

Disrupting Healthcare's Legacy Approach to Staffing



**How collaborative methodologies
can lead to improved outcomes and
a healthier bottom line.**

By Patrick Ball, MBA

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Summary

An emerging process is showing great promise in helping to reduce the time and cost associated with scheduling healthcare staff—while driving increased staff and patient satisfaction. Named Collaborative Staffing, this new approach rethinks traditional staffing practices to find new solutions to long-standing problems. Collaborative Staffing helps to drive down costs through better staff utilization, as opposed to staff reduction. By positively impacting turnover, recruitment, and staff engagement, this innovative model ultimately affects patient outcomes and quality.

Introduction

We live in a world where we have gained control over simple, yet important needs—for years, you haven't needed to call a travel agent to book a trip. There's no need to wave down a cab when you can order a driver from your phone, and you don't have to walk into a bank to deposit your paycheck. Industries have cut out the middle man, allowing the buyer and seller to match supply and demand in a more collaborative manner. In doing so, the travel, banking, and transportation industries have dramatically lowered operating costs while improving profitability and increasing customer satisfaction and loyalty.

Then, there's healthcare. Like many things in this industry, legacy

mindsets, processes, and technologies reign. Tradition has failed to yield to innovation in many areas, including mission critical domains like staffing. We know healthcare is different from other industries—but it is not as different as we like to think it is. Healthcare is at its core a people and service business, with human capital as its predominant asset—and solutions that allow for better management of human capital can help hospitals and other organizations navigate narrowing margins and regulatory pressures.

It takes 17 years for research to become practice. There's a lag in innovation spreading to become the norm.ⁱ

The purpose of this analysis is to weigh the prevalence and value of this model against other approaches to healthcare workforce management by observing what's working—and what isn't—within healthcare and across other industries. The analysis was incredibly revealing. Although dozens of approaches to managing the workforce exist, centralized staffing, as well as other innovative concepts that have shown early success—if not widespread adoption—have gained prominence.

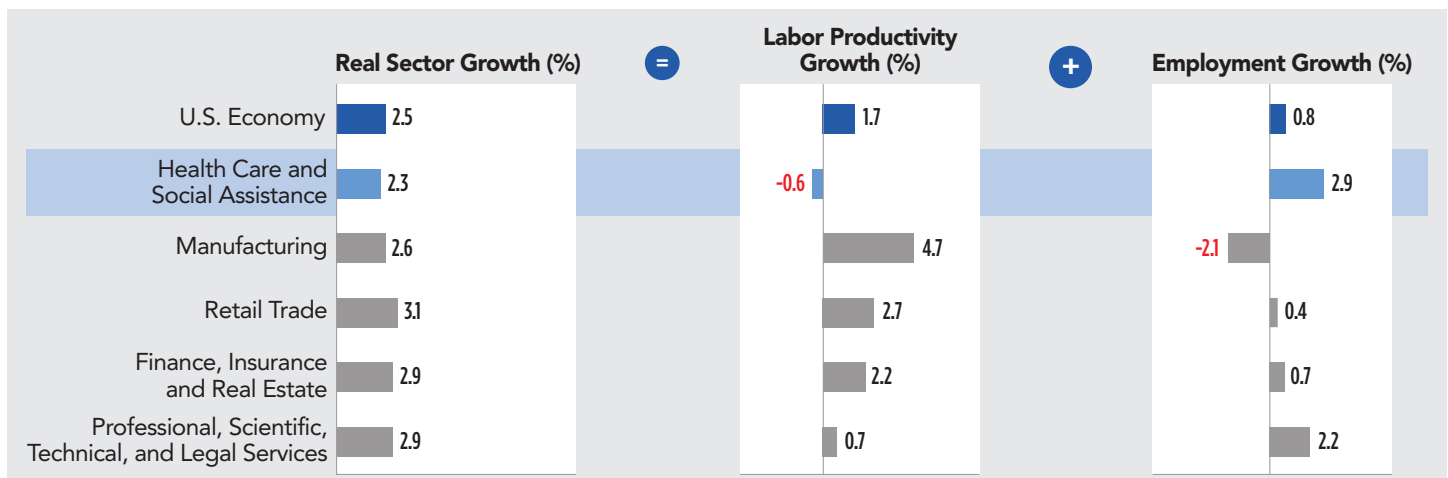
One of the most notable findings is the success and staff satisfaction levels of healthcare organizations using participative models. These concepts are similar to those seen in other industries, and draw from ideas founded on crowdsourcing and sharing-based economies. Researchers spoke to stakeholders in healthcare and other industries who have translated these ideas into a healthcare setting and are seeing best practices emerge.

The research has shown that this method, coined “Collaborative Staffing,” improves the efficacy, efficiency, and productivity associated with staff management. Our analysis aims to detail the power of this staffing and scheduling paradigm, and how it benefits hospitals, healthcare staff, and patients.

Healthcare’s Staffing Dilemma

The American healthcare system is a story of contradictions. With only three percent of the world’s population, we wildly outspend other countries when it comes to healthcareⁱⁱ, and we rank far below other industrialized nations on core outcomes, including shorter life expectancy and greater prevalence of chronic conditions. Despite our access to world-class devices, equipment, and pharmaceuticals, in many ways, healthcare is still outmoded in its processes and delivery innovations—the industry as a whole suffers from a high degree of inefficiency, poor returns to scale, and significant variations of cost and quality. Of all the major industries in the United States, healthcare has seen a slower overall (real sector) growth rate and a negative labor productivity growth rate, while employment growth has far outpaced other industries, as seen in Figure 1.

Figure 1: A comparison of real sector and labor growth across U.S. industries



Real Sector Growth (Compound Annual Growth Rate), Broken into Labor Productivity Growth and Employment Growth in Various Sectors of the U.S. Economy, 1990-2010.

Real sector growth is defined as the value added by the industry to the gross domestic product. Data from the Bureau of Labor Statistics and the Bureau of Economic Analysis.



Throwing more bodies at the problem is not a solution. When it comes to scheduling and staffing, how we match our most valuable inputs (our healthcare workforce) with our most valuable outputs (our patients) is one of healthcare's many challenges. The amount of time spent by management on scheduling is time that would be better spent on the floor, coaching staff, or addressing patient issues. It's long past time for a change to advance how we most appropriately match our human resources to our patient needs—we need a solution to disrupt the legacy approach to staffing. Effective management of staff scheduling is critical to controlling costs, promoting positive staff morale, reducing medical errors, and increasing patient satisfaction—and Collaborative Staffing delivers on that need.

Collaborative Staffing Defined

Progressive leaders in hospitality and retail have been reaping the rewards

of collaborative models for years—and it's past time for healthcare to follow suit. But what is Collaborative Staffing? It is a best-practice, evidence-based methodology that more effectively aligns supply (staff) with demand (patient coverage) in a way that optimizes both staff preferences as well as organizational needs. By way of analogy, consider the model that Uber, the popular driving service, has put in place. Uber allows the supply—namely, drivers, to interface directly with the demand—people needing a ride.

In a healthcare setting, the Collaborative Staffing approach applies a similar “crowdsourcing” concept to staffing, allowing the workforce to choose the shifts that best suit their needs, while still meeting the regulatory and staff mix balances required by healthcare organizations. While some components of this model (such as self-scheduling) have

By cutting out the scheduling middle man and empowering and incentivizing staff themselves to take charge of their schedules, organizations increase work-life balance and job satisfaction, resulting in improved patient satisfaction and significant cost savings.

been around in healthcare for years, Collaborative Staffing is a far more holistic methodology for controlling costs, reducing turnover, and increasing staff engagement, all while fostering a safe, high quality, patient-centered environment.

See table 2 for parallels from other industries that have seen remarkable

outcomes through the adoption of collaborative models.

In a Collaborative Staffing model, management works cooperatively with staff to create schedules and fill open shifts across the organization, freeing more time for managers to spend on the floor with staff and patients. This

Figure 2: *The shift in delivery models across industries*

Paradigm	Airlines	Car Service	Banking	Healthcare
Outdated	Call a travel agent (middleman), who calls the airline center to book a flight on your behalf, during business hours	Try to hail an available cab or if not around, call a cab company (middleman) and have one dispatched to your location	Take your banking transactions to the bank and hand them to the bank teller (middleman) for processing during the hours they are open	Staff scheduling is unit based, focused on resources assigned to that unit or shift; Nurse Manager (middleman) controls who works when and where; view is top down
Progressive	Anytime you like, go to the website of your airline of choice and select the flight that best meets your needs and book it	Open an app that connects directly to available drivers near you, select one and pay	Anytime you like, logon to your bank's web portal and conduct your business, including depositing checks and transferring money to other accounts at other banks	Collaborative Staffing connects the needs of the organization with the availability of qualified staff from across the organization, empowering staff and creating a transparent scheduling environment

ground-up model empowers healthcare employees to realize increased control over their schedules. In this model, managers and central staffing offices work side by side with employees to fill shifts, optimizing coverage and resources across their departments. The Collaborative Staffing model helps drive consistency in practice, and enhance interdepartmental visibility.

Reconciling the Current Problem

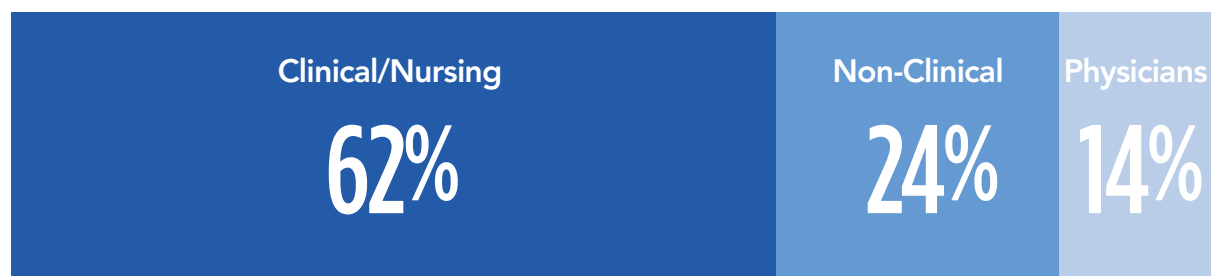
Healthcare is a service-driven industry; nearly 55 percent of healthcare spend is on people.ⁱⁱⁱ We need to apply innovation to manage those resources more effectively. How scheduling managers fill shifts has significant implications for spending, patient safety, delivery quality, and staff satisfaction.

With the shift from volume to value-based reimbursement models, there has been a change in demand from inpatient to outpatient care. Healthcare organizations need to right-size staffing and develop balanced schedules based on demand, while

allowing the organization to flex staffing quickly based on dynamic patient needs.

Sub-optimal scheduling has real and often unintended consequences. Research shows^{iv} that nurses who work overtime shifts are three times more likely to make medical errors and are more likely to leave their positions within a year. For a 300-bed hospital, the medical errors and staff turnover caused by overtime can translate to more than \$12 million annually. Yet, 50 percent of full time nurses work overtime, leading to an average of seven hours of overtime per week per nurse.^v According to the American Nurses Association (ANA),^{vi} “Massive reductions in nursing budgets, combined with the challenges presented by a growing nursing shortage have resulted in fewer nurses working longer hours and caring for sicker patients. This situation compromises care and contributes to the nursing shortage by creating an environment that drives nurses from the bedside.”

Figure 3: Breakdown of hospital staff resource allocation by group.



Since nurses make up the largest group of staff^{vii}, we consider them a key group affected by this model. However, it should be noted that Collaborative Staffing methods can be effectively applied to many groups, such as maintenance, pharmacy, and therapeutic staff.



This challenge is exacerbated by the looming talent shortage in key acute care settings, combined with the cost of recruiting for and placing open positions. While analysts have long warned of the looming healthcare staffing shortage, it's quickly becoming a reality today. The original shortage predictions were thwarted by the economic downturn of the late 2000's, which resulted in staff staying in their jobs for much longer than expected. But now, as the economy stabilizes, those staff are even older than before and primed to retire. Of course, over time, the supply of nurses will continue to ebb and flow decade over decade. Regardless of the level of supply weighed against the demand, Collaborative Staffing is a key tool used to optimize any operating environment.

Due to the increase in insured lives following the implementation of the Affordable Care Act, there are more patients than ever before. Because there will be a higher demand for staff, they will increasingly have more power in determining when and where they work, and how much they will

earn. Workers can and will demand more control over their schedules. Collaborative Staffing practices are an effective recruiting tool that help to mitigate this challenge.

Collaborative Staffing: Examples from the Real World

As we investigated the benefits of participative approaches, we interviewed executives from within and outside of healthcare. When we spoke with hospitals and health systems that are early adopters of Collaborative Staffing, we noticed three primary benefits that all participants cited:

-  *Matching supply with demand*
-  *Delivering transparency to all parties*
-  *Supporting staff growth and development*



Matching supply with demand

The ability to match the need (demand) of the organization with the right skill set at the right place at the right time (supply) is critical to ensure the optimization of scarce human capital. As Donna Nickitas, Editor of *Nursing Economics* and Executive Officer, Nursing PhD Program at the City University of New York (CUNY) Graduate Center, said, “We have data that shows that there are regional pockets throughout the country that are feeling the effects of nursing shortages more than others. Health systems that are competing for nurses in a given geographic region need to find ways to differentiate. And there’s solid evidence that participative staffing practices, such as the Collaborative Staffing methodology, are strong contributors when it comes to attracting qualified nurses.”

Much like how Uber has created an environment where supply and demand intersect at the point of a transaction, Collaborative Staffing allows the needs of the organization to be met by the skills of all resources available to the organization. According to Ed Magee, Vice President, Operations for Thomas & Betts, “The focus is on identifying needs by position and skill set and then matching those needs with the resources that live somewhere within the organization.”

Delivering transparency to all parties

Clear, effective communication is critical. Stakeholders must ensure that all parties have all the information they need to make informed decisions. Wanda Shelton, Senior Director, Management Information and Financial Systems, Patient Care Services at Beth Israel Deaconess Medical Center, has been using a Collaborative Staffing model for some time now. “For me, it’s

about effective communication. We put all of the open shift information out there so that all of our employees have equal access to it. They can self-direct their activity, provided they meet the credentialing and training standards that are set for them. It's really about allowing them visibility and a voice in their schedule," she said about her experience.

A Collaborative Staffing model also enhances accessibility and flexibility for staff. According to MaryAnn Wilcox, Senior Vice President and System Nurse Executive for the Carolinas HealthCare System, "Any shift, any time of day, any day of the week our staff can log onto a computer from anywhere in the world and look to see what work is available that matches their individual talent and competencies—and can put

in a request to work that shift. On the other end, the manager can see who is interested in working those shifts. Managers can see who they are, their competencies and hourly rate, how many hours they've already worked that period, and if they're in overtime. They can make the best decision based on all of those things." Just like booking a flight online directly with the airline has increased access to information concerning availability and price, Collaborative Staffing empowers staff and management to work together to design the best solution for all involved.

Supporting staff growth and development

Providing opportunities across the organization for staff to learn and understand how the different



“ If one hospital had three or four critical care nurses out sick, they may desperately need critical care nurses, even spending huge dollars in premium labor and staffing incentives to get those shifts covered when, ten miles down the road [at another facility], we might be sending people home because we didn’t have enough patients. Being able to pull resources from other units or locations is a tremendous benefit.”

– MaryAnn Wilcox, Senior Vice President and System Nurse Executive for the Carolinas HealthCare System

departments or units interrelate to one another, while pursuing the same mission, drives understanding and efficiency. According to Barbara Carney, Nurse Director of Centralized Services at Beth Israel Deaconess Medical Center, “The Collaborative Staffing approach to open shift management allows our nurses to continue to develop their skills, both within and beyond the scope of their core area. It’s a great way to offer career development opportunities while you’re encouraging better shift coverage. A staff member could choose to cover shifts in various units—med-surg, cardiology, or

neurology, for example—learning new skills and bringing that value back to their home unit.”

Seeing different parts of the organization and working with different groups of people enables staff to broaden their personal horizons and be more valuable to the organization. According to Pennie Peralta, Vice President of Nursing/CNO at Roper St. Francis Healthcare, “What we have seen is that if it’s the teammate’s choice, they’re picking up more shifts across our various hospitals and facilities; it’s not being forced.”

Benefits of Collaborative Staffing

Organizations that have already adopted a Collaborative Staffing model are realizing several benefits. Below are three that exist in most of the organizations we spoke with during our research.



Cost control

Cost control manifests itself in many forms. Several of the experts we interviewed identified that shifting capacity from an underutilized resource to prevent buying extra capacity at a premium to cover high demand areas was a tangible benefit with significant opportunities for cost savings.

“ You can increase nurse satisfaction by giving them a say in what’s happening with their schedule, within the staffing guidelines and rules you put together for your units and for your departments. The more that you can keep them informed about their schedule in advance, the more satisfied they are.”

– Carolyn Donohue,
Vice President of Nursing/
CNO at Roper St. Francis
Healthcare

Increased staff satisfaction

Increased staff satisfaction was universally identified in our interviews as a benefit of Collaborative Staffing. Having staff feel empowered and engaged in the process and giving them control over when and where they are able to help cover openings means a lot to staff that are trying to balance the demands of work and family life.

Optimization of human capital

Optimization of human capital is the recognition that in most industries, especially healthcare, people are the most important asset to meet the needs of an organization. In healthcare, this means that patients and their families are getting the level of care needed—making sure the right resource is in the right place at the right time is critical for a patient and their family to have a safe, patient-centric experience.

“Everyone is going to reimburse us for value-based care with value. We have to demonstrate that the way value belongs to us in nursing is because of the patient experience. If we provide the patient with an experience where they feel secure, safe, and they understand what quality means, then the nurse is satisfied, the patient is satisfied, and the institution is satisfied because we’ve measured ourselves against the scorecard.”

– Donna Nickitas, Editor of *Nursing Economics* and Executive Officer, Nursing PhD Program at the CUNY Graduate Center



Taking Collaborative Staffing to the Next Level

One of the key benefits of Collaborative Staffing is its ability to increase staff engagement—which, in turn, helps with staff retention. Non-monetary incentives tied to a Collaborative Staffing model carry strong perceived value for staff, and help to enrich staff's personal and professional lives while boosting productivity, encouraging teamwork, and improving work habits.

While there are many ways to set up a rewards program, one of the most effective ways is points-based rewards, where employees receive points when

they sign up for a shift, with more points available for less desirable or hard-to-fill shifts. As employees bank points, they can use a third-party catalog to shop for merchandise and gift cards they can buy with points. Some organizations even add specific rewards, such as prime parking spaces for a month, gift certificates to onsite gift shops and restaurants, or hospital-branded items.

These kinds of programs deliver the following benefits:

- ***Increase employee engagement and attract and retain qualified staff***
- ***Provide additional motivation for staff to take hard-to-fill shifts***
- ***Provide a cost-effective alternative to contingent labor and costly cash-based incentives that vary by department***

Conclusion

Healthcare leaders have a responsibility to find and explore any avenue that may help to reduce spending while improving staff satisfaction and quality of care delivery. Collaborative Staffing is a powerful methodology that can deliver on those demands, but healthcare has yet to take full advantage of it. Empowering and encouraging staff to actively participate in the scheduling process ultimately translates to better clinical quality, better patient

satisfaction, and improved financial results. As healthcare organizations continue to pursue the Triple Aim, collaborating with staff on something as fundamental as ensuring the right resource is at the right place at the right time can provide that extra edge that every organization is searching for. As shown through our research and interviews, Collaborative Staffing embraces progressive thinking and processes to effectively engage and retain staff to help the healthcare industry as a whole progress.

About Sage Growth Partners

Sage Growth Partners (SGP), a healthcare strategy, technology and marketing firm, provides insight, advice and multi-disciplined execution to growth-minded healthcare organizations nationally, including hospitals, health systems, physician groups, insurers, trade associations and academic institutions. With deep roots in the business of healthcare, SGP delivers results to difficult industry and organizational challenges.

Founded in 2005, SGP is located in Baltimore, MD and serves clients such as GE Healthcare, St. Jude Medical, LG Healthcare Solutions, SAS, Stericycle, Availity, and API Healthcare.

About the author

Patrick Ball, General Manager, Consulting, SGP, is widely recognized for educating organizations in business strategy by employing a customized approach process which enables executive management teams to navigate the strategic planning process leading to executing actionable implementation plans. Known for his innovative thinking and effective

change management abilities, Ball deploys client-centered processes perfected while serving as the Planning Director for a three-hospital system where he provided leadership and guidance to senior management.

About API Healthcare

API Healthcare, a GE Healthcare company, has been focused on workforce management solutions exclusively for the healthcare industry for over 30 years. We provide technology solutions that help hospitals and health systems eliminate operational inefficiencies in their staffing processes which enable them to reduce operating costs while improving patient satisfaction and employee engagement. Founded in 1982 and acquired by GE Healthcare in 2014, API Healthcare has been rated by KLAS in the Top 20 Best in KLAS Awards Report as the top staffing and scheduling solution for the last four years.

With the exception of BIDMC, the clients included in this piece are active participants in the API Healthcare STAR client reference program that rewards clients for sharing their outcomes, expertise and opinions.

- ⁱ <http://jrs.sagepub.com/content/104/12/510.full>
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- ^{iv} ANA via Avalere Health LLC. "Optimal Nurse Staffing to Improve Quality of Care and Patient Outcomes," Sept 2015
- ^v API Healthcare. "Have You Considered the Domino Effect of Overtime?" Publication date unlisted; accessed Feb 2016 at <http://www.apihealthcare.com/domino-effect-of-overtime-infographic>.
- ^{vi} Sage Growth Partners. "Unveiling Overtime's Total Costs." Feb 2015; accessed Feb 2016 at <http://sage-growth.com/index.php/2015/02/unveiling-overtimes-total-costs/>
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