

HealthLeaders

An Agency of Their Own

Philip Betzeze, for HealthLeaders Media, January 28, 2008

Sometimes, when writing a story for the monthly magazine, *HealthLeaders*, you just don't get enough space to tell the whole story. That's not a problem here on the World Wide Web, so it's nice to have this space as an outlet when word counts conspire to wreck my storytelling.

Which brings me to the case of St. John Health in Warren, MI, a five-hospital system that recently trashed its old model of relying on agency nurses for much of its contingent staffing needs. You can read about the details in the finance section of the February issue of *HealthLeaders*, but I wanted to share a little more about what these people have achieved.

If I had a quarter for every time I heard a hospital CEO or CFO complain about the high price of labor, I could probably take a long sabbatical. If I had a dollar for every time I heard them complain about agencies and the cut they take for providing contingent nursing labor, I could probably retire at the ripe old age of 36.

But at St. John Health, a member of nonprofit giant Ascension Health, they're taking their quarters and dollars and spending them elsewhere, thanks to a retooling of the way they schedule their nurses.

In short, they made their nursing labor department into an agency. It didn't require expensive new capital investment in facilities, computer equipment, software or contracting. It did involve a lot of hard work, but the key to their transformation was a change in attitude toward nurses and their desire to create their own schedules. And they did it in 10 months. How? By essentially adopting the agency model of allowing nurses to create their own schedules, should they so choose.

"Having someone else dictate your schedule leads directly to turnover," says Nini Coury, corporate manager of the system staffing office at St. John Health. "We needed to give [nurses] the option to be the driver of their own schedules here at St. John rather than

having them feel they had to leave us and go to an agency to achieve that goal."

The change resulted in big savings--the kind of administrative savings hospitals are going to be challenged to achieve more and more in coming years as reimbursements get cut and as hospitals are forced to be more efficient in how they spend their limited funds.

For example, rather than spending \$60 an hour to hire an agency nurse to handle high-acuity times, St. John maintains a pool of some 1,300 contingent nurses who are able to schedule their own hours. That eliminates the premium paid to the agencies and allows the nurses to maintain the same or better level of pay than they were getting from the agency. Not to mention the administrative savings from cutting down on nurse turnover.

Although six-hospital St. John is a big system (Ascension's biggest), "this could work anywhere," Coury says. "To some degree what we're doing is fully adaptable to any size hospital or system. You have to stop thinking the way you always did and think like people in the agency business."

This is an example of how something as simple as changing attitudes can save big cash. The agencies are not happy. That must mean it's working.

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