

HOSPITAL REVIEW

The healthcare executive's 2-minute read on priorities for 2017: Labor optimization and human resources

2017 has not been like any other year for hospital and health system executives. Leaders are already tasked with defining clear priorities for their organizations and teams, and now they must do so amid major uncertainty and potential regulatory change.

Becker's Hospital Review connected with thought leaders at Chicago-based Prism Healthcare Partners on the most pressing issues for hospital and health system executives to address in 2017. Prism's experts shared their recommendations for leaders in nine key focus areas.

This article is part of a series.

Labor optimization

A merger or acquisition may make great sense on paper, but hospitals often encounter difficulty in realizing the economic benefits of the deal. Although there is a high level of consolidation in healthcare, the inability to execute workforce or expense reductions remains equally steady. Brad Feters, Chief Operating Officer of Prism Healthcare Partners, recommends hospital and health system CEOs push to finally realize the labor and expense economies of scale that were expected. Also important is the continual discipline and accountability to drive performance and labor productivity improvements.

Feters notes healthcare executives will also benefit from asking more questions about how their organization's time and money are spent. Many hospitals and health systems have dozens of internal initiatives in the works at any given time, yet these efforts are rarely prioritized from an organization-wide perspective, nor is the ROI from each initiative well understood. Feters advises CEOs should demand rationalization for each one, then prioritize the key initiatives over a dozen diluted ones that eat up time, labor and dollars.

Human resources

In the shift to pay-for-performance, it is essential to reinforce a performance-based culture within the hospital that incentivizes improvement and allows organizations to attract and reward top performers, suggests Neil Faux, SPHR, SWP, Managing Director with Prism. Compensation and benefits drive culture, and there are specific areas where hospital leaders should focus their efforts in 2017.

First, Faux says leaders must know their market. Hospitals no longer only compete with other hospitals. The move to outpatient and retail healthcare has changed the labor market dramatically. Combined with a tumultuous regulatory environment where minimum wage and overtime rules are changing, it is urgent for

HR departments to redefine the labor market where they compete and enhance compensation strategies to attract and reward the talent required to deliver quality patient care. As care delivery evolves, so does what hospitals ask their employees to perform.

Outdated and inaccurate job descriptions are a common challenge for organizations, especially on the heels of reorganizations and mergers. Inaccurate job descriptions make it difficult for HR departments to ensure an accurate benchmark comparison when performing market reviews. Faux recommends hospitals revise job descriptions to reflect actual roles and responsibilities as well as ensure a more accurate comparison to market sources, which is the cornerstone of any competitive compensation program.

Lastly, Faux advises market adjustments are vital to ensuring an organization is market-competitive. There are a variety of methods on how to calculate these adjustments. In many cases, market adjustments become an entitlement to employees and can overshadow merit increases. Organizations must understand the role of market and merit strategies to ensure both are aligned and supportive of the broader compensation strategy. Doing so can help increase the annual merit payout without increasing the overall compensation budget. ■