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impact story

Organization Leverages Daily Productivity Reporting to Reduce Overtime Spending

problem
High Premium Pay Spend Leads to Higher, Unnecessary Costs

In the time of an unforeseen crisis and global pandemic COVID–19, this Midwestern health system knew that there was a need to monitor salaries more closely to maintain regular pay and avoid furlough of staff. They also recognized they were overspending on premium pay, but did not have the tools necessary to audit or manage over– and under–utilization of their staff, particularly those in their float pool. They needed to be able to closely manage their regular pay salaries and eliminate unwarranted use of overtime to help ensure they could keep their doors open and pay staff.

play
Empower Leaders to Make Decisions on FTEs, Skill Mix and Schedules (PR 102)

After this organization began using StrataJazz® Productivity Reporting, they empowered leaders with detailed data on the utilization of premium pay. In response to COVID–19, this organization, like many hospitals and health systems across the country, began experiencing cancellation of elective surgeries. They noticed that there were departments that needed extra staff while other floors were underutilizing staff. They wanted to understand the impact and began by looking at overtime, using their report for daily hours with employee–level details.

They currently use this report every day to track who is receiving overtime and identify variances, such as pay rules that provided overtime to staff working more than 8 hours per day. They can better manage their staff, cutting long shifts to reduce overutilized overtime pay. They now utilize staff from their flex pool, assign them to additional appropriate "specialty" roles and manage salaries closely. Readjusting their process enabled this organization to ensure they could continue to pay staff regular salaries during a global pandemic and widespread furloughs across the country.

impact
Reduce Overspend Related to Premium Pay

Using Productivity Reporting, this organization corrected inaccurate pay rules related to premium pay, specifically overtime. They assessed and identified excess overtime by finding clinical and nonclinical employees working twelve–hour shifts per day, when overtime rules were paying out after eight hours per day. By changing their methodology for overtime pay to kick in at forty hours per week rather than eight hours per day, they realized a 15% variance in salaries, resulting in a financial impact of an average of $250,000 per pay period.

They now audit for both over– and under–utilization, better using their float pool during this unique time in healthcare. Using the tool, finance leaders and department managers and directors can review overtime expense, agency expense and use of float pool by department and job code, gaining visibility into hours worked vs. FTE assignments. Gaining insights into premium pay, reducing overtime and better utilizing current staff helped them make agile decisions that helped lessen the overall financial impact of the COVID–19 crisis.