



MedHQ

OPTIMIZE PERFORMANCE

BY RETHINKING HOSPITAL HR
FOR AMBULATORY VENTURES

Most health systems have top notch human resources professionals with experience across the complexities of hospital recruiting, hiring, employee relations, and benefits. But as hospitals move more services to outpatient settings, new HR strategies are needed to support ambulatory ventures.

Hospital executives thinking about converting a hospital outpatient department (HOPD) to a stand-alone ambulatory surgery center (ASC) or forming a joint venture ASC with area physicians, need an HR solution matching the speed, efficiency, and specialization that are central to the ASC business model. In many cases, the best solution is an outsourced HR resource.

“When you’re working within a hospital, the mission is to handle the whole variety and complexity of all acute and critical care needs,” says Tom Jacobs, CEO and Co-Founder of MedHQ, the only HR services company that specializes in the ASC market. “Hospitals have to handle the full gamut of services so, when it comes to HR, the book of the policies and procedures is a big thick binder, maybe even multiple binders. But in an ambulatory environment, you’re carving out one piece of the pie and putting it into a separate facility, managed separately. Since the complexity is less, the optimal HR support is going to be different as well.”

The pace of operations is another big difference between hospitals and ambulatory facilities, and a key driver of ASC HR needs. “Everything is faster in an outpatient facility,” Jacobs says. “The whole model is built around efficiency, throughput, and delivering quality care for less, so the support has to be that much quicker as well. For example, in a hospital it might be considered fast if adding a new person takes three months. In a surgery center, the turnaround needed might be three days.”

Due to these dramatically different challenges, ambulatory facilities need a separate HR resource that can operate as efficiently as the ASC itself. “Ambulatory HR is ripe for outsourcing,” says Jacobs. “It’s very different from hospital HR, and it’s not a core competency of the surgery center or the clinic or the imaging center. But it is a critical function that must be done correctly and efficiently.”

Today, physician-owners and management companies leading successful ASCs increasingly insist HR be assigned to an outsourced specialist, to ensure their facilities benefit from the depth and breadth of expertise of a team of career healthcare HR experts. Outsourcing HR enables efficiencies in benefits design and administration, recruiting and hiring and managing employee relations, and technology that would be impossible for an ASC to replicate on its own. This paper explores each of those efficiencies, with an emphasis on the special needs of ambulatory facilities.

5 BENEFITS OF OUTSOURCING HR FUNCTIONS

1. Minimizes risk associated with changing employment and labor laws
2. Cost saving
3. Greater management efficiency
4. Reduced in-house workload, ability to focus on core business activities
5. Better employee performance management and development

Source: Global Industry Analysts, Inc., 2019

Benefits Design and Administration

If you're in the shoes of a hospital ambulatory executive, you're planning the creation of a new ASC in joint venture with a group of physicians, or you're in the midst of an HOPD conversion. How will you compete in the marketplace for quality employees to join the new ASC? Or, how will you convince hospital outpatient department employees to move to the new entity? You'll need a competitive, yet affordable benefits package.



"There's a perception that ASC benefit packages are less robust than hospital packages. That's simply not the case. An ASC benefits package can be customized and become a selling point." - Tom Jacobs, CEO of MedHQ

Ensuring your ASC's benefits are perceived as at least as good as hospital benefits is important in a marketplace facing shortages for nurses, OR techs and other staff. "In my opinion, people in the healthcare space are looking for both quality and low cost when it comes to benefits," Jacobs says. "We think the strongest suit is to have a strong benefit plan and to support it as closely to the hospital environment and surrounding competition as possible."

With consolidation among insurance carriers today, hospitals and outsourced HR firms alike are offering the same health insurance programs, eliminating any chance there could be a one-off carrier that's riskier. And while many hospital systems have set up proprietary insurance entities, HR outsourcing firms can work with those, too, if it's important to maintain that insurance for former hospital employees.

In addition, the overhead of outsourced HR firms is much lower, so the actual cost born by the center is lower in the outpatient environment because they're not sharing the overhead of the big hospital.

"Often, we are able to offer benefits that are as good as hospital plans to attract employees, and at the same time keep costs low and match the program to the smaller environment," Jacobs concludes. "Or, if it's acceptable in that marketplace to offer a less rich benefit plan, we can deliver that, too. It depends on whether there is a ready workforce, or one that values the lifestyle of working at an ASC over a rich benefit plan."



"What's different from the hospital is that we are focused solely on ASCs. We know the ups and downs, we understand this business completely, whereas for the hospital, ambulatory surgery is just a small part of what they do. For us, it's all we do." - Rita Hernandez Figi, Vice President of Human Resources Services

Case Study: The Surgery Center of Lynchburg

SITUATION

The Professional employer organization (PEO) industry has been around for about as long as the freestanding ASC industry. The Surgery Center of Lynchburg, a long-established ASC, became interested in the PEO model and recognized a strategic fit with the ASC environment. When the ASC board of managers ultimately made the decision to switch its HR & employment services from their hospital partner to an independent/outsourced HR firm, they called on MedHQ. There was a need to move the 75 employees to a new payroll system and to develop a different way of working with those employees.

"We were asked to propose an outsourced staffing solution for them whereby their employees would be converted to the MedHQ payroll, and then we'd take on long-term human resources management for the ambulatory surgery center," explains Hernandez Figi. "We were working within a very tight window of time -- ideally I like to do this over a three-month period, especially with a group this size, but we did it in about six weeks."

CHALLENGE

"I think one of the biggest challenges was explaining the change to the employees, and making sure they understood," she says. "They were accustomed to the hospital being their employer, with their benefits coming through that hospital connection. Our challenge was to get the employees to trust and to understand they would still be at the surgery center and their day-to-day contacts would still be the same. The only change was their human resource contacts. I think people were concerned that we were remote because before, when they had a question, the hospital was right there, just three blocks away."



Case Study: The Surgery Center of Lynchburg

SOLUTION

The MedHQ team addressed the challenges head on, with a series of in-person meetings and detailed communication. "As soon as the announcement was made, we were there with some of the hospital's HR staff and the surgery center administrators to present a united front and facilitate the transition," Hernandez Figi says. "I think it was really all about teamwork. Everybody knew that this was the best way to go."

Many of the questions raised were about very tangible employee concerns: "My benefits are changing, how are we going to handle the deductibles that I've already paid?" and "I've got a loan with the 401K plan, how is that going to be handled?"

MedHQ responded with tactical information and a methodical approach to answering specific questions. In the announcement phase, informal conversations and two all-employee meetings helped employees feel more comfortable with the change, and with MedHQ's staff as people. When it came time for benefits enrollment, two MedHQ experts worked onsite to conduct open enrollment meetings, chat with the employees, and explain the differences between the plans.

"We'd sent out all of the materials, but it was important to the success of the program that we pay attention to the personal, to face-to-face contact," Hernandez Figi says. "One of the things they feared was that we were in Chicago and not right there. So, we

had to show them by being there in person when they needed us, not just via phone or Skype. Our people onsite helped them handle their benefit enrollments. The reaction was very positive. Employees got the chance to ask a lot of questions, both about benefits and any other human resources topics of concern."

From there, the MedHQ staff went about the hard work of conversion: getting the paperwork together, the benefit and insurance information, loading all the data into the firm's PrismHR software system, working through how the payrolls were going to run, implementing a time-keeping system and even ordering time clocks – all in a six-week turnaround.

Hernandez Figi believes outsourcing HR was instrumental in the center's success:

"The center could have employed the staff themselves, but then they would have had to set up a different entity and assume the risk for those employees. And, when you've outsourced human resources, you have economies of scale for benefits plans and the like because you're not looking at a small group now, 75 people, you're being rated with a much larger organization. There are economies of process, too," she continued. "All of their processes were changing, so we freed them from the chores of finding benefits for the group, finding a workers comp carrier, and completing all of the censuses that are required for all of the different insurance plans. Without MedHQ, they would have been negotiating for small group coverage, and that gets expensive. We certainly demonstrated cost savings, which is why they decided to go this route."

**"When you outsource HR, you get economies of scale for benefits plans. For the Surgery Center of Lynchburg, they were no longer a small group, they were able to be rated with a much larger organization which made a material impact."
- Rita Hernandez Figi**

Recruiting, Hiring, Managing Employee Relations

Once you get a strategic benefits plan efficiently in place, you're ready to recruit staff for the new ASC or convert hospital employees.

"You want everything in place when you start recruiting staff: from benefit programs, to hiring processes, to onboarding tools," says Jacobs. "Everything will happen more effectively if those things are in place before you start bringing your team in. Then, the expert processes will support the new team and make it successful."

Just as there are dramatic differences between hospital and ambulatory HR, the types of employees that will thrive in each environment are different as well. People who enjoy diversity of job duties, like to wear many hats, and appreciate opportunities to be cross-trained are well-suited to an ambulatory facility, while those who want to work at one specialty, on a steady shift, or pick up an extra shift to earn more money are likely to be happier in a hospital setting. And, the lifestyle benefit of working in an ASC is often very attractive since many ASCs operate on business-day hours and are closed on weekends. HR outsourcing firms, especially those specialized in the healthcare space, understand these motivational nuances and have access to networks for connecting with suitable prospects.

In addition, because they work across multiple clients, firms like MedHQ have HR professionals on staff to help your ASC expertly manage ongoing employee relations.

"Your HR resource needs to be adept at handling the dynamics of employee relations," Jacobs says, adding that the capability is a key one to evaluate when looking for an outsourced firm. "Many firms are trying to automate and not have an actual HR person who's part of service delivery. We find that lacking, especially in the critical component of employee relations. It's just not the same to read about how to handle an employee relations issue as it is to speak with an experienced professional."



Technology

While automation may not be the best solution for employee relations, there are a lot of HR functions your ASC may be able to streamline using the shared technologies offered by an outsourced HR firm.

“We automate things like payroll and onboarding and benefits enrollment and all those things that are process-oriented,” Jacobs says. “And there are things you can automate in communication and media. That’s great and certainly should be done. But when it comes down to the basics of human interaction, you can’t support that well with an automated tool. The drive for efficiency makes that a temptation, but it’s going too far.”

MedHQ uses a PrismHR system that is as robust as any hospital system, while also being more adaptable and better positioned for that outpatient environment. And, it is a big advantage simply to have your ASC’s tool disentangled from a hospital’s total financial system. “If your data is wrapped up in the hospital’s systems, it’s really difficult to be freestanding and independent, and to operate with speed,” Jacobs says. “And on your own, you couldn’t afford the capabilities.”



HR OUTSOURCING: A GROWING RESOURCE

Human resources service providers continue to grow and help streamline the HR functions for small and medium-sized businesses. A trend report from PrismHR, an industry-leading software and service provider, says HR service providers reported 22% average growth in 2017.

The top five outsourced services?

1. HR Consulting
2. Payroll
3. Benefit Administration
4. ACA Compliance
5. Time Tracking

Source: PrismHR, 2018 Human Resource Outsourcing (HRO) Trends Report

Conclusion

The continuing evolution of hospital services and procedures to outpatient settings, creates a challenge for hospital ambulatory strategy leaders, and for hospital HR professionals. Put simply, hospitals partnering in ambulatory ventures need new HR strategies to effectively manage them, to keep physicians efficiently providing quality care, and to manage resources according to emerging best practices. Identifying the right match in an outsourced HR resource can help develop and execute those new strategies to improve success across the ambulatory platform.

For more information on MedHQ's HR services for ASCs, contact Tom Jacobs at (708) 492-0519.



TOP REASONS COMPANIES OUTSOURCE:

Cost Cutting Tool	59%
Enables Focus on Core Business	57%
Solves Capacity Issues	46%
Enhances Service Quality	31%
Critical to Business Needs	28%
Access to Intellectual Capital	28%
Manages Business Environments	17%
Drives Broader Transformational Change	17%

Source: Deloitte's 2016 Global Outsourcing Survey, May 2016