Grant Thornton

Workforce in the healthcare industry

Transcript

00:06:03:21 - 00:06:26:09

TIM GLOWA:

David, there's no segment of the healthcare industry more affected by the shortages than nursing. There are estimates that an additional 1.2 million nurses are needed to replace those who are leaving this year. How must the industry respond and reset priorities to correct this?

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DAVID TYLER:

Typically, we throw money at problems like this, and compensation is certainly part of the answer. We need to be fair. We need to have competitive compensation. That is absolutely the case. I do think, though, that one of the things that we sometimes overlook as people that wear suits instead of people that wear scrubs, is that people get into nursing and clinical care delivery out of the sense of altruism, the way to care for people. So we need to make compensation fair. We need to make the benefits interesting to make people feel appreciated and valued. But at the end of the day, we need to make sure that the work they do meets with the mission that they believe that they have to care for people. And if we don't care for them, no amount of compensation, no amount of benefits tweaking are going to compensate for doing something that is not aligned with their values of wanting to take care of people.

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TIM GLOWA:

Higher compensation is almost the new table stakes, right? And if you offer somebody more compensation and they don't want it. I don't know if you really want that worker anymore, right? Something's not something's not right. We have to look at ways to differentiate the value proposition with benefits that deliver more value, outsize value relative to the cost. There's only one benefit and one total reward where the perceived value that an employee places on it equals its cost and that's a salary change. If we were to offer any employee 10 grand in additional compensation, they're going to value it at 10 grand. It's going to cost the company at 10 grand. There are certain benefits -- health insurance in America is typically valued at about 70 cents on the dollar. But then there's other benefits that potentially might have more leverage. And those are the ones where we might spend $1,000 or $5,000, but we get $7,000 or $8,000 in perceived value in the eyes of the employee. And those are the things that we really want to identify and address. And that's why if we think again a little bit like a marketer, we can understand the needs and the frustrations of our target audience, of our employees -- understand what keeps them up at night. What cost-effective, on-brand solution could we offer as part of your benefits and your total rewards that would take that pain point away? Because if we can do that, we can then differentiate our offering in a really compelling way.

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DAVID TYLER:

I think that's a really compelling argument, Tim, because I do think that there are limits to throwing money at the problem. Again, to your point, hiring nurses from across the street that come over and hiring them back, and every time we do that, it's a 10%, 15%, 17% pay increase -- at some point that becomes unsustainable. And I think we're getting really, really close if we're not there already.

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TIM GLOWA:

David, what are some of the ways healthcare facilities can reduce their reliance on traveling nurse programs?

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DAVID TYLER:

First, traveling nurses are critically important today to make sure that we can keep facilities and units within those facilities operating at their peak capacity to serve the markets and the communities we get to serve. I will say that the original benefit of the bargain of traveling nurses was to allow people to travel. And now some of the benefit of the bargain of traveling nurses is they're traveling across town, they're traveling across the street, they're traveling 40 minutes down the road. Not saying that "I'm going to spend the winter in Florida" or "I'm going to spend the summer in Idaho." They're really more of a day-to-day staffing management capability. And we talk to a lot of CEOs. Many of them are looking at the margins that are in place for nurse staffing companies and looking to either cut back on the ability for them to do local nurse rotations, or I've got several CEOs that are opening their own staffing companies so that they can manage the flow of that and pull the margin out of it and return that to actually care delivery. Or they're looking at partnering with some specific folks to really address acute needs and not use them as a routine part of the staffing. But let's make no mistake -- that industry is here to stay, and it's incredibly valuable. But reducing the reliance on it is critical because you pay at a market premium. We have one organization that says they pay a quarter million dollars an hour, 24 hours a day, in additional nursing staff through a traveling nurse program. Now, that's a large, multi-billion-dollar health system. But at the end of day, eventually you're talking about real money that is not being used to deliver care, but is being used to deliver margin to a company that serves healthcare but isn't a healthcare delivery company.

00:11:18:06 - 00:11:35:13

DAVID TYLER:

Tim, as always, good to talk to you. Thanks for the time. I appreciate the insights that we were able to get to today. I hope that you, as healthcare leaders across the country struggling with employee retention of clinical and non-clinical personnel, found the nugget of information that will be valued to you as you try to serve the communities that you all live in.