

HR Practices That ...

... Dramatically Improve Quality and Profits



Solving
Employment Practices
and Risk Management
Issues for Healthcare

MedHQ

Prepared for 10th Annual Orthopedic, Spine and Pain
Management-Driven ASC Conference, June 14-16, 2012

Does a Good Culture Really Matter to the Bottom Line?



HR's Impact on Profits

	2010	2011
Reduced turnover	38.9%	29.0%
Reduced % of Admin Staff	40.7%	33.3%
Increased Profit	25% reduction in employee turnover. Added 10.2% of operating income margin (e.g., for \$1M incr. in revenue, added \$102K profit).	

Goal for Today

- ▶ Identify the problem (Situation):
 - All organizations change
 - We can either drive change or react to it, but we can't avoid it
 - Most people don't like change
- ▶ And What to Do About It (Strategy):
 - Six HR practices you need in your ASC to maximize performance



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What does change look like?

Continuous Process (improvement)



Southwest Airlines

Creating a Caring Culture

DEFINE VALUES

CREATE A
DISCIPLINED
CULTURE OF
EXCELLENCE

HIRE "A" PLAYERS
WHO MIRROR
YOUR VALUES

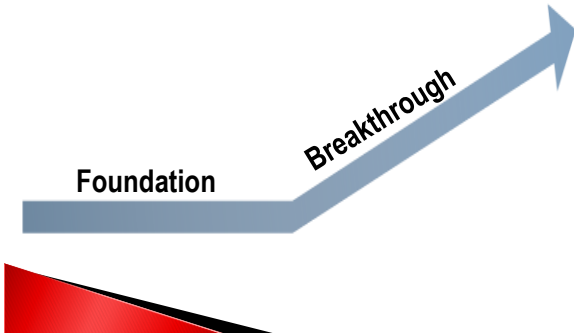
BE EXCESSIVE
ABOUT YOUR
PATIENTS

CONTINUALLY
EXCEED
EXPECTATIONS OF
YOUR PEOPLE

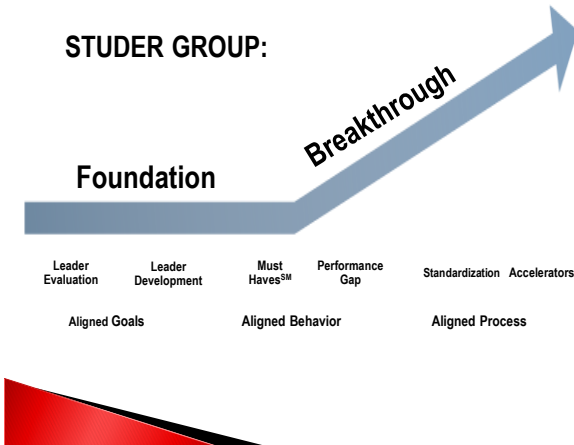


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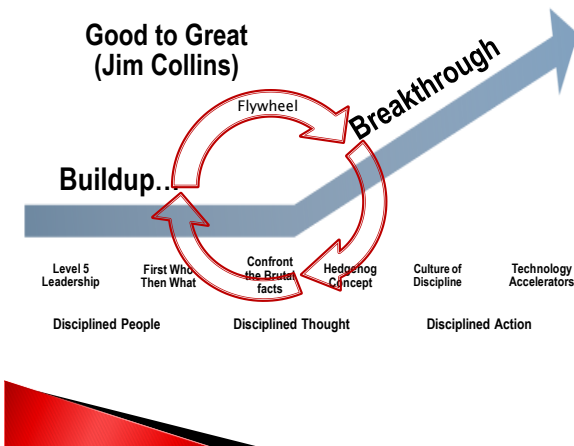
A Second Concept



STUDER GROUP:

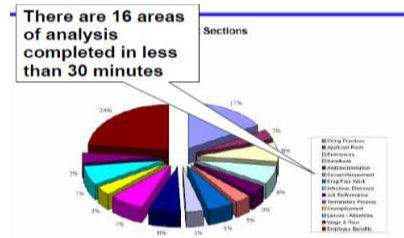


Good to Great (Jim Collins)

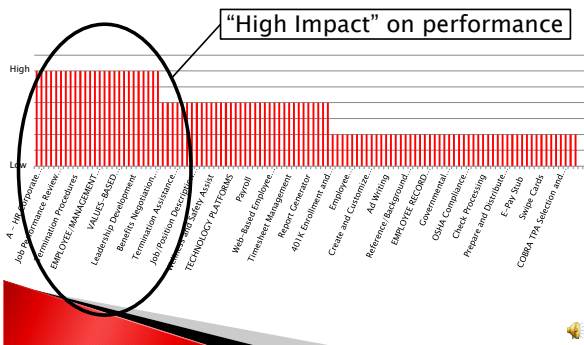


Of the 16 Areas of HR Practices

Which are most critical?



112 “Employer Practices”



HR Practice #1: Hire “A” Players

- ▶ Creating environment to drive a positive culture
 - *Built on VALUES*, by Ann Rhoades
- Values defined by ownership/top management
- Match candidates to the core values of the organization and the critical attributes of the position
- Effective interview techniques

Written Guides and Peer Interviews

KEY ATTRIBUTES: COMMUNICATION/INTERPERSONAL SKILLS Clearly and candidly express with articulate focus and onto target to ensure understanding. Adapt communication to be appropriate to other's level of understanding. Objectively consider other's views, even when they conflict with candidate's view.

Behavioral Questions

1. Tell me about a time when you had to adjust your personal communication style to help someone understand what you were trying to communicate. What was the situation? What did you do? How did the situation turn out?
2. Tell me about a time when you needed to address a situation in which there had been a great deal of misunderstanding and miscommunication. What was the situation? What did you do? How did it turn out? Describe a time when you had to communicate a sensitive subject to a coworker, patient or family member. What was the situation? How did you do it? What was the outcome?
3. Sometimes the manner in which we communicate can be misinterpreted in a negative way. Tell me a time this happened to you. What was that situation? How did you turn it around? What was the ultimate outcome? Tell me about a time you had to present technical/clinical information to a person or group without a technical or clinical background. What was your approach? How did it turn out?

BEGINNING	BEGINNING
MIDDLE	MIDDLE
END	END

Observations _____ Communication/Interpersonal Rating ☐

— Our Values —
Respect — Innovation — Trust — Energy

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HR Practice #2: Discipline Processes and Mentoring/Support for Supervisors

- ▶ Effectiveness of frontline managers:
 - Huge factor in employment practices risk management
 - Mentoring and coaching
 - Integration with online learning for "level 100 and 200" problems
 - Interventional assistance for "level 300 and above" problems

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Survey Says...

- ▶ Percentage of Supervisors Who Are Concerned about how to address:
 - Employee Interactions/Disputes (56%)
 - Worker productivity (52%)
 - At work attitude (61%)



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Discipline Procedures and Practices

- ▶ Critical features of HR discipline support
 - Independence
 - Third party, if possible
 - Internet / telecom (if from remote location)
 - SKYPE
 - Zero Rash Decisions



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Survey Says...

- ▶ Most frequent communication with HR:
 - Payroll (90%)
 - Benefits (78%)
- ▶ 26% said employee benefit issues were their most challenging issue



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HR Practice #3: Benefits Management

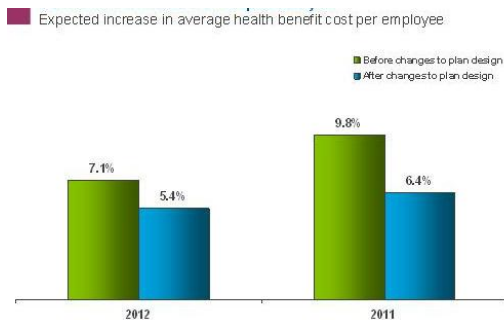
- ▶ What do these organizations have in common?
 - PriceWaterhouse Coopers
 - Towers Watson
 - Kaiser Family Foundation
 - Mercer
- ▶ Answer: They all study employer-sponsored health insurance plans
- ▶ and here is what they have to say.....

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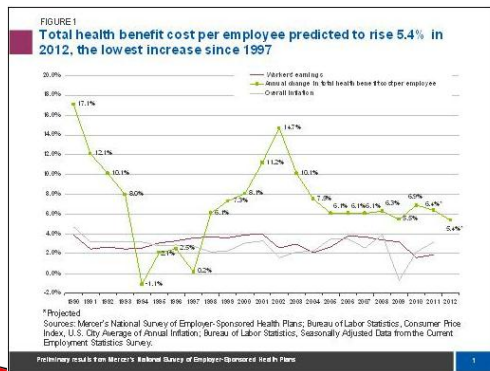
The answer

- ▶ They all have studied employer-sponsored health insurance plans and have concluded:
 - Insurance premium costs continue to rise at a rate of 3-times the rate of inflation
 - Employers are raising deductibles, co-pays and member co-insurance (out of pocket) amounts to reduce their premium increases from 7.5% to 5.5%
 - The fastest growing type of plan they are offering to their employees is the high deductible plan, coupled with an H.S.A. or an H.R.A.

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And where does that leave us?

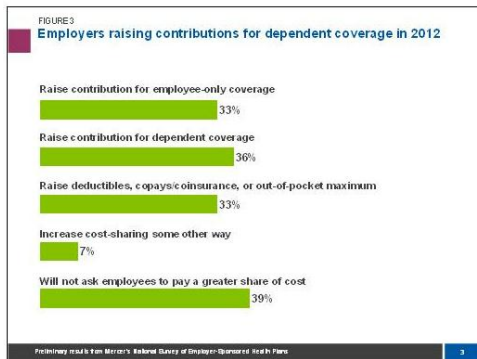
- ▶ The employer-sponsored health insurance market is in a lot of trouble
- ▶ Everyone is frustrated
 - Employees frustrated they are spending more and more out of pocket
 - Employers frustrated their portion of the cost also continues to rise, even while their employees become more and more frustrated
 - Administration of plans seems to be getting worse and worse – and the rapid pace of structural change in the healthcare/health insurance market has not helped!
 - And the state-run small group health plan market is in even more disarray, due to the mandates of the PPACA, and the impact on the rate approval process.

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What should we do?

- ▶ There is no silver bullet answer
- ▶ Be wary of “snake oil”
- ▶ The best solutions/ideas:
 - Wellness programs
 - High Deductible Health Plans (HDHP), coupled with an H.S.A. or and H.R.A.
 - Make this at least one of the plan options you offer your employees
 - (Warning: the PPACA may reduce the availability of HDHP's, due to the medical loss ratio and minimum actuarial value regulations.)

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Effective Employee Benefits Programs

- ▶ Health and Welfare – Health, Dental Vision
 - Tremendous change in insurance industry dynamics as a result of PPACA
 - Employer cost share
 - Wellness programs
- ▶ Income Protection – Life, AD&D, Disability
- ▶ Paid Time Off programs
- ▶ Employee Assistance Programs
- ▶ Leave of Absence management
- ▶ Risk management and compliance

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HR Practice #3: Compensation Management

- ▶ Are all DON's equal?
- ▶ How do we adjust for
 - Geographical differences
 - Years of experience
 - Special skills, certifications, accreditations
 - Size of ASC by number of OR's or S.F.
 - Number of employees supervised
 - Case volume

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10 Criteria for Comp

1. Educational requirements
2. Job-related experience, in years
3. Supervision required for the job
4. Complexity of the job
5. Physical effort required
6. Physical work environment
7. Potential impact of the employee's actions on the company
8. Internal contacts
9. External contacts
10. Supervision over others

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Point Factor Analysis

Items 8 & 9: Internal and External Contacts

FACTOR 7: PURPOSE OF CONTACTS

SCORE:

- ☐ Level 7-2 (50): The purpose is to plan, coordinate, or advise on work efforts or to resolve operating problems by influencing or motivating individuals or groups who are working toward mutual goals and who have basically cooperative attitudes.
- ☐ Level 7-3 (120): The purpose is to influence, motivate, interrogate, or control persons or groups. At this level the persons contacted may be fearful, skeptical, uncooperative, or dangerous. Therefore, the employee must be skillful in approaching the individual or group in order to obtain the desired effect, such as gaining compliance with established policies and rules by persuasion or negotiation, or gaining information by establishing rapport with a suspicious informant.
- ☐ Level 7-4 (220): The purpose is to justify, defend, negotiate, or settle matters involving significant or controversial issues. Work at this level usually involves active participation in conferences, meetings, hearings, or presentations involving problems or issues of considerable consequence or importance. The persons contacted typically have diverse viewpoints, goals, or objectives requiring the employee to achieve a common understanding of the problem and a satisfactory solution by convincing them, arriving at a compromise, or developing suitable alternatives.

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Job grading

Conversion Table

Score	Grade	Score	Grade
1050-1150	31	2320-2565	39
1150-1265	32	2565-2830	40
1265-1395	33	2830-3120	41
1395-1540	34	3120-3435	42
1540-1705	35	3435-3775	43
1705-1890	36	3775-4140	44
1890-2095	37	4140-4530	45
2095-2320	38		

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Bottom line

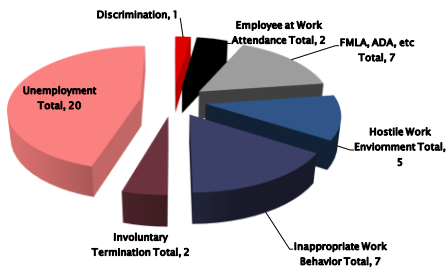
- ▶ A fair compensation plan is essential for walking the fine line of fairness and expense management
 - Reduces unplanned/unwanted employee turnover
 - Addresses critical HR Risk Management issue



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HR Practice #5: Risk Management

Employment Practices Risk Management Distribution
Average annual data, per 100 EE's



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Employment Practices Risk Management

ASSESSMENT TOOL				
Date of Incident	Description of Risk Area	Level of Risk	Status	Est. Cost
2/25/2010	Discrimination	High	Closed	\$100,000
	Discrimination Total		6	\$100,000
	Discrimination Count		1	
10/27/2010	Employee at Work Attendance	Medium	Open	\$5,000
12/14/2010	Employee at Work Attendance	High	Closed	\$10,000
	Employee at Work Attendance Total		0	\$15,000
	Employee at Work Attendance Count		2	
10/6/2009	FMLA, ADA, etc	High	Closed	\$50,000
7/19/2010	FMLA, ADA, etc	High	Closed	\$50,000
11/19/2010	FMLA, ADA, etc	Low	Closed	\$12,500
1/5/2011	FMLA, ADA, etc	High	Closed	\$50,000
2/1/2011	FMLA, ADA, etc	High	Closed	\$50,000
3/11/2011	FMLA, ADA, etc	High	Closed	\$50,000
3/22/2011	FMLA, ADA, etc	High	Open	\$50,000
	FMLA, ADA, etc Total		0	\$312,500
	FMLA, ADA, etc Count		7	



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HR RISK MANAGEMENT ASSESSMENT TOOL				
Date of Incident	Description of Risk Area	Level of Risk	Status	Est. Cost
9/30/2009	Hostile Work Environment	Low	Closed	\$25,000
10/22/2009	Hostile Work Environment	High	Closed	\$100,000
11/12/2009	Hostile Work Environment	Risk	Open	\$100,000
12/2/2010	Hostile Work Environment	Medium	Closed	\$50,000
2/8/2011	Hostile Work Environment	Low	Closed	\$25,000
Hostile Work Environment Total			0	\$300,000
Hostile Work Environment Count			5	5
10/21/2009	Inappropriate Work Behavior	Medium	Closed	\$7,500
2/5/2010	Inappropriate Work Behavior	Low	Closed	\$3,750
2/19/2010	Inappropriate Work Behavior	Medium	Closed	\$7,500
5/11/2010	Inappropriate Work Behavior	Low	Closed	\$3,750
11/9/2010	Inappropriate Work Behavior	Low	Closed	\$3,750
2/4/2011	Inappropriate Work Behavior	Low	Closed	\$3,750
3/7/2011	Inappropriate Work Behavior	Medium	Closed	\$7,500
Inappropriate Work Behavior Total			0	\$37,500
Inappropriate Work Behavior Count			7	7
12/9/2010	Involuntary Termination	Low	Closed	\$6,250
3/19/2011	Involuntary Termination	Medium	Closed	\$12,500
Involuntary Termination Total			0	\$18,750
Involuntary Termination Count			2	2

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HR RISK MANAGEMENT ASSESSMENT TOOL				
Date of Incident	Description of Risk Area	Level of Risk	Status	Est. Cost
8/30/2009	Unemployment	Low	Closed	\$2,500
11/6/2009	Unemployment	Low	Closed	\$2,500
12/7/2009	Unemployment	Low	Closed	\$2,500
2/18/2010	Unemployment	Low	Closed	\$2,500
2/26/2010	Unemployment	Medium	Closed	\$5,000
3/1/2010	Unemployment	Medium	Closed	\$5,000
3/12/2010	Unemployment	Medium	Closed	\$5,000
3/14/2010	Unemployment	Low	Closed	\$2,500
4/13/2010	Unemployment	Low	Closed	\$2,500
4/26/2010	Unemployment	Low	Closed	\$2,500
5/11/2010	Unemployment	Low	Closed	\$2,500
5/24/2010	Unemployment	Low	Closed	\$2,500
7/22/2010	Unemployment	Low	Closed	\$2,500
8/25/2010	Unemployment	Low	Closed	\$2,500
9/13/2010	Unemployment	Low	Closed	\$2,500
11/27/2010	Unemployment	Low	Closed	\$2,500
11/29/2010	Unemployment	Low	Open	\$2,500
1/6/2011	Unemployment	Low	Closed	\$2,500
1/24/2011	Unemployment	Medium	Closed	\$5,000
2/11/2011	Unemployment	Low	Closed	\$2,500
Unemployment Total			1	\$25,000
Unemployment Count			20	20

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HR RISK MANAGEMENT ASSESSMENT TOOL				
Date of Incident	Description of Risk Area	Level of Risk	Status	Est. Cost
1/8/2010	Work Comp	Low	Closed	\$5,000
11/19/2010	Work Comp	Low	Closed	\$5,000
7/23/2010	Work Comp	Low	Closed	\$5,000
1/6/2011	Work Comp	Low	Closed	\$5,000
Work Comp Total			0	\$20,000
Work Comp Count			4	4
Grand Total			0	\$863,750
Grand Count			48	48

\$863,750 Risk Savings

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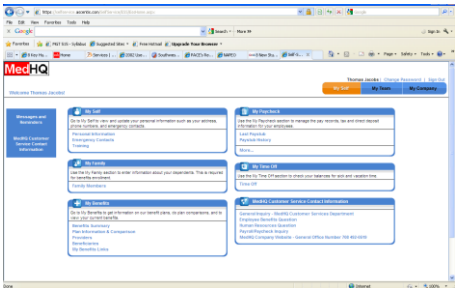
HR Practice #6: Everything Else

- ▶ Automation, Automation, Automation
- ▶ Integrated HRIS, Payroll and Timekeeping
 - Cloud computing / SaaS
 - Employee Self Service
 - HR Process Automation
 - Eliminates Distractions



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Human Resources – HRIS



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What’s the additional investment?

Back Office Functional Service Area	Internal Staffing Costs	Equipment/Software Investment and Support Costs
Payroll System	N/A	N/A
HRIS	N/A	N/A
Timekeeping System	N/A	N/A
Applicant Tracking	N/A	N/A
Management Training	N/A	N/A
General Ledger Accounting	N/A	N/A
MSDS Online	N/A	N/A
Healthstream	N/A	N/A



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Manager/Supervisor Support Online Management Training Solutions



Most Popular Courses

Course	Completed Sessions	% Passed	Average Duration	Average Score
Customer Service Skills-How We Can All Improve	50	100	0:21:00	98
Effective Meetings-How to for Supervisors	40	100	0:28:54	98
Employment Law For Supervisors-What You Should and Shouldn't Do	36	97.2	0:37:27	83
Progressive Discipline	34	97.1	0:29:15	90
Motivating Employees-Tips and Tactics for Supervisors	33	100	0:22:14	98

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Summary Recommendations

- ▶ Hire A Players
- ▶ Effective employee discipline process, and mentoring for supervisors
- ▶ Benefits management
- ▶ Compensation programs
- ▶ HR/EP Risk Management
- ▶ Everything else (i.e., Automation)

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Close and Thank You

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