

## Interpreting FTE Statistics

The term “productivity measure” sounds like something used to track widgets on an assembly line. No one would compare patient care with a factory line. Yet in today’s cost-conscious environment, healthcare organizations need to be as efficient as possible. One way hospital executives keep an eye on productivity or efficiency is to track the number of full-time equivalent employees per occupied bed. If a hospital’s biggest competitor can run its cardiac program with significantly fewer FTEs, the competitor is in a better financial position to expand its facility, win managed care contracts, or lower its prices.

### FTE Formulas

For productivity purposes, FTEs are often tracked using one of the following formulas. The first one is used primarily for acute inpatient care. The second formula—FTEs per adjusted occupied bed—is used when outpatient or clinic operations are also involved.

#### FTEs per Occupied Bed:

$\# \text{ of FTEs} \div \text{Average Daily Census}^* = \text{FTEs per Occupied Bed}$

#### FTEs per Adjusted Occupied Bed:

$\# \text{ of FTEs} \div \text{Average Daily Census} + (10\% \text{ of Total Outpatient Procedures and Clinic Visits}^{**} \div \text{Total Calendar Days}) = \text{FTEs per Adjusted Occupied Bed}$

\* Average Daily Census = Beds in Service x Occupancy Rate. (ADC is also calculated by dividing the number inpatients at the time of midnight census by the number of calendar days. Newborns and patients in the emergency department or labor room are not included in the midnight census.)

\*\* Many organizations assume that 10 outpatient or clinic visits equal one patient day.

Note: FTEs include both full-time and part-time employees. Let’s say a hospital considers a 40-hour week full time. Four part-time employees working a total of 48 hours a week would be equivalent to 1.2 FTEs.

### Example: Facility ABC

Year Ended December 31, 2006:

> FTEs: 1,000	> Outpatient and Clinic Utilization: 150,000
> Beds in Service: 250	> Average Daily Census: 187.5 (250 x 0.75)
> Occupancy: 75%	

#### FTEs per Occupied Bed:

$1,000 \div 187.5 = 5.33 \text{ FTEs}$

#### FTEs per Adjusted Occupied Bed:

$1,000 \div 187.5 + (15,000 \div 365) = 4.37 \text{ FTEs}$

How do you know if your FTE stats are good or bad? One way is to compare your unit’s or hospital’s FTE stats from one period to another. There are also many external data sources that you can use to compare your facility with other similar institutions. For example, *The Almanac of Hospital Financial and Operating Indicators* published by Ingenix reports FTEs per occupied bed by geographic area, hospital bed size, bond rating, etc.

## Many Variables Affect FTE Statistics

Take two Chicago-area hospitals. Both have 250 beds and 75 percent occupancy. One hospital reports 4.50 FTEs per occupied bed, and the other reports 6.30 FTEs. In both cases, the CEO is perfectly happy with the facility’s productivity. Why? Many other factors besides bed size and utilization affect the scheduling of personnel:

- 1 One facility may contract out many of its services (for example, housekeeping and dietary). The workers would be employees of the contractor rather than the hospital so their worked hours would not be included in the hospital’s FTE statistics.
- 2 One hospital may be a teaching facility with resident physicians’ hours included in the calculation. Additionally, the attending physicians may be employees of the facility rather than independent medical staff.
- 3 One hospital may be a specialized pediatric facility that requires additional personnel to support the care of children.
- 4 One facility may be an organization that runs its facility “lean” with fewer employees. Conversely, another facility may have a large cohort of volunteers who handle administrative duties such as “manning” the reception desks, delivering flowers and mail, running the parking lot, etc.
- 5 Case mix intensity and patient acuity levels determine both the number of employees needed on the nursing unit and the level of nursing skill.
- 6 Most important, one facility may have large outpatient and clinic operations, while the other facility has limited outpatient utilization.