Aligning Organizational Goals with Workforce Management Initiatives

Are You Undermining Your Patient Experience Strategy?

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An account based on survey findings and interviews with hospital workforce decision-makers
Most healthcare organizations consider workforce management a high priority, especially in a time when organizations must improve the patient experience despite budget constraints.

Hospitals and health systems’ workforce management strategies are driven by three primary goals: They want to reduce labor costs, boost productivity and improve the patient experience. Budget constraints and the patient experience are exerting the most influence on how hospitals build a workforce management strategy. The manner in which hospitals develop, schedule and engage their employees is not only a matter of dollars and cents – it is also highly linked to clinical outcomes, medical errors and patient satisfaction.

In the past, many organizations built a workforce management strategy with labor costs and productivity in mind. Now, improving patient satisfaction and outcomes is becoming increasingly more important. In a survey of 95 healthcare leaders, 64 percent

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By Molly Gamble, Editor-in-Chief, Becker’s Hospital Review

Which of the following events/trends/goals has influenced your organization’s workforce management strategy most in the past 2 years?

- **Budget constraints brought on by reduced reimbursements, large capital demands and/or patient volume**
  - 66%

- **The patient experience, including patient safety, clinical outcomes, satisfaction and engagement in their care**
  - 64%

- **Human capital and talent challenges, including employee turnover, disengagement or shortages**
  - 40%

- **Pay-for-performance contracts, accountable care or value-based care delivery**
  - 21%

- **Competition in our market**
  - 12%
said the patient experience has influenced their workforce management strategy the most over the past two years. More than half of respondents said improving the patient experience is one of the top three goals they are trying to realize through their strategy.

Each day, patients have more information and resources at their fingertips to interact with hospitals the same way they do with restaurants and hotels. They may write a review of their hospital stay on a consumer website, or they may first check the rating of a hospital before deciding where to receive care or take a loved one for treatment.

In addition to the consumerization of healthcare, a specific portion of reimbursement is tied to the patient experience. Under the value-based purchasing program in fiscal year 2015, 1.75 percent of hospitals’ base DRG payments from Medicare are determined by 24 performance measures. HCAHPS measures, which reflect the patient experience, will determine 25 percent of hospitals’ scores.

What types of workforce management tactics are hospitals using to best support the patient experience? Interestingly, many organizations are not yet leveraging the resources for the very tactics they find most influential. Even though certain tactics were cited as most likely to improve clinical outcomes, reduce medical errors and boost patient satisfaction, respondents are not leveraging the data, software and consistency to optimize them. Further, one tactic that is most data-driven and automated – overtime monitoring and management – was hardly seen as having an impact on the patient experience.

Which primary goals are driving your organization’s workforce management strategy?

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<tr>
<th>Improved productivity</th>
<th>Improved workflows</th>
<th>Patient safety</th>
<th>Achieving clinical outcomes</th>
<th>Employee retention</th>
<th>Talent management and competency development</th>
<th>Employee safety</th>
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<tbody>
<tr>
<td>62%</td>
<td>51%</td>
<td>40%</td>
<td>39%</td>
<td>37%</td>
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Hospitals working to improve the patient experience want to achieve the optimal skill mix. This requires long-term decisions about recruitment, retention and professional development, and it also includes short-term decisions about staffing and scheduling.

Most respondents found staff skill and competency mix – the blend of RNs, LPNs, CNAs and other advanced care practitioners over the short- and long-term – as the most influential workforce management tactic to improve clinical outcomes (69 percent), reduce medical errors (68 percent) and improve patient satisfaction (54 percent).

Despite this acknowledged correlation, many hospitals are not building their workforce management strategies with staff skill and competency in mind: Only 13 percent of respondents said talent management and competency development is a primary goal for their workforce management strategy.

Further, only one-third (33 percent) of hospitals use automation to support a better staff skill and competency mix. Some leaders were not even aware automation for talent management exists.
Most people don’t see a connection between talent management and workforce management. In many cases, they are separate departments.

Hospitals see staff skill mix as critical to the patient experience, yet they are not supporting it with data or instilling it as a cornerstone of their workforce strategy.

Why the disconnect?

Some respondents said it’s due to a lack of coordination between hospital departments. The vice president and chief human resources officer with a 13-hospital system in the South said talent management and competency development typically reside in the human resources department of a hospital, while the implementation falls in each clinical area. Such a disconnect welcomes variation.

“Most people don’t see a connection between talent management and workforce management,” said one process transformation and clinical innovation leader at a physician-led healthcare system in the Mideast. “In many cases, they are separate departments.”

Some hospitals have made the connection between departments but are still in the early stages of developing strategies to close the gap. As one vice president of human resources for a four-hospital system in the South said: “We are in our infancy of developing an approach to workforce planning and talent planning, including succession planning. Our challenges include competing priorities, human resource consulting capabilities and experience, as well as organizational change agility.”
Many factors influence the patient experience. One is staff engagement. Most respondents see the link between satisfied staff and a satisfied patient: 56 percent of respondents said staff satisfaction is the workforce management tactic with the most substantial effect on the patient experience. Furthermore, a 2011 study published in *Health Affairs* found the percentage of patients who would “definitely recommend” a hospital to their loved ones decreased 2 percent for every 10 percent of nurses who expressed dissatisfaction with their jobs.1

Four in 10 respondents said human capital and talent challenges – such as employee turnover and disengagement – influenced their workforce management strategy the most. For some hospitals, achieving an optimal nursing workforce remains an especially salient challenge.

The vice president of human resources for the four-hospital system in the South said attracting and retaining nurses remains a critical challenge for her organization. “Retention issues are most significant in the first three years of employment. The younger generations are focused on quality of life and don’t want to work evenings, holidays and weekends.

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**Which two workforce management tactics does your organization view as having the biggest impact to improve patient satisfaction?**

- **56%** Staff satisfaction
- **54%** Staffing skill and competency mix
- **40%** Acuity-based staffing (staffing based on patient need)
- **28%** Learning, development and competencies
- **26%** Overtime monitoring and management
Mandatory overtime is often a deal-breaker,” she said. “Additionally, they are looking for more rapid career progression, development opportunities and upward mobility than their baby-boomer counterparts did.”

As reimbursement declines, maintaining a highly engaged staff is critical for both the patient experience as well as the bottom line. With the workforce typically accounting for 50 percent or more of hospital operating costs, many organizations are shifting their focus to impact the aspects of labor costs they can control. Turnover, training and recruitment are costly. In general, turnover costs are estimated to range between 0.75 to 2.0 times the salary of the departing individual. More specifically, nurse turnover costs are estimated at 1.3 times the salary of a departing nurse.

Even though staff satisfaction affects patients and costs, healthcare organizations are still struggling with how to put that knowledge into practice.

Fewer than 1 in 5 respondents use automation to manage engagement. Some respondents said they were not aware of many automation tools for staff satisfaction, while others said staff satisfaction is important, but often falls behind their competing priorities. “In the current state, staff satisfaction is a distant third to (1) the patient experience and (2) keeping the doors open,” said the leader at the physician-led healthcare system in the Mideast.

The chief human resources officer at the 13-hospital system in the South said systems view engagement differently depending on their senior leadership and the process improvement methods employed in the organization. One mature system may deploy automation tools, systematically review staff engagement and employ strategies to support it, whereas others “may still be in the infancy stages and only use turnover as a reporting metric.”

In the current state, staff satisfaction is a distant third to the patient experience and keeping the doors open.
Reduced labor costs and improved productivity are two of the three biggest goals driving workforce management strategy. Knowing this, it makes sense that overtime is the tactic most managed through automation: 51 percent of respondents said they have software that enables the monitoring and management of overtime.

But interestingly, survey respondents saw a weak link between overtime and the patient experience. Only 26 percent of respondents identified overtime monitoring and management as one tactic with the largest impact on patient satisfaction. Further, overtime was not highly selected as having the largest effect on clinical outcomes (14 percent) or the reduction of medical errors (17 percent).

Research suggests otherwise. Working more than 40 hours per week and working voluntary paid overtime are both significantly related to adverse events and errors affecting patients and nurses. One
study found the likelihood of a nurse reporting occasional or frequent wrong medication or dose administration increased by 2 percent for each additional hour of voluntary paid overtime worked each week. Another study found medication errors and hospital-acquired infections are each more than three-times as likely when nurses work more than 40 hours per week.

Overtime is related to the patient experience in other indirect ways, as well. A hospital employee who has worked more than 40 hours may experience fatigue, burnout and reduced engagement. A 2012 study published in Health Affairs found a positive correlation between shift length and the likelihood of adverse nurse outcomes such as burnout. In short: the longer the shift, the greater chances of nurse exhaustion. The study also found patients were less satisfied with their care when there were greater proportions of nurses working shifts of 13 or more hours. Furthermore, larger percentages of patients in hospitals with more nurses working 13-plus hour shifts reported nurses sometimes or never communicated well, pain was sometimes or never well controlled, and they sometimes or never received help as soon as they wanted.

Medication errors and hospital-acquired infections are each more than three-times as likely when nurses work more than 40 hours per week.
Hospitals are prioritizing workforce management, but they are not yet viewing it as an integral part of their patient experience strategy, nor are they supporting that strategy with workforce automation technology. Survey responses suggest hospitals have ample opportunity to better leverage workforce management tactics to support and improve the patient experience.

For instance, even though staff skills and employee engagement were seen as two top contributors to the patient experience, hospitals are not optimizing these tactics. Only 13 percent of respondents see talent management and competency development as a primary goal for their workforce management strategy, and less than 1 in 5 respondents use automation to manage employee engagement. Additionally, few hospital leaders correlated overtime with the patient experience despite the known safety risks of 40-plus-hour work weeks and 13-plus-hour shifts.

One of the most oft-cited reasons for the lack of automation is a lack of awareness about available resources for workforce management. One COO from a 250-bed hospital in the South said the options aren’t readily apparent to him, and his organization is not using automation or data effectively as a result.

Healthcare organizations cannot rely on the same workforce management strategies or tactics they did in the past. Strategies were traditionally focused on reducing labor costs, which was accomplished through overtime management and other tactics. But now, with patient experience rising in importance and becoming one of healthcare organizations’ top goals, workforce management strategies must change. They must better account for patients’ safety, clinical outcomes and engagement in their care.

This leaves plenty of opportunity for organizations to better leverage automation software to enable data-driven staffing decisions that keep costs in check while improving the patient experience.

CONCLUSION

7 Stimpfel AW, Skane DM, Aiken LH. (2012) The longer the shifts for hospital nurses, the higher the levels of burnout and patient dissatisfaction. Health Affairs. 31, 11.
About API Healthcare
API Healthcare (www.apihealthcare.com) is focused on workforce optimization solutions exclusively for the healthcare industry. The company’s staffing and scheduling, patient classification, human resources, talent management, payroll, time and attendance, business analytics, and staffing agency solutions are used by more than 1,600 health systems and staffing agencies. Founded in 1982, API Healthcare is now owned and operated by GE Healthcare. API Healthcare has been rated by KLAS in the Top 20 Best in KLAS Awards Report (www.KLASresearch.com) as the top time and attendance provider system for the last 13 years (2002-2014) and the top staffing and scheduling solution in 2012, 2013 and 2014.

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