

**ST. ELIZABETH HOSPITAL**



## Labor Benchmarking Leads to \$5.2 Million in Savings at St. Elizabeth Hospital

In 2007, St. Elizabeth Hospital was spending nearly \$1.5 million — more than 7 percent of the hospital’s total spend — on contract labor.

### HIGHLIGHTS

**Location:**

Gonzales, LA

**Scope and Services:**

St. Elizabeth is a community hospital about 15 miles southeast of Baton Rouge. It features an emergency department, a freestanding ambulatory surgical center, medical-surgical floors, telemetry, and a 50-provider, multispecialty physician practice.

**Solutions:**

ActionOI<sup>®</sup> Operational Performance Improvement Solution

St. Elizabeth Hospital is located in Gonzales, La., about 15 miles southeast of Baton Rouge and is part of the Franciscan Missionaries of Our Lady Health System.

Surveys of St. Elizabeth staff indicated that there were gaps in care associated with the hospital’s contract labor staff. Because care is a top priority, these gaps prompted a thorough review of the hospital’s use of contractors. The review showed that contract labor was accounting for one of every 17 hours worked in the facility. Not only was this a key driver in consistency of care, it was also heavily impacting St. Elizabeth’s bottom line.

The hospital realized that addressing this issue would positively impact its staff, its patients, and its financial health. The challenge was to find a way to compare its use of contract labor to that of its peers.

### Course of Action

Although St. Elizabeth had been using Truven Health ActionOI<sup>®</sup> since 2005, the organization wasn’t fully leveraging its benchmarking capabilities. In 2007, the hospital started using the Malcolm Baldrige criteria for performance excellence. As part of this initiative, St. Elizabeth realized the need for a strong ally to manage the hospital’s large amounts of data. So the organization began using ActionOI more aggressively to benchmark itself at the organizational and departmental levels.

When it became apparent that St. Elizabeth’s use of contract labor was a drag on the organization’s bottom line, it benchmarked contract labor as a percentage of hours worked and integrated the numbers into biweekly, monthly, and annual scorecards.

Ninety-five percent of hospitals were performing better, so the hospital began searching for ways to improve that measure and partner with its workforce to raise the quality and consistency of care. What started as a labor productivity benchmarking tool has helped St. Elizabeth Hospital improve its bottom line and uncover numerous secondary benefits in patient outcomes.

*“Without a doubt, we would not have been able to achieve any of this without your support, guidance, and expertise.”*

**Jason Jobes, CLSSGB**

Director of Performance Excellence  
St. Elizabeth Hospital

## Results

Labor benchmarking with ActionOI enabled St. Elizabeth Hospital to produce significant decreases in its contract and overall labor expense, and enjoy significant performance improvement in quality and service outcomes. Since 2007, St. Elizabeth Hospital has:

- Decreased its clinical contract labor expense by 98.5 percent, saving \$5.2 million
- Lowered its total labor expense as a percentage of net operating revenue by 21 percent

Additionally, the shift away from contract labor has increased consistency in care and propelled St. Elizabeth to the top 5 percent of facilities for patient satisfaction, according to Press Ganey. The hospital is actually in the top decile for patient satisfaction across all three major service areas: inpatient, outpatient, and the emergency department.

By tying workforce composition to workforce engagement and healthcare outcomes through aggressive benchmarking and the tools provided by the ActionOI platform, St. Elizabeth Hospital has enhanced stakeholder value in a down economy. These savings are being reinvested in the community and being leveraged to fulfill the organization’s mission, “To Serve Those Most in Need.” Plus, St. Elizabeth has been able to see correlations between the reduction of contract labor and improved team member satisfaction, patient satisfaction, and patient outcomes.

In 2011, St. Elizabeth Hospital was acknowledged for its accomplishments in the pursuit of excellence in Operational Improvement with a Healthcare Advantage Award in Performance Efficiency. The Healthcare Advantage Award was established in 2005 to honor and recognize customers who have used solutions and tools from Truven Health Analytics<sup>SM</sup> to achieve outstanding success at their organizations.

## FOR MORE INFORMATION

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