



# Optimising Healthcare Resource Planning and Allocation

A balanced approach to managing labour and demand



## Introduction

Healthcare organisations everywhere are seeking to more effectively and efficiently use their labour resources and recruit new talent. The COVID-19 pandemic, with its unpredictable surges in volume and care delivery needs, has proven how critical it is to have the right staff in the right place at the right time. The operational challenges of the pandemic are compounded by aging workers and patients, nursing shortages, and an increasing complexity of care across all settings.

Unprecedented technological advancements that occurred during the pandemic have brought to light the importance of integrated solutions and are pushing companies over the technology tipping point. According to McKinsey & Company, “The crisis has brought about a sea change in executive mindsets on the role of technology in business. In our 2017 survey, nearly half of executives ranked cost savings as one of the most important priorities for their digital strategies.

Now in 2021, only 10 percent view technology in the same way; in fact, more than half say they are investing in technology for competitive advantage or refocusing their entire business around digital technologies.”<sup>1</sup>

Many healthcare systems have realised that without a centralised staffing and scheduling model they have limited systemwide resource visibility across their organisations. This inhibits their ability to efficiently manage labour resources and meet patient care demands. They are now taking the time to re-evaluate current staffing and scheduling processes to ensure that they can match the need for care with the right resources in the right setting.

Staffing and scheduling solutions are vital tools that enable healthcare organisations to plan and manage resources, both day-to-day and shift-to-shift. By centralising staffing and scheduling, organisations can streamline processes, improve accuracy of data and reporting, and reduce administrative burdens on operational leaders. By aligning staffing and scheduling with strategic initiatives, healthcare organisations can succeed in today’s financially volatile environment.

## Challenging times ahead

The 2020 Australian Industry Report on Public General Hospitals in Australia outlines that even though most hospitals utilise advanced technology, equipment expenses are lower than overall salary costs. Margins fell significantly, with declining volumes and escalating expenses compared to 2019. Due to the increase in labour costs relative to depreciation expenses, the industry's profitability has decreased slightly in the last 2 years with revenue for 2020 dropping by 0.54%.<sup>2</sup>

Healthcare organisations must have visibility into available labour resources in order to make fiscally appropriate, data-driven decisions about how workers are allocated. However, most healthcare organisations are unable to accurately obtain an adequate workforce supply to meet the projected and actual demand for care. Unplanned overtime, unused capacity hours, and an increased reliance on temporary workers have made the staffing and scheduling picture more costly and complex just as care demands are changing drastically. Staffing operations must adapt to meet these evolving consumer demands. When faced with a workforce supply that lacks pertinent qualifications or experience, organisations are at greater risk of adverse patient outcomes.

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***According to the Australian COVID-19 Frontline Healthcare Workers Study, several frontline workers during the pandemic reported their mental health was deteriorating. 1 in 10 of frontline health workers accessed the support they needed. Technology plays a critical role in reducing medical errors and ensuring the safety and care of patients and frontline workers in the industry.***<sup>3</sup>

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While I can say that COVID has been a challenge, it has definitely confirmed the need for a centralised model for staffing and scheduling. I can't tell you how many times I've heard over the last several months, if only we had our centralised staffing office in place. Work has continued around developing our plans for transitioning to a centralised staffing office model, with the goal to bring all staffing operations to one centralised hub where we can collaborate with our hospital system to approach staffing and scheduling as an enterprise.<sup>4</sup>

Melissa Winfield, System Nursing Operations Manager  
BayCare Health Systems

Healthcare labour is typically the highest controllable cost in an organisation. Executives know that current demands for care will continue to stress available labour resources, putting even more pressure on the need to minimise labour costs while maximising returns. The overall expense of labour is increasing, but more hospital leaders are focused on lowering labour and hospital related costs. COVID-19 saw the implementation of Virtual Wards in March 2020 until June 2020 which prioritised “patients with a COVID-19 diagnosis, who were deemed clinically safe to be managed at home” rather than having to utilise beds that were needed for more critical patients and eliminating additional costs related to sourcing beds.<sup>5</sup>

## Understanding staffing and scheduling models

Staffing is the ability to find the right employee with the relevant skills, licenses, certifications, and competency to complete the available assignment. Scheduling is the ability to plan and document specific resource availability pertaining to volume metrics or staffing matrices. To schedule and assign the necessary resources, organisations must have sustainable tools that are planned and budgeted for. These tools should combine variables such as employee availability and preference with organisational requirements such as skill and job mix and necessary competencies. There are three different approaches to staffing and scheduling used by healthcare organisations today. The most cost-effective and efficient approach is to centralise all staffing and scheduling operations, but this requires an effort to standardise workflows and processes across the organisation. When organisations are not fully ready for standardisation, we consider them to be on the journey toward centralisation.

### Healthcare staffing and scheduling models

#### Decentralised

- Staffing and scheduling decisions are managed at the unit or department level.
- The scheduling patterns and length of time that each schedule represents may differ (4 week vs. 6 week schedule with different shift rotation patterns).
- The responsibility to fill shifts is managed at the facility or unit level rather than in a central office.
- Units schedule and staff independent of other areas and don't have visibility beyond their team.

#### Hybrid

- The schedule is owned by each department leader (or designee), regardless of the methodology used to schedule, i.e., self-scheduling, patterns, etc.
- The department leader or designee finalises the schedule, then a centralised staffing office assumes responsibility for schedule changes.
- The staffing office works to anticipate staffing gaps and utilises tools/strategies to fill shifts.
- The staffing office may assume responsibility for allocating staff on off shifts, weekends, and holidays.

#### Centralised

- A single person or a dedicated team manages and oversees scheduling.
- Schedules are planned weeks in advance with a consistent approach across all units and departments.
- The centralised staffing team fills gaps when employees call in sick, take vacation, or volume or workload demands more staff.
- Delivers comprehensive visibility into resource allocation for cost containment.

Each healthcare organisation deploys the staffing and scheduling approach that best meets its needs. COVID-19 — and its attendant financial stress — has brought to light the critical importance of having visibility into staffing resources and renewed attention on the centralised approach to staffing and scheduling, which can be both cost-effective and efficient. Staffing to demand with the right resources is pivotal amidst an intense focus on the safety and wellness of employees and patients. Healthcare organisations are focused on resource management, but as patient volumes have fluctuated, their financial health has been challenged. In an industry where an organisation’s people are undoubtedly its greatest asset, ensuring front line talent is available to provide the highest quality care to patients has never been more critical than now.

## The benefits of centralised staffing and scheduling

In a centralised model, a staffing team is accountable for creating schedules and assisting with day-to-day staffing support. This centralised team assesses staffing for all units across the enterprise — filling necessary shifts with staff members from their internal resources, based on availability and qualifications. Automated skills and certification tracking help ensure that only nurses with the right training and experience are scheduled in the right place at the right time.

Centralised staffing and scheduling enable an organisation to streamline processes, improve accuracy of data and reporting, and reduce administrative burden on operational leaders. Unit leaders often spend an enormous amount of time working to fill gaps in staffing. Having one centralised function for policy adherence and decision making reduces subjectivity that can impact staff morale. It also provides the visibility you need to make real-time decisions that can reduce unnecessary overtime spend as well as the reliance on costly agency staff. Organisations that have utilised a fully centralised approach report that they are able to more effectively deliver fair and equitable schedules across all care units and settings.

**“Our UKG scheduling system takes the pressure off management and allows them to ensure optimum staff-to-resident levels, while providing roster flexibility to best-match employees to the available shifts, especially in the cases of absenteeism.”**

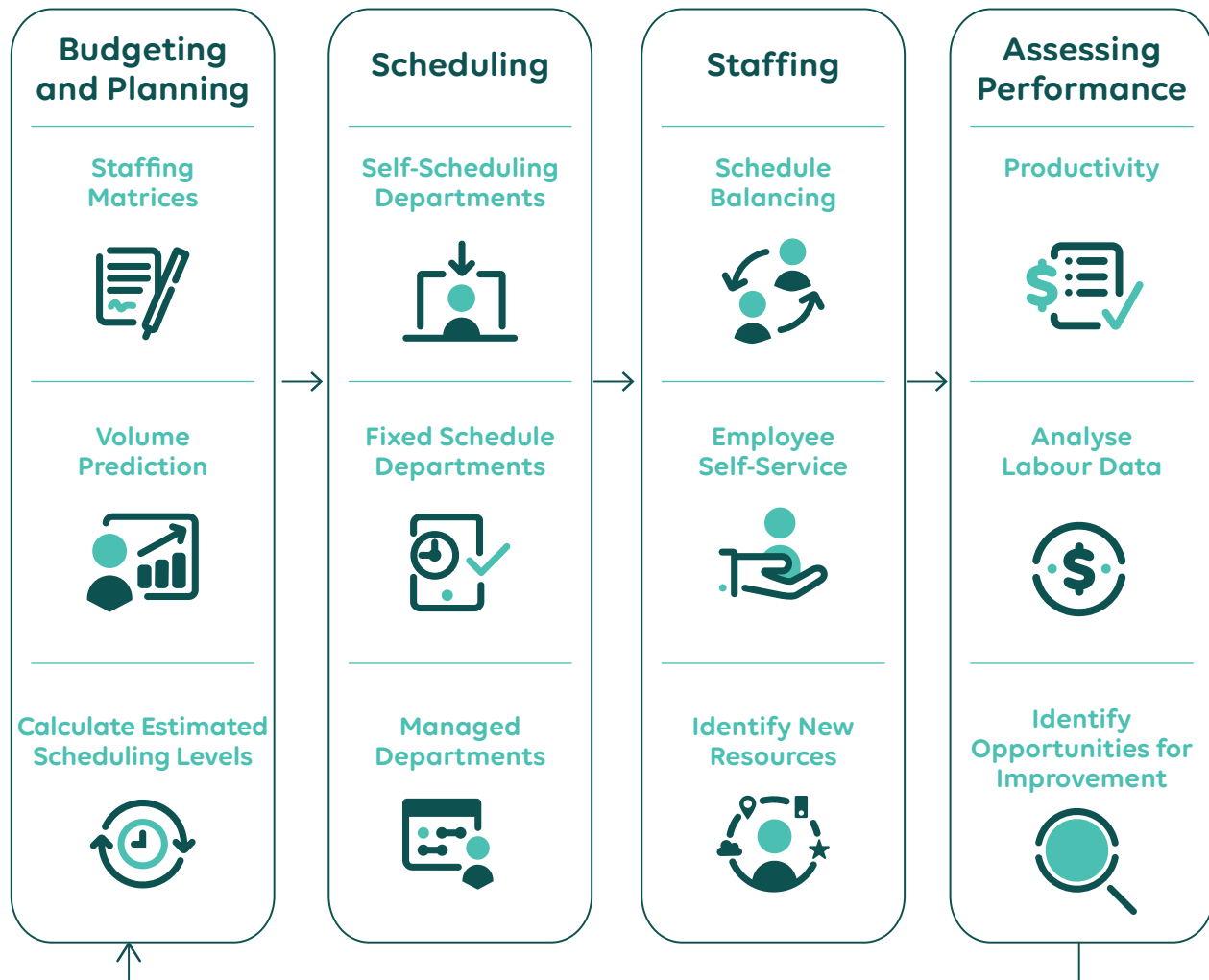
**Helen Sims, Payroll Manager  
Bupa Australia**

**As healthcare organisations continue to grow and expand, centralised staffing models are almost certain to be the future of healthcare staffing. From having an enterprisewide view of staffing needs to helping achieve care quality and safety goals, improving caregiver engagement and retention, and creating more positive work environments, centralised staffing answers a variety of strategic staffing and hiring needs.<sup>6</sup>**

**Meg Duffy, Senior Director of Staffing and University Outreach  
Cleveland Clinic**



## Budgeting and planning: The critical first step



No matter the staffing model you use, it's important to begin with budgeting and planning to establish the quantity of staff necessary to provide anticipated care. Several key metrics such as hours per patient day (HPPD), unit of service (UOS), and cost per patient day (CPPD) associated with the practice setting provide the metrics and financial goals that drive daily staffing decisions. These metrics provide a benchmark for each area of patient care to compare shift-by-shift or daily resource allocation to the volume of care activity required. Ultimately, the actual performance from each department is consolidated for leaders to review total cost and utilisation of resources.

Planning accurately for the correct number, skills, certification, and competency of employees needed for a specific schedule period is essential to have the right resources available to deliver and coordinate care. This results in a staffing matrix that provides managers with the flexibility to make decisions as needed to support the fluctuating care needs. At the same time, it supports the monitoring of day-to-day achievement to budgetary goals that are either cost-per-patient or hours-per-patient metrics.

## Effective scheduling sets you up for success

A centralised scheduling approach automates the creation of schedules based on forecasted patient volume, while also taking into consideration employee skills, experience, and preferences. You can more effectively predict future demand based on historical volume data and real-time patient flow from your ADT system and other patient flow technologies. Consistent use of metrics for expected volumes such as budgeted daily census, average daily census, hourly census, and forecasted volumes will bolster schedule accuracy and labour cost management.

## Self-scheduling boosts employee satisfaction

Employee self-scheduling is a key feature of the centralised scheduling model. Once needed staff levels are established, employees can select the shifts they would like to work. This allows the organisation to establish a baseline for the number of staff members required meet the anticipated demand for care based on selected metrics. Structured self-scheduling models enforce for each eligible staff member how many shifts must be selected, weekend or other day-of-week commitments, and skill or certification requirements — all in an automated fashion.

## Better manage float teams

With their high number of cross-trained employees, float teams benefit from a centrally managed approach. When a healthcare organisation has a broad view of which employees are eligible to work in certain units or facilities, there is more flexibility to ensure both schedule and care demands are met. It also allows greater insight to ensure employees are working their full FTE, since employee hours can be balanced across multiple units, mitigating the need for costly agency or temporary staff.

## Create a level playing field

Centralised staffing and scheduling promotes a fair and equitable process for all employees. While considering a centralised approach to staffing and scheduling, it is critical to have bidirectional communication venues available to the employee, scheduler, and staffer. For instance, there is less chance that a staffing coordinator working in a centralised function will know that Anna's child has soccer practice on Saturday morning or that Pat is in school every Tuesday night. Modern staffing and scheduling technologies allow employees to electronically document preferences and availability, so you have a holistic approach to the schedule decision-making process.

## Staffing to meet demand

Centralised staffing ensures appropriate resources are available to meet care demand so that positive outcomes can be achieved. You can minimise over and under-staffing with whole-house visibility and coverage indicators, fill open shifts efficiently through prioritised call lists and automated SMS text messages, and quickly rebalance staff based on workload and patient intensity.

Many organisations have difficulty identifying the actual available staff compared to the planned and current need. To fill a staffing need, organisations experience a flurry of phone calls, voice mails, emails, IMs, and texts as they attempt to fill that need. This activity creates communication gaps, isolates communication between individuals, and fails to provide transparency. Often organisations use staffing huddles to establish a unit-based list of staffing resources and associated needs. This takes valuable resources (e.g., leadership, seasoned clinical providers) away from unit work to share their subjective interpretations of staffing needs.

Digital transformation in healthcare has created opportunities for organisations to communicate across service lines, divisions, campuses, facilities, and even the system through tools customised to the user's scope of responsibilities — providing transparent, real-time communication. Whether staffing is a shared responsibility or centralised in a staffing office, staffing dashboards can provide whole-house, objective views that capture both labour supply and demand for care. Staffing dashboards allow user-defined groups to evaluate staffing per necessary skill mix, job mix, and license and certification requirements. Minimising staffing variances while meeting evolving care demands has a positive impact on patient outcomes and fosters an enhanced adherence to the organisation's financial goals.

Clinical leaders must have access to objective data in order to make appropriate staffing decisions. Although not ideal, split shifts may sometimes be required to bridge the gap for a four-hour time slot. Ideally, staff are allocated to a shift for an 8-hour or 12-hour segment and decisions are made within one to two hours before the shift start. This provides ample time for both the receiving unit and allocated staff to prepare and time for units where there are gaps to regroup, plan for the upcoming shift, or send out a quick SMS text with a last-minute call for help. Automated scheduling captures these steps, allowing charge nurses to remain engaged on their care unit.

## Assess performance with productivity and analytics

A fair amount of healthcare staffing and scheduling happens in the moment, so it's also important to periodically take a step back and assess overall performance. Did you build a good schedule ahead of time? How did the department react in the moment? No labour management process is complete without reflecting on past performance and seeing how well it lined up with your productivity goals. To be effective, this assessment needs to be timely. If you can only see results after the pay period, then that information is no longer actionable. Productivity data like labour hour data and actual workload metrics ideally should be available in real time and provide details on performance trends, giving you time to make adjustments and meet your goals.

While operational leaders need real-time, actionable information about their employees to guide in-the-moment decision making, back-office analysts and executives need broader views across the entire organisation to assess trends, correlations, and outliers. This helps you refine and improve staffing and scheduling plans. Getting visibility into these larger trends can help shape budgeting for the next year and influence systemwide labour initiatives to improve overall performance.

Some of the metrics you can examine include those related to absenteeism, overtime use, and on-call and callback programs. Another key metric is unused capacity, which refers to when employees are not working to their full, hired FTE level. If you have large numbers of interchangeable employees who aren't working to their hired level and others who are earning overtime, that may be an indication that you don't have the right processes in place to pick the best person to fill a shift.



## Importance of standardisation and a governance structure

Implementing centralised staffing and scheduling will benefit significantly from having a strong governance structure in place. A multidisciplinary team can help ensure that schedule and staffing rollout, education, and expectations are consistent and standardised. You don't want to create situations where staff apply their own interpretations or acquire others' bad habits. Consistency and standardisation are key to equitable staffing and scheduling.

As you initiate the standardisation process and support consistent use of policies and operational guidelines, you should identify and collate all the different processes and procedures that occur across departments. This will help you identify potential standardisation challenges and consider current similarities when standardising best practices across the organisation.

To drive standardisation and adoption, effective change management is extremely important. When you introduce a new technology or staffing and scheduling model, you're asking teams to alter the way they do things. You need to break down barriers and elicit positive behavioural changes that address these concerns. Effective change management helps you plan for transition, overcome obstacles, and drive new behaviours. To ensure your project delivers optimum value, your change management efforts should focus on four key areas:

### Speed of Adoption

How quickly staff are up and running on the new tools and processes relevant to their job roles

### Comprehensive Utilisation

How many staff members are demonstrating buy-in and using the new tools and processes consistently

### Communication

Ensuring that staff understand why the change was made and how it will impact their roles

### Proficiency

How effective staff are once they have adopted the new tools and processes

# Meet care demands today — and into the future — with a centralised solution

The pandemic has revealed the labour resource allocation challenges that many healthcare organisations have struggled with for years due to lack of visibility. Without visibility into the “whole house,” you simply can’t optimise the deployment of your workforce to minimise costs and improve care. Your clinical resources are precious and must be considered key organisational assets — caring for those patients most in need and being available for patients who are likely to need expert clinical resources based on trends, forecasts, and clinical knowledge. Now is the time to standardise staffing and scheduling processes and make changes that will benefit your organisation well into the future.

It is important that your scheduling technology partner has extensive industry expertise, delivers an enterprise wide view and application of staffing resources, and has experience with healthcare organisations like yours. The ideal partner can assess the current and future state of your workforce, deliver reliable workforce data, and provide a modern scheduling solution that supports your vision across all departments and facilities within the organisation. With the right technology partner, you can lay a strong foundation for effective, efficient, and consistent staffing and scheduling across your organisation.

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## Glossary of terms

**Patients** refers to both patients in hospitals and residents in care facilities.

**Healthcare** organisations include hospitals, clinics, short-term rehabilitation, long-term care, assisted living, and hospice care.

## About UKG

At UKG (Ultimate Kronos Group), our purpose is people™. Built from a merger that created one of the largest cloud companies in the world, UKG believes organisations succeed when they focus on their people. As a leading global provider of HCM, payroll and workforce management solutions, UKG delivers award-winning Dimensions, and Ready solutions to help tens of thousands of organisations across geographies and in every industry drive better business outcomes, improve HR effectiveness, streamline the payroll process, and help make work a better, more connected experience for everyone. UKG has more than 12,000 employees around the globe and is known for an inclusive workplace culture. The company has earned numerous awards for culture, products, and services, including consecutive years on Fortune's 100 Best Companies to Work For list. To learn more, visit [ukg.com/en-AU](https://ukg.com/en-AU).

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