



ARTICLE

# Finding alternatives to furloughing the healthcare workforce



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# Finding alternatives to furloughing the healthcare workforce

Prepared by Jim Finkelstein, Corinne Sinnigen, Stephanie Nelson, Ben Teichman, and Zack Newman of FutureSense, LLC exclusively for The Governance Institute and NRC Health

Healthcare organizations are struggling to make the best workforce decisions in response to the financial strains brought on by COVID-19. Like so many, you are probably applying traditional block and tackle measures to maintain your workforce, reduce costs, sustain, and eventually restart your business. Sadly, the impact of current financial strains will be with us for quite some time, and a focus on simply restarting your business may not be enough. In this new and uncertain economic environment, you must be ready to reimagine your business for long-term viability.

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## FEAR AND PANIC DRIVE CONSUMER HEALTHCARE-RELATED BEHAVIORS AND CREATE FINANCIAL STRAIN

COVID-19’s impact on healthcare has been staggering and we are witnessing firsthand how unprecedented fear and panic have impacted consumer behavior in response to the crisis. Data results from recent surveys conducted by NRC Health reinforce this truth. Within weeks, consumer concerns regarding COVID-19 jumped 26%, starting at 61.7% in March to 87.9% in April (shown in Figure 1).<sup>1</sup> Overall consumer confidence of the healthcare system has dropped from 42.2% to 31.4% (also shown in Figure 1).<sup>2</sup> Fear and a lack of confidence have caused individuals across the generations to delay seeking healthcare for various services. Data shows that 54.8% of those surveyed want the reassurance and safety of social distancing measures shown in Figures 2 and 3.<sup>3,4</sup> Although there is variation among the generations, data also supports the fact that consumers across the board are interested in utilizing virtual as opposed to in-person methods to address non-emergent medical needs.<sup>5</sup> Given these implications, it is no wonder healthcare organizations are taking a financial hit. And let us not forget that these same consumers who are responding to the crisis from a place of fear may very well be employees in your healthcare organization.

## NURTURE EMPLOYEE TRUST TO MOVE YOUR ORGANIZATION FORWARD

Every day, the healthcare workforce is experiencing impacts from both the virus and the resulting financial strain. For employees, this climate breeds uncertainty and a depleted sense of trust, and now is the time to take some basic steps in sustaining a culture of trust to preserve your organization’s forward momentum.

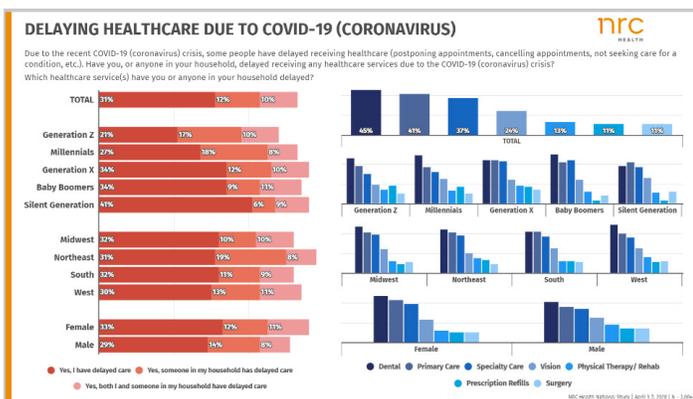


Figure 1: Coronavirus Delaying Healthcare

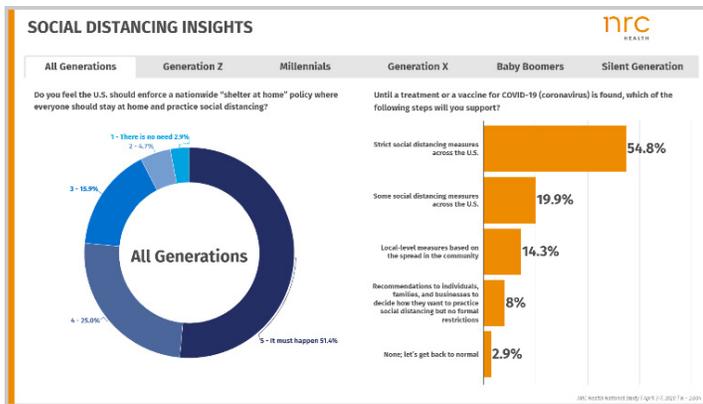


Figure 2: COVID-19 Social Distancing

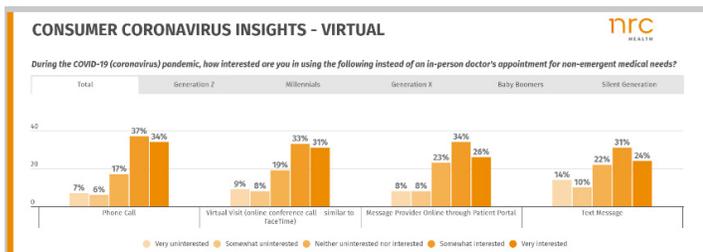


Figure 3: COVID-19 Virtual Insights

**Consider the following:**

- 1. Implement health protection policies.** There will be instances where some employees fail to follow social distance practices, creating a great sense of fear and concern in others. Address this fear by establishing health protection policies that all employees must follow. For those not following the in-office health protection protocol, progressive discipline should be considered as it is with all other policies.
- 2. Listen to your employees.** Consider surveying employees to see how they are coping with the drastic change. This will help the organization to address concerns by hearing the voice of the employees.
- 3. Provide support.** Many employees are dealing with fear and will need support resources. Remind employees that they have support options, such as reaching out to their managers or HR, utilizing an Employee Assistance Program, or sponsored mental health apps.

**CONSIDER ALTERNATIVES TO FURLOUGHING EMPLOYEES**

As organizations continue to rebuild a sense of trust and security, financial strains resulting from the crisis must be addressed. Many healthcare organizations have resorted to furloughing employees. Although furloughing offsets costs and avoids the painful experience of layoffs, it can also negatively impact the financial health of affected employees, their sense of job security, and their morale. Aside from furloughing employees, what should healthcare organizations do to ride out the storm?

- 1. Actively engage employees.** Leaders have an obligation to be present, proactively listen to employees, empathize with their concerns, and consistently address employee needs through frequent and confident communications.
- 2. Retrain and redeploy** to preserve productivity and provide cost savings:
  - Identify where training and certification needs can be expedited to quickly redistribute nursing resources to different nursing units as opposed to leveraging outside specialty nursing resources.
  - Expedite training to fill gaps in organizational structure as opposed to taking on talent acquisition expenses.
  - Allow physicians the opportunity to transition to telemedicine to maintain reimbursements for non-emergency patient visits.
- 3. Reduce human capital related costs** to retain your workforce:
  - Consider implementing a flexible schedule arrangement where, for example, employees work four days on and one day off without pay.
  - Determine where your organization can make payroll cuts.
  - Scrutinize your current pay practices and identify and eliminate what is "not working."
  - Modify bonuses.
  - Put limits on non-essential overtime.
  - Place a hiring freeze on non-essential roles.
  - Consider updating PTO policies.

- For example, one east coast-based healthcare organization updated its PTO policy by:
  - a. Removing the requirements for salaried employees to only take full-day PTO.
  - b. Requiring employees to use PTO in conjunction with reduced schedules.
  - c. Increasing limits on going negative in PTO banks.
  - d. Allowing employees to use current and negative vacation or sick leave balances.
- 4. **Initiate cost-saving measures** for administrative, asset, or services related expenditures.
  - Identify the “nice to have” vendor service contracts that can be scaled back or eliminated to generate cost savings.
  - Liquidate assets to produce cash flow.
  - Consider transitioning employees to a remote working arrangement to save on overhead expenditures.
- 5. **Implement a reduction in force.** As a last resort, this may be needed to open the door to future cost saving opportunities by reducing or eliminating redundant work in your organizational structure. Layoffs might also create the opportunity to leverage more on-demand resources instead of absorbing total compensation costs.

#### BUILD LONG-TERM BUSINESS VIABILITY

These traditional, tried-and-true tactics can have a positive and rather quick impact on cost savings to sustain and potentially reopen your business. But in these uncertain times, that may not be enough to produce long-term business viability. Leaders who want to secure future organizational strength and health should challenge old ways of thinking with the following five themes:

**“Healthcare boards and leaders who want to secure future organizational strength and sustainability must challenge old ways of thinking.”**

1. **Talent optimization:** Are you experiencing the highest and best use of your talent? Are staff members operating in their roles by utilizing their natural gifts and talents? Is everyone operating according to the highest level of their practice? Are staff in certain roles engaging in activities that amount to time wasted?
2. **Job analysis:** Will current roles meet future needs? Have those roles produced the value anticipated or needed? Can some roles simply be insourced, outsourced, or resourced? Once you resume operations, are you positioned to hire the right people? In an excerpt on his upcoming book, author Michael Dennis Graham emphasizes the importance of conducting job analysis efforts now to approach future talent acquisition activities with a clear understanding of position needs to hire the right talent and create an organization’s differentiating performance.<sup>6</sup>
3. **Organizational structure:** Are you willing to flatten your organizational structure? With high span of control and the stresses of coaching and guiding put upon management resources, is your organizational structure heavily layered? Why not implement a peer-to-peer approach that allows employees to take on the responsibility of supporting one another during a crisis, and free up and optimize your management resources?
4. **Rewards:** Does your current rewards program strike a balance between compensation and employee flexibility? Does it really speak to what motivates your employees to be present, engaged, and optimized in their roles?
5. **Provider wellness:** Are you managing the wellness of your provider population? Employee Assistance Programs are important, but they are also reactionary. Have you considered establishing a program that proactively supports provider wellness? An Integrated People Strategy can effectively structure the various touchpoints of the caregiver experience to mitigate stress and burnout while improving productivity, as shown in Figure 4.

You can always employ traditional tactics to create immediate results that can stabilize and aid in restarting your business during a time of crisis. But what is to stop you from daring to reimagine your business in ways that can position your organization for longer term sustainability, success, and competitive advantage? You decide!

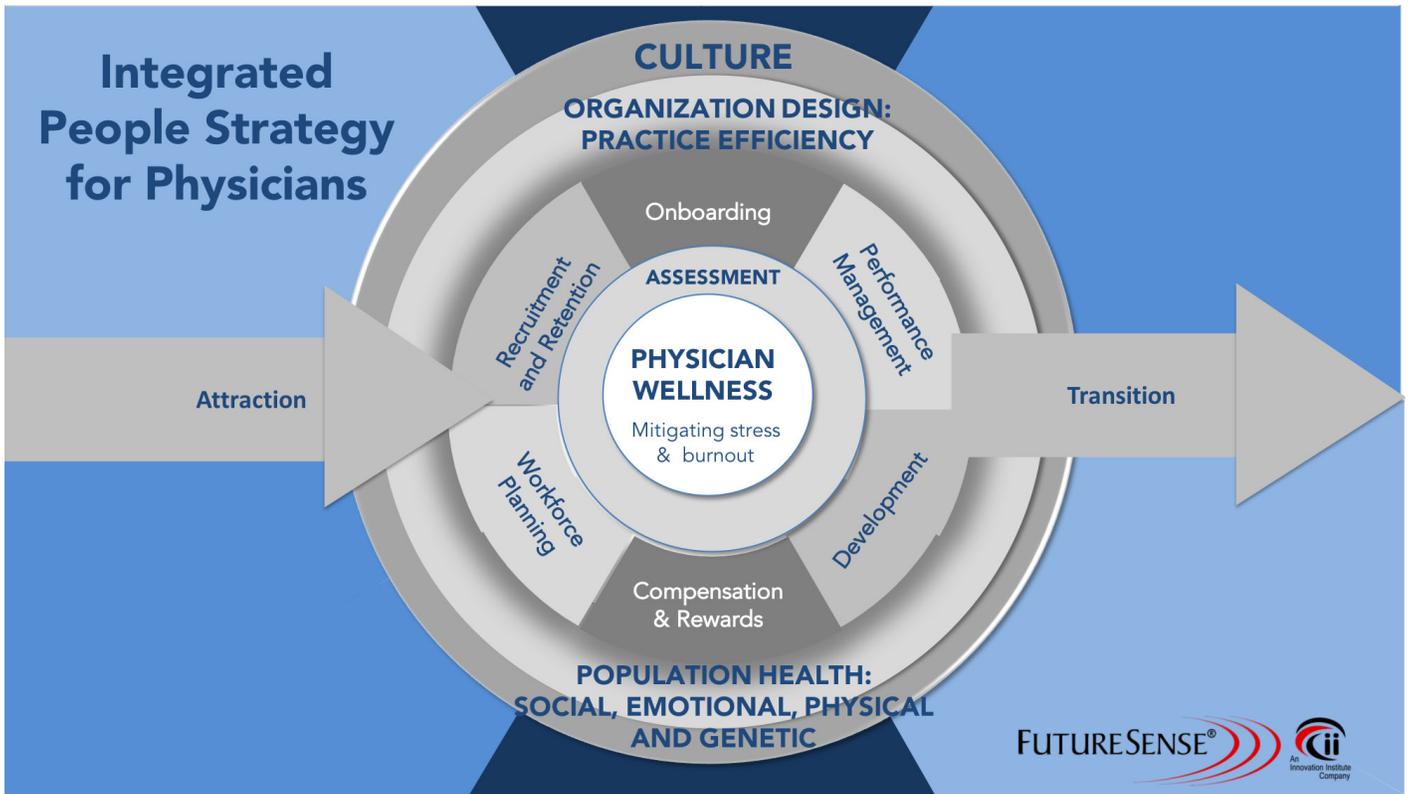


Figure 4: Integrated People Strategy for Physicians

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1 NRC Health, "Consumer-sentiment data on the coronavirus pandemic," NRC Health Report, April 2020, <https://nrchealth.com/wp-content/uploads/2020/04/Consumer-Sentiment-Data-on-Coronavirus.pdf>.

2 Ibid.

3 NRC Health, "COVID-19 Virtual Insights," accessed May 4, 2020, <https://nrc.infogram.com/1p2mvgj9ldkygzs0q577v0q6d5brkvmn76q>.

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6 Michael Graham, "Job Analysis in the 21st Century," PSX: The Exchange for People Strategy eMagazine, Spring 2020, [https://cdn.shopify.com/s/files/1/0248/6435/8479/files/PSX\\_REVISIED\\_article\\_Job\\_Analysis\\_excerpt\\_version\\_new\\_3.pdf?v=1588093802](https://cdn.shopify.com/s/files/1/0248/6435/8479/files/PSX_REVISIED_article_Job_Analysis_excerpt_version_new_3.pdf?v=1588093802).

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