

Using Data and Analytics to Cut Healthcare Labor Costs at Ellis Medicine

by Rajiv Leventhal

The Schenectady, N.Y.-based healthcare system has been able to cut \$721,000 in overtime costs in just six months



Sara Zappi

Healthcare labor costs have been eating up hospital funds—they count for approximately 60 percent of hospital and health system operating budgets, according to recent reports.

Hospital executives are scrambling to reduce this labor spending—some are laying off workers, while others are freezing new hires. Deeply unpopular, both strategies understaff hospital floors and can potentially compromise patient care. And with the 32 million newly insured people due to receive coverage under the Affordable Care Act (ACA), a growing aging population, not enough staff members, and the large percentage of operating costs currently tied to labor, maintaining efficient operations and quality clinical services is a challenging but critical factor in the growth and sustainability of healthcare organizations.

Ellis Medicine, a Schenectady, N.Y.-based 438-bed community and teaching healthcare system, is one of many organizations that has faced this labor management conundrum, says Joseph Giansante, Ellis' vice president of human resources. "The configuration of hospitals is changing," he says. "That changing en-

vironment has now demanded hospitals to be much more effective and efficient in managing their labor costs."

But Ellis is not laying off workers or freezing new hires to combat this challenge. Instead, with the use of data and analytics made possible by a partnership with API Healthcare, a Hartford, Wis.-based healthcare-focused workforce management technology provider, Ellis has been able to cut \$721,000 in overtime costs in just six months—a 40 percent decrease in salary without understaffing any units.

The only way to know your employees, know your human resources, and know your needs is by being able to quantify and have real metrics, says Sara Zappi, director of human resources at Ellis. Zappi says that traditionally, human resources has been about sitting with employees and making them feel good. "But times are now changing," she says. "Once you have the metrics, you can make decisions based on data and not based on feelings. You are a better organization if you have data to support your business decisions."

For example, if left unchecked, overtime can become one of the largest expenses a health system will have. While not completely unavoidable, reining in unnecessary overtime is critical to bringing down expenses and ensuring the most effective use of labor resources. Zappi says that with workforce planning, she can track data such as what type of hours are being used

more than others, (regular time or overtime), and what peak hours and peak weeks are. With that, Ellis has been able to quantify where those expenses are needed, allowing them to be more proactive in planning for what they need. “We know that there are certain weeks when we will have a specific volume based on historical data, so we can move forward and staff appropriately. That ability has been amazing to us.”

Some of the analytics that Ellis started to look at were very simple, adds Giansante. “There were three big areas for us to focus on: overtime, unscheduled absences, and scheduling. With unscheduled absences, you can’t make adjustments if you don’t have that data in real-time. And we have created transparency with scheduling, so everyone can see the schedules. Having the data in these three areas has helped drive significant change in our organization.”

In addition to the cut overtime costs, creating a culture of staff transparency has been something that Ellis has worked constantly on, and Giansante feels that it has been achieved. “We have developed a ‘live staffing program,’ which is an online staffing grid from each of our inpatient units that is updated every hour,” he explains. “So any employee as well as any manager can go on at any time to find out what the staffing mix is for that particular shift. Think about how powerful that can be, and how it allows for tremendous transparency. It aligns behaviors all the way down the line.

There is nothing secret about staffing in any of our units.”

Undoubtedly, these metrics that Ellis has tracked have led the organization to take proactive steps in managing its workforce to keep up with healthcare’s redesign. One important strategy, says Giansante, involves squeezing out one area, only to grow in another. “Having the capability and flexibility of adjusting and redeploying workforce is invaluable,” he says, while reassuring that this does not mean laying employees off. “Shrinking in some areas but expanding in others can be a win-win all around.”

Having the data also gives managers immediate access to information on their employees in real-time like they never had before. So managers, on the fly, could then make decisions on who works, where each person will work, and if there is a need for redeployment, all which could quickly have an impact on scheduling and overtime, says Giansante.

Certainly, with the pressures that come with healthcare reform, there is an enormous added challenge on the IT infrastructure within a healthcare system. And efficient labor management could only help ease that burden, says Giansante. “Obviously, there is a lot of pressure for us to produce as an organization. That has resulted in some of the crisis you might be seeing or hearing of. So having the tools to support business decisions is vital to all of it.”

