



Making Healthcare Better, One Job at a Time



# MANAGING THE GROWTH AND COMPLEXITY OF THE CONTINGENT LABOR FORCE IN HEALTHCARE

## INTRODUCTION

Contingent nurses, physicians, and allied professionals are typically recruited and placed by staffing companies. Combined, all these clinical professionals fall far short of the 1.6 million contingent health workers. Contingent health care work, therefore, encompasses a wide range of other roles held by hundreds of thousands of non-clinical staff. Recruiting, engaging, and managing this vast workforce pool in a complex environment requires ever-increasing levels of management focus and operational resources.

### Projections of healthcare professionals in the future:



Employment in health professions is expected to grow 18% from 2016 to 2026, much faster than the average for all professions, adding about 2.4 million new jobs



The US will need to hire 2.3 million new healthcare workers by 2025 to adequately care for an aging population.



By 2030, the estimated shortage of primary care physicians could increase from 18,000 to 49,000.



There are currently around 1 million registered nurses over the age of 50, which means that one-third of the workforce could be of retirement age in the next 10-15 years.

The composition of the healthcare workforce is changing dramatically in both size and complexity. Healthcare organizations and professionals are taking advantage of new technologies and new workforce management models to meet their demands. Many healthcare workers work in flexible models and do side jobs as part of a non-traditional workforce. Healthcare companies often benefit from contingent labor, also called contingent labor. From a cost perspective, a flexible and contingent healthcare workforce can help healthcare companies save on employee expenses.

In the United States, 40 percent of workers are now employed in “alternative work arrangements,” such as contingent labor, part-time work, or gig work.

## CONTINGENT LABOR IN HEALTHCARE & CHALLENGES

- As might be expected, the most visible part-timers in healthcare are those who provide direct patient care, including doctors, nurses, and allied professionals. When health professionals talk about "contingent workers" they often mean nurses, but it is much more than just nurses and doctors.
- Most hospital staff today are a diverse mix of full-time equivalents (FTEs), including permanent nurses, traveling nurses, per diem nurses, and hourly and contract staff. They are joined by thousands of allied health professionals such as therapists, technologists, and others who work on a temporary or contingent basis, as well as contingent doctors, known as "locum tenens".



"The American Staffing Association reported that there are 16 million temporary and contract workers in the U.S., of which ten percent, or about 1.6 million, work in healthcare."

## A PROMISING, UNIFIED MODEL FOR MANAGING CONTINGENT LABOR

### IMPORTANT FACTORS TO CONSIDER WHEN EVALUATING YOUR POTENTIAL WORKFORCE UTILIZATION

#### 1. The Sourcing Process

- What is your process for acquiring contingent labor?
- Do you use any technology to manage this?

If you are responsible for managing the entire recruitment process from initial requisition, and creation, to time collection and invoicing, you understand the need for a streamlined contingent labor acquisition process. Exceptional contract work specialists prioritize their time, spot deficiencies quickly, and know when to seek the help of an outside expert.

## 2. Awareness

- Do you know where your labor staff is coming from?
- Do you know which departments in your organization are using what labor?

Healthcare organizations need a real understanding of their processes – and not just data, but real-time data coupled with expert analytics to understand what the data means and how to act on it. And if you're working with a managed service provider, you'll want to stay as proactive as possible and respond to emerging insights as they happen—not next month or next quarter, but when they happen. The same is needed when working with a contingent labor or VMS supplier.

## 3. Contract Terms & Rates

- Are you spending a lot?
- Do you have full visibility and control over labor costs and rates?

An open market and full transparency are key ingredients necessary to successfully manage contingent labor. An open ecosystem enables healthcare organizations to make better decisions to improve their business. Combining real-time market data with exchange management tools such as VMS can facilitate better fill rates, reduce vacancies, and lower overall costs.

## 4. Services

- Do you need more than just technology to manage your staff?

From managing accounts, clinical interviews with nursing candidates, and managing the entire process from initial requisition creation to time collection and invoicing, it's a demanding task with a limited amount of time to fill each day.

While a VMS will streamline and standardize the management of contingent workers across a healthcare organization to reduce costs and increase time savings, a knowledgeable managed service provider can ensure that your organization remains proactive and non-reactive when it comes to temporary staffing.

## 5. Vendor Management System

- Is your system vendor-neutral?
- Are you able to add new suppliers?

Don't be locked into one supplier. Choose a vendor-neutral system that can achieve true scalability by adding vendors as needed. When all vendors are on a level playing field, healthcare organizations benefit from true competition, which leads to lower billing rates and higher staffing quality.

## **6. Managed Service Provider**

- Are your managed workforce solutions designed to meet the requirements of Locum, Nursing, Allied, and Non-Clinical Professional Services?

Managing multiple staffing agencies can be a time-consuming and frustrating process. And with email and phone communication, tracking your progress, managing costs to budget, and gaining insight into quality and performance metrics is nearly impossible unless you partner with an industry-leading MSP provider.

The MSP provider engages all stakeholders to ensure competitive market rate structures and supplier commitments by creating a panel of suppliers across all geographies. In addition, HR experts will manage the entire process and serve as a single point of contact that acts as an intermediary between suppliers and your internal stakeholders.

## **7. Compliance**

- Is there an easier way to gather the necessary candidate documentation, certifications, licenses, etc.?
- Do you have the resources for effective implementation?

All certifications, documents, and other health information are verified and uploaded to ensure 100% HR compliance when you choose to work with an expert MSP provider.

## **8. Impact on Organization**

- What impact do you expect to have in your organization when you implement a contingent workforce management system?

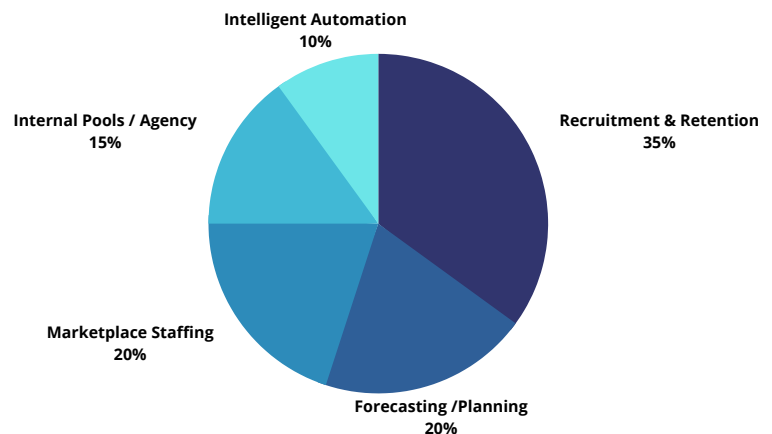
Every healthcare organization should strive to achieve a healthy balance of contingent labor utilization, which is necessary to balance supply and demand in the

ever-changing healthcare labor market. By establishing positive relationships with supplier partners, management can ensure that all involved add value and contribute positively to more favorable patient outcomes and financial stability.

## Step 1: Evaluate your contingent workforce channels

How much resources & time are you allocating to your contingent workforce channels

1. Recruitment & Retention- 35%
2. Forecasting /Planning- 20%
3. Marketplace Staffing-20%
4. Internal Pools / Agency-15%
5. Intelligent Automation-10%



## Step 2: Review the Components of the Cost

1. Shifts/hours that need to fill the vacant positions
2. Price per hour

## Step 3: Preparing a strong management strategy

A multi-pronged strategy with cost and quality objectives includes:

- **Forecasting/Planning** - A process to predict how a company's staffing needs change with time so that the management is prepared to operate successfully. The key components include:
  1. Right algorithms for predicting the demand of workers based on historic trends, certain events, and current scenario
  2. Hiring for flexibility with a mix of skills and whether on a full-time, part-time, or per diem basis
  3. Right algorithms and calculations are done for backfill
- **Intelligent Automation** - Intelligent automation allows clinical and administrative staff to focus on higher-value work by automating everything that can be automated.

This can be done through:

1. Remote Patient Monitoring- RPM with intelligent algorithms can optimize the need for human attention. RPMs not only have the ability to reduce nursing workload by 15-20% in IP settings but also create additional quality and revenue opportunities for the same patients at home
2. Virtual Care Companies- It enables better outcomes with lower staffing. The new technology has enabled higher patient engagement levels
3. Dynamic acuity, LOS, and Capacity Modeling- New methods of data activation enabling real-time acuity and LOS activities.

## Benefits of Contingent Labor Management

Contingent workers offer several benefits to the businesses, hospitals, medical groups, and other organizations that use them

- **Finance** – Businesses do not have to collect and pay taxes on workers' paychecks, nor do they have to provide health benefits, sick leave, or vacation days. It will also save on recruitment, onboarding, and onboarding costs, as well as payroll and HR costs.
- **Flexibility** – An important benefit for hospitals and medical groups, in particular, allowing them to “right-size” as needed, staffing during periods of high usage, and adapting to fluctuations in usage. Healthcare organizations are no longer limited to a staffing model based on a set number of FTEs that must be maintained regardless of how many workers may actually be needed at any given time. This in turn reduces the regular need to fire permanent staff, which can be demoralizing for the entire staff.
- **Expertise** – Contingent workers also allow healthcare facilities to tap into specific expertise that they do not have in-house but may only need for a limited time. For example, hospitals or physician groups may use contingent clinical professionals, such as nurse practitioners or physicians, to maintain patient care while training permanent staff on how to use the new EHR. Using contingent labor can also focus management on planning ahead and meeting deadlines because workers are only on-site temporarily and projects must be completed before they leave.

Another convenient and transparent method of finding the right employees, whether permanent or contingent, is posting jobs on online platforms such as DirectShifts a modern way to find the right healthcare professionals for your organization.



You can publish your medical papers here with just one click! At DirectShifts, we help healthcare professionals find jobs that are right for them. If you want to schedule a demo right now, let our experts help you in order to ensure you a successful hire!

## Managing the future

After COVID-19, it is clear that the healthcare workforce and the healthcare system itself will be subject to increased volatility. Even under normal circumstances, job needs are constantly changing as technology, demographics, health risks, the economy and other factors change. The use of contingent labor allows hospitals and health systems to remain flexible and responsive in a rapidly evolving environment. As the contingent workforce grows in size and complexity, new, innovative systems will be needed to ensure that contingent workers are acquired, credentialed, scheduled, paid, and managed appropriately and cost-effectively. These systems are already in use and will evolve as the health system evolves to meet new challenges and changes.

**Get in touch with DirectShift's workforce contingency management experts today!**