

# Improved Labor Cost Management Saves \$30M and Boosts Employee Retention

## INTEGRIS

### RESULTS

- ▶ **\$30M** in labor cost savings

### PRODUCTS

- ▶ **Health Catalyst® Data Platform**
- ▶ **PowerLabor™**

### EXECUTIVE SUMMARY

National healthcare labor costs have increased considerably in recent years, accounting for a significant portion of hospital budgets. INTEGRIS Health faced challenges managing its labor costs due to limited actionable data. By leveraging its data platform and analytics tools, the organization gained insights into labor expenses, hospital hours, and pay metrics. This allowed finance and operational leaders to identify cost drivers and opportunities for improvement, enabling INTEGRIS Health to manage labor costs while maintaining high-quality patient care effectively.

### LABOR COST MANAGEMENT KEY TO DECREASING COSTS

Hospital labor costs account for nearly 60 percent of the average hospital's expenses, with total national labor costs increasing by more than \$42.5 billion in recent years.<sup>1</sup> Effective labor cost management is essential to controlling expenses and enabling healthcare organizations to continue delivering excellent patient care.

### LACK OF DATA HINDERED IMPROVEMENT EFFORTS

INTEGRIS Health's labor costs had substantially increased. For the organization to continue its vital mission to serve Oklahomans, it needed to improve labor management and decrease costs while meeting patient service demand. The organization recognized its need to improve affordability, but a lack of actionable data impeded improvement efforts.

Teams could identify budget variances but couldn't access the underlying data required to determine variance drivers or assess improvement opportunities. INTEGRIS Health needed a solution to support data-informed improvement efforts.

## OPTIMIZING LABOR MANAGEMENT

The Health Catalyst® Data Platform and PowerLabor™ application were the solutions INTEGRIS Health needed for detailed, high-quality, actionable data. For the first time, INTEGRIS Health can quickly access labor cost data, including aggregate and individual hospital hours and earnings, productive hours, non-productive hours, various types of premium pay by hours and percentage, earnings by general ledger code, and more. Finance and operational leaders can quickly analyze data to identify cost drivers and improvement opportunities.

Using its detailed data, INTEGRIS Health identified variance within registered nurse (RN) pay rates. The organization was able to drill into its data and review job codes and positions across various hospitals and departments, identifying higher than desired utilization of internal contingent float pool RNs and external contingent RNs. It was found that internal contingent RNs were being used more frequently than previously understood.

In addition to evaluating internal and external contingency staff spending, INTEGRIS Health evaluated the core staffing systemwide, evaluating worked hours to average daily census and patient demand, and identified gaps in core staffing, with many departments falling short of core staffing targets.

The organization developed and implemented a comprehensive labor strategy to stabilize core staffing, reduce internal and external contingency spending, and retain its RN staff. INTEGRIS conducted a market analysis and then made the following changes:

- ▶ Reduced internal contingent RN wage rates, consistent with other market rates, reduced external contingent labor rates, and utilization of external labor.
- ▶ Provided an enhanced sign-on bonus necessary for growth, meeting patient demand, and facilitating internal contingent float pool RNs moving into core staff positions.
- ▶ Increased dayshift weekend differential and “as needed” pay rates and increased the minimum commitment of RNs in this role.
- ▶ Implemented weekend-only licensed practice nurse and nurse tech positions.



### ABOUT INTEGRIS HEALTH

As the state’s largest not-for-profit and Oklahoma-owned healthcare system, with 11 hospitals, numerous specialty clinics, family care practices, and centers of excellence, INTEGRIS Health is committed to partnering with people to live healthier lives.



***Utilizing high-quality data transformed how we approached our labor strategy. It allowed us to understand and quantify detailed opportunities we couldn’t effectively assess before, ultimately saving \$30 million while retaining the talent that drives our success.***

Justin Wiser, MBA, Vice President, Chief Financial Officer Hospital Enterprise, INTEGRIS Health

- › Established an RN referral bonus program, a preceptor bonus program, and an RN retention bonus.
- › Provided market adjustments for staff working in job families with pay rates below the surrounding market.

INTEGRIS Health uses capacity and demand planning analytics to align labor utilization with patient needs, improve admission processes, decrease administrative inefficiencies, and increase the number of patients seen daily. The organization implemented workflow changes to ensure patients receive timely inpatient admission. Using capacity and demand planning analytics, INTEGRIS Health predicts each patient's length of stay (LOS) and visualizes the observed over-expected (O:E) LOS. Care teams use the O:E data to ensure they provide interventions to progress patients to safe discharge, increasing overall hospital capacity.

## RESULTS

INTEGRIS Health's data-informed labor management strategy stabilized its staffing, decreased external contingent staff spending, and increased retention while reducing costs. The organization has realized:

- › **\$30M in labor cost savings, the result of a 50 percent reduction in external and internal contingent staff spend, a five percent relative decrease in cost per adjusted discharge, and a six percent relative increase in the number of adjusted discharges.**

## WHAT'S NEXT

INTEGRIS Health will continue to use its data platform and applications to improve labor-management effectiveness.



*Access to reliable data gave us the clarity to align staffing with patient needs. It wasn't just about saving costs but ensuring our teams were supported, and our patients received the best care possible.*

Patti Thompson, MBA, NEA-BC, CPHQ, Vice President Chief Nursing Officer, INTEGRIS Baptist Medical Center



## REFERENCES

1. American Hospital Association. (n.d.) *Cost of Caring*. Retrieved from <https://www.aha.org/costsofcaring#:~:text=Hospital%20Labor%20Costs,of%20the%20average%20hospital%27s%20expenses>

## ABOUT HEALTH CATALYST

Health Catalyst is a leading provider of data and analytics technology and services to healthcare organizations committed to being the catalyst for massive, measurable, data-informed healthcare improvement. Its more than 500 clients leverage the cloud-based data platform or its other software applications—powered by data from over 100 million patient records and encompassing trillions of facts—as well as its analytics software and professional services expertise to make data-informed decisions and realize measurable clinical, financial, and operational improvements. Health Catalyst envisions a future in which all healthcare decisions are data informed.

Learn more at [www.healthcatalyst.com](http://www.healthcatalyst.com), and follow us on X, LinkedIn, and Facebook.