



LABOR MANAGEMENT TRENDS

A survey of provider executives about labor budgets,
staffing shortages, and operating expenses

August 2018

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Summary

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Overview

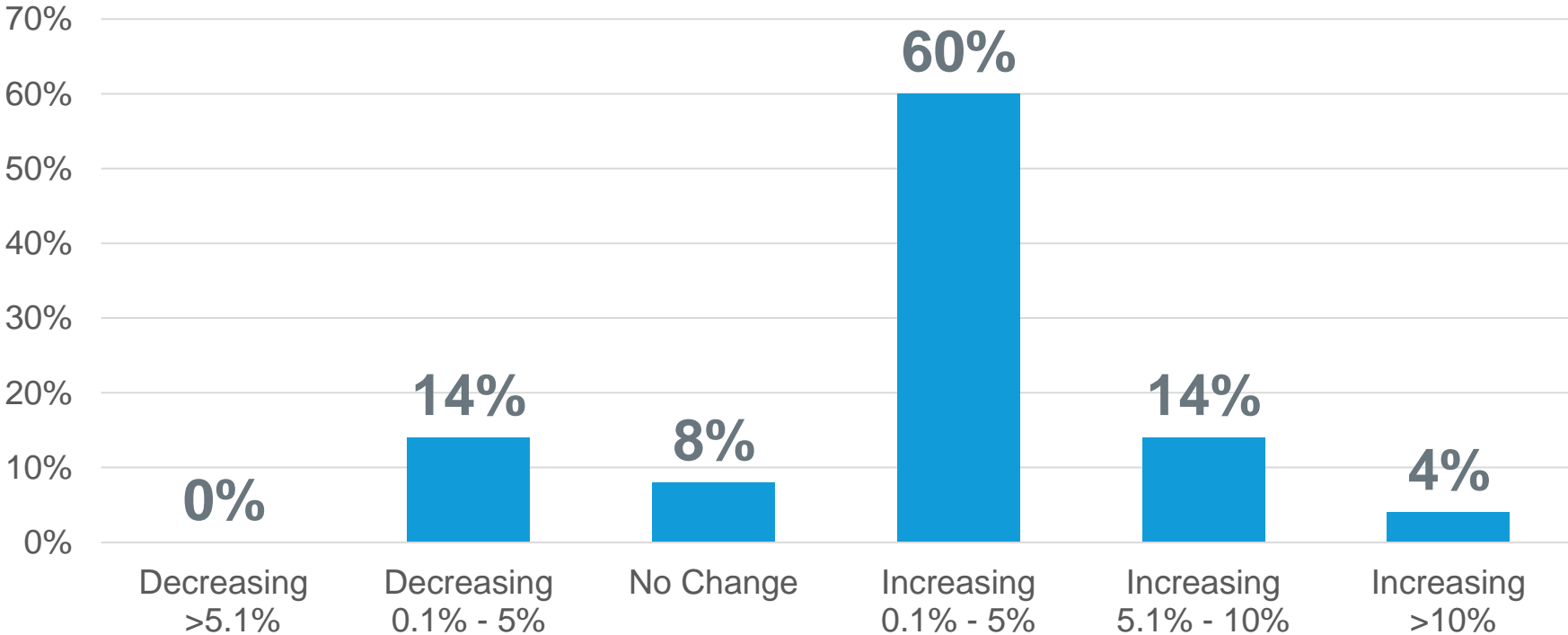
According to a Healthcare Financial Management Association (HFMA)/Navigant survey of 101 CFOs and operations executives, over the next 12 months:

- Execs are predicting labor budget increases and continued shortages of physicians, nurses, and mental health providers.
- Leadership is targeting labor costs and supply chain productivity improvements to reduce hospital operating expense.



Labor Budget Growth

How is your organization's labor budget projected to change in the next 12 months?



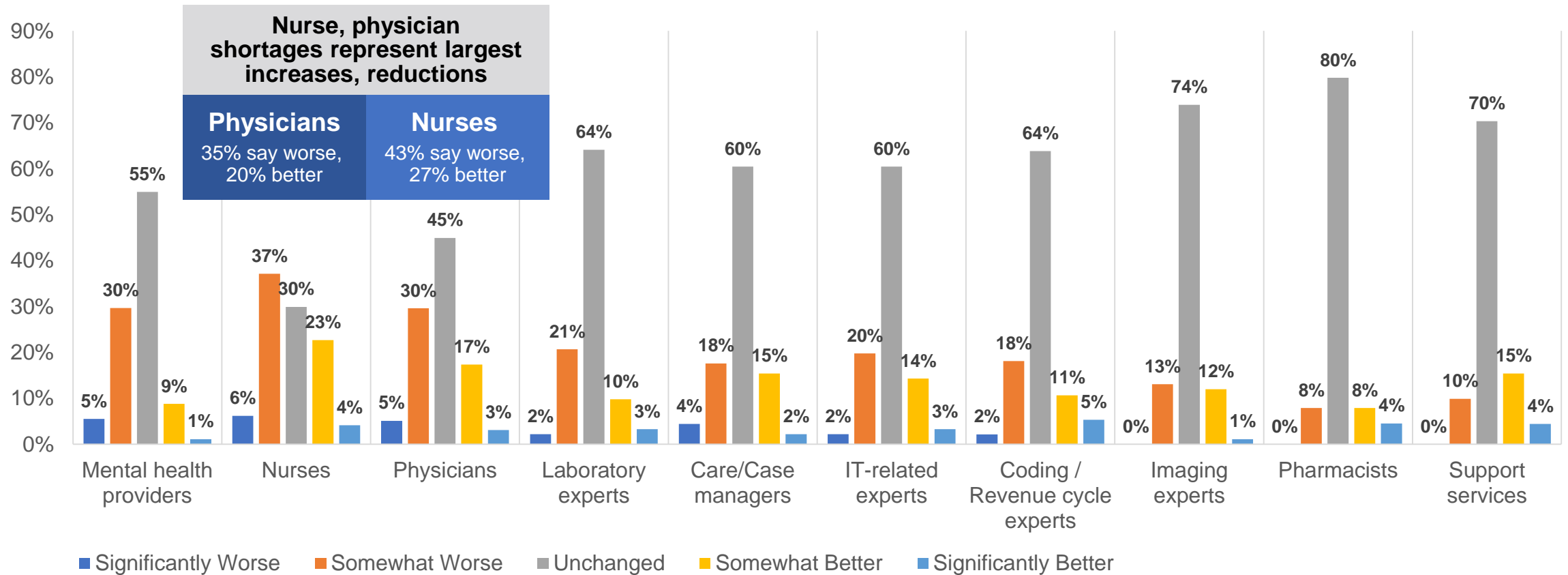
78%
INCREASING
18% by more than 5%

14%
DECREASING
none more than 5%

*Survey of 101 chief financial officers, administration and operations executives

Staffing Shortage Volatility – Nurses & Physicians

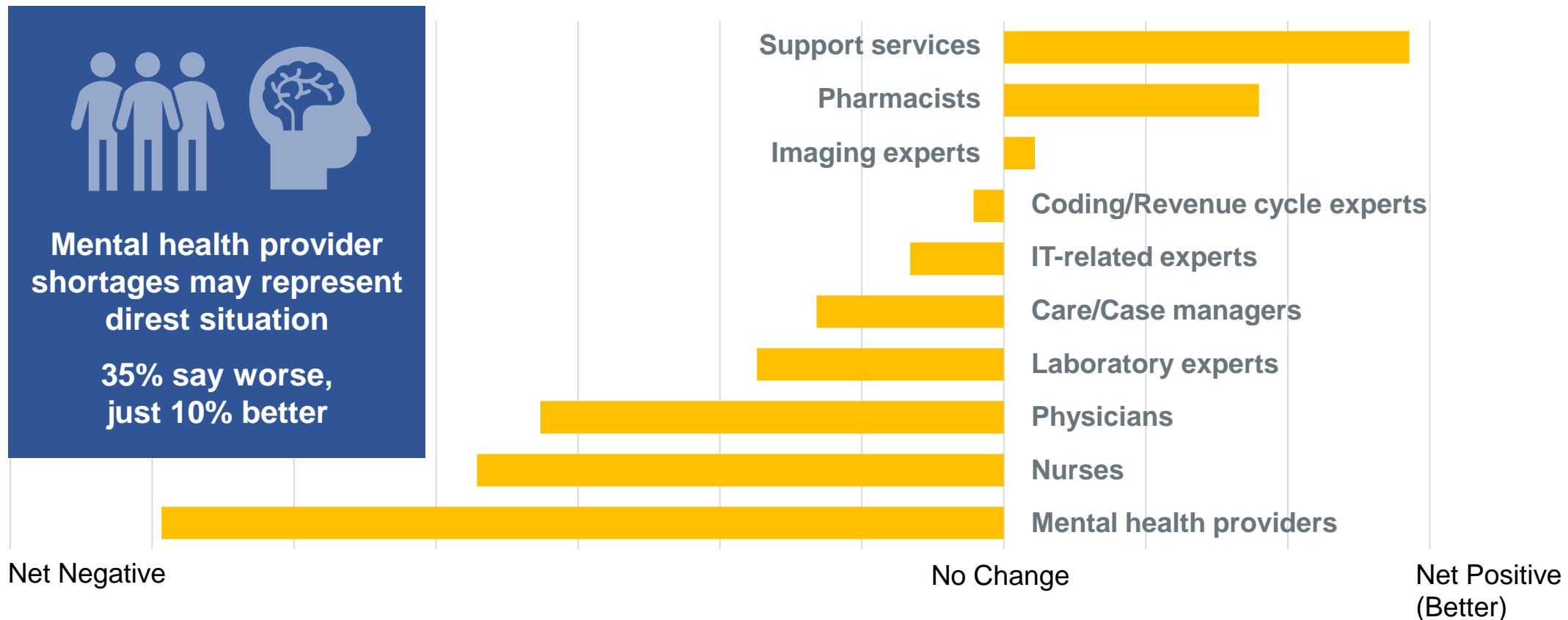
Which choices best describe your current staffing shortage situations, compared to last year?



*Survey of 101 chief financial officers, administration and operations executives

Staffing Shortage Volatility – Mental Health Providers

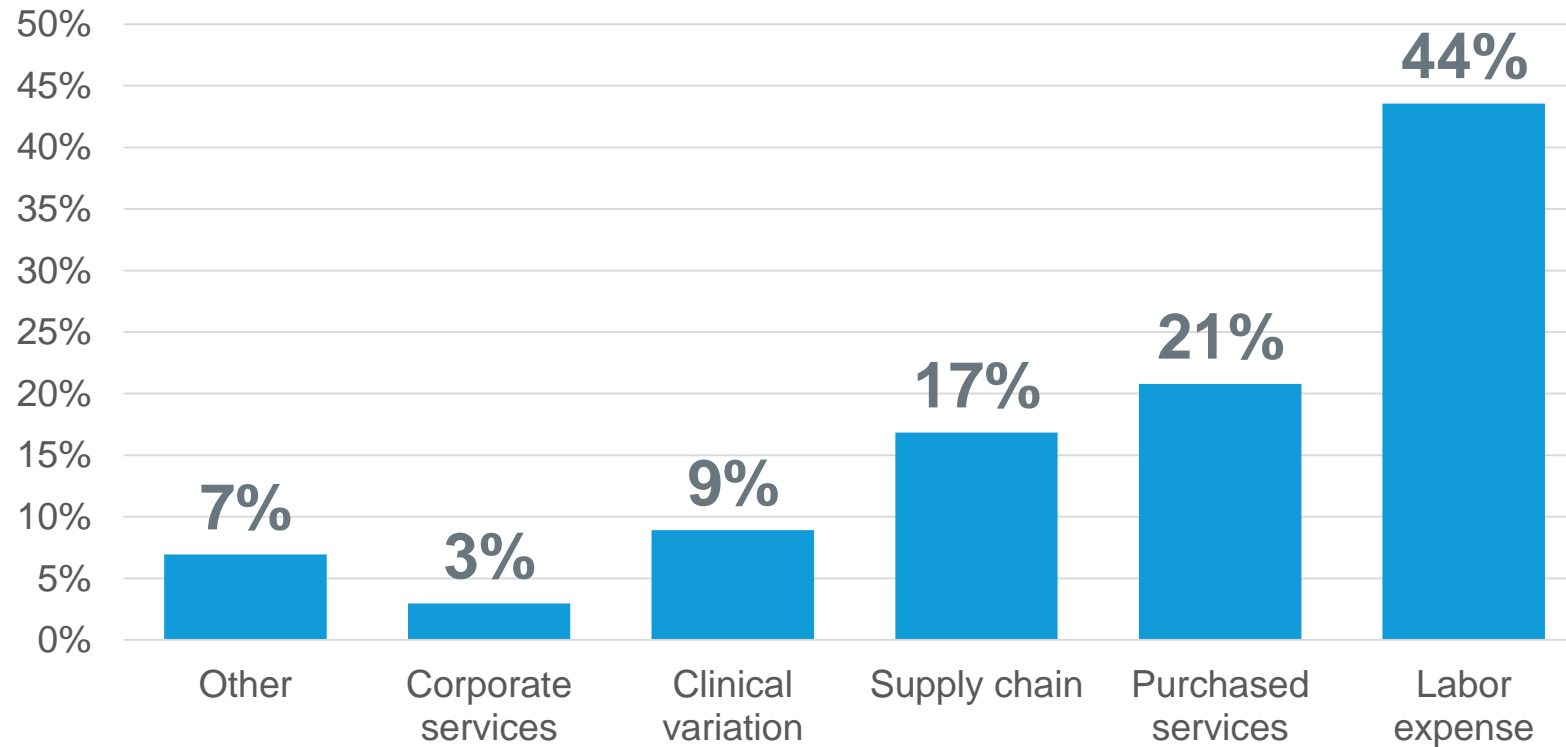
Staffing Shortages Compared to Last Year – Relative View



*Survey of 101 chief financial officers, administration and operations executives

Operating Expense Reduction Targets

What is your top priority area for reducing operating expenses over the next year?

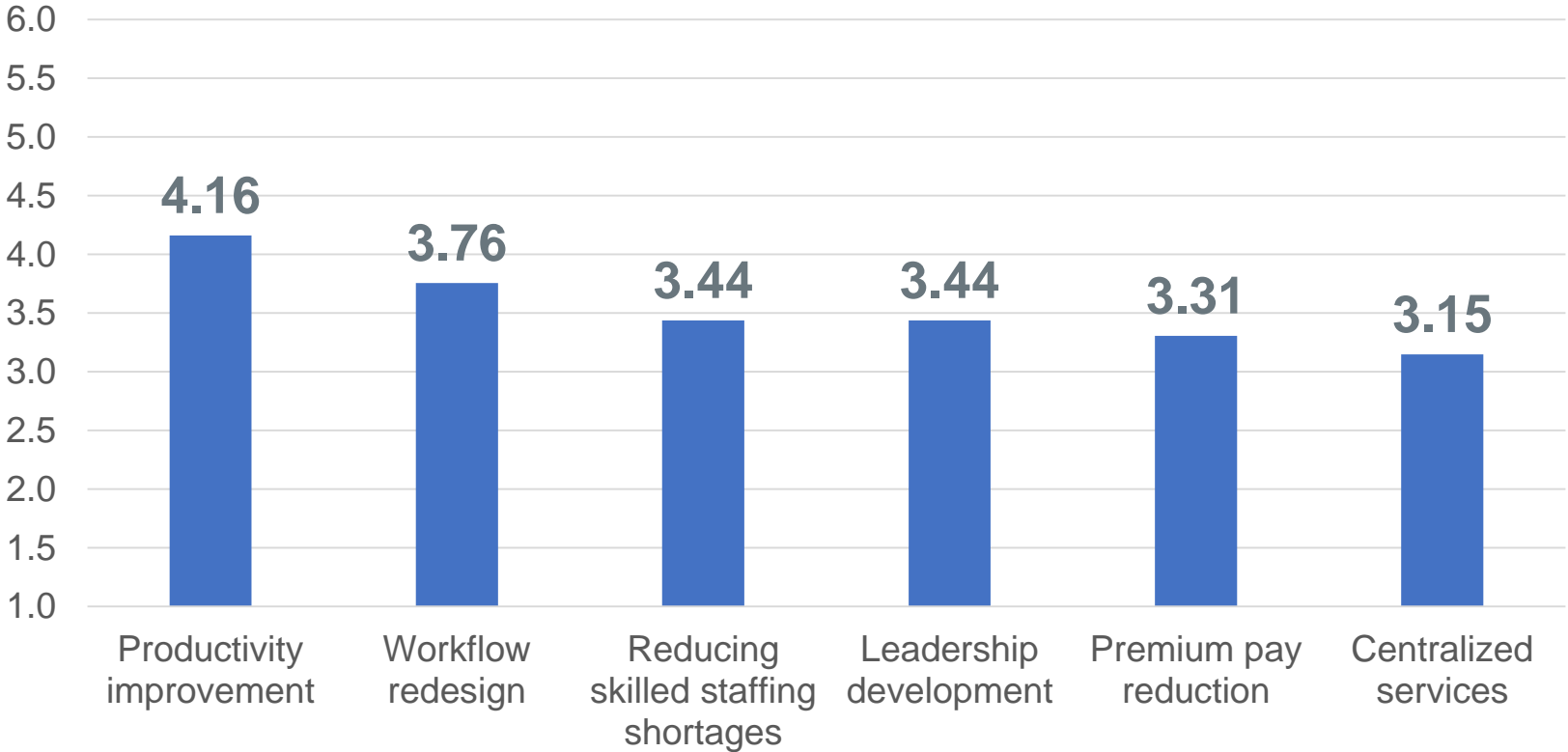


Labor costs, supply chain, and purchased services represent the top priority areas

*Survey of 101 chief financial officers, administration and operations executives

Most Important Labor Management Initiatives

Rank the labor management initiatives your organization will focus on for improvement over the next 12 months.



Execs rank productivity improvement and workflow redesign as the main labor management improvement initiatives

*Survey of 101 chief financial officers, administration and operations executives. Respondents selected top 3 initiatives in order. First choice assigned a value of 5, second a value of 4, third a value of 3, and unselected choices a value of 1.



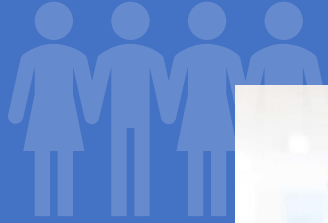
“The need to more effectively manage labor by staffing to demand will only intensify as operating margins continue to diminish, and as the pressure to enhance care quality and efficiency increases. These results magnify the need for provider leadership to objectively analyze their current practices to better staff departments and meet dynamic patient volumes.”

— *Danielle Dyer, Managing Director, Navigant*



“It’s not surprising that labor expense and efficiency continue to be top of mind for CFOs. However, the survey highlights the need for innovation in terms of transforming the cost structure of care delivery. This is a complex challenge that requires a multi-disciplinary approach to support high-quality patient care, and financial sustainability.”

— *Chuck Alsdurf, CPA, HFMA*



“Staffing shortages are placing hospital leadership in a paradoxical situation, both due to the economic theory of supply and demand and the tendency to maintain surplus with shortages looming. As a result, reducing labor costs has become even more difficult. Leveraging predictive analytics, proactively matching staffing to patient care demand, and more efficient workflows can help providers address these challenges.”



— *Vamshi Gunukula, Director, Navigant*



About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm focused on markets and clients facing transformational change and significant regulatory or legal pressures, primarily in the energy, financial services, and healthcare industries. Navigant's Healthcare practice is composed of more than 500 consultants, former provider administrators, clinicians, and other experts with decades of strategy, operational/clinical consulting, managed services, revenue cycle management, and outsourcing experience. Experts collaborate with hospitals and health systems, physician enterprises, payers, and government entities, providing enterprisewide strategic development and performance-improvement solutions. More information about Navigant can be found at [navigant.com](https://www.navigant.com).

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