



Don't Let your Margins Travel Away just Because you have an Influx of Traveling Nurses

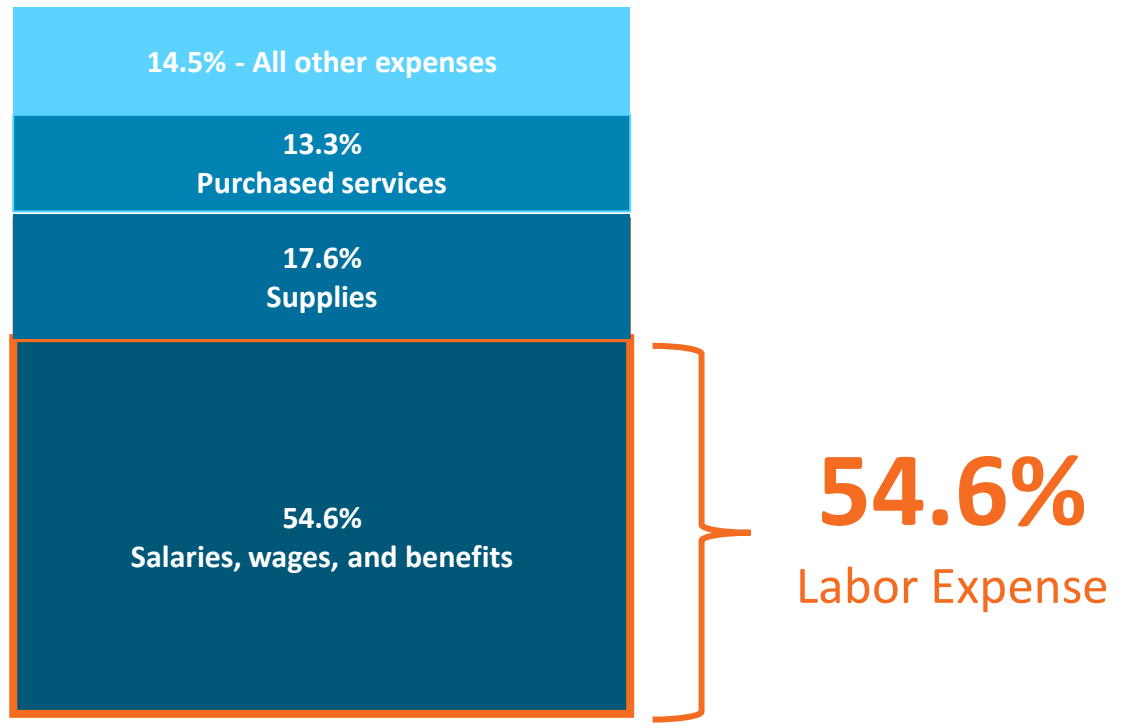
Mike Andrews VP Subject Matter Expert – Financial Empowerment



Why Address Labor Expenses? Historical



THE WALL STREET JOURNAL.
U.S. Hospital Profits Fall as Labor Costs Grow and Patient Mix Shifts
Decline points to new challenges for U.S. hospitals as more patients seek medical care in nonhospital settings



Sources:
<https://www.modernhealthcare.com/article/20180829/NEWS/180829884/not-for-profit-hospitals-cost-cutting-isn-t-keeping-up-with-revenue-decline>, August 29, 2018
<https://www.wsj.com/articles/u-s-hospital-profits-fall-as-labor-costs-grow-and-patient-mix-shifts-1524495601>, April 23, 2010

Why Address Labor Expenses? COVID-19 Impact

Wage and Labor Costs Increased

- Hospital and health systems continue to experience staff shortages and increased hours for some hospital workers
- Implemented bonus pay and other similar measures
- Hired outside agency and contract labor due to staff shortages

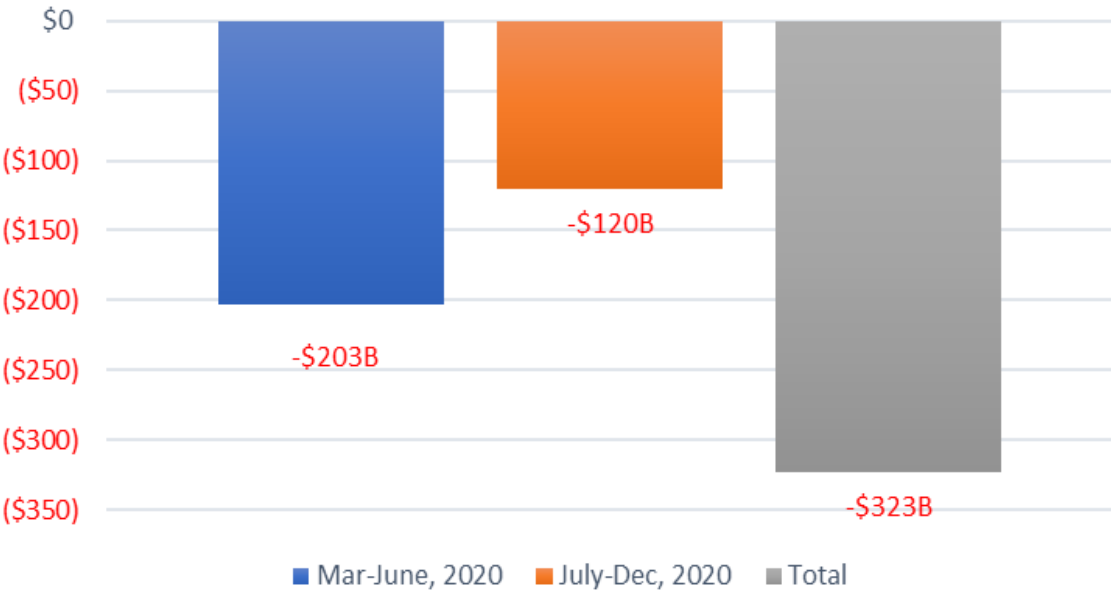
Health Care Job Losses

- Hospital and health systems laid off and furloughed employees
- Health sector lost 1.58M jobs in 2021 and YTD

Volume lost during pandemic

- Inpatient levels sort of back to pre-pandemic levels
- ED/Urgent Care visits continue to be down

Financial Impact
Healthcare Industry COVID-19 Estimated Losses (Billions)



Source: Hospitals and Health Systems Continue to Face Unprecedented Financial Challenges due to COVID-19, American Hospital Association, June 2020



Why Address Labor Expenses? Going Forward

Market Changes

- Value Based Care
- Baby Boomer impact

Volume Shift

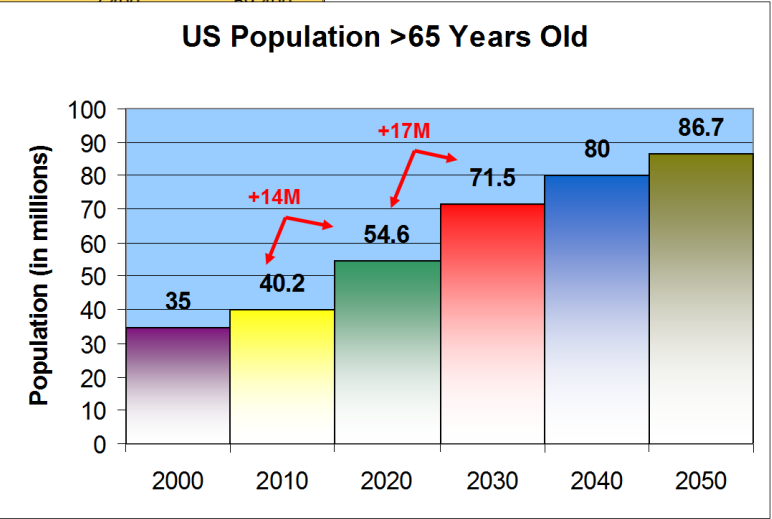
- Movement to outpatient
- Telehealth growth?
- Medicare enrollment increasing

Non-traditional providers

- Amazon
- Walmart
- CVS

Occupation Outlook 2018-2028

Occupation Title	Job Growth Outlook	Employment Change	Projected 2028 Employment
Family and general practitioners	10%	12,400	139,000
Physician assistants	31%	37,000	155,700
Nurse practitioners	28%	53,300	242,400
Registered nurses	12%	371,500	3,431,300
Occupational therapists	18%	23,700	156,800
Physical therapists	22%	54,200	301,900
Respiratory therapists	21%	27,900	162,000
Speech-language pathologists	27%	41,900	195,600
Nursing assistants	9%	135,400	1,648,600
Home health aides	37%	304,800	1,136,600
Accountants and auditors	6%	90,700	1,514,700
Budget analysts	4%	2,400	50,400
Financial analysts	6%		
Software developers, applications	26%		
Database administrators	9%		
Industrial engineers	8%		



Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, on the Internet at <https://www.bls.gov/ooh/healthcare.htm> (visited January 09, 2020).



Texas Nursing Salary Comparison

Houston RNs - \$83,890 per year according to Incredible Health on Aug 10 (\$1,613 weekly). With Benefits = \$109,057

100 Nurses = \$10,905,700

Travel Nurses in Texas - \$138,476 per year according to Beckers on Aug 10 (\$2,663 weekly)

100 Travel Nurses = \$13,847,600

\$2,941,900 more expensive



Nursing Turnover Comparison

Texas averaging as of June 2022, per Beckers a 24% Hospital Nurse turnover rate, with an average of six month training and ramp up time for replacements

100 Hospital Nurses with Benefits = \$10,905,700

Add in 12% for turnover and training = \$1,308,684

Total Labor Cost = \$12,214,384

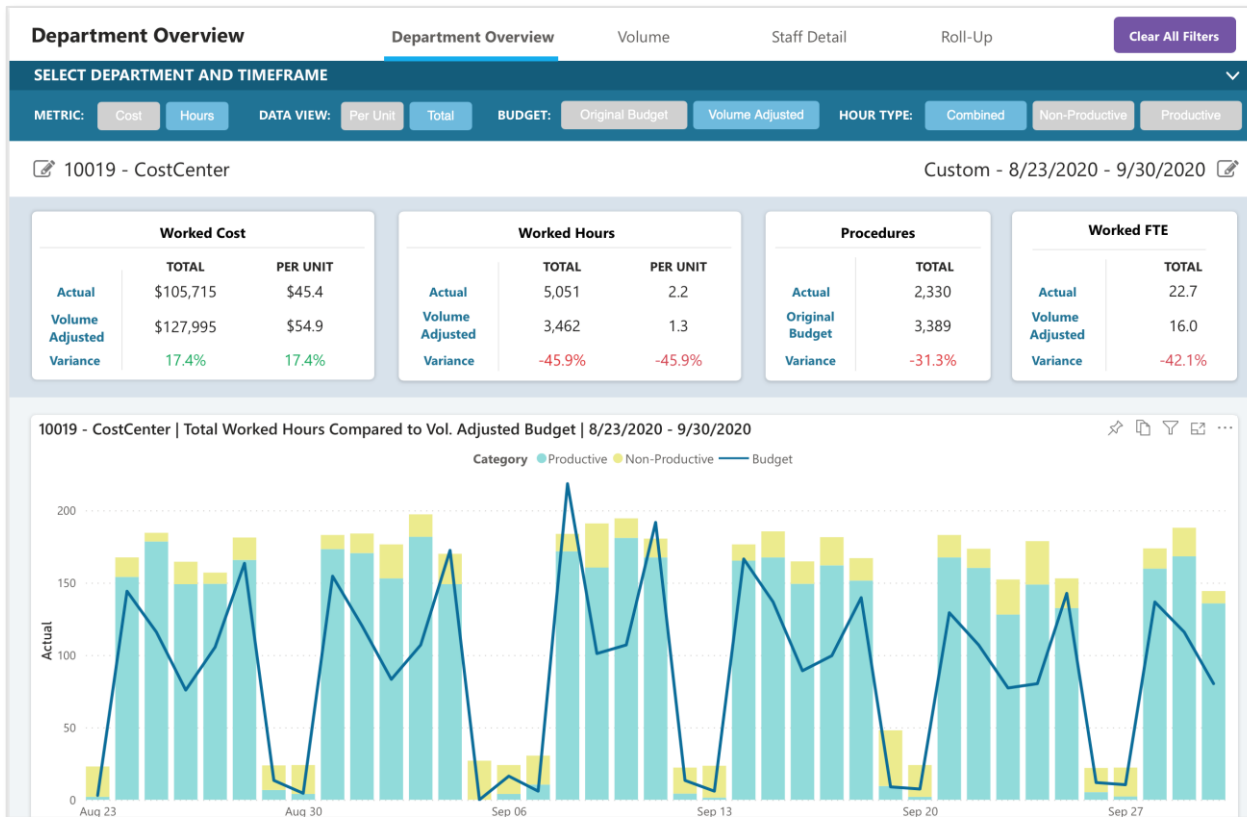
100 Travel Nurses = \$13,847,600

Difference = \$1,633,216



What Is Needed?

- Analytics tools that allow managers to understand **basic operational and staffing indicators** to facilitate **more efficient labor force utilization**.
- Users access and dynamically interact with EMR, GL, HR, payroll and timecard data from multiple source systems to discover **meaningful opportunities for improvement**.



Labor Productivity | Budget | Productivity | Configuration | Admin | Christine K.

Productivity > Reports

Productivity | Department Overview | Volume | Staff Detail | Roll-Up Report | Additional Reporting | Export

Labor Standard & Cost Per

DEPARTMENT: 45698 - MRH - Radiology | KV/DRIVER: Radiology Procedures | Pay Period #1: 12/20/2020 - 01/02/2021

GL Account	Job Description	Act Total Work Labor Standard	Bud Total Work Labor Standard	Var #	Var %	YTD Actual Work Labor Standard	YTD Bud Work Labor Standard	Var #	Var %
702200 - Nursing Salaries	Nurse 0	3.50	3.48	0.02	0.57%	3.62	3.48	0.14	4.02%
702200 - Nursing Salaries	Nurse 1	3.50	3.48	0.02	0.57%	3.62	3.48	0.14	4.02%
702200 - Nursing Salaries	Nurse 2	3.50	3.48	0.02	0.57%	3.62	3.48	0.14	4.02%
702200 - Nursing Salaries	Nurse 3	2.65	2.68	0.03	-1.12%	3.62	3.49	0.13	3.72%
702200 - Nursing Salaries	Nurse 4	2.65	2.68	0.03	-1.12%	2.33	2.50	-0.17	-6.80%
702200 - Nursing Salaries	Nurse 5	3.50	3.48	0.02	0.57%	2.33	2.50	-0.17	-6.80%
702200 - Nursing Salaries	Nurse 6	3.50	3.48	0.02	0.57%	3.62	3.49	0.13	3.72%
702200 - Nursing Salaries	Nurse 7	3.50	3.48	0.02	0.57%	3.62	3.49	0.13	3.72%
703000 - Tech Salaries	Tech1	2.65	2.68	0.03	-1.12%	2.33	2.20	0.13	5.91%
703000 - Tech Salaries	Tech 2	3.50	3.48	0.02	0.57%	3.62	3.49	0.13	3.72%
703000 - Tech Salaries	Tech 3	3.50	3.48	0.02	0.57%	3.62	3.49	0.13	3.72%
703000 - Tech Salaries	Tech 4	2.63	2.65	0.02	-0.75%	2.33	2.10	0.23	10.95%
703000 - Tech Salaries	Tech 5	3.50	3.48	0.02	0.57%	2.33	2.10	0.23	10.95%
702400 - Tech 2 Salaries	Tech, Sr 1	1.65	1.55	0.10	6.45%	2.10	1.98	0.12	6.06%
702400 - Tech 2 Salaries	Tech, Sr 2	1.65	1.55	0.10	6.45%	2.10	1.98	0.12	6.06%
702400 - Tech 2 Salaries	Tech, Sr 3	1.65	1.55	0.10	6.45%	2.10	1.98	0.12	6.06%



Needs for Successful Productivity Analysis



Data Integration

Daily data feeds from:

- Time and attendance
- Payroll
- General ledger
- EMR

Analytics

Robust reporting and self-service analytics from executive-level views to staff-level details.



Augmented Intelligence (AI)

Leverage Healthcare.AI to accelerate valuable AI use cases, starting with forecasting and issue identification.

Future: Real-time, shift-level forecasting.

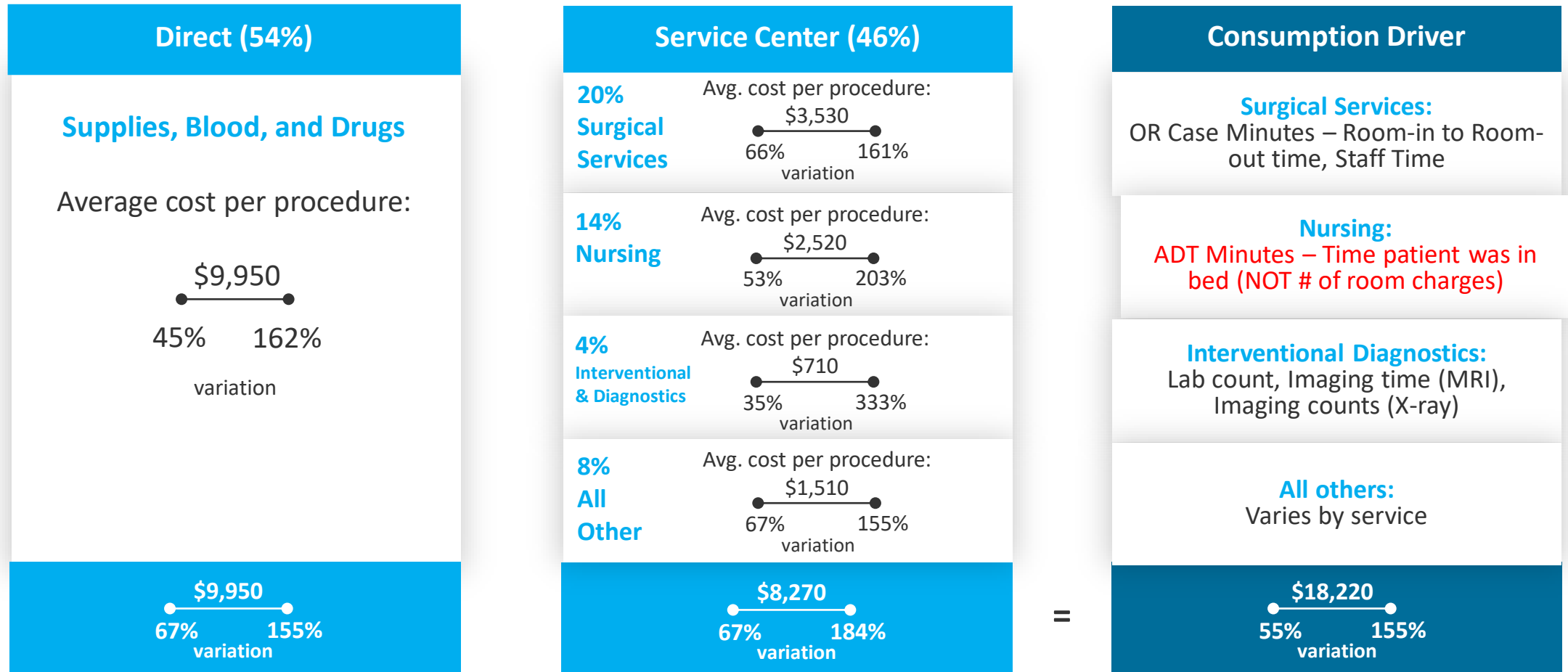
Subject Matter Expertise

Labor experts assist with upstream data health and process change through **implementation and improvement services.**



Example: Empower Change with Trustworthy Data

Full Consumption Costing and Clinical Variation



Example of Lumbar Spinal Fusion (n=852)

SELECT DEPARTMENT AND TIMEFRAME

METRIC:

Cost

Hours

DATA VIEW:

Per Unit

Total

BUDGET:

Original Budget

Volume Adjusted

HOUR TYPE:

Combined

Non-Productive

Productive

20012 - Millrock Nursing

Custom - 8/23/2020 - 9/23/2020

Worked Cost

	TOTAL	PER UNIT
Actual	\$238,890	\$709.9
Volume Adjusted	\$211,425	\$628.3
Variance	-13.0%	-13.0%

Worked Hours

	TOTAL	PER UNIT
Actual	8,035	23.9
Volume A...	8,078	24.0
Variance	0.5%	0.5%

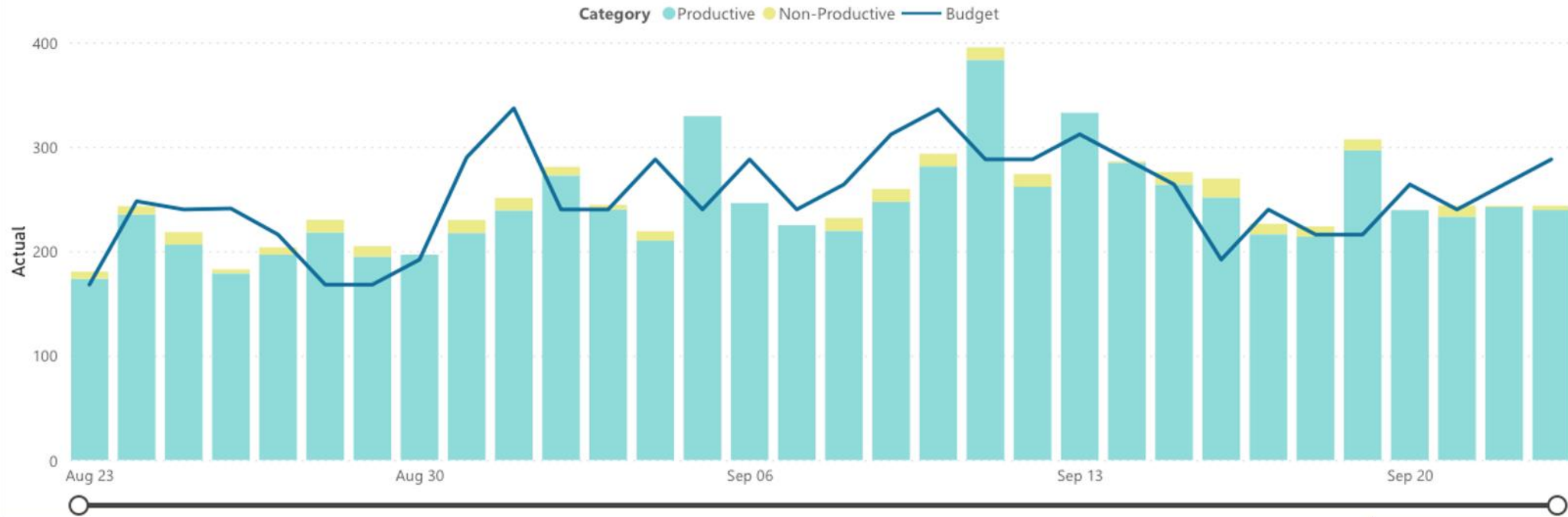
Unit Equivalent Patient...

	TOTAL
Actual	336
Original Budget	241
Variance	39.8%

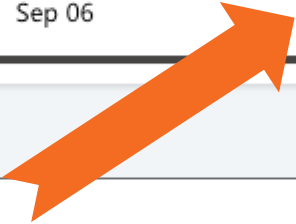
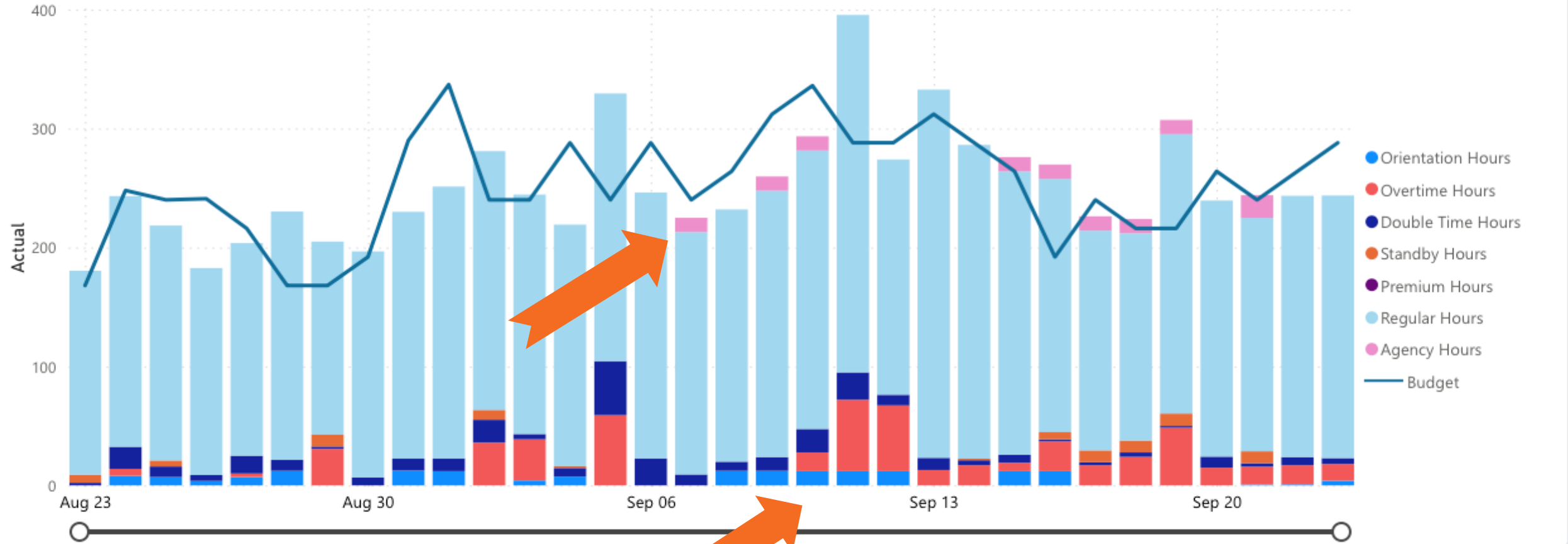
Worked FTE

	TOTAL
Actual	44.1
Volu...	44.3
Variance	0.5%

20012 - Millrock Nursing | Total Worked Hours Compared to Vol. Adjusted Budget | 8/23/2020 - 9/23/2020

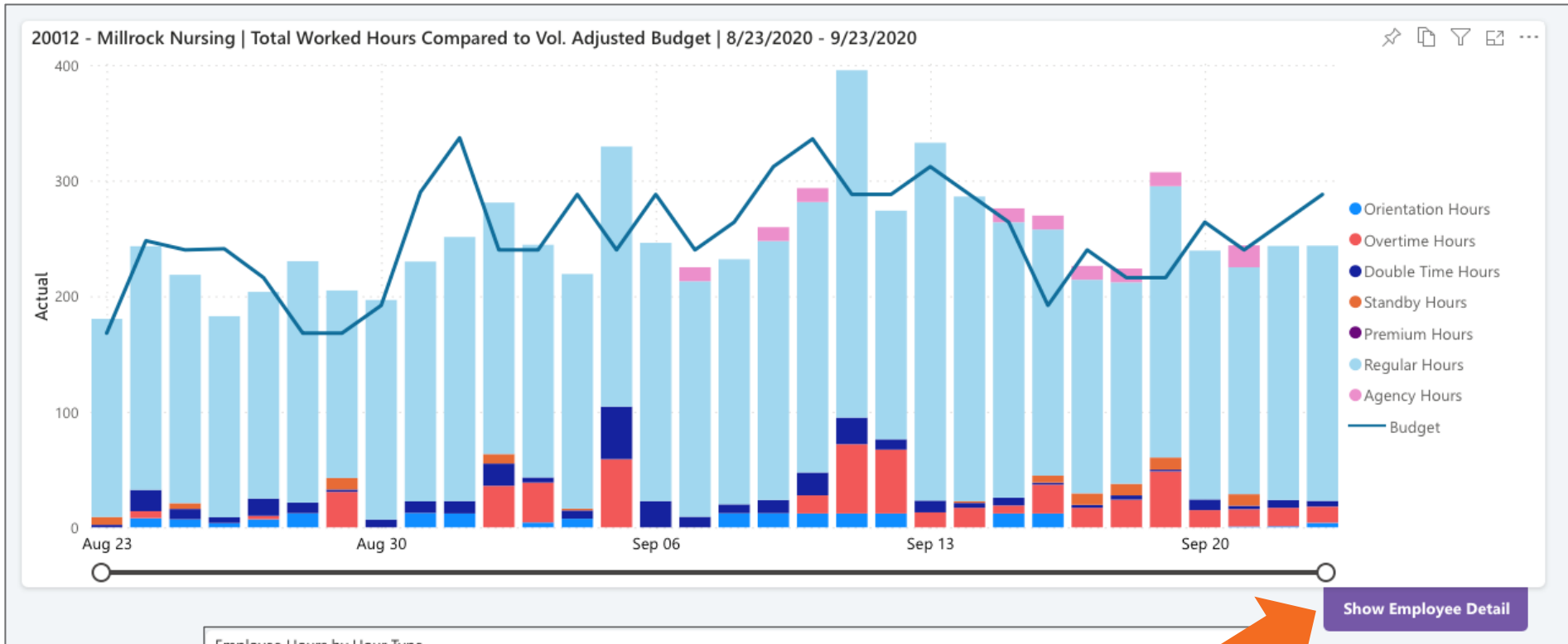


20012 - Millrock Nursing | Total Worked Hours Compared to Vol. Adjusted Budget | 8/23/2020 - 9/23/2020



Show Employee Detail





Show Employee Detail

Detailed analysis
 Drill in to view
 employee-level
 hour or cost data.

Employee Hours by Hour Type

Department	Job Family	Job Desc	EmployeeNM	Regular Hours	InService Hours	Agency Hours
	Agency	RN 1	Training Employee 3131			
			Training Employee 3194			
			Training Employee 3223			13
			Training Employee 3240			14
			Training Employee 3241			13
			Training Employee 3247			9
			Training Employee 3270			13
			Training Employee 3300			13
			Training Employee 3302			14
			Training Employee 3349			13
			Training Employee 3414			14
			Training Employee 3523			13
			Training Employee 3573			7
			Training Employee 3584			14
			Training Employee 7766			13
			Training Employee 7831			13
			Training Employee 7844			13
			Training Employee 7869			14
			Training Employee 7873			13
			Training Employee 7910			14
			Training Employee 7915			14
			Training Employee 7922			18
			Training Employee 7994			14



Forecast

Department Overview

Volume

Staff Detail

Report

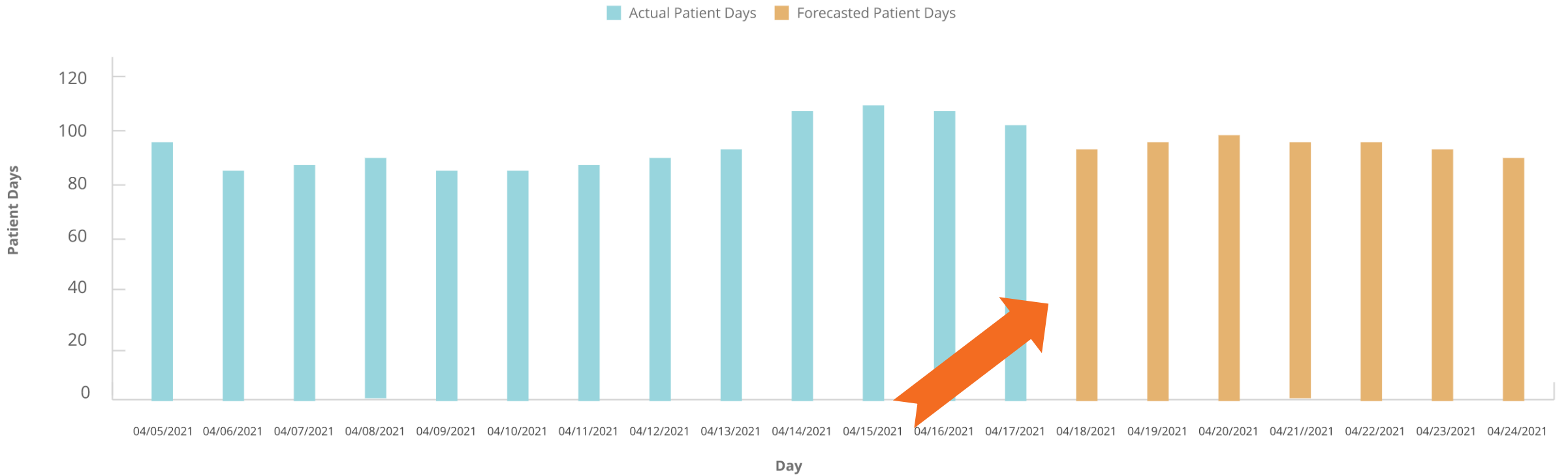
Forecast *powered by Healthcare.AI*

DEPARTMENT AND TIMEFRAME SELECTION

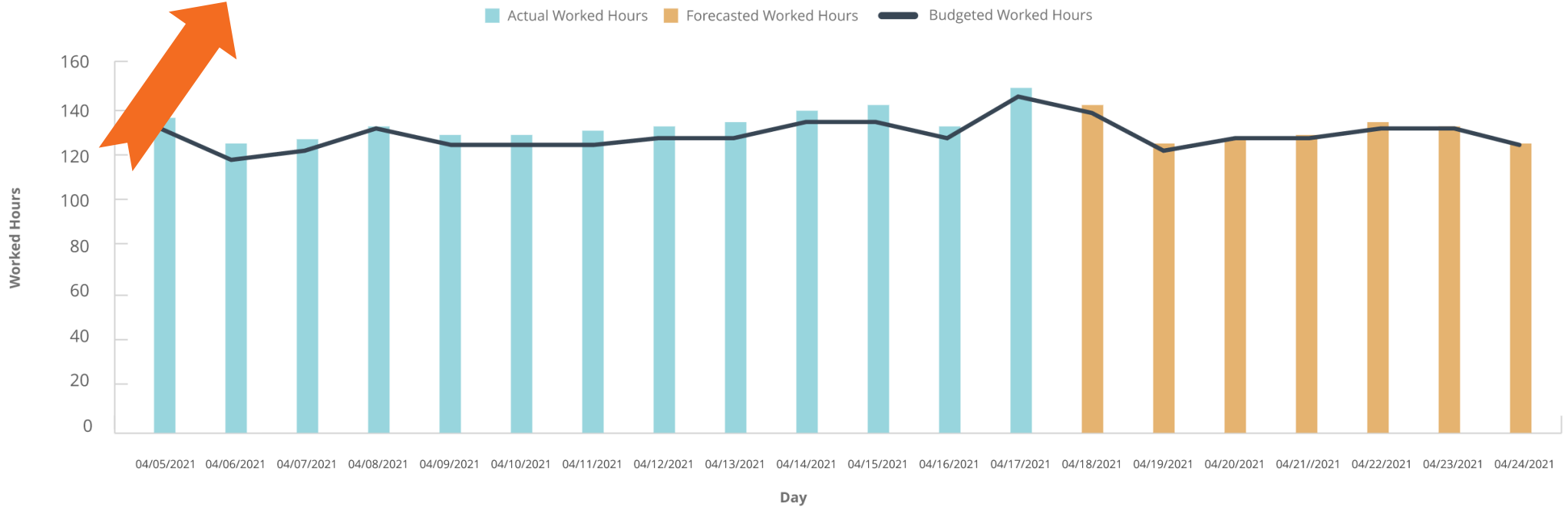
 **20012 - Millrock Nursing**

Timeframe: 04/05/21 - 04/24/21

20012 - Millrock Nursing - Patient Days | 04/05/21 - 04/24/21



2012 - Millrock Nursing - Worked Hours | 04/05/21 - 04/24/21



Future:
Shift-level
forecasting,
real-time

FORECAST: NEXT 7 DAYS

powered by healthcare.ai

2012 - Millrock Nursing - Patient Days - Worked Hours | 04/05/21 - 04/24/21

Date	Patient Days	Budgeted Worked Hours	Forecasted Worked Hours	Budgeted Worked Hours Per	Run Rate Hours Per	Budgeted Worked Cost	Forecasted Worked Cost	Budgeted Worked Cost Per	Run Rate Worked Cost Per
<input type="checkbox"/> 04/24/2021	93	131.13	126.48	1.41	1.36	\$3,506.10	\$3,266.16	\$37.70	\$35.12
<input type="checkbox"/> Nursing	—	82.77	82.77	0.89	0.89	\$2,866.26	\$2,687.70	\$30.82	\$28.90
<input type="checkbox"/> Technician	—	36.27	36.27	0.39	0.39	\$537.54	\$483.60	\$5.78	\$5.20
<input type="checkbox"/> Clerical	—	7.44	7.44	0.08	0.08	\$102.30	\$94.86	\$1.10	\$1.02
<input type="checkbox"/> 04/23/2021	97	136.77	131.92	1.41	1.36	\$3,656.90	\$3,406.64	\$37.70	\$35.12
<input type="checkbox"/> 04/22/2021	98	138.18	133.28	1.41	1.36	\$3,694.60	\$3,441.76	\$37.70	\$35.12



Key needs

Lack of analytic insight: Leaders often struggle to identify the specific data and metrics needed to understand labor needs, resources, costs, and efficiency—and to provide timely and holistic views of trends, variances, and drivers that help them manage more proactively.

Inability to move from insight to action: Leaders need support to craft strategies and interventions that match the complexity of the organization, leverage best practices from other systems, and allow them to manage transparently to the benefit of staff and patients.

Distinguishing features

Industry-experienced guidance: With extensive backgrounds in healthcare labor, analytics, and process improvement, our consultants bring a deep knowledge of industry standards and best practices to each partnership.

Flexible offerings to meet organizations' unique needs:

Strategic Assessment: Provides a comprehensive review of labor management capabilities—and delivers quantitative and qualitative findings and actionable recommendations for improvement.

Strategy Operationalization: Helps your organization execute labor management improvement initiatives grounded in your current realities and aligned with your overall strategy and vision.

Expanded Education Program: Uses a practical, case-based approach to building your organization's capability for labor management excellence.

Ad-hoc Labor Management Consulting: Offers flexible, focused ad-hoc consulting for any aspect of labor management operations