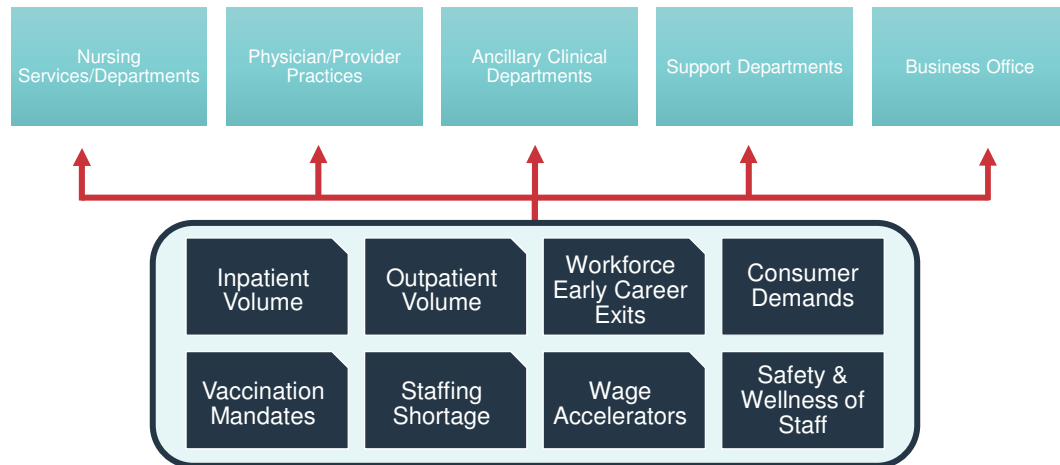
- Data Integrity
- Departmental Activity
- Validation Methodology
- Interactive Monitoring



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Strategy Disruptor Variances



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Polling Question 2

➤ Does your organization have standard approach and defined productivity standards for each operating/business unit?

- Yes
- No
- Not sure

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Defining Productivity

Department Productive Standard

- Productive Standard = Total Budgeted Productive Hour/Total Budgeted Unit of Service(UOS)
- Total Productive Hours = Total Hours – Total Non-Productive Hours
- Total Units of Service = Projected Volume (Analysis of Historical Data and Expected for next 12 months)

Department Performance Metric (Standard)

- Performance Metric (Standard) = Payperiod Productive Hour/Payperiod UOS
- Total Payperiod (PP) Department Productive Hours = PP Total Hours – PP Total Non-Productive Hours
- Total Payperiod Units of Service = PP UOS (Volume)

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Defining Productivity

Types of Payroll Hours

- **Productive Hours** - Payroll Hours that represent paid hours that are worked i.e. Regular Hours, Overtime, Orientation, Education, that are provided by client for a specific timeframe.
- **Non-Productive Hours** - Payroll Hours that represent paid hours that are not worked, but included in overall benefits i.e. PTO, Bereavement, that are provided by client for a specific timeframe.
- **Payment Mechanism** - To add pay to employees that are not categorized as productive or non-productive i.e. call pay, shift differentials, bonus pay, that are provided by client for a specific timeframe.

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Defining Productivity

Types of Unit of Service

- **Revenue Producing** - Derived from Revenue and Usage Reports with developed logic from Charge Description Master (CDM)
- **Hospital Statistics** - Non-CDM statistics developed logic from Accounting & Finance Team
- **Fixed Statistics** – i.e. Calendar Days

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Polling Question 3

- Does your organization provide easy to understand key performance indicators &/or measures for managers to assist with staffing management?
- Yes
 - No
 - Not sure

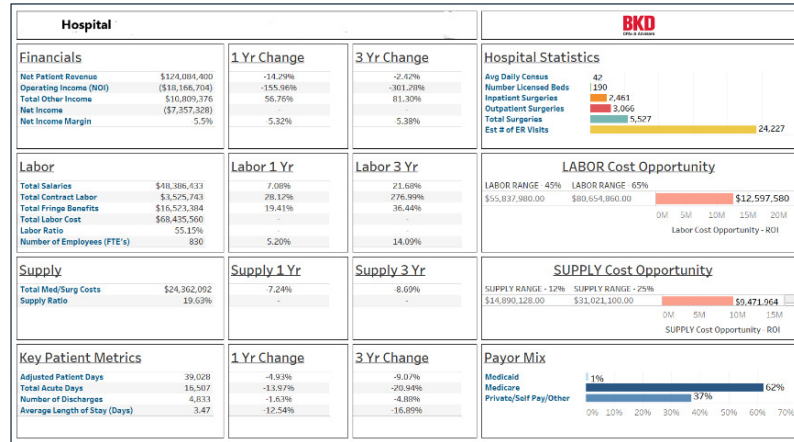
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Workforce Expense Management

- Cost Ratios & Trends
- Assessment & Benchmarking
- Improvement Planning
 - Departmental Variance
 - Financial Opportunity
 - Improvement Planning
 - Implementation
- Productivity Monitoring



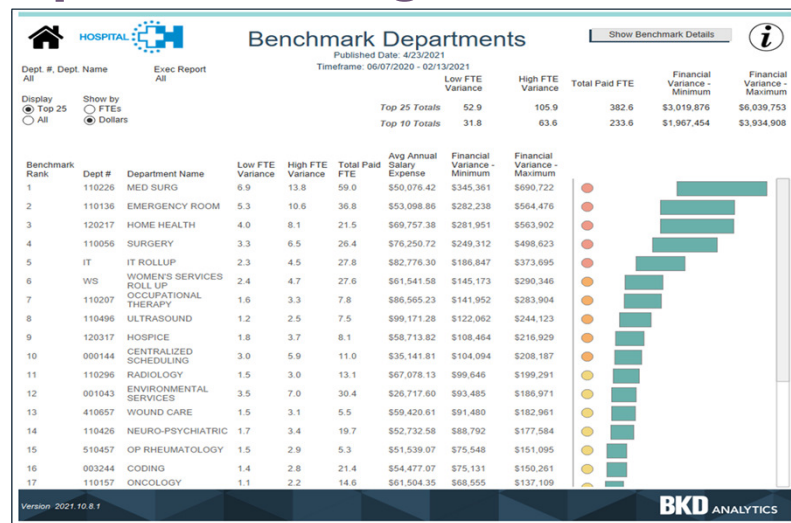
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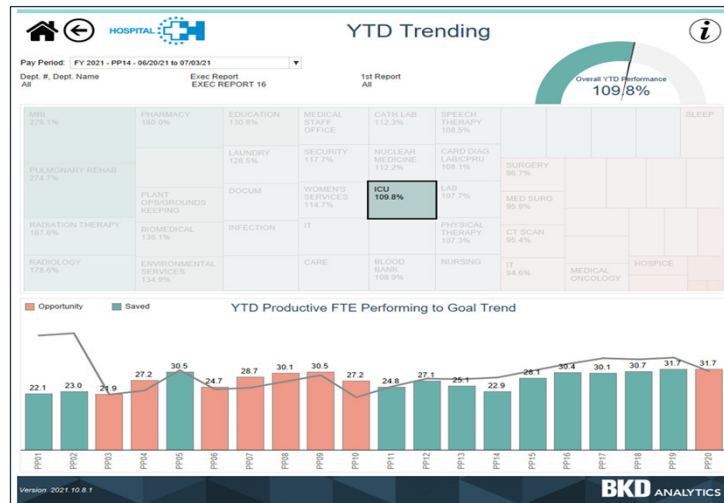
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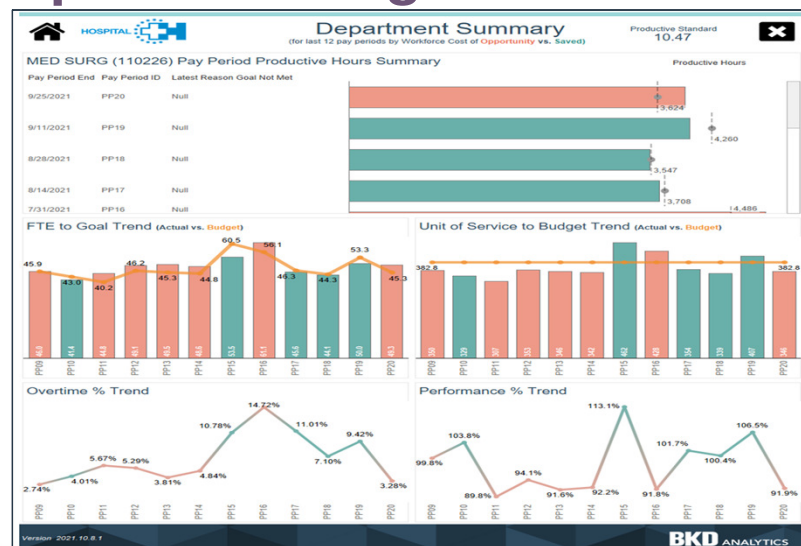
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Other Considerations

- › Contract & Travel Staff (Labor Tracking)
- › Manager “Productivity Culture”
- › Steering Committee
- › Executive Sponsorship
- › Variance Report & Productivity Huddles

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Questions?



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