PUBLICATION

Three Challenges Facing HR Pros in Health Care and Beyond

November 19, 2018

Leaders in Human Resources are tasked with finding, maintaining, and managing their company's most important asset: Employees. Successfully doing so in a historically tight labor market is a challenge that's on the mind of many health care providers. Trends and insights on how HR leaders in health care are finding and retaining good employees, keeping them healthy, and paying them correctly follow.

Finding and Retaining Good Employees

The quality of service provided in health care, hospitality, and other service industries is directly tied to the quality of employees providing it. Employers that are able to hire and retain good employees therefore excel in these industries. But this is no easy feat. For instance, a good nurse – or really any nurse – is hard to find: The U.S. Bureau of Labor Statistics projected this year that 1.1 million more nurses are needed to avoid increasing the current shortage. And the Bureau projects employment opportunities for nurses will grow at a faster rate than all other occupations through 2026. Physicians are also in high demand. The Association of American Medical Colleges projects a shortage of between 42,600 and 121,300 physicians by the end of the next decade. In fact, it's generally an employee's market, with the national unemployment rate remaining below four percent for the last few months.

In such a tight market, employers must work harder to attract quality applicants. And conversations with our clients indicate that recruiters are employing marketing tactics to do so. Employers are coordinating efforts between recruiting and marketing to ensure branding and communications are consistent and attractive not only to potential customers, but also to potential applicants. Recruiters are also using marketing techniques to target specific demographics. For instance, millennials – now the largest generation in the U.S. labor force – typically search online for job postings as opposed to attending job fairs. They also tend to be more interested in benefits and work-life balance than just cash. They want an opportunity to learn and grow. And if employers fail to engage them, they find a better gig.

So employers not only have to recruit like they market, with targeted and tailored messaging; they have to engage and retain their workforce. The fundamentals of ongoing training, competitive compensation, proactive management, and generous benefits never change. But employers should consider throwing some new benefits into the mix to improve retention, such as flexible scheduling, tuition reimbursement, and generous leave policies. Internal advancement and succession planning are also key to keeping good workers around. Often an employee who is excelling will be promoted into a successive position for which she has not been trained and in which she has little support. This sometimes results in a high performer burning out or disengaging. Then the employer has promoted her right out of its workforce. Developing a plan for training and promotion that incorporates most of your employees, especially the high performers, will pay dividends in this tight labor market.

Keeping Employees Healthy

Hiring and retaining good employees is important to building a strong workforce, but keeping them healthy (and at work) is also a chief concern. Over the last several years, many large employers have implemented employee wellness programs to address this concern. The conventional wisdom is that wellness programs improve employees' health. This of course means that they improve productivity while decreasing absences, insurance premiums, and health care costs, right? Perhaps. The truth is that wellness programs are expensive, laden with liability because of the sensitive information that is exchanged, and may only negligibly improve your workforce's health.

In fact, a recent study found that though organizations spent more than $8 billion in 2016 on wellness programs, the effects of the programs a year after being implemented were imperceptible. The joint study, conducted by the University of Chicago and the University of Illinois, involved a large sample size – 12,500 individuals – who were divided into a control group and a treatment group. At the end of the year, there was little difference between the two. As Damon Jones – one of the professors who conducted the study – explained, all that trouble (and cash) made no discernible difference:

Ultimately, in the first year of the study, *we found virtually no difference* in health spending between the control group and the treatment group. There was no difference in sick leave; there was no difference in salary or job separation. In fact, gym visits were nearly identical between the two groups and there was no real difference in running participation.

The researchers found that employees who chose to participate in workplace wellness programs were already healthier and had lower health care costs than non-participants before the program began. Thus, instead of improving the health of the whole, the programs only rewarded healthy employees for being healthy. Perhaps they should be rewarded for being healthy, but employers should conduct their own cost/benefit analysis to see if these programs are really worthwhile.

Paying Employees Correctly

Finally, even if an employer is able to staff its positions with healthy, well-trained employees, it still must compensate them correctly. A critical concern in health care and across many industries, including manufacturing and hospitality, is how to properly compensate employees for meal and rest breaks. Relatively straightforward in theory, this can be difficult in practice because scheduling breaks into the workday sometimes results in employees not being paid for time they worked.

To be clear, the federal law governing employee compensation – the Fair Labor Standards Act – does not require an employer to provide a meal or a rest break. But many states do. In fact, 21 states require an employer to provide a meal break for its employees, and nine states mandate both a meal break and a rest break. (Help with states in our footprint can be found here.) For instance, Tennessee requires that an employee must get a 30-minute unpaid meal or rest break if he or she is scheduled to work for six consecutive hours (unless the job allows ample opportunity to take such a break, like a security guard).

So proactive employers implement a system that automatically schedules breaks into their employees' day and deducts the breaks from their pay, right? Not necessarily. Automatic deductions made by an employer's timekeeping system are often the cause of lawsuits filed by large classes of employees. A policy that makes automatic deductions without requiring an employee to edit the entry may make payroll easier and save on wages in the short term, but it is difficult to apply accurately. This is primarily because workdays do not lend themselves to scheduled breaks, particularly in health care. A nurse working in an emergency room or surgical suite often cannot excuse herself for an uninterrupted 30-minute break. So she works through her break but does not get paid for it. If she does this twice a week for 50 weeks, she is owed 50 hours of back pay for the year. Now let's assume the hospital employs 200 nurses. It gets worse: The FLSA allows employees to recover three years' worth of back wages if the employer is found to have willfully violated the law *and* to recover the employees' attorneys' fees if they show they should have been paid even a minute more than they were.

To avoid this situation, employers must ensure that employees take required breaks, but they must also do their best not to interrupt the breaks. Of course, the reality of the workplace is that breaks will be interrupted. In health care, a patient's life may require it. So employers must plan for this contingency by having software that allows an employee to input or modify the amount of break time he or she took and a policy that requires him or her to do so. Having the policy is not enough, though. It must be enforced. As odd as it may seem, an employer must discipline an employee who does not adjust his or her break time to reflect the hours they actually worked, which often results in the employee being paid more. An employer who enforces this policy will save more in the long run than one who does not ensure its employees are being paid for the time they actually work.

Fine Tuning the Fundamentals

Recruiting, hiring, and paying employees are fundamental aspects of managing a workforce that many employers systematize and forget. But fine tuning these fundamentals can provide a competitive edge that is tough to find in health care, as profit margins shrink and the labor market tightens. Figure out where the employees are who fit your workforce and go to them; offer benefits that they value; give your employees opportunities so the grass remains green where they are; rethink your wellness plan so that the time and money spent on it actually increases the wellness of more than five percent of your workforce; and protect yourself by paying your employees for every minute they work.