PARALLON | WORKFORCE SOLUTIONS

Building a **better positioned workforce** through labor productivity analysis.

St. Luke's University Health Network, a 972-bed nonprofit health system in Pennsylvania, faced two increasingly persistent challenges. One was economic, as the health system faced continuing pressure on margins because of rising costs and diminishing payments and reimbursements. The other was meeting its staffing goals in an increasingly tight healthcare labor market.

CLIENT
St. Luke's University Health Network

FACILITY TYPE
Non-profit Health System

LOCATION
Pennsylvania

Together, both challenges provided the impetus to look at whether St. Luke's was deploying staff in the most optimal way for the health of the organization and its patients.

St. Luke's managers spent a considerable amount of time on a daily basis addressing the staffing needs of their units for the next 12 to 36 hours. A collegiality and can-do attitude existed within the system, with departments routinely sharing staff across the six-hospital network. But there was little process or discipline applied to the total staffing and scheduling continuum, resulting in over-staffing one day, and under-staffing the next. This had potential to damage morale and loyalty, create inefficiencies and threaten the health system's commitment to effective operations and excellent patient care.

Could operational improvements save money to the bottom line, as well as produce a smoother and more predictable work life for staff that was less wasteful and supported St. Luke's goals?

St. Luke's partnered with Parallon Workforce Solutions to conduct a labor productivity assessment that led to a series of recommendations. Parallon works with more than 300 hospitals on performance improvements through the integration of budgeting, scheduling, staffing and productivity performance.

For the St. Luke's assessment, Parallon interviewed more than 100 managers across the six hospitals, analyzed scheduling processes and systems, and studied productivity benchmarks at the department level.

Through its benchmarking analysis using top-performing hospitals, Parallon identified an opportunity to realize $16 million in annual savings.

THE VALUE OF COLLABORATION parallon.com

And with improved processes, training and technologies, St. Luke's could realize a savings of $27 million annually, Parallon estimated.

In the end, after implementing Parallon's recommendations, St. Luke's was able to reduce its productivity improvement opportunity across the network by 20%. It accomplished this without cutting any individual staff; rather, St. Luke's adjusted the way it manages staffing levels in every department to better target the workforce to the workload.

"With good systems and tools in place to educate our managers, Parallon made us a better organization," said Ed Nawrocki, President, St. Luke's Hospital, Anderson Campus. "It helped us understand that staffing management is both art and science."

HOW ST. LUKE'S DID IT

Parallon looked deeply at the four components of St. Luke's workforce management cycle: budgeting, scheduling, staffing and performance improvement. The biggest opportunity for St. Luke's was to put staffing metrics in place and make them a part of individual goals for managers. The aim was to change thinking to change results: How could hospital leaders challenge themselves to find creative operational solutions before adding staff. The four main opportunity drivers identified were:

> Senior Leadership made a committed effort to leveraging the productivity as a key metric involved in labor workforce management.

> Management staff was educated on the importance of productivity concepts, what their metric really means, and how it can help them manage their labor force.

> Departments have been continually challenged to find creative methods to improve performance based on the benchmarking of other successful hospitals.

> Established a Management Engineering department to facilitate improvement through education and monitoring while also providing assistance with workflow improvement for areas with the greatest opportunity.

Taking into consideration all of Parallon's recommendations and managing to the productivity system, St. Luke's realized where many of its root challenges lie and started taking steps toward evolving the very way we do business.

GETTING STAFFING RIGHT

The variability in patient census can make staffing and scheduling challenging to get right in any hospital environment. The key to effective and efficient workforce management is staffing at core levels and flexing up to peaks in volume using a PRN/per diem pool of staff available regionally.

Core staffing is the number of FTEs needed to operate during periods of low volume. Parallon recommended a core staffing-based approach to budgeting with the addition of a flex pool to improve productivity through reduced overtime and overstaffing. St. Luke's did not have a method of forecasting volume and/or patient census, so instead of a proactive

KEY BENEFITS

☑ **Data-driven decisions**

☑ **Best practice sharing**

☑ **Improved labor productivity levels**

☑ **More accurate, realistic staffing targets**

☑ **Better resource utilization**

☑ **Greater staffing flexibility**

☑ **Enhanced employee & patient satisfaction**

"Our managers now have the labor productivity strategies and knowledge to manage staffing in a disciplined, unified way. We no longer spend time debating our data; we simply take action. **Parallon rates 5 out of 5 for staffing management and approach.**"

-Ed Nawrocki,
President, St. Luke's Hospital
Anderson Campus

approach, it was in a more reactiveposition, using time-consuming and inefficient methods that made it difficult to improve labor productivity and meet monthly staffing targets.

For example, an analysis of one hospital's emergency department showed its full-time complement of staff to be 90% and it's part-time/PRN staff to be 10%, whereas the department's actual volume fluctuations created a demand for some 30% flexible staffing. Transitioning to a core staffing philosophy would eliminate the need to flex down and call staff off during periods of low volume thus providing greater predictability for the management of staffing. This greater predictibility also extends to the individuals who work in St. Luke's emergency department – significantly cutting the number of shifts that are canceled because of low volume improves morale and retention. When facilities staff adequately and employees are not called off for work as a result of poor patient census forecasting and overscheduling, employee morale improves, productivity increases and retention is elevated.

Among Parallon's recommendations was for St. Luke's to develop a volume forecasting process, and to determine core, average and peak staffing requirements for each department that would become the basis for hiring plans.

Parallon also recommended the development of a central staffing center and nursing PRN pool. A central staffing center has views of staffing needs across the system and within specialty units, allowing scarce resources to be allocated to the areas of greatest need.

In scheduling, St. Luke's needed to recognize that its existing system was manual, time-consuming and not providing information that could help managers make better decisions. Most managers were creating schedules in Excel, then typing them into the official scheduling system. The system did not generate feedback on the "quality of their schedules". It didn't offer features where nurses could view schedules or sign up for available shifts from home. In addition there was a general lack of education on techniques to create higher-quality schedules and staffing decisions.

Parallon recommended developing a plan for centralized scheduling and selecting a comprehensive system that could provide information to allow managers to make informed decisions regarding overtime, and staffing to commitment, skills and expertise. Other recommendations included adding a new schedule quality measurement visible in real time through its system, and training for every unit leader on workforce management practices and labor utilization.

To increase labor productivity performance, Parallon recommended that daily productivity monitoring systems and tools be implemented in all departments to support improvement initiatives.

A major structural recommendation was to create a role of "management engineer" to partner with managers to continually identify improvements and efficiencies. A chief staffing officer would be established at each facility. Managers would be trained on standard productivity concepts and language — staffing, scheduling, benchmark analysis and productivity improvement concepts – to help drive continuous improvement.

To learn more, visit parallon.com or call 855.478.7255.

RESULTS

Ultimately, St. Luke's was able to strengthen a daily productivity infrastructure and implement an automated productivity system, leveraging technology and improving manager knowledge on best practices for scheduling.

Relying on the labor productivity system Parallon introduced, St. Luke's department managers now have a timely, accurate snapshot of their real-time daily needs, allowing them to match staffing to patients to ensure optimal care.

RECOMMENDATIONS

- Create a formal labor productivity management department creating focus and accountability for results by dedicated management engineers.

- Assign a chief staffing officer role at each facility to help ensure optimal staffing levels within and across all facilities.

- Educate managers on productivity management concepts and techniques to ensure every manager fully understands both labor productivity standards and target expectations for their departments.

- Improve the labor productivity reporting system by automating units of service feeds, expanding the system to include monitoring of all departments and instituting daily productivity monitoring to provide greater flexibility and responsiveness to address daily fluctuations.

- Routinely conduct labor productivity benchmarking both internally across departments and externally with the best for-profit systems.