

# Healthcare Organizations Lack Tools to Optimally Manage Major Segment of Staff



*HRO Today* Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. These are focused briefs that can be used to support business decisions and discussion among industry practitioners and thought leaders.

This study was sponsored by **AMN Healthcare**.

## Background

Healthcare organizations rely on contingent labor as a planned solution to provide staffing to meet patient care needs in an environment where flexibility is crucial. But are those closely involved in scheduling and evaluating staffing needs applying the analytic discipline necessary to optimize this important source of human capital? This report examines this issue, as well as looks at the ways technology and analytics are being used to manage contingent labor in healthcare settings.

## Methodology

Between August 16th and September 30th, 2022, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters, inviting them to take part in an online study. Respondents were at manager-level or above within their human resources departments at their healthcare facility. They were also screened to ensure that they were familiar with their organization's contingent labor management (temporary workers/Form 1099) practices. Further, a QuestionPro Audience Panel was used to supplement the study sample, using the same screening methodology. The total number of usable surveys was 53, and all respondents were from North America.

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## KEY FINDINGS

There were five key findings produced by this research:



**1. Healthcare organizations are not taking advantage of contingent labor management capabilities currently available.** Study participants were asked to select all the capabilities they currently use to manage their contingent labor program. None of the areas examined were used by more than one-half of respondents. However, three areas were the most frequently used capabilities: vendor management to streamline acquisition of talent, dashboard to monitor metrics, and a telehealth platform for delivering care.



**2. The vast majority (70%) feel their use of contingent labor will increase over the next 12 months,** five times more than the percentage who anticipated a decrease, resulting in an average increase of 6.3%.



**3. Predictive analysis is the most frequently desired capability healthcare HR professionals would like to use to manage their contingent labor program.** This allows healthcare HR professionals to forecast shift scheduling needs in advance, with 61% selecting it. Accurate forecasts of staffing needs can solve a wide range of problems that afflict most hospitals and other healthcare organizations.



**4. Nearly three-quarters (73%) feel analytic discipline and capabilities when managing the contingent labor workforce is critical.** This practice is an essential component of optimizing contingent resources.



**5. Despite the acknowledged need for analytic discipline, healthcare organizations are far from optimizing analytics for their contingent labor management needs.** The most challenged area is the ability to easily adjust to census-driven demand, with an average score of 3.28 out of 5.00. Healthcare staffers need to be able to see how planned shifts and patient demand align so that gaps in patient care won't occur or to eliminate periods of overstaffing.



DETAILED FINDINGS:

## How Contingent Labor is Managed

*Which of the following are you using to manage your contingent labor program?*

Study participants were asked to select all the capabilities they currently are using to manage their contingent labor program. None of the areas examined were used by more than one-half of respondents.

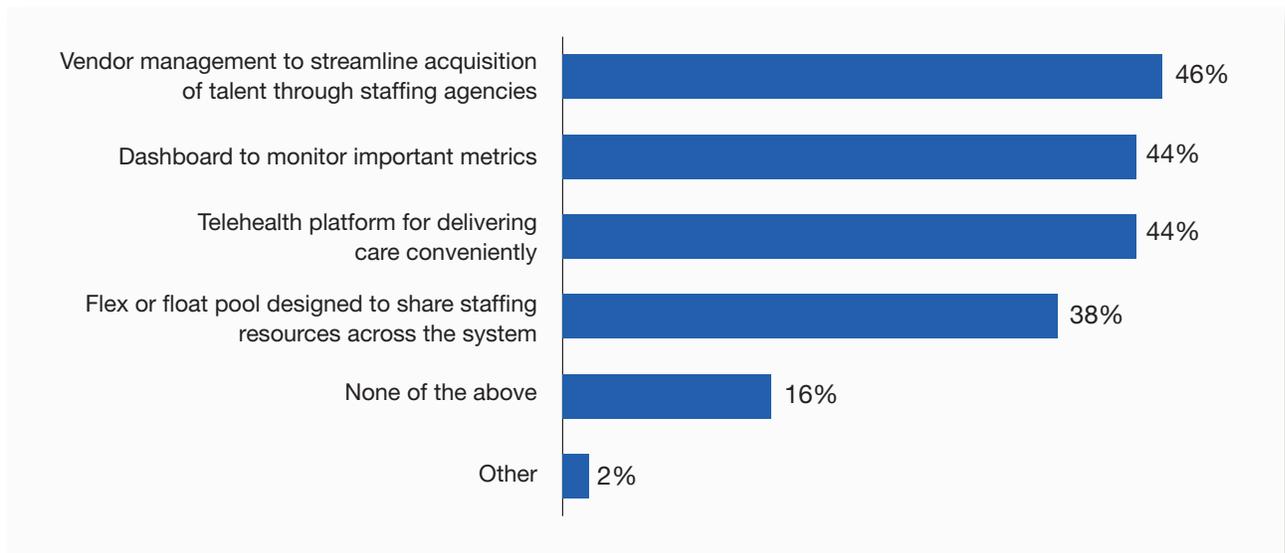
There were three capabilities used by just under one-half of respondents: Vendor management to streamline acquisition of talent, dashboard to monitor metrics and a telehealth platform for delivering care.

Vendor management to streamline acquisition of talent through staffing agencies was the most often used, as indicated by 46% of respondents. Sourcing qualified talent is the greatest priority of using contingent labor, but perhaps not higher than in the healthcare industry. A comprehensive solution to manage contingent labor vendors addresses this issue in the most systematic manner possible.

A dashboard to monitor important metrics was used most often. Dashboards vary greatly in terms of formality and functionality, but ultimately are designed to convey meaningful information segmented into useful datasets to manage the workforce and make informed staffing decisions.

The importance of a telehealth platform for delivering care conveniently has skyrocketed since the start of the COVID-19 pandemic and is also used by 44% of study respondents. Real-time communication with patients through video conferencing and email, remote monitoring of patients with chronic conditions using measurements for vital signs and other important metrics, and the utilization of off-site specialists to review imaging and provide diagnoses, are some of the many ways healthcare providers are expanding breadth of coverage to their patients through telehealth.<sup>1</sup>

### How Contingent Labor is Managed



## How Contingent Labor Use Will Change Over Next 12 Months

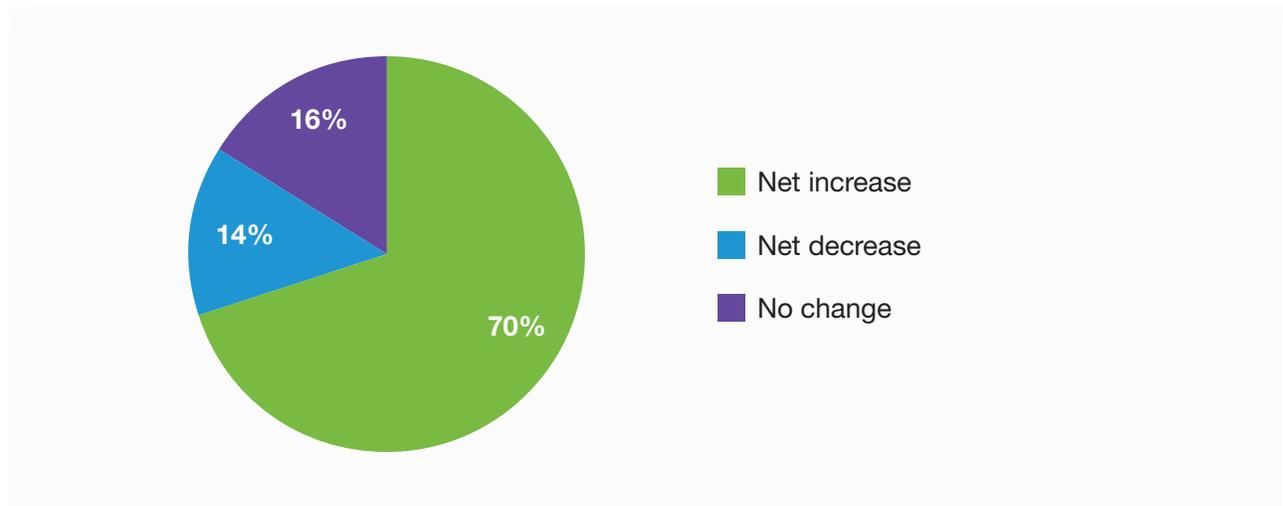
*By what percentage do you expect your use of contingent labor to change over the next 12 months?*

Study respondents were asked to select the range that included how their use of contingent labor will change over the next 12 months. The overall average is an increase of 6.3%. In fact, 70% thought their use of contingent labor will increase, five times more than the percentage who anticipated a decrease (14%).

The estimate for increased use of contingent labor is supported in other analyst estimates. According to a recent report, the overall number of independent workers grew sharply in 2021, up 34% to 51.1 million

in 2021 after a decline in 2020.<sup>2</sup> The contingent workforce is a substantial subset of the total independent workforce. Contingent workers also represent a significant part of the healthcare workforce. The American Staffing Association reported in 2018 that there were 16 million temporary and contract employees in the U.S. Of these, ten percent, or about 1.6 million, work in healthcare.<sup>3</sup> Due to the physician and nursing shortage, healthcare organizations will continue to utilize contingent healthcare workers to supplement their staffing shortage and fill in their organization's skills gap and supplement the employee base during times of particularly high demand.

### How Contingent Labor Use Will Change Over Next 12 Months



## Desired Capabilities of a Contingent Labor Management Program

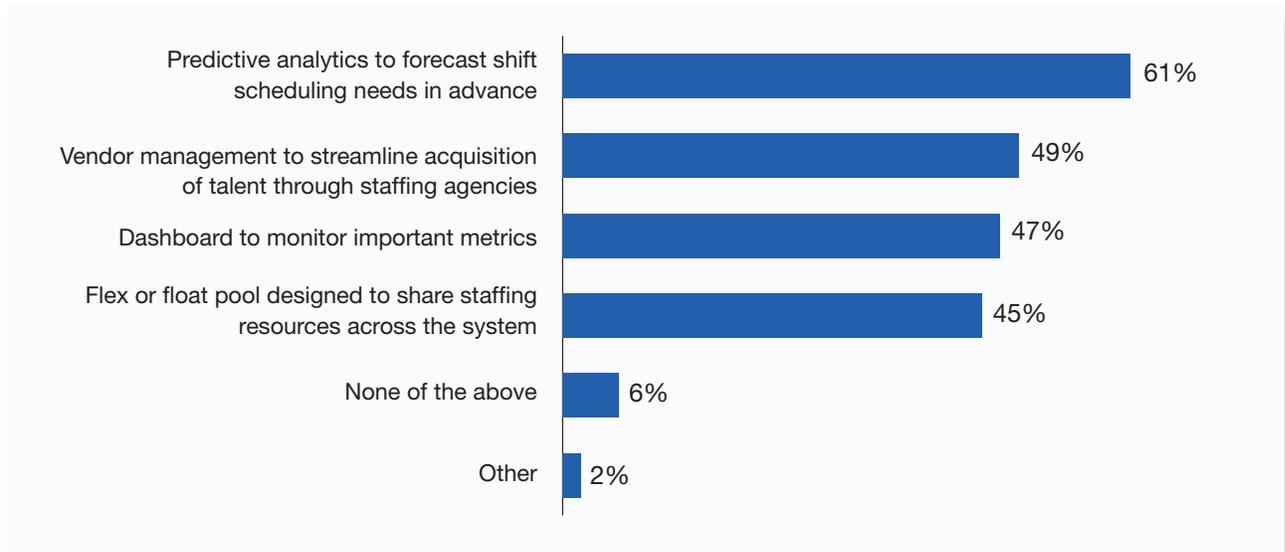
*Which of the following capabilities would you like to be able to use to manage your contingent labor program?*

Respondents were asked to select the capabilities they would like to use to manage their contingent labor program. The most frequently selected option was predictive analysis to forecast shift scheduling needs in advance, with 61% selecting it. Accurate forecasts of staffing needs can solve a wide range of problems that afflict most hospitals and other healthcare organizations. By adopting predictive analytics and advanced labor management strategies, outcomes can include reductions in agency nursing, increased staff satisfaction scores, improved nurse retention, reductions in open shift incentives and bonus pay, and significant annual savings in labor spending.<sup>4</sup>

Vendor management to streamline acquisition of talent through staffing agencies is already used by 46%, per prior study findings. But those with the capability are clearly satisfied with the feature, and nearly all wish to continue using it along with many looking to add it to their array of tools to manage contingent labor for a total of 49%.

Flex or float pool designed to share staffing resources across the system was previously revealed to be used by 38% of our sample, though 45% would like to have it as part of their contingent labor management program. A flexible resource pool is designed to flex up and down with patient volume to fill those needs with contingency workers after core staff has met their FTE. Given fluctuations in demand, a systematic way to allocate contingent workers is a big advantage in optimizing patient care levels.

### Desired Capabilities of a Contingent Labor Management Program





## Importance of Analytic Discipline and Capabilities

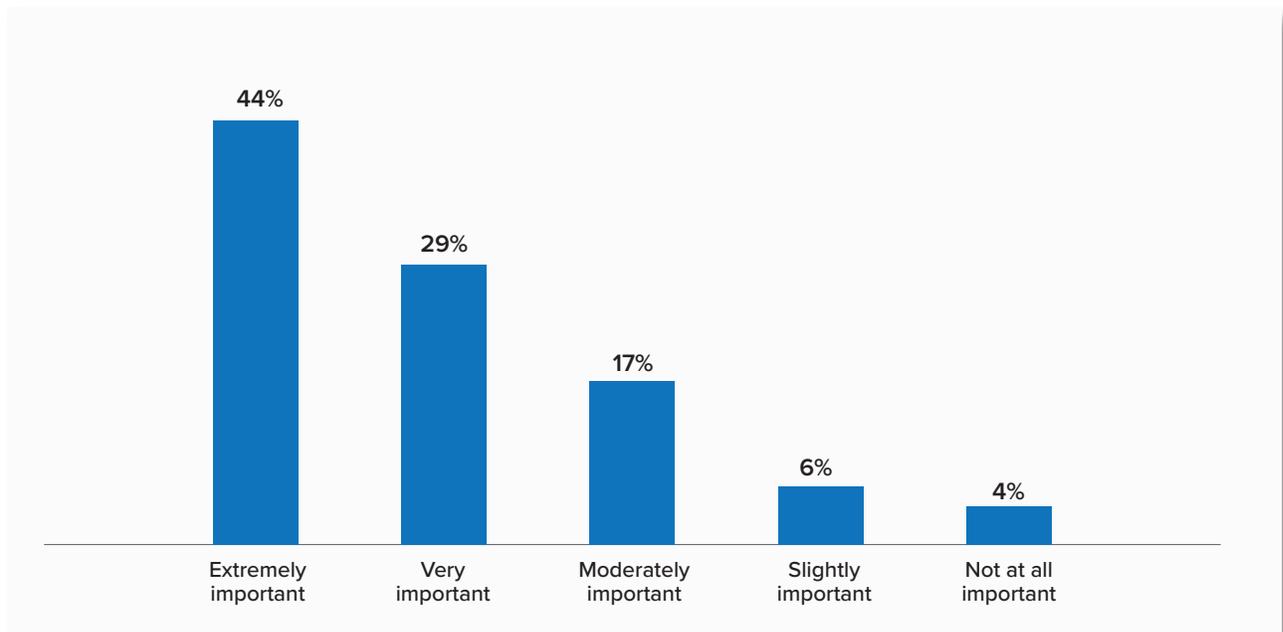
*How important is it to you to apply analytic discipline and capabilities when managing your contingent labor workforce?*

Study participants were asked to indicate the importance of analytic discipline and capabilities when managing the contingent labor workforce. Nearly three-quarters (73%) feel the area is either extremely or very important, with 44%

of that indicating extremely important. Clearly this practice is an essential component of optimizing contingent resources.

Without the relevant data to guide contingent labor management strategy, organizations can be caught short-handed, overspend, and create compliance issues. Uses for the data include compliance, compensation, and project planning.

### Importance of Analytic Discipline and Capabilities



## How Use of Analytics for Talent Planning and Acquisition Recruiting Has Changed

*How has your use of analytics for talent planning and acquisition recruiting changed since the beginning of the pandemic in March 2020?*

Respondents were asked to indicate how their use of analytics for talent planning and acquisition recruiting has changed since the onset of the COVID-19 pandemic. Nearly three-quarters (74%) indicated their use of analytics has increased since March of 2020, with only 4% noting a decline.

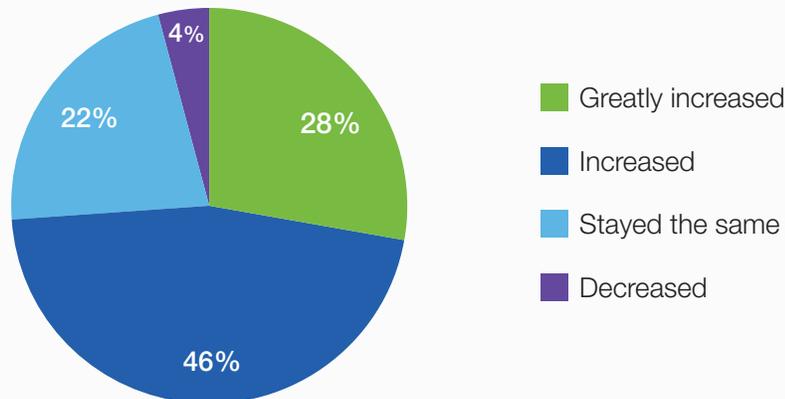
It's likely the use of analytics in TA would have increased even if the pandemic had not occurred. In 2021 alone, worldwide investment in HCM/Core HR and Marketplace Job Boards was \$8.4 billion, and many of the positions listed are used by healthcare organizations. Recruiters need to get smarter and take advantage of the new tools being offered. The U.S. economy lost an astonishing 22 million jobs in the first two months of the pandemic. But as of the September 2022 jobs report, it has gained them all back, plus half a million more.

After the previous recession in 2009, it took more than five years to achieve that feat.<sup>5</sup> This meant hiring activity hit a frenzied pace, and the need for better analytics using technology to meet staffing goals has never been greater.

Staffing shortages hit the healthcare industry particularly hard during the pandemic and organizations continue to face repercussions. As COVID-19 case counts remain high, hospitals and health systems continue to feel the strain of being short-staffed.<sup>6</sup>

Health care was a leading sector adding jobs in September as the national unemployment rate dropped to 3.5% for September, according to the latest figures from the U.S. Department of Labor. Health care employment grew by 60,000 jobs in September 2022, and returned to its pre-pandemic level of February 2020, according to the Employment Situation Summary by the U.S. Bureau of Labor Statistics (BLS).<sup>7</sup>

### How Use of Analytics for Talent Planning and Acquisition Recruiting Has Changed



## Status of Use of Analytics for Contingent Labor Management

*Please indicate your extent of agreement with each of the statements below:*

Study participants were asked to indicate their extent of agreement with a series of statements on a scale of one to five, with one being disagree completely and five being agree completely. The average scores are shown in the chart below.

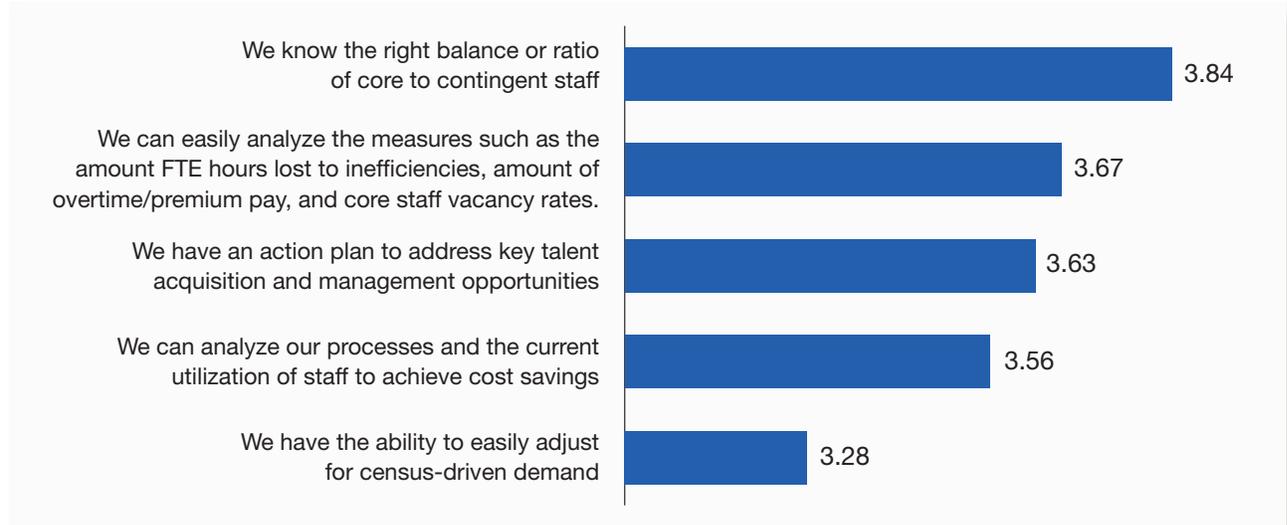
None of the five areas examined averaged more than 4.00 out of 5.00, suggesting many healthcare organizations are far from optimizing analytics for their contingent labor management needs.

The statement with the highest level of agreement is “We know the right balance or ratio of core to contingent staff,” with an average score of 3.84. Most healthcare organizations use a combination of employees and contingent staff, often traveling nurses. Other include IT and legal consultants, DE&I specialists, and physicians. The optimal ratio is determined by

the organization, but often contingent labor is used when there is a shortage of qualified candidates for roles as employees. Still, the middling level of agreement here suggests that healthcare organizations need better analytics to best plan for the optimal ratio of permanent employees to contingent labor.

The area with the lowest level of agreement is “We have the ability to easily adjust to census-driven demand,” with an average score of 3.28. The stakes are very high for hospitals, clinics, laboratories, and other medical facilities to have the right number of staff on board. Healthcare staffers need to be able to see how planned shifts and patient demand align so that gaps in patient care won’t occur. Data that goes into this planning process includes census data, capacity, legal constraints and employee and contingent labor availability and qualifications.

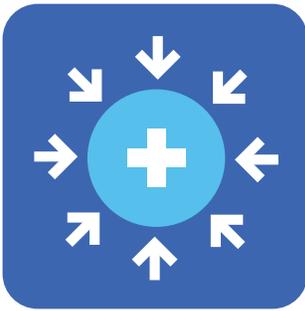
### Status of Use of Analytics for Contingent Labor Management — Average Agreement Scores



## Data Being Measured and Used to Manage Contingent Labor

*What data are you measuring and analyzing to manage your contingent labor needs? (Open-ended)*

Respondents expressed a wide range of types of data being measured and analyzed. However, the three main areas stated by about one-half of respondents were **vacancy rates, overtime, and retention**.



The ratio of vacancies to jobs is a metric not specific to healthcare, and a fairly easy one to calculate and explain.



Overtime is also a standard measure across industries, and with a straight-forward calculation that shows both hours and cost.



Retention, important even for the contingent labor market, tracks how often labor returns for new assignments.

Other metrics used included **turnover, vendor rates, utilization of diverse suppliers, and leave of absence (LOA)**. ■

## Notes

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