

# Cost Saving HR Strategies... ..for Ambulatory Surgery Centers



Human Resources Mgmt  
Accounting Services  
Credentialing



Prepared for Becker's 20<sup>th</sup> Annual  
Ambulatory Surgery Center Conference October 2013

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## What's at Stake?

Facility Costs: 8-15% of Operating Expense  
Surgical Supplies: 15-25% of Operating Expense

**Human Resources  
30-45% of Expenses**

- ▶ New ACA requirements will drive benefits costs higher
- ▶ Can solve by cutting costs or increasing volume - but increasing volume adds additional HR costs.

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## Good News

Typical center: \$10 million revenue

Institute proven HR cost-saving measures

**5% Labor Expense  
Improvement = \$200,000**

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### 3 Objectives

1. Hire and Retain "A Players"
2. Performance Management, including Employer Risks and Employee Alignment
3. Automation of as many HR processes as possible

**Results: \$200,000 increased operating income for a typical surgical hospital**

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### 3 Strategies

1. Hiring, Benefits, Compensation, Rewards & Recognition
2. Coaching and mentoring for front line supervisors, including discipline process
3. Implement an HR information System (HRIS)

**Optimize Labor Productivity, defined as:  
The amount of net medical revenue (\$) derived from your labor expense (\$)**

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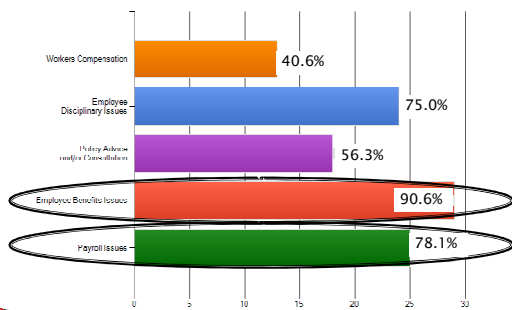
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### Most Frequent HR Need...



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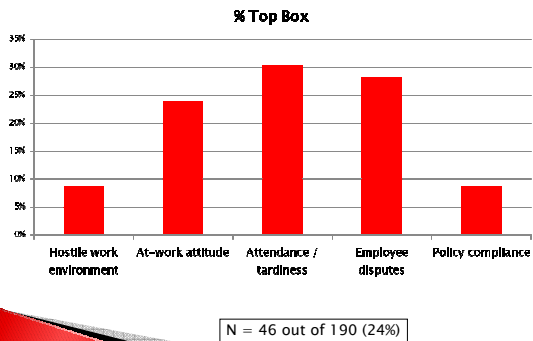
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## CASA Survey's Top Discipline Issues




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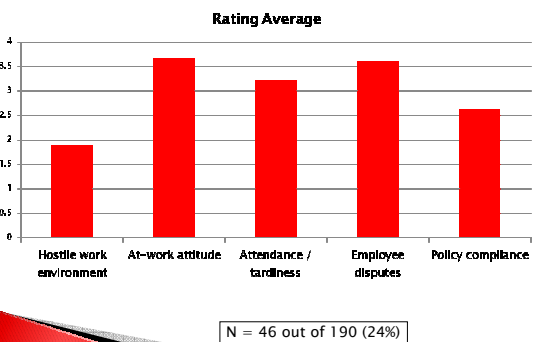
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## CASA Survey's Top Discipline Issues




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## HR Outsourcing

What functions should be outsourced?<sup>6</sup>

Most Frequently Included HR Processes in Outsourcing Agreements	Rank	
	Rank	Best Candidate for BPO
Payroll	1	95%
Benefits	2	73%
Recruiting and Selection	3	32%
Compensation	4	27%
Training and Development	5	20%
Performance Management	6	15%

(6) Eric Krell, "Focus In to Farm Out: Effective HR outsourcing requires strategically selecting tasks that vendors can do better to allow you to focus on key functions," *HR Magazine* (SHRM.org, July 2011) p. 47-49

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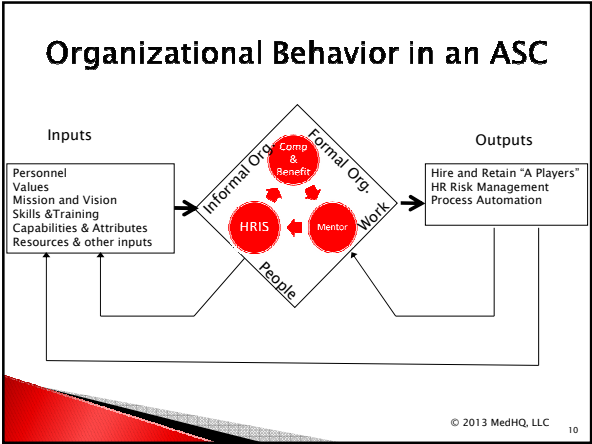
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- ### 3 Strategies
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  2. Coaching and mentoring for front line supervisors, including discipline process
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- ### Attract & Retain “A” Players
- ▶ Behavioral interviewing, appropriate assessment tools
  - ▶ Rewards and Recognition
    - Feed the passion for their chosen profession
  - ▶ Benefits:
    - Encouraging healthy lifestyles - loss ratio? (MLR)
    - Jumping too often not a great strategy
    - Benefits Administration Costs
  - ▶ Compensation:
    - FMV – understanding your marketplace
    - Creative scheduling
    - Pay for performance
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# Recruiting and Interviewing

**KEY ATTRIBUTE: COMMUNICATION/INTERPERSONAL SKILLS** Clearly and readily express self actively listen and work well in team environments. Strong communication skills important to safety, success of understanding, respectfully consider others' views, even when they conflict with candidate's own.

**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? How do you feel? 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 general of communication and/or cooperation. (What was the situation? How did you feel? How did you feel? Describe a time when you had to communicate a sensitive subject to a co-worker, patient or family member. What was the question? How did you feel? How did the situation turn out?)
3. Describe the situation in which an communication led to a negative view. Tell me a time this happened to you. What was the situation? How did you feel? How did the situation turn out?
4. Tell me about a time you had to present through a group situation for a person or group without a technical or clinical background. What was your reaction? How did you feel?

BEGINNING	BEGINNING
MIDDLE	MIDDLE
END	END

Observations \_\_\_\_\_ Communication/Interpersonal Rating

— Our Values —  
 Respect – Innovation – Trust – Energy

- ▶ Key Attributes
- ▶ Behavioral Questions
- ▶ Candidate tells stories:
  - Situation
  - what they did
  - end result
- ▶ Keep Candidates “out of the woods”
- ▶ Did answer match
  - Key Attribute?
  - Values?

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# Peer Interview Process

- ▶ All interviewers trained on behavioral interviewing (a.k.a. targeted selection)
- ▶ Administrator Screens Resumes
- ▶ Top 3 qualified candidates interviewed
- ▶ Peers are A Players
  - Especially those that support the core values of the organization
- ▶ The “interview team” decides

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# Benefits and Compensation

- ▶ Are all administrator jobs the same?
- ▶ How about other positions: DON, BOM, OR Nurse, OR Tech, Front Desk, Materials Manager, etc.?
- ▶ When is it appropriate to pay more or less than the Median Salary?

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### Job grading

Pay Grade	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
Position	Years of Service																		
Director of Nursing													0-7	7-13	13+				
Business Office Manager						0-7	7-13	13+											
Administrator															0-7	7-13	13+		
OR Nurse									0-7	7-13	13+								
Pre-Op / PACU RN						0-7	7-13	13+											
OR Tech						0-7	7-13	13+											
Mat. Mgr					0-7	7-13	13+												

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- ### Job analysis... “point factors”
1. Knowledge and Skill
  2. Supervisory Controls
  3. Guidance Provided
  4. Complexity of the job
  5. Scope and Effect
  6. Personal Contacts
  7. Purpose of Contacts
  8. Physical Demands
  9. Work Environment
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### Point Factor Analysis

Items 3: Guidance Provided

**FACTOR 3: GUIDELINES SCORE:**

- Level 3-1 (25): Specific, detailed guidelines covering all important aspects of the assignment are provided to the employee. The employee works in strict adherence to the guidelines. Deviations must be authorized by the supervisor.
- Level 3-2 (125): Procedures for doing the work have been established and a number of specific guidelines are available. The number of similar guidelines and work situations requires the employee to use judgment in locating and selecting the most appropriate guidelines, references, and procedures for application and, in making minor deviations, to adapt the guidelines to specific cases. At this level, the employee may also determine which of several established alternatives to use. Situations to which the existing guidelines cannot be applied or significant proposed deviations from the guidelines are referred to the supervisor.
- Level 3-3 (275): Guidelines are available, but are not completely applicable to the work or have gaps in specificity. The employee uses judgment in interpreting and adapting guidelines, such as organization policies, government regulations, precedents, or work directions, for application to specific cases or problems. The employee analyzes results and recommends changes.

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### Recruiting and Retaining "A" Players

Reduced Turnover	\$30,000
0.9% First Year Comp Savings	\$10,000
Second Year Comp Savings	\$30,000
Third Year Comp Savings	\$70,000

**Avg ASC Total: \$25,000 to \$100,000 Annually**



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### 3 Strategies

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3. Implement an HR information System (HRIS)

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### Coaching and Mentoring

Attitude

Attendance

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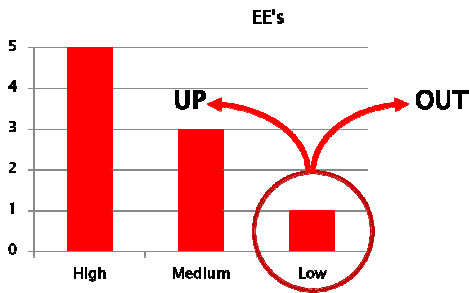
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## Move Low Performers – Up or Out!




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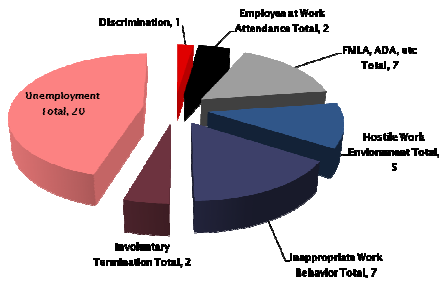
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## Typical Healthcare Employer Risk Profile:




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## Top 10 Risks of Being an Employer

Risk Area	Level			Related Risk Cost			Weighting Factor	Factored Risk		
	Low	Medium	High	Low	Medium	High		Low	Medium	High
Discrimination	low	medium	high	\$25,000	\$50,000	\$100,000	1.00	\$25,000	\$50,000	\$100,000
Employee Attendance	low	medium	high	\$25,000	\$50,000	\$100,000	0.10	\$2,500	\$5,000	\$10,000
Employee Work Productivity	low	medium	high	\$25,000	\$50,000	\$100,000	0.25	\$6,250	\$12,500	\$25,000
FMLA, ADA, etc.	low	medium	high	\$25,000	\$50,000	\$100,000	0.50	\$12,500	\$25,000	\$50,000
Hostile Work Environment	low	medium	high	\$25,000	\$50,000	\$100,000	1.00	\$25,000	\$50,000	\$100,000
Inappropriate Work Behavior	low	medium	high	\$25,000	\$50,000	\$100,000	0.15	\$3,750	\$7,500	\$15,000
Involuntary Termination	low	medium	high	\$25,000	\$50,000	\$100,000	0.25	\$6,250	\$12,500	\$25,000
Sexual Harassment	low	medium	high	\$25,000	\$50,000	\$100,000	1.00	\$25,000	\$50,000	\$100,000
Unemployment	low	medium	high	\$25,000	\$50,000	\$100,000	0.10	\$2,500	\$5,000	\$10,000
Work Comp	low	medium	high	\$25,000	\$50,000	\$100,000	0.20	\$5,000	\$10,000	\$20,000

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## Costs Associated with Discipline Issues

Risk Areas	Factored Risk		
	Low	Medium	High
Employee Attendance	\$2,500	\$5,000	\$10,000
Employee Work Productivity	\$6,250	\$12,500	\$25,000
Hostile Work Environment	\$25,000	\$50,000	\$100,000
Inappropriate Work Behavior	\$3,750	\$7,500	\$15,000
Involuntary Termination	\$6,250	\$12,500	\$25,000
Unemployment	\$2,500	\$5,000	\$10,000
<b>Total Annual Estimate</b>	<b>\$21,250</b>	<b>\$95,000</b>	<b>&gt;\$190,000</b>

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## 3 Strategies

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## How HRIS Produces Profit

### Automated Timekeeping/Payroll Integration

28 FTE employees **28 FTE's**  
 7 minutes on each "side" **x 7 hrs/day**  
 of the shift per FTE per day  
 Average \$50K/FTE/Yr **x \$29/hr**  
 240 workdays per year **240 days/Yr**  
**\$48,720/Yr**

**\$50,000 Annually**

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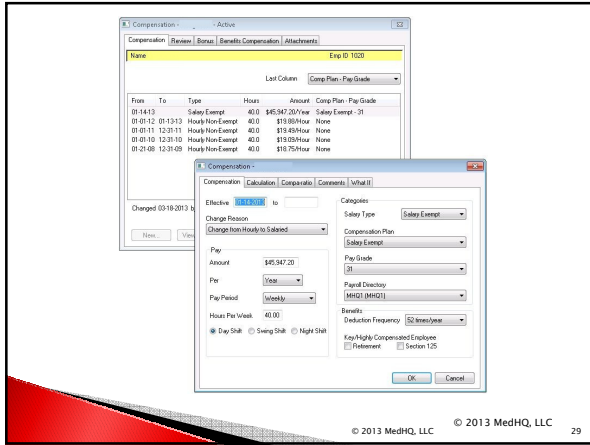
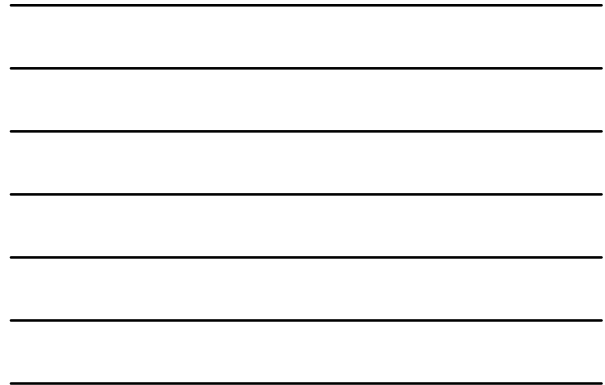
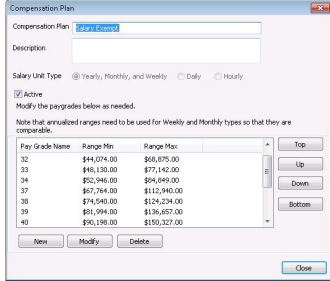
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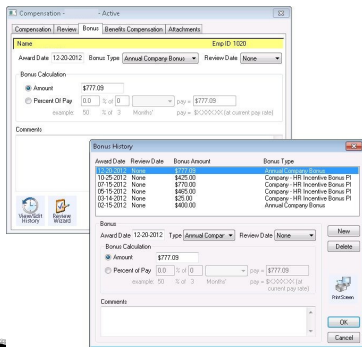
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# How HRIS Produces Profit

## Compensation Systems Online



## Compensation History Records



## Compensation Approval Process

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## How HRIS Produces Profit

### Employee Electronic Time Off Request System

Type	Period Start Date	End Date	Amount	Balance	Adjusted	Available
Medical Leave	01/01/2013	01/01/2013	0.00	48.00	0.00	48.00
PTO	06/01/2012	06/01/2012	48.00	36.00	0.00	36.00
Personal Leave	01/01/2013	01/01/2013	0.00	16.00	0.00	16.00

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## How HRIS Produces Profit

**Eliminate Time Wasting Issues**  
 28 FTE employees **28 FTE's**  
 10 minutes per FTE per day **x 3.33**  
 Average \$50K/FTE/Yr **x \$25/day**  
 240 workdays per year **240 days/Yr**  
**\$32,343/Yr**  
**Avg Total: \$32,000 Annually**

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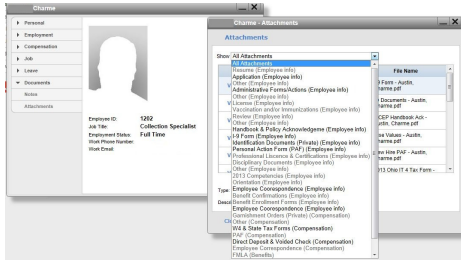
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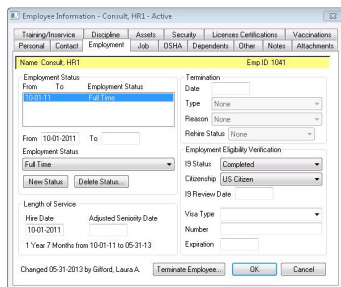
# How HRIS Produces Profit

## Employee Electronic Document Filing

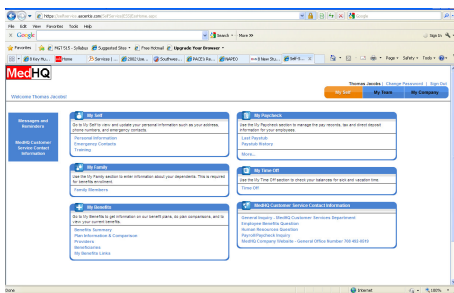


# How HRIS Produces Profit

## Employee Employment History File



# Human Resources - HRIS







## Close and Thank You

Thank you for listening today!

Please feel free to contact us at any time.

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