



MSP

Staffing Gets Healthy

Managed services programs are finally being adopted by the healthcare industry—for a number of reasons.

By Bob Livonius

The advancement of commerce has always been marked by disruptive ideas that displace traditional ways of doing things. Managed services programs (MSP) represent that type of pivot point in the current transformation of the healthcare industry. Almost everything—from information technology and reimbursements to the scope of clinical practices and delivery of patient care—is changing in healthcare right now by the way of disruptive ideas, models, and technology. So it shouldn't be surprising that how we manage the contingent healthcare workforce is changing too.

MSP adoption has flourished in many industries during the past decade, rising from single digits to more than 80 percent of buyers who are either using an MSP or plan to very soon. Historically, industries with complex technological processes comprising several separate functions and moving parts benefit from an MSP by way of aggregating vendors and contracts and managing them under one umbrella. But as it turns out, MSP can be viable for any industry where both efficiency and quality are equally vital. Today, that includes healthcare for several reasons.

Quality benefits. Healthcare is a late adopter of many different types of new models and technology. The causes are clear. It's an industry that's been around for a long time and has many traditional business and clinical roles. More importantly, the bottom line in the healthcare industry is excellence in patient care, so every new idea—no matter its obvious financial benefits—must be carefully weighed against the impact on the health and safety of patients. High quality is the healthcare imperative.

So how is high quality achieved through MSP? For a contingent healthcare workforce, an MSP can consistently deliver high-quality clinicians through the oversight of suppliers' quality assurance processes, as well as an ability to recruit from a very large network. An MSP can ensure that the contingent workforce supplier adheres to candidate standards that are the same or better than the healthcare provider. Quality also is enhanced by an MSP that standardizes the training, orientation, performance measurements, credentialing, and screening of a healthcare enterprise's contingent workforce.

Financial benefits. Everybody knows about the financial pressures on healthcare these days. The top demand is reducing out-of-control costs. At the same time, healthcare must increase patient satisfaction, adopt electronic health records, improve the quality of care, prevent disease and injury, make sure we have enough doctors and nurses, find even more effective cures, and save more lives. All this requires a very delicate balancing act by healthcare financial managers between efficiency and quality. Frankly, in the past, efficiency wasn't a big factor in healthcare, but it will be from now on. With labor costs representing half of hospital expenditures, managing the contingent workforce becomes a critically important cost containment solution. Managing all workforce vendors and contracts through one point of contact provides an obvious efficiency for administrative and clinical support.

An MSP means hospital managers don't have to contact dozens of staffing companies to fill positions; they only have to contact their MSP administrator. A trustworthy MSP partner with sufficient oversight of a hospital's clinical operations will already know the hospital's needs, and therefore can plan for the future, improving turnaround times and fill rates while reducing overtime. As a single point of contact, an MSP has better visibility on spending. It can also standardize rates for contingent labor and create uniform billing procedures for all vendors. Invoice processing can be streamlined; instead of hundreds of invoices handled for vendors, there's only one.

Since healthcare is a highly regulated industry with multiple credentials, licenses, and other certificates often required for workers, an MSP can house all documentation in one place

for easy access when needed. An MSP can also regularly audit all vendors to reduce liability risks and workers' compensation costs. Performance standards and financial goals can be set for the program with updated metrics and benchmarks reports always available to the client, so hospitals can know exactly the cost and coverage of contingent workers.

A vendor management system (VMS) can provide support for sourcing and billing rate management. For most health systems, a VMS alone will not be a substitute for an MSP, because technology vendors aren't healthcare workforce experts and can't guarantee the recruitment of high-quality clinicians. Healthcare is a people business of clinical professionals in highly specialized jobs. Algorithms don't have the knack for the people side of healthcare.

Working With Vendors

Healthcare is an industry with many vendors that have fashioned traditional business roles over the years, and that includes suppliers of contingent labor. Many firms—both large and small—have been supplying contingent nurses, doctors, and other healthcare professionals directly to hospitals for years. Not surprisingly, some do not like the imposition of an MSP between them and the client. However, because of the great emphasis today on cost containment in healthcare, and the concomitant demand for improved quality, MSPs are here to stay. As a response to that reality, many staffing companies are becoming affiliate vendors and doing very well by eliminating sales commissions, reducing days sales outstanding, and filling incremental business for clients they would otherwise not have serviced. With an MSP, they can focus on what they do best—the people-side of the business of clinician recruiting.

Because this relationship between MSP and staffing companies is so critical in healthcare, and the possibility of friction between the two exists, the American Staffing Association (ASA) is developing best practice guidelines for relationships between MSPs and staffing firms. A task force made up of representatives from large and small firms developed a tool that can help guide the contracting process and operations of MSPs and affiliate vendors, providing a win-win solution for both. We expect this tool to be available very soon for ASA members. It should create a new paradigm that will benefit staffing companies and—more importantly—our clients.

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