

Overcoming the Nursing Shortage: StaffBid™ Helps Hospital Reduce Contract Labor

THE SITUATION

In early 2004, Rio Grande Regional Hospital (Rio Grande), a 320-bed Hospital Corporation of America (NYSE: HCA) facility in fast-growing McAllen, Texas, was feeling the pinch of the nationwide nursing shortage. Despite aggressive national recruiting efforts and generous signing bonuses, the hospital's nurse vacancy rate was hovering around 20 percent, contract labor costs exploded to \$800,000 in the first quarter of 2004, and morale among the hospital's 500-plus full-time nurses was near an all-time low.

THE SOLUTION

In search of a solution, the hospital decided to experiment with a new staffing concept called shift-bidding. The idea is straightforward: Create a system that allows full-time employees to compete for unfilled shifts that typically go to agency nurses. By increasing the financial incentive for full-timers to add extra shifts, the dependence on agency labor is reduced.

Rio Grande rolled out StaffBid™, a shift-bidding platform developed by Austin, Texas-based Decision Critical, Inc., in August 2004.

"When we saw that the average savings we gained in just the first pay period was around \$14,000, we were ecstatic . . . the numbers have gone up from there," ~ Carol Heckenkemper, Director of Perioperative Services

THE RESULTS

A year later, the nursing landscape at Rio Grande has changed dramatically, thanks to StaffBid™.

• LOWER COSTS

All told, StaffBid™ has helped Rio Grande reduce its agency labor expenses by 55 percent, from a peak of \$800,895 in the first quarter of 2004 to \$372,000 in the first quarter of 2005. The percentages have been even greater in some clinical departments. Contract labor costs in the medical-surgical unit, for example, have fallen by 91 percent, from \$72,000 in Q1 2004 to just \$6,000 a year later.

- Net nurse savings of \$327,000
- 55% agency labor expense reduction
- Med-surge contract labor costs have fallen by 91%

• DECREASED CONTRACT LABOR

Compounding the hospital's difficulties was intense competition for a limited pool of local nurses among three acute-care facilities in the McAllen metro area. The competition for local nurses was so fierce that nurses would routinely accept signing bonuses and then jump to a competing hospital for a larger bonus and a promise to buy out the nurse's previous employment contract.

Perhaps one of the most telling facts that reflect the success of StaffBid™ has been the decision by at least 20 agency nurses to leave contract employment and join the hospital as full- or part-time employees. The number of contract nurse FTEs has fallen by more than half - from 70 to about 30.

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• IMPROVED PRODUCTIVITY

Efficiencies also are gained through the vastly simplified process of filling open shifts. In the past the hospital's staffing coordinator and nursing directors would spend hours on the phone scrambling to find people to fill open shifts. Now, the director rarely places more than a few calls because most of the staffing needs are met with StaffBid™.

• IMPROVED MORAL, STRONGER TEAMS

StaffBid™ has produced other benefits at Rio Grande. First and foremost is improved morale among staff nurses. Lisa Saenz, an eight-year RN in Rio Grande's labor and delivery department, says that before StaffBid™, full-timers weren't interested in picking up extra shifts because they didn't think the additional hours were worth the aggravation. But with staff overtime rates now matching agency rates, interest has improved greatly.

Nadine Barnes, RN director for the labor and delivery and antepartum departments, says one unexpected benefit produced by StaffBid™ has been the strengthening of teams in her departments. Because most of the nurses on Barnes' four, 11-person teams are qualified to work in both labor and delivery and antepartum, StaffBid™ has generated considerable mixing among team members who had previously worked exclusively for only one team. The result has been stronger relations between the teams, "less backbiting" and new opportunities for individuals to learn different skills and techniques.

• BETTER PATIENT CARE

At the same time, the continuity of care across the department and physician relations have been strengthened due to the diminished reliance on agency nurses and greater reliance on full-timers. "The physicians aren't saying 'I'm seeing a different nurse everyday,' and that was common in years past," Dassler says.

Complaints from patients also have been reduced.

"We were relying so heavily on agency nurses that we were having patient satisfaction issues," Dassler acknowledges. "They would complain about not seeing the same nurses, the nurses not knowing them or not knowing the facility or even not speaking well of the facility. With some agency nurses, there is just not the same level of commitment. So we recognized that we had a problem and we acted."

THE BOTTOM LINE?

Rio Grande's success with staff-bidding underscores the viability of a concept that many predict will become a major tool for hospitals hard hit by the nursing shortage, high nurse turnover, poor morale and rising contract labor costs.

So, do the professionals at Rio Grande think shift-bidding is a viable solution to the nursing crisis?

"It's an idea that just makes intuitive business sense. The hospital is improving its margin and reducing its reliance on agency labor. At the same time, the premiums you pay for the labor you need are going to your own employees. So that helps improve morale and strengthen recruitment and retention. Basically, you win both ways." ~ John Beaman, CFO, Rio Grande

"With StaffBid", DCI gave us the tool we needed to decrease our dependence on contract labor, improve morale among our nurses, improve patient and physician satisfaction and save more money than we ever imagined. StaffBid" is truly an ingenious and effective approach to reducing hospitals' reliance on agency nurses during the current nursing shortage." ~ Carol Heckenkemper, Director of Perioperative Services

Apparently so.

"I love my job and I love what I do here. That wasn't the issue. It's just that you want some kind of incentive if you're going to come in on your day off and be away from your family and work extra hours. And that's what StaffBid™ offers. I feel like I'm getting paid what I deserve." ~ Lisa Saenz, RN, Rio Grande

Unlike agency nurses, staff nurses are much more familiar with the procedures, personnel and patients in the hospital. That necessarily translates into improved care.