

Staffing Incentives: A Critical Tool

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Facing declining patient volumes and tough economic times, hospitals have sought, for the past several months, to minimize costs by reducing staff. Layoffs have been abundant as hospitals have attempted to get by with a leaner staff. However, prudent leadership teams should be mindful that any uptake in patient volume – driven, for example, by a bad flu season – can leave a hospital stranded and scrambling to increase staff. Also, assuming some version of healthcare insurance reform passes to reduce the number of uninsured, it can be expected that at least 10 million additional people will enter the healthcare system. The work demand of care providers such as internists, hospitalists, nurses, and personal care assistants will undoubtedly increase exponentially. It is important for health leaders to look forward and be prepared for a potential increase in demand using all available tools, including one of the most valuable tools – a well-defined incentive program.

Incentives can be a powerful tool to increase workforce capacity when patient volume or intensity increases. A sound and effective incentive program must be time limited, proactively initiated only when very specific predetermined conditions and criteria are present, and provide the type of incentive that motivates the target population. All three of these characteristics must be present; otherwise, an incentive program quickly becomes a very expensive exercise in staffing frustration – one that is difficult to reverse.

Having an incentive program that is time limited prevents it from becoming embedded within the compensation structure or seen as a “given” by the employees. Also, by limiting an incentive to a short period of time, management can evaluate its cost versus its efficacy. For example, limit an incentive to only winter months when workload is expected to exceed the workforce’s capacity. Or, host a popular national event and offer an incentive to staff to commit to be available to work extra shifts during that specific week if needed. By using an incentive in a time limited manner, employees may be more motivated to commit to work while the incentive is available.

Incentives also need to be based on specific criteria and set to motion in a proactive manner. A common mistake seen in some organizations is to put in place a “crisis incentive bonus” intended to be used for a severe shortage of staff, but is unfortunately constructed in a way that incents the staff to drive the system into crisis in order to collect the incentive pay. A preferred operational solution is to offer additional incentives to staff who commit to be available to work before a crisis occurs, especially during high risk periods. Other organizations have experienced success in offering staff a bonus to sign up to be available for work before the schedule is posted. By using pre-determined quantitative based criteria, such as staffing deficit by department or nursing intensity measures, an incentive bonus can be enacted if needed. The result is adequate staffing, and the system never reaches the crisis point. The criteria-based proactive approach can save countless hours of work typically spent in trying to find adequate resources.

By definition an incentive should motivate the workforce to fulfill the needs of the system. Most incentive systems are based on financial rewards; however an increasing number of studies indicate that time away from the workplace is highly valued by nurses and other healthcare workers and should be considered in an incentive program. Another alternative is to use the annual or biannual employee surveys to understand the workforce specific motivators to build into an incentive program.

However, a cost-effective incentive program should always be preceded by a sound staffing and scheduling system. As powerful and useful as a good incentive system can be, it cannot replace a scheduling system constructed to align with the projected workload and administered so that work assignments are as

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equitable as possible. Benchmarking current resource utilization against similar healthcare organizations and departments can serve as good, reliable check of efficiency. Continual scheduling inequities that are perceived to drive an unreasonable or unpredictable workload are a strong motivator for employees to leave an organization. An effective scheduling system is the most efficient and cost-effective manner to save operational dollars and retain staff. However, healthcare workload volumes do tend to fluctuate with seasonal pathogens, physician practice patterns, and other unpredictable patterns necessitating additional workforce resources.

As the healthcare reform comes into focus and changes the manner in which care will be accessed and provided, new techniques will be needed to retain the current workforce and attract new entrants. Using tools such as a sound incentive program will continue to be a powerful tool for health leaders to meet future challenges.

For more information on staffing incentives and other ways organizations can substantially improve current operations while successfully navigating likely healthcare reform initiatives, please contact Dr. Bonnie Barndt-Maglio at bbarndt-maglio@thecamdengroup.com or 312.775.1716.