SOLVING HEALTHCARE STAFFING WOES:
THE MARKETPLACE ECOSYSTEM SOLUTION

Discover how a new workforce marketplace ecosystem is reshaping healthcare staffing, reducing dependence on traveler nurses, and addressing industry woes.
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A New Workforce Marketplace Ecosystem Approach Can Reduce Traveler Nurse Dependence and Fix Healthcare's Staffing Woes

The pandemic exposed many vulnerabilities in the healthcare industry during its earliest days, and created more of them as its timespan grew. Two years and over a million deaths later, frontline staff continue to bear the brunt of the crisis, to the point that burnout among healthcare professionals is causing significant disruption to many hospitals and other healthcare systems.

The American Hospital Association said clinical workforce costs were up $24 billion nationwide in 2021, driven by a dramatic 132 percent increase in the use of agency and temporary workforce and a 52 percent jump in overtime. As of January 2022, contracted RNs comprised over 38% of total RN hours.

The U.S. Surgeon General is warning that this staffing crisis will only get worse in the coming years, and the exacerbation of what was already a major industry challenge is slashing operating margins nationwide to the point that they hovered around (-4%) for most of Q1 2022.

It is evident that the lack of skilled workers is not abating, and that is why some healthcare leaders are deploying a marketplace technology backbone to ensure a stable, cost-effective workforce ecosystem.

The original workforce ecosystem concept was developed by MIT Sloan and is defined by characteristics that support a holistic, economic model for a workforce:

1. Coordination and cross-functional management of internal and external workers.

2. Hiring and engaging the internal and external talent they need.

3. Supporting managers seeking to hire external workers.

4. Having leadership that understands how to allocate work for internal and external contributors.

5. Aligning their workforce approach with their business strategy.

The ecosystem approach is not only led or shaped by human resources, but requires the active participation of the entire senior executive and management teams to shape and implement it. Reliance on legacy traveler models was an expensive short term fix. However, it does not mean that we cast aside the notion of a contracted or on-demand workforce, as long as it is cost efficient and balanced with full-time resources in an ecosystem.

Applying workforce marketplace technology for a cost efficient, on-demand workforce ecosystem

Until only recently, with the advent of successful healthcare marketplace companies, like [ShiftMed,](ShiftMed) has there been technology that could serve as a backbone for cost efficient, engaging, on-demand workforce ecosystems. The ecosystem approach alone is not the answer; nor is marketplace technology alone the answer, to be effective they must be combined into a workforce marketplace ecosystem.

A workforce marketplace ecosystem focuses on flexibility, retention, and engagement. It offers a path away from staffing agencies and traveler contract dependency to a balanced, stable, cost efficient ecosystem enabled by marketplace technology. Additionally, I define a workforce marketplace ecosystem with these characteristics:
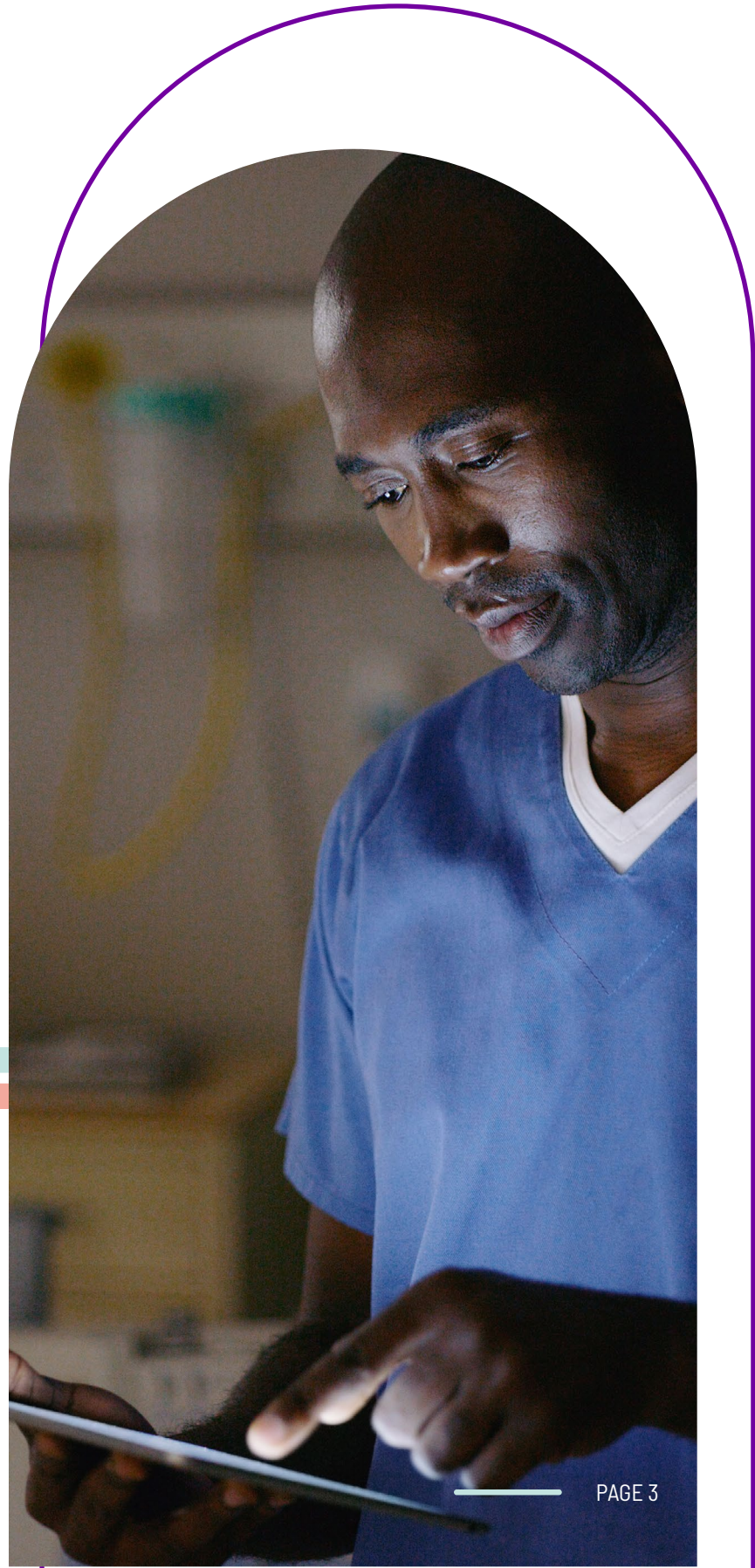
1) Targets workforce archetypes and fosters locally curated pools

Workforce marketplace ecosystems curate and engage workforce pools based on the "archetypes" of caregivers, for example, CNAs are a unique archetype who are predominantly women, socioeconomically disadvantaged, and have limited transportation means. It activates a "latent workforce", who are local professionals that require flexibility. They might be an early retiree, full-time employee wanting extra money to pay for debt, and/or a single parent.

Although an important facet that marketplaces are good at curating, the ecosystem is not only "gig" or "on-demand flexible" workers. It is the effective deployment and engagement of full-time, part-time, contracted, and on-demand contingent workforce pools across a region and across skill mixes, as well as inpatient and outpatient modalities (see Figure One).

Figure 1: Health "Workforce Marketplace Ecosystem" with Locally, Curated Pools Across Locations.

Marketplace Backbone

On Demand — Pool 1

Part Time — Pool 2

Full Time — Pool 3

Shift Locations

Workforce Pools
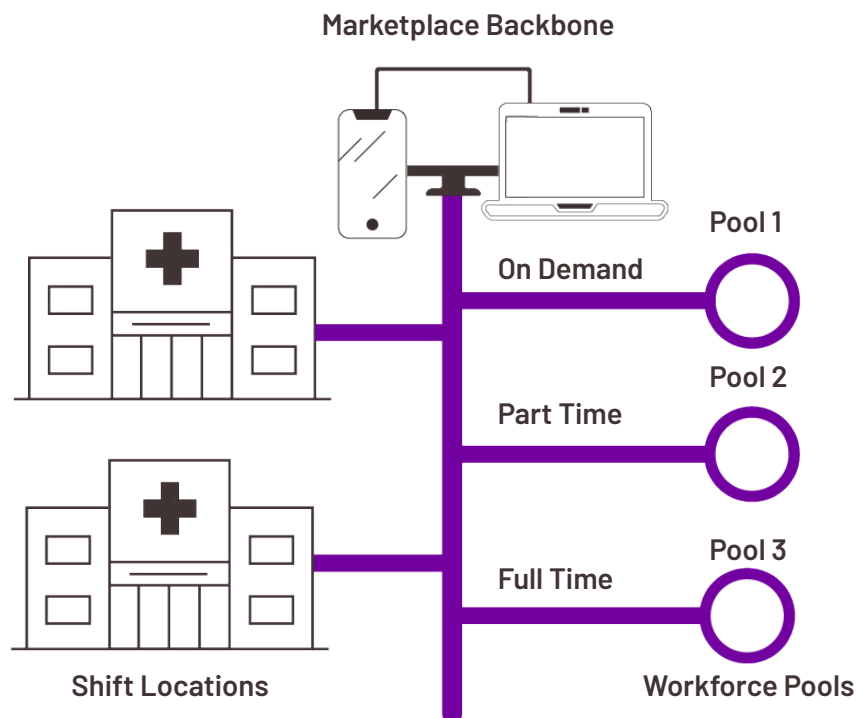
Based on my experience, methodically prioritizing a department by department, or location by location approach to curate local, marketplace pools that replace traveler contracts and/or unnecessary full-time position openings is a process that takes months, but it is one that offers a path out of the high cost, unstable health workforce wilderness.

2) Requires flexible scheduling models and dynamic wage ranges

The notion of flexing schedules is not new, but this model encourages offering scheduling as short as once a month or a few hours per day.   Similarly, flexing wage rates based upon patient demand, and when the shift is posted, is a key characteristic.

Static, or low wage rate fixation can hurt an organization. In my career, <u>I have observed shifts not filled for a $1 per hour difference when the related surgery that was canceled was worth thousands to the facility.</u>

3) Streamlines onboarding and credentialing for a faster workforce activation funnel

The time to activate staff to fill shifts is one of the major barriers to an on-demand marketplace ecosystem model. Many marketplace backbones offer the digitization of the onboarding and credentialing processes that not only streamline the experience for new full-time employees, but also on-demand contractors.

Understanding your new caregiver activation funnel and the barriers in the process is critical (See Figure 2).

Figure 2: Evaluate and Streamline the Professional Activation Funnel to Support the Ecosystem.

Professional Activation Funnel

SOURCING

APPLICATION PROCESS

SKILL INTERVIEW

MARKETPLACE REGISTRATION

CREDENTIALING & DOCUMENTATION

ORIENTATION(S) E.G. EPIC

PRECEPTOR SHIFT(S)

FIRST SHIFT WORKED

To activate professionals, it sometimes takes months leading to ineffective on-demand shift filling. Many barriers are artificial and are maintained by rules that support employment or traveler models. One example of a major artificial barrier is that many staffing agency health system contracts prioritize preceptor or orientation slots for their contractors, leading to marketplace dysfunction because less expensive, on-demand workers essentially cannot get activated.
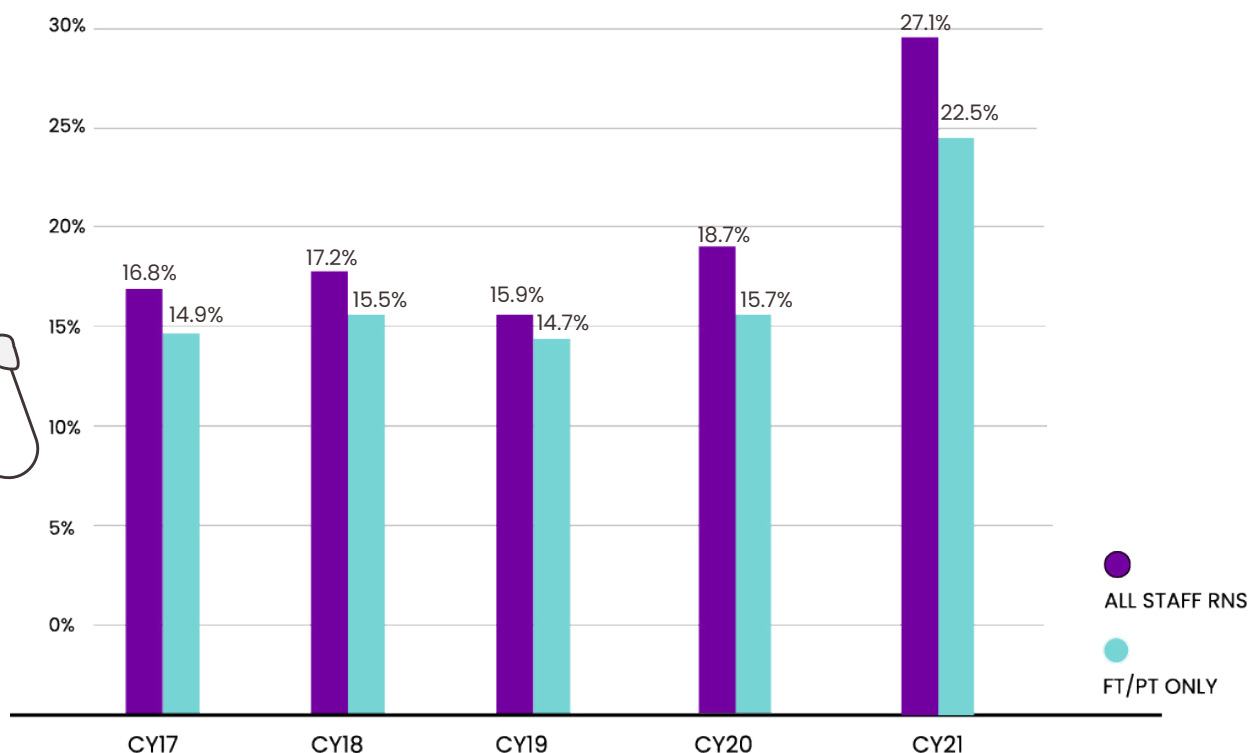
4) Fosters a full-time core and recruiting path for local, on demand contractors

A workforce marketplace ecosystem prioritizes the placement of your full-time core and floating staff first and only cascades to fill open shifts by on-demand, local workforces after shifts have not been filled.

A full-time core is critical, but not everyone wants to work full-time because they feel it limits their options for growth. W.H.O. says burnout is rooted in feeling little sense of personal workplace growth. More shifts are filled by reducing one major burnout factor, lack of choices.

A marketplace ecosystem allows for a "try before you employ" approach. This reduces burnout, turnover, and increases stability. It also saves money, because each percentage-point reduction in RN turnover saves the average hospital $270,800 per year.

Hospital Staff RN Turnover Rate

Legend:
- ALL STAFF RNS (purple)
- FT/PT ONLY (teal)

|	CY17	CY18	CY19	CY20	CY21
ALL STAFF RNS	16.8%	17.2%	15.9%	18.7%	27.1%
FT/PT ONLY	14.9%	15.5%	14.7%	15.7%	22.5%

5) Does not require a VMS/MSP or internal staffing agency friction

Workforce marketplace ecosystem models are not aggregators of staffing agencies or an internal central staffing agency heavily supporting travel contracts. Travel nursing will continue to be an important tool to help fill niche roles, but using it as a staffing agency to fill traditional nursing roles is simply not cost effective.

Workforce marketplace ecosystems excel in reducing cost over the short term through the elimination of travel contracts. Considering the average pre-pandemic weekly travel nurse wage of $1,673 has skyrocketed to as much as $4,000 a week means every 20 travel nurse slots a hospital can eliminate equates to nearly $3.1 million annual savings. The model augments VMS/MSP staffing resources with the goal of appropriately limiting travelers.

Also, workforce marketplace ecosystems streamline overhead to go directly to professionals. Why pay 6% overhead fees to a VMS/MSP when it costs much less for a marketplace ecosystem platform that provides staffing on demand?
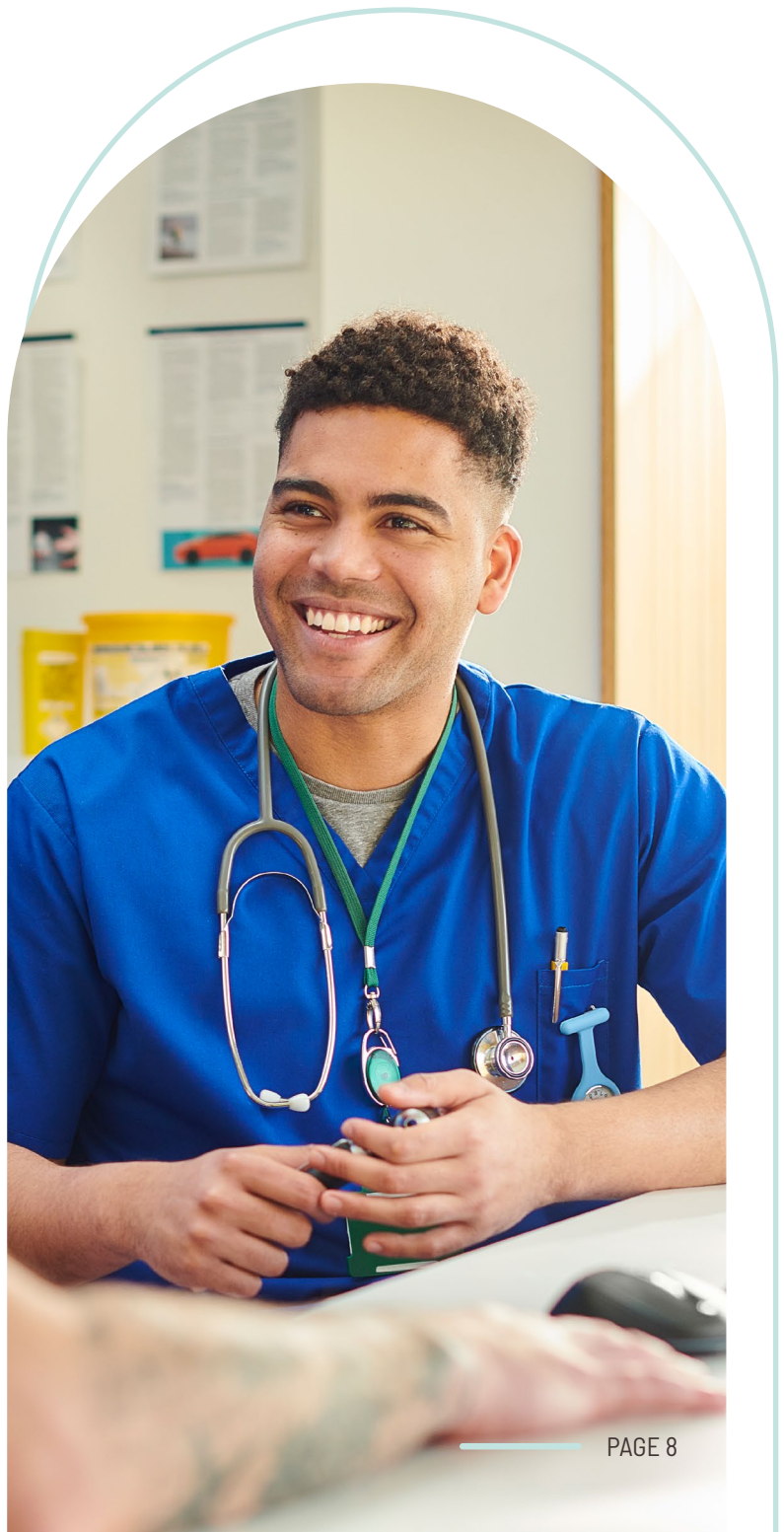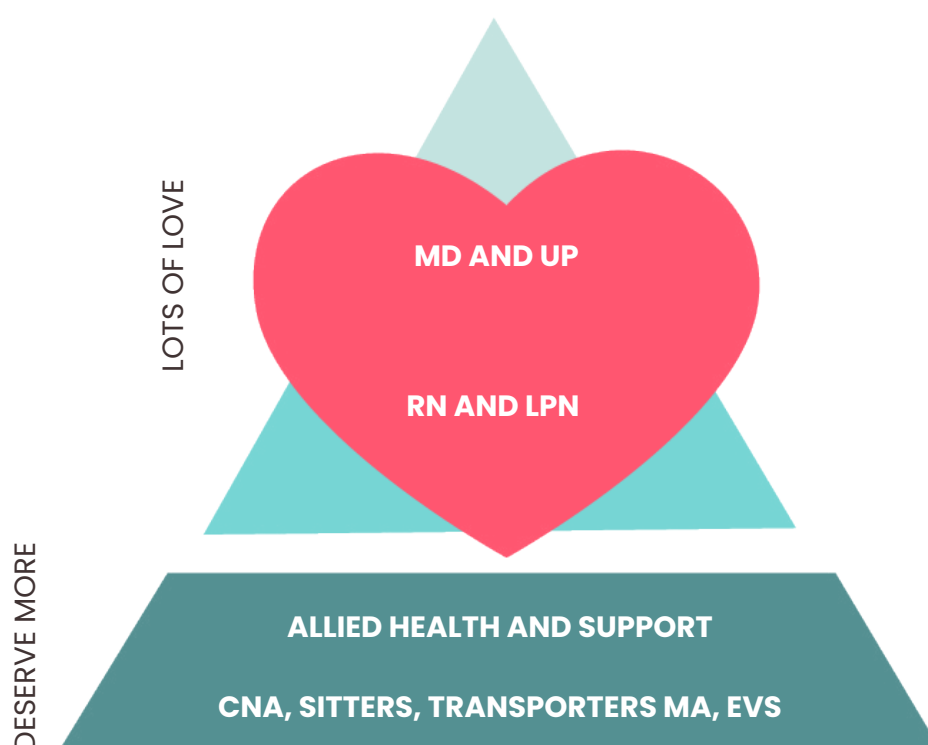
6) Offers shifts across inpatient, outpatient, and professional classes

Marketplace ecosystems focus on allied health workers and RNs. When a CNA has the choice between a fast food job and a hospital shift, we want them to choose hospitals because one of the key reasons nurses quit is due to [lack of support staff.](#) Marketplace technology supports top of license care team models by supporting an often ignored, but needed care team at the base of the pyramid (See Figure 3).

Figure 3: The Care Team Pyramid is Supported by Workforce Marketplace Ecosystems.

The Care Team Pyramid Depends on Its Base

LOTS OF LOVE

DESERVE MORE

MD AND UP

RN AND LPN

ALLIED HEALTH AND SUPPORT

CNA, SITTERS, TRANSPORTERS MA, EVS

7) Enables wrap-around technology to engage, bring back, and retain workforces

Around a marketplace technology backbone, other wrap-around technologies can be plugged in to engage workers in unique ways. UberHealth is offering a marketplace plugin to support transportation for CNAs as a benefit for filling a shift. CNAs often are socioeconomically disadvantaged and depend upon public transportation schedules creating barriers to filling more shifts.
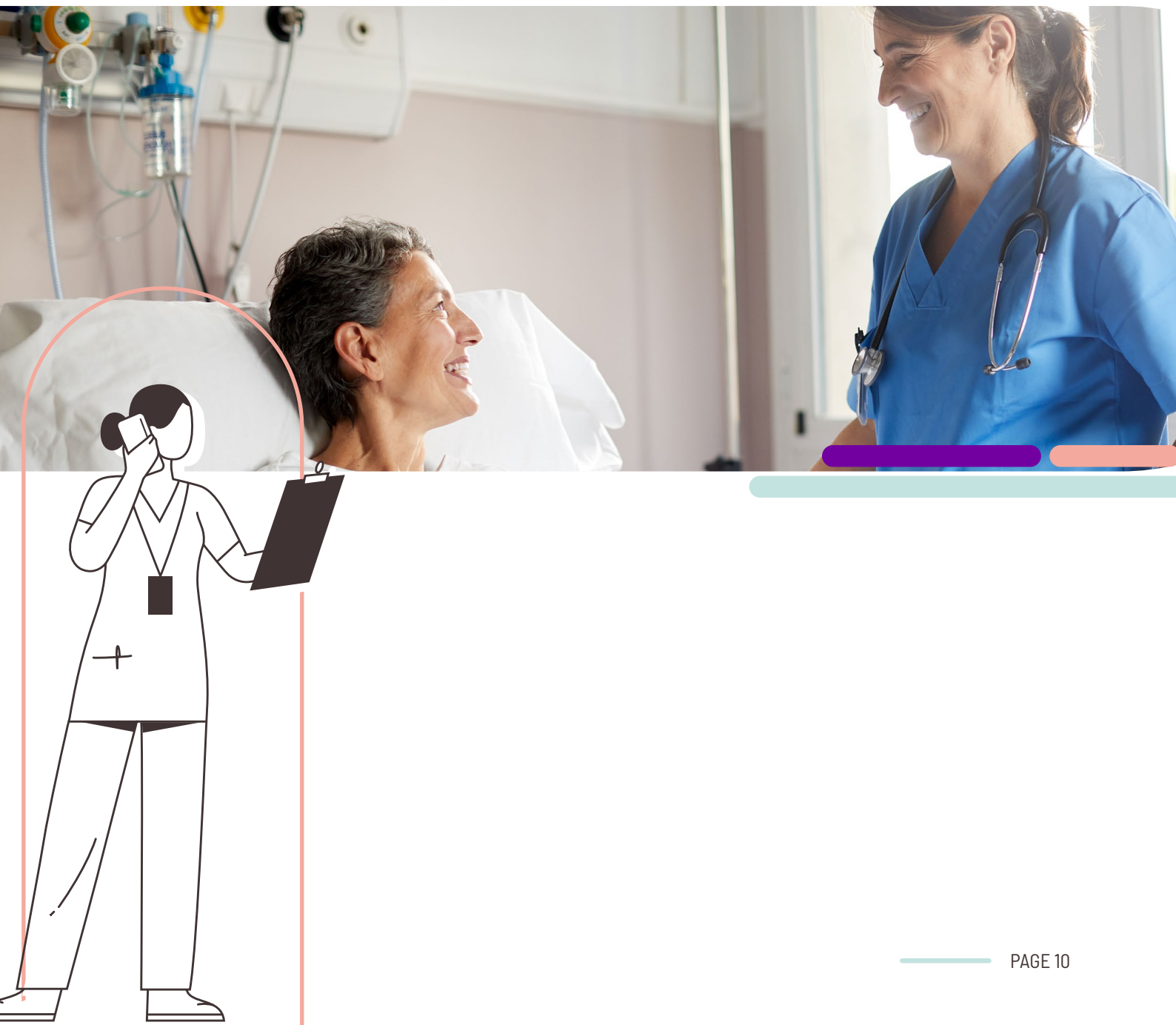
Avoiding misconceptions with marketplace technology partners

There are many misconceptions that may arise as the workforce marketplace ecosystem is discussed and potential technology partners are explored. First, many health systems have legacy staffing agency exclusivity clauses in contracts. These are often referenced as a reason not to pursue a marketplace technology partner for a workforce ecosystem.   A marketplace ecosystem thrives on choice, removing overhead, and minimizing friction. Technology that enables a more streamlined, on demand workforce partnership model should not be held hostage by exclusivity clauses linked to inefficient staffing models.

Second, we are seeing the advent of faux marketplace technology partners. Some legacy staffing firms are reacting to market disruption by creating look-alike marketplace facades on top of VMS/MSPs, state hospital associations, or spin-off companies still tied to expensive staffing models.

Effectively, many of these are staffing agency aggregators that have taken on the appearance of on-demand, but they still rely on staffing agencies and not direct to professional, locally curated pools that are more cost efficient. Some even create marketplaces for your internal staff, but still rely on cascading to high cost, traveler nursing contracts to fill the remaining shifts.

Finally, there are an increasing number of healthcare workforce marketplace startups following the first marketplace companies. Many may not be capable of implementing or are not dedicated to a partnership to reduce labor expenses. They suffer from common new startup issues: lack of resources, technology centric leadership, pushing external labor usage for short-term profit, etc.

The ideal workforce marketplace ecosystem technology partner understands healthcare and partners with you to reduce overall workforce costs. They leverage the employed resources first, augment with local on-demand labor, automate on-boarding workflows, and focus on improving recruitment and retention.

Workforce marketplace ecosystem early adopters gain competitive advantage

After more than a year of operating amid a pandemic, some hospital and healthcare systems began seeing more positive numbers on their income statements through implementing wholly or partially the workforce marketplace ecosystem components. In the Midwest, SSM Health System struggled to fill shifts. Like other health systems, management repeatedly turned to traveler agencies to address turnover and mitigate the pandemic shortages.

Introduced by Grandon Brimley, VP of Innovation, SSM introduced a "workforce marketplace ecosystem" approach with a technology partner. SSM first identified then signed up local clinical professionals in locations where its workforce shortages were most acute. The direct contact let people choose the locations, times and rates they sought, and the locally focused response dramatically boosted fill rates across the system. The ecosystem approach included a digitized activation funnel for the recruiting and onboarding process that reduced both the time and cost of access to qualified workers, who in turn, reported more favorable experiences as on-demand workforce. Importantly, the approach maximized the use of internal staff first with internal float pools, plus it offered a path to full-time for the flexible on-demand employees, thereby, reducing the dependency on traveler and staffing agency long-term contracts during the height of the pandemic.

Within months, SSM Health System reported it had filled thousands of shifts with local healthcare professionals and was becoming the envy of its local competition. It projected a significant cost reduction simply by gaining the flexibility to: cancel shifts; pay lower, direct-to-professional local per diem rates; eliminate travel contracts; and fill more employee-filled shifts. It has not been without difficulty, SSM continues to refine its workforce marketplace ecosystem, but still it has been an operational innovator for other systems to follow.

While implementing a widespread workforce marketplace ecosystem approach is the goal, health systems can see benefits in applying aspects of this approach incrementally. Mercy Health Saint Louis used an internal staffing marketplace solution to better manage floating internal professionals to reduce premium spend and maximize the resources they had to bear. The effort resulted in a 25 percent reduction in workforce operation headcount; 11 percent reduction in premium workforce spend, and an 8 percent increase in filling open shifts by employees.

Froedtert Hospital in Milwaukee has seen success in applying a digitized recruiting platform, and through its automated interview scheduling, in-app reference capabilities, and other digital innovations, they were able to reduce their time to hire nurses to fewer than 20 days on average. It also noted demonstrable reductions in staff turnover with about a 15 percent increase in full-time employee retention.

Learning from other industries and drawing conclusions

Using a workforce marketplace ecosystem relying heavily on on-demand model components won't mean reinventing the wheel, just the mindset that makes the wheels turn. Other industries have proven the model. A look at the way the trucking and logistics industry has adapted a marketplace-based on-demand model shows how it has responded to its own workforce shortage. The Veryable on-demand marketplace lets workers move between companies for manufacturing, logistics, and warehousing jobs, and demonstrates how providing a variety of opportunities can keep workers engaged through the promise of variety and career growth.

The bottom line isn't complicated: On-demand, workforce marketplace technology platforms that support an ecosystem are the rare, practical operational innovation that benefit both front-line employees and management. New staffing benchmarks can be explored as a result of on-demand internal and local, external staff; thereby, reducing operating budgets. When healthcare demand drops, so will the number of available shifts. Given the benefits, it's clear that the healthcare industry should accelerate adoption to address the ongoing, workforce crisis.

Craig Allan Ahrens is a leading expert and speaker on healthcare workforce innovation and technology. He led the adoption of the first health workforce marketplaces and has advised a number of health systems on how to optimize marketplace technology for workforce efficiency and transformation. He is Founder of the Center for Health Workforce Innovation and Technology, ProofofHealth.io, as well as, the health workforce marketplace ecosystem approach. His expertise in workforce performance, digital healthcare startups, and operational innovation positions him as a trusted advisor to C Suites, boards, and venture capital on leading edge, digital health approaches to address complex healthcare operational issues.

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