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Tips for Building a Sustainable, Cost-Effective Staffing Strategy

By Kathryn Raethel and Deborah Crist-Grundman

Castle Medical Center in Kailua, Hawaii, used point-based incentives to fill open shifts with its own staff, reducing the use of contract labor by 93 percent while increasing employee satisfaction.

How can healthcare organizations motivate and create a more engaged workforce in solving today's staffing dilemmas? Finding resources to fill open nursing shifts, for example, is an ongoing concern for many healthcare organizations, yet use of common industry incentive programs to attract, retain, and motivate nurses, such as bonuses, education packages, overtime, and competitive pay, have not alleviated the problem. Coupled with the pressures of rising labor costs, healthcare organizations are increasingly challenged to find innovative and cost sustainable staffing solutions.

To help ensure quality and cost-effective patient care, encourage innovation, and motivate healthcare professionals to join its staff, Castle Medical Center of Kailua, Hawaii, implemented an open shift incentive management program in 2006. The program matches nurses and other healthcare employees with available open shifts, online and in real-time.

The open shift incentive management program can be configured to use point-based rewards to motivate employees to fill open shifts, facilitate a team approach that bridges traditional unit-focused staffing approaches, and reward staff for their involvement in filling shift vacancies.

In the first 18 months of the program, the hospital significantly reduced contract labor costs and vacancy rates.

Results included:

- > A 93 percent reduction in external contract agency use
- > A reduction in total incentive liability costs to only \$15 per day
- > A 54 percent reduction in the staff vacancy rate (from 13 percent to 6 percent)

Drivers of Change

Like hospitals everywhere, Castle Medical Center, part of the Adventist Health System, pursued a variety of approaches to seek available staff to work open shifts, including unit-based paper sign-up sheets, phone calls, and other, often

disruptive means of finding staff to fill shifts at the last minute. Those measures were frequently unsuccessful, and the hospital often resorted to hiring costly contract agency personnel. Ultimately, the situation escalated such that:

- > Shift incentives had increased by 500 percent
- > Contract agency monthly hours hit 5,500
- > Budget variances continued to rise (in 2005, budget variances for staffing totaled \$900,000, and were projected to reach \$1.9 million in 2006, when the program began)

Castle Medical Center needed a better staffing management solution that would help centralize visibility and communications regarding all open shifts, improve nurse satisfaction, decrease reliance upon contract labor, promote nursing recruitment and retention, and provide the best possible way to leverage existing staff to provide the staffing coverage needed.

The hospital learned of a staffing management program in which vacant shifts could be posted online, and where hospital staff could easily view available shifts, search for specific days or units where they were qualified and wanted to work, and submit requests to work a shift. Castle Medical Center believed the program would ensure fairness and consistency in its staffing process and reduce reliance on expensive contract agency personnel or overtime to fill open shifts. Staff would have the choice and flexibility to work when and where they wanted beyond their core schedules.

One feature that captured Castle Medical Center's interest was the ability to provide point-based rewards to staff for filling shifts, whereby an employee collects points for participating in the program that could be redeemed for various merchandise and rewards. A points-based program would reinforce the hospital's ability to move away from traditional bonuses, which were increasingly becoming expected by staff. The key would be to offer incentives that would be powerful enough to encourage the level of participation the hospital needed to achieve its goals.

Implementing the Program

Castle Medical Center knew it would be important to customize the point-based rewards program to offer rewards that were meaningful to its employees, and to structure the program so that it best met the hospital's staffing objectives. The hospital surveyed staff to determine the types of rewards that would best help drive interest in the program. Using these data, Castle Medical Center developed a list of popular reward categories such as gasoline vouchers, movie tickets, and gift cards that supported local businesses.

To encourage participation, employees were eligible to earn premium points simply for

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enrolling to use the system, requesting a shift for the first time, and having a shift awarded (scheduled) for the first time. Subsequent points would be awarded each time an employee either requested a shift and/or was awarded a shift.

To promote early shift filling, the program awarded points on a sliding scale to prevent problems with staff holding out in anticipation of receiving a higher reward for filling a shift at the last minute. Higher point rewards could be earned if an employee requested or was awarded a shift defined as a "hard-to-fill" need, such as weekends or holidays. Castle Medical Center also assigned higher point rewards up front for shifts requested weeks in advance. This helped the hospital achieve a more stable schedule as early as possible.

Results

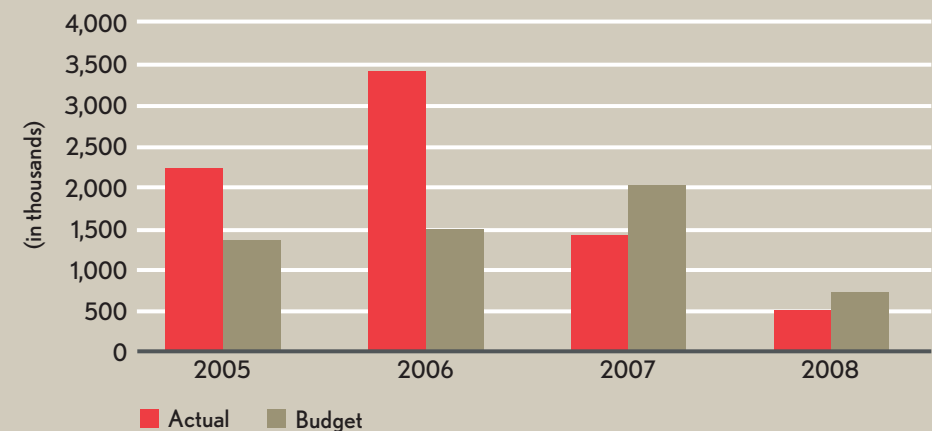
The point-based incentive program has more than exceeded Castle Medical Center's expectations and generated a

remarkable ROI through better use of the existing workforce, dramatically reduced use of contract agency staff, improved productivity, and improvements in staff recruitment and retention initiatives. Additionally, the program has provided nurses with autonomy by centralizing the visibility and communication of open shift needs and giving nurses the flexibility and choice to create their own schedules. Most important, Castle Medical Center has been able to provide nursing services with its own staff rather than agency labor to help ensure safe, high-quality patient care.

To date, more than 450 hospital employees have signed up to use the program, with greater than 60 percent actively requesting to fill open shifts. The current workforce to date has filled nearly 105,000 patient care hours across approximately 9,700 open shifts. Thirty-seven percent of shifts have been filled by staff self selecting to work outside their home nursing unit, which demonstrates a strong commitment to self-directed floating in support of meeting the organization's staffing needs, wherever they may be at any given time.

Overall, these outcomes and the resulting significant decrease in the nursing

Castle Medical Center Agency Expenditures 2005 - June 2008 (annualized)



division premium spend can be attributed to: improved participation by existing staff in addressing the unmet staffing needs of the organization, improved management of per diem staff scheduling of commitment hours, effective resource management during census peaks and valleys, launch of a new graduate program resulting in 20 new RN hires, and use of an engaging and innovative point-based incentive program.

As Castle Medical Center continues to improve the efficiency and quality of staffing, the point-based rewards program will continue to serve as a vehicle for managers and staff to test innovative approaches to incentive management. Castle Medical Center continually monitors and adjusts the program to ensure that it is aligned with the hospital's goals, values, and mission, seeking feedback from staff and evaluating program

results to identify factors affecting program participation and performance. ☎

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