

Case Study, Analytic Tool and Practice Guide

A Product of
Better Jobs Better Care

Achieving Staff Stability: Using Data-Driven Decisions to Re-Examine Industry Norms

"The first step is that you have to be big enough to say what you're doing isn't working. Then you can fix it, do it better and move forward."

- Scott West, Administrator
- Birchwood Terrace Healthcare*

By Cathie Brady and Barbara Frank*
B & F Consulting, Inc.

In a Unique Collaboration with:
Better Jobs Better Care-VT*
COVE: Community of Vermont Elders
Birchwood Terrace Healthcare
Quality Partners of Rhode Island

March 2007

* Birchwood Terrace Healthcare, Burlington, Vermont, is owned by Kindred Nursing Centers East, LLC, a subsidiary of Kindred Healthcare, Inc.

* The authors are indebted to David Farrell, MSW, NHA, who designed the analytic tools used at Birchwood and in the QIO pilot and contributed valuable knowledge, skills and understanding.

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Table of Contents

Introduction	1
Stabilizing Staffing: The Problem	3
1. The Birchwood Story ... In the Beginning	3
2. The QIO Workforce Retention Pilot ... In the Beginning.	6
Stabilizing Staffing: The Intervention	9
1. Data Collection Tools: The “Drilldown”	9
2. Data Analysis	11
3. A New Approach	15
4. Leadership Development: Building Skills and Systems	19
5. Results	21
Conclusion: A Lesson Learned	24
A Cautionary Note	24
Appendix A - Do Your Management Practices Support Stability or Instability?	25
Appendix B - Drilldown: The Tool and Instructions	37
Appendix C - Blank Drilldown in Excel*	51

* An electronic version of the Excel tools is available at
www.riqualitypartners.org and www.bjbc.org.

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Introduction

Nursing homes nationwide struggle with high turnover and absenteeism at all levels of their organization and often consider staff instability a given in the field. The reasons for people cycling in and out of jobs vary, but research suggests there are two interrelated forces at work:

- Fiscal issues (i.e., wages, benefits, financial incentives and staffing decisions) and
- Management practices that shape the way people work together.

Unwittingly, many fiscal and management practices used to deal with chronic staffing instability actually contribute to and accelerate it. Yet, these practices are so common that they go unquestioned and are assumed to be working. These industry norms bear closer scrutiny. A fundamental rethinking of these norms, through careful analysis and rigorous process improvement efforts, has led homes to spend smarter for better results.

This is the story of how one nursing home, Birchwood Terrace Healthcare, broke with convention, re-examined industry-wide norms and changed its fiscal and managerial practices. It is also the story of an analytic process that guided Birchwood’s examination and led it to institute new approaches that led to positive results. The home used classic process improvement to make data-driven decisions. Using a tool available at www.bjbc.org and www.rqualitypartners.org, Birchwood saw how its fiscal incentives were creating instability. By refocusing its resources, Birchwood broke its vicious cycle of turnover and stress and achieved workplace stability and harmony.

This story is important because it is not just one nursing home’s story. The problems Birchwood faced, and the fiscal and managerial practices that had been its norm, are

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common across the country. What is uncommon is that Scott West, the administrator, and Sue Fortin, the director of nursing, were willing to acknowledge that what they were doing wasn't working, and they had to do something different. These exemplary leaders guided their home to new norms. They were aided by technical assistance from B & F Consulting, Inc., provided through Better Jobs Better Care–Vermont.

When Birchwood began its participation in Better Jobs Better Care–Vermont, its problem was a high rate of turnover. Through a six-month intervention process, it made substantial progress toward stability. The heart of the intervention was the collection of data to determine the impact of resource decisions. Leadership analyzed the data and put new fiscal practices in place that had an immediate impact in stabilizing staffing. At the same time, Birchwood's managers focused on strengthening supervisory and management practices and putting systems in place to solidify relationships among staff. A year later, the progress has been sustained.

Workers who left	2/15/04 - 2/15/05	2/15/06 - 2/15/07
LNAs	92	30
RNs	18	3
LPNs	10	6

The intervention at Birchwood provides a valuable and replicable example of an analytic process that workplace leaders can use to identify and address underlying causes of staff instability. While Birchwood's situation has its own unique characteristics and the tools were customized to Birchwood, the lessons and methods can be applied universally.

Birchwood's change process coincided with a Centers for Medicare & Medicaid Services (CMA) pilot called "Improving the Nursing Home Culture," staffed by Quality Partners of Rhode Island and B & F Consulting. The pilot focused, in part, on workforce retention. Among the 254 homes in the pilot, many had turnover problems similar to Birchwood's and had been using similar approaches in response. The BJBC and CMS projects drew from each other. Birchwood and the CMS pilot homes were able to shatter the norms of high turnover using new practices that rewarded retention and achieved stability. Collectively, the pilot homes achieved significant improvements in staff retention and in clinical quality measures, including restraints, pain, pressure ulcers and activities of daily living.

This best practice case study describes the methodology behind the workforce intervention, how the tools were used and the results. The paper highlights fiscal and management practices prevalent today in the nursing home field that actually contribute to instability and contrasting practices that support stability, cohesion and teamwork.

The take-home lesson of this case study is that our systems create our outcomes. What we do gets us what we get. To get something different, we have to do something different. To do differently, we need to see with new eyes what we've taken as givens. At Birchwood, and in the QIO pilot, when systematic analysis provided new eyes, nursing homes were able to change their systems and generate new and better outcomes for staff and residents. As they grew in their understanding of what could be done, they replaced

systems that contributed to instability with systems that helped them stabilize their staff. Theirs is a story of change that transforms our field.

Stabilizing Staffing: The Problem

1. The Birchwood Story ... In the Beginning

For decades, the long-term care field has taken high staff turnover as a given. Research suggests two main causes for a vicious cycle of turnover, absenteeism and stress.

- The first cause is **fiscal—wages and benefits**. Direct care workers typically receive wages and benefits that are insufficient for them to make ends meet. Many lower wage staff members face daily economically related struggles that inevitably affect their work. Nursing homes often feel helpless to address this economic reality because wage and benefit levels are affected significantly by public reimbursement rates. Yet, each nursing home's systems for bonuses, incentives and differentials, as well as policies related to attendance, schedules, assignments and employee assistance, all have an impact on retention outcomes.
- The second cause is **management practices**.^{*} In homes with high turnover, many staff members experience a lack of respect. Despite management efforts to provide positive appreciation, staff members often do not feel valued within their workplace. They see little positive feedback for their contribution, they don't feel listened to or included in decision-making and they work with staffing ratios that make a hard job even harder. In these settings, the work culture can feel harsh and punitive, with little room for the caring heart that brought people to this work. Here again, management systems—for orientation and welcome; problem-solving and conflict resolution; and teamwork, collaboration and participatory decision-making—all shape retention outcomes.

When Birchwood became involved in Better Jobs Better Care-VT, it sought assistance with turnover. Located in Burlington, VT, Birchwood Terrace is a Medicare- and Medicaid-certified nursing facility owned by Kindred Nursing Centers East, LLC, a subsidiary of Kindred Healthcare, Inc. Birchwood has a capacity for 160 residents and has 186 employees. It has a sub-acute unit, a dementia unit and a regular long-term unit. Scott West, the administrator, and Sue Fortin, the director of nursing, are recognized leaders in their field. Early in the process with BJBC-VT, contractors B & F Consulting gathered information from staff about the nature of the turnover. B & F then developed an intervention process that included:

- Collecting and analyzing data to determine the nature and extent of the turnover and absenteeism.

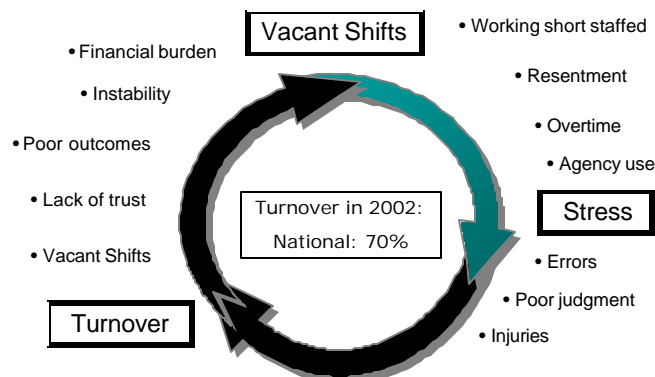
^{*} *What a difference management makes!* by Susan C. Eaton, 2002, documents five key management practices that make the difference between high and low turnover in nursing homes in the same labor market.

- Developing and implementing a three-pronged plan to stabilize staffing by increasing the percentage of full-time and part-time staff, improving attendance and retaining a greater percentage of new employees.
- Providing leadership training for managers and supervisors.

➤ **Information gathering (qualitative)**

The information-gathering process started in August 2004, with one-hour meetings with staff on all shifts, units and departments during two weekdays and one weekend day. In the initial meeting with management, participants identified a need for assistance with a high rate of staff turnover, which was creating frequent short-staffing and a high level of stress. During the three days of focus groups, the severe impact on staff of the high turnover rate became apparent. Circumstances mirrored what Susan Eaton described in *What a difference management makes!* as a “vicious cycle” of turnover, absenteeism and stress.

A Vicious Cycle of Turnover, Vacant Shifts, and Stress



The turnover was contributing to absenteeism. When the consultant team asked staff how often they were working short, many said it was the case more often than not. Because of absences and turnover, there was an inconsistent team of co-workers on each shift. Supervisors were feeling extremely stressed, some to the point of tears. The stress was causing conflict and interfering with teamwork. The stress also was generating last-minute absences which, in turn, made the work all the more stressful when staff had to work short, causing some staff to quit, others to shift to per diem and others to call out the next day after having worked a double or worked short.

Birchwood’s corporate employee opinion survey in December 2004 reflected a high level of concern about communication, support, working short, lack of supplies and issues of favoritism. Many respondents said Birchwood was not a welcoming place for new staff. Responses to the survey were tabulated for three groups: department heads, licensed staff and non-licensed staff. This separate tabulation turned out to be a very valuable

practice. It allowed management to see differences in how different groups of staff experienced the workplace. Here again, Birchwood's experience mirrors widespread experience in this field:

- Department heads had different perceptions than the rest of the staff about the depth and nature of the problems. The managers' responses were much more favorable in areas related to communication, teamwork, support when working short and other morale-related areas.
- Nurses' responses indicated their morale was the lowest in the building.
- There were sometimes wide swings, with a significant number of staff responding positively and a significant number responding negatively, indicating unevenness in the work experience in the building.

<i>When employees are absent, there is a strong effort to get replacements.</i>	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Department heads	29%	57%	14%	0%	0%
Licensed nurses	14%	36%	14%	29%	7%
Hourly staff	17%	17%	17%	17%	33%

<i>Teamwork in my department is good.</i>	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Department heads	57%	43%	0%	0%	0%
Licensed nurses	13%	13%	27%	20%	27%
Hourly staff	33%	33%	0%	0%	33%

<i>Management cares about me as a person.</i>	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Department heads	43%	57%	0%	0%	0%
Licensed nurses	7%	13%	27%	13%	40%
Hourly staff	17%	50%	0%	0%	33%

<i>I would recommend this to a friend as a good place to work.</i>	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Department heads	43%	43%	14%	0%	0%
Licensed nurses	20%	13%	20%	27%	20%
Hourly staff	33%	17%	0%	17%	33%

Department heads were very aware that there were serious problems and were working diligently to address them. But, as is often the case, management was unaware of just how depleted and demoralized their staff members, and especially their nurses, were.

Management was trying to provide support, promote morale and plug the holes in ways that are common to many nursing homes in similar situations. To provide support, West, as administrator, was involved in a hands-on way in helping with the work -- washing windows, passing trays, making beds, transporting residents. While staff appreciated his active support, they still felt overwhelmed. Attempts to improve employee morale, such as pizza parties, were unsuccessful at alleviating the stress staff said they were experiencing.

Meanwhile, the practices management were using to plug the holes were keeping the holes open. For example, in its urgency to fill vacancies, Birchwood used:

- **“You’ll work? We’ll take you”:** Feeling the urgency to hire, they brought on new people they might not have hired had they felt they could wait.
- **Inconsistent assignments:** New hires often were given different assignments each day, to plug that day’s hole, without having the opportunity to get to know their co-workers, residents or supervisors. Many new staff left immediately, so the home had to start a new hiring process.
- **Piecemeal hiring:** They tried to fill holes on certain days and shifts and accepted new hires only willing to work certain days and shifts. Their schedule was a daily jigsaw puzzle, filling holes and fitting people in as they could.
- **Sign-on bonuses:** Birchwood offered sign-on bonuses to their new nursing hires. This was hard for current staff who felt undervalued by comparison.
- **Baylor:** To allow full-time staff to have more weekends off, Birchwood used a Baylor program—staff who worked two 12-hour shifts got paid for 30 hours. Eventually, the program took on a life of its own, expanding to weekday use.
- **Last-minute assignment bonus:** Another common practice used at Birchwood was a bonus of \$5 per hour for CNAs and \$10 per hour for licensed nurses to cover for staff who called in absent at the last minute. Still, it faced daily instability, with absences, turnover and stress at all-time highs.

Meant to stem the tide of instability, these actions were unwittingly accelerating the instability and generating hard feelings among the core of reliable staff. Birchwood’s efforts were standard in the field, yet they were making matters worse.

2. The QIO Workforce Retention Pilot ... In the Beginning

In August 2004, CMS funded Quality Partners of Rhode Island (QPRI) to conduct a one-year pilot with two prongs: person-directed care and workforce retention. On the

workforce retention side of the pilot, five major national nursing home corporations and two state triads (consisting of the for-profit and not-for-profit associations and the QIO) participated in four QPRI learning sessions. They, in turn, led 10-12 nursing homes each through a year-long intervention meant to reduce their turnover. On the person-centered care side of the pilot, 21 state QIOs also attended four QPRI training sessions and, in turn, led 5-10 nursing homes in their state through an effort to shift from institutional to individualized resident care. QPRI contracted with B & F Consulting to work with their core staff of Marguerite McLaughlin and David Farrell in designing the pilot, conducting the training and assisting the corporations and the QIOs in their implementation of the change process. Eaton's *What a difference management makes!* was used as a core text for workforce retention.

The work and findings at Birchwood became a living laboratory for the workforce retention efforts under this pilot. From the onset, it was evident that the experience at Birchwood was a common one. Homes participating with their corporations in the workforce retention pilot were experiencing similar problems and relying on similar practices to deal with them. On the person-centered care side of the pilot, homes focused first on individualizing care. However, by the fourth learning session, they were ready to focus on workforce retention. The experiences at Birchwood, and by then with the homes in the workforce retention side of the pilot, rang true for them as well.

➤ **Information gathering**

Pilot participants wanted guidance on how to improve retention. We gave them a way to understand the nature, extent and causes of their turnover—similar to the way focus groups at Birchwood had provided valuable information about the causes and effects of turnover. We designed a package of homework assignments that we gave participants in the workforce retention pilot at their first learning session in October 2004.

The homework was a way for management to begin the information-gathering process. It focused on ways of beginning to get a better picture of the current conditions and to provide management with an awareness of their staff's experiences. It involved staff interviews and data collection covering the same areas that had surfaced in the Birchwood focus groups. The homework assignments included:

- **What is your cycle of turnover?**
 - Interview staff members who have left over the last three months to find out why they left and what their experience of working for you was. Compile results.
- **What is your cycle of understaffing?**
 - Collect information over three months on the number of shifts where scheduled staff members do not work, leading to the use of overtime, pool or short shifts. Ask a staff person from every shift, unit and department how often they feel understaffed and what the work feels like when that's the case. Ask what it feels like when they have enough staff. How often is that the case? Ask them what teamwork is like and what happens related

to teamwork when they are understaffed. Ask what happens that leads people to be a last-minute absence.

- **Where is your money going?**
 - Compare all spending related to recruitment and retention in the last year.
- **What are your financial incentives?**
 - Compile information on incentives and determine how frequently they are given. For example, a bonus for working a last-minute assignment, shift differentials, having people work two 12-hour shifts and be paid for 36 hours, extra per-hour take-home pay for working per diem, bonuses for good attendance, working a holiday, hiring bonus, referral bonus, longevity, completing a class, mentoring a new co-worker, etc. What do you offer new hires to start and how does that compare with what longer-term employees are paid?
- **High-turnover/low-turnover self-assessment using Eaton to look at your facility's landscape**
 - This self-assessment tool is based on Eaton's *What a difference management makes!* with scoring in the five areas of management practice Eaton had found to make a difference in retention. These five areas are: high-quality leadership throughout the organization, valuing staff in word and deed, human resource practices that support staff stability, organization of work to build on employees' intrinsic motivation and enough staff and resources to do the job well.
- **What do employees want in their job?**
 - Ask five staff people what brought them into caregiving, what keeps them there, what their frustrations are and what they most want in the job.
- **Managing for retention**
 - Chart longevity in your workplace—how many staff members have been there by number of years of service. Chart turnover of staff by longevity.
 - Ask three staff members who have been there less than a year what it was like to come in new and what they think would be helpful to welcome new staff. What would have helped them?
 - Sit in the employee break room. Make a list of what you see that's comfortable and inviting, what you see that isn't and what could be done to make it better. Would you like to eat in here? Is this a comfortable place to relax and replenish? Ask at least three staff members who come in these same questions.
 - Review in-service training and opportunities for on-the-job classes. For classes given in the last year, what was the content and what teaching mode was used (video, lecture, tape, discussion, role-play, case study,

etc.)? Ask at least one staff person from each shift about in-service and opportunities for on-the-job classes. Were there any in the last year that they liked? What suggestions do they have for areas they'd like to have a class on? What suggestions do they have for scheduling of classes? What could make classes better? Share and discuss findings with the team.

- **Build on intrinsic motivation**

- The intrinsic motivation for nursing home staff is the ability to care for others. Observe a morning's routine in your nursing home, from 5–8 a.m. Observe a lunch and a dinner. Observe the pace for staff and residents, their interactions and the affect these routines have on them. Does the system you have in place allow for the caring that motivates your staff to work in long-term care?

When the corporate staff returned for their second learning session in January 2005, they shared what they had learned from the homework. It mirrored the experience at Birchwood. The corporate staff members were able to see through the eyes of their staff. They learned why their staff do the work they do—out of a calling to care for others. They learned why people have last-minute absences—because they are burnt out. They learned what it's like to work short—one staff person said, "It's hell;" and what it's like to work with enough staff—one staff person said, "You have time to be human."

One corporation, after its management team sat in their employee break rooms and saw how dreary they were, immediately initiated remodeling. Pilot participants learned that they were not adequately supporting new hires and by drilling down to chart longevity in relation to turnover, some of the corporations learned that most of their turnover was occurring in the first week after hire. Corporate staff had not realized how impossibly rushed the morning routine is, how much their in-services were boring videos or how prevalent the experience of disrespect was among their non-supervisory staff. Overall, participants understood that they had been woefully unaware of the depth of despair among their employees.

They also had been unaware that their own fiscal and management practices were generating their own vicious cycle of turnover. They began to match their systems with their outcomes and to re-examine traditional practices, such as staffing to census, bonuses for last-minute assignments and sign-on bonuses. The information collected from the staff interviews and the data drilldown gave them a powerful analysis of what was causing their turnover and the steps they needed to remedy it.

Stabilizing Staffing: The Intervention

1. Data Collection Tools* : The "Drilldown"

* The drilldown tool, with sample data and instructions on its use, is located in Appendix B. For a blank electronic copy of the Excel spreadsheet, go to www.rqualitypartners.org or www.bjbc.org.

Through the workforce retention pilot, we had created rudimentary tools for data collection based on Birchwood's experience. The pilot participants had found the data collection tools to be a powerful source of information about what was happening in their workplaces. Working with David Farrell, we formalized these tools so we could systemically collect information at Birchwood. We designed a data collection tool to capture a snapshot of the current picture of the staff and financial incentives. Our goal was to "drill down" and learn more about any possible causal links between Birchwood's financial incentives and its staff instability. The tool asked for the following information broken down for RNs, LPNs, CNAs and staff from non-nursing departments.

- **The Snapshot of the Current Situation**

- **Composition of staff** for RNs, LPNs and CNAs by full-time, part-time, per diem and Baylor. This collects concrete information on the number and percentage of licensed and non-licensed staff who are regular full-time employees and those who are piecemeal employees.
- **Current staff by length of service**, including categories for less than six months, six months to one year, one to two years, more than two years, more than five years and more than 10 years. This looks at what percentage of the current staff has what longevity.
- **Terminations by length of service**, including categories for one day to one month, one to three months, three to six months, six months to one year, one to two years and two or more years. It separates terminations by employee choice and employer choice. This provides information on how quickly staff members leave after hire.
- **Turnover replacement costs**, including costs for recruiting and hiring, staffing the vacancy, training and orientation. This allows homes to calculate individual and annual costs for turnover.

- **Financial Incentives**

- **Bonus for accepting last-minute assignment** captures the amount of the bonus, how much was paid out in the last quarter and the annual pay-out.
- **Differentials** details amounts paid for working hard-to-fill shifts and weekends. It calculates the cost per position, per quarter and annually.
- **Baylor** calculates the actual hourly wage rate for RNs, LPNs and CNAs who are paid for hours they do not work. It compares this with the hourly wage for non-Baylors.
- **Per diem status** calculates the quarterly and annual pay-out for the extra per-hour take-home pay in lieu of benefits.

- **Perfect attendance bonus** captures the amount of the bonus and the quarterly and annual pay-out for those who have worked all the shifts for which they are scheduled in a month or quarter.
- **Holiday bonus** computes the quarterly and annual cost for extra pay, above the standard “time and a half,” for working a holiday.
- **Bonuses related to recruitment** calculates quarterly and annual pay-outs for new employee sign-on bonuses and employee referral bonuses.
- **Annual average wage increase** computes the annual estimated expense for the wage increase for licensed and non-licensed nursing staff.
- **Longevity bonus** details the amount paid to current employees who attain certain levels of years of service and delineates the annual estimated cost for pay-outs per position.
- **Preceptor bonus** captures the amount paid to an individual who helps a new hire and the amount paid out by the facility annually for this program.

The final sheet of the financial incentives tool computes the total annual estimate cost of all bonuses, incentives and differentials and contrasts it with the annual wage increase expense for RNs, LPNs and CNAs. Combined with the annual cost of turnover, Birchwood had a comprehensive breakdown of financial data.

2. Data Analysis

The data was compiled in June 2005. The next step was to analyze the data to see if there were any links. Indeed there were. The data explained significant problems that had surfaced in the focus groups and employee survey. The data also suggested a link between staff instability and financial incentives.

First, we looked at the **Composition of Current Staff** as of June 2005. By looking at the numbers, we were able to see immediately that full-time status employees made up the lowest percentage of staff, particularly in supervisory and management positions. Of 57 licensed staff, only 23 were full-time.

Composition of Current Staff (June 2005)

Position	Full-time	Part-time	Per diem	Baylor
RN	8	4	14	4
Total – 30	27%	13%	47%	13%
LPN	15	0	5	7
Total – 27	55.5%	0%	18.5%	26%

CNA Total – 77	37 48%	8 10%	7 9%	25 32%
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Seeing that fewer than half the supervisory staff members were working full-time provided an immediate understanding about significant problems in leadership, morale and communication. Nurses were putting in their hours and leaving. The piecemeal staffing meant they weren't available to follow up on resident or staff issues or on facility initiatives. CNAs had different supervisors each day, each with their own way of doing things, their own expectations of the staff and, in many cases, limits on the degree to which they engaged with the teamwork and communication issues on the floor.

The other number that jumped out in looking at the composition of the staff was that a third of the CNAs and a quarter of the LPNs were Baylor. Working two 12-hour shifts left many people worn out. Working with people during their second 12-hour shift was often a very trying experience.

Clearly there was a link between the composition of the staff and the instability Birchwood was experiencing. **Was there a link between the composition of the staff and the financial incentives?**

The best deal in the house was to work as a Baylor. In fact, Baylor nurses made more per hour than the director of nursing, with far less responsibility. Birchwood, like many other homes, was paying its staff for hours they didn't work. The next best deal in the house was to work per diem and take a last-minute assignment. There was no financial benefit to working full-time and committing to a schedule that the facility could count on. And there was no bonus for having perfect attendance.

Financial Incentives – Bonuses (June 2005)

Bonus	Extra Per Hour	Annual
Baylor	Work two 12's, paid for 30 hours	\$268,944
Per diem	\$1 add-on to regular hourly wage	\$51,012
Last-minute assignment	RN, LPN: \$10 CNA: \$5	\$360,000
Perfect attendance	\$0	\$0

Birchwood was rewarding the behavior it was trying to stop and not rewarding the behavior it sought to encourage. This was a radical realization. *Why should we reward people for doing what they are supposed to do—coming to work?* That's a natural question to ask, until we look at the data and realize the current system rewards people for not coming to work or for coming to work only on their own terms rather than when they are scheduled and can be counted on to show up. Birchwood had no control of its schedule because staff had converted from full-time to per diem and Baylor and were

picking up last-minute assignments when it fit into their individual schedule to work. West and Fortin conducted an analysis in which they looked at everyone’s rate of pay. For the Baylor and per diem, they factored their incentive pay into their hourly rate. What they saw “blew our minds!” It was at this point that it was very clear to them that they needed to make a change.

The Baylor program and the bonus for last-minute assignments are classic interventions in the nursing home field to address short staffing and absenteeism. However, the programs actually contribute to absenteeism and create instability. Dependable staff members who commit to a schedule and keep to it don’t know from one day to the next who their co-workers or supervisors will be. This creates stress and contributes to their own last-minute absences. It is hard, too, to work alongside others who are being paid \$5 or \$10 more an hour to come in at the last minute or who are on their 20th hour as a Baylor and about to be paid for six hours of not working.

Next, we looked at the **Current Staff by Length of Service** and **Terminations by Length of Service**. In both cases we found disturbing data.

Current Staff by Length of Service (June 2005)

Position	< 6 mos.	6 mos. – 1 yr.	1 – 2 yrs.	> 2 yrs.
RN	10%	50%	20%	20%
LPN	11%	41%	33%	15%
CNA	12%	14%	68%	6%

The data showed that:

- Many nurses in charge were new (60 percent of RNs and 52 percent of LPNs had been there less than a year).
- There was greater stability among CNAs than nurses.
- A few long-time staff members were hanging on.
- Non-nursing departments had more longevity than nursing.

In any organization, there are percentages of staff who are long-time core employees, staff who have been there a shorter time but are showing staying power and staff who are relatively new and perhaps in positions that frequently turn over. It is important that the largest percentage be long-time core staff and the smallest be new and possibly churning. At Birchwood, the smallest percentage of staff was the long-time core staff. Among the nurses, the largest percentage had been there less than a year.

So, who was leaving and when were they leaving?

Terminations by Length of Service (June 2005)

Position	1 day – 1 mo.	1 – 3 mos.	3 – 6 mos.	6 mos. – 1 yr.	1 – 2 yrs.	> 2 yrs.
RN	18%	18%	18%	27%	18%	0%
LPN	7%	13%	33%	27%	20%	0%
CNA	23%	30%	23%	16%	3%	5%

Of 66 CNAs who had left in the last two years, 15 had left in the first month and another 19 had left within the first three months. Clearly, something was not working well in the hiring process or in the orientation. While some nurses were leaving within the first few months, the bulk of the departures were occurring at or just after the six-month mark.

Could there be financial incentives that were contributing to this?

Financial Incentives – Bonuses (June 2005)

Bonus	Amount Offered	Quarter Paid – Annual Estimate
Sign-on bonus paid after 6 months	RN: \$2,000 LPN: \$500 CNA: \$250	\$12,500 – \$50,000
Referral bonus paid after 6 months	RN, LPN: \$1,000 CNA: \$500	\$1,500 – \$6,000
Longevity	\$0	\$0
Raises	Average 2%	\$90,710

Birchwood's sign-on bonus kicked in at the six-month mark. So did its turnover of licensed nurses. Its data showed it was putting more emphasis on recruitment and hiring than on retention. While it had paid out \$50,000 for sign-on bonuses, it had no longevity bonus in place, and it was paying an annual raise averaging two percent. Here again, Birchwood was rewarding behaviors that were hurting its stability and not rewarding behaviors it sought to encourage.

What was all this turnover costing? In 2004, it cost \$3,207 for each CNA who left and more than \$4,000 for each nurse who left. Its total cost for turnover in 2004, for all positions, was \$453,940.

Turnover Costs (calculated in June 2005)

Position	Per Person	Annual Cost
RN	\$4,899	\$53,889
LPN	\$4,193	\$62,895

CNA	\$3,207	\$205,248
Other	\$2,692	\$131,908
Total 2004		\$453,940

How did that measure up with what it was spending on retention? What if these funds could be reinvested in retention efforts? Putting all the incentives together, Birchwood was able to look at what its instability was costing it compared to what it was spending to increase its stability.

It turned out that Birchwood was **spending more than \$1 million per year on turnover** and practices that accelerated the turnover. By contrast, it was spending **one tenth of that amount on investments in stability**. No wonder it was getting the results it was getting.

Instability vs. Stability (June 2005)

Costs of Instability	Investments in Stability
Last-minute bonus \$360,000	Perfect attendance \$ 0
Baylors \$268,994	Raises at 2% \$90,710
Sign-on bonuses \$50,000	Referral bonuses \$6,000
Turnover costs \$453,940	Longevity bonus \$0
Total: \$1,132,934	Total: \$96,710

The good news was that there were resources available that could be redirected to serve its organizational goals. The data provided the information necessary to take the next step—develop a plan of action.

3. A New Approach

Once West and Fortin looked at the data, they saw that what they were doing wasn't working. They needed a new approach. They focused on three goals for a six-month effort (from July 1 to Dec. 31, 2005) to stabilize staffing:

- Increase the percentage of full-time staff.
- Increase the percentage of new hires who stay.

- Improve attendance and decrease the number of shifts with last-minute absences.

➤ **Increase the percentage of full-time staff**

To increase the percentage of full-time staff, West worked with his district office on a wage package that made working full-time the best deal in the house. By eliminating the last-minute assignment bonus and phasing out the Baylor program, West was able to free up considerable resources.

He redirected those resources to a wage increase that only full-time staff and part-time staff in the nursing department were eligible to receive. Staff members who work 24 hours per week are eligible for benefits, so with the wage package, it was a good deal for staff to switch from per diem to become a regular part of the staffing team.

Raises for Full-Time Nursing Department Staff (August 2005)

Position	Old Wage Range	New Wage Range	Raise Amount
CNA	\$9.25 to \$10.50	\$11.50 to 12.75	+ \$2.25
LPN	\$15.00 to \$16.70	\$18.00 to \$20.50	+ \$3.00 to \$3.80
RN	\$18.00 to \$20.50	\$23.50 to \$26.00	+ \$5.50

West and Fortin began an aggressive internal marketing campaign. They sat down one-on-one with each part-time, per diem and Baylor staff member to talk about what the raise plus benefits would mean for them. By December 2005, they had gone from 60 full-time employees in the nursing department to 80. Some staff members converted from per diem to full- or part-time. Some former employees returned. As Birchwood brought on new staff, it almost exclusively hired for full-time positions. A year later, in December 2006, they had 96 full-time employees in nursing, an increase of more than 50 percent.

The shift has been cost-neutral; dollars that were going to Bayers for hours they didn't work are now going to full-time employees for hours worked. They hadn't anticipated the increased cost of benefits for the increased number of full-time employees, yet the investment in their staff is still a better deal than what they were spending before.

Not only does Birchwood tell applicants it is looking only for people who can work full-time, but it also is receiving inquiries from nurses and CNAs who *want* to work full-time. This, too, is a shift from the perception in the field that many nurses are looking for part-time work. When the work is stressful, it is natural to try to minimize time at work. Now that people are able to take care of each other, people want to come to work. For the first time in her five years as director of nursing, Fortin has applications in her desk drawer of nurses who want to work full-time for her and are waiting for openings.

There were two dynamics to the wage bump that West and Fortin had to deal with. One they anticipated—that the advantage of the wage increase would be short-lived and their competitors in the area would quickly move to match their wages. The other, they hadn't been prepared for. While they had the advantage in the labor market, they suddenly had a large pool of applicants, not all of whom were well-suited for work at Birchwood and many of whom were attracted primarily to the wage rate. After a few false starts with new hires that led to quick terminations, they revamped their screening and hiring process. This was an area they were concentrating on anyway as their second goal, to increase the percentage of new hires who stay.

➤ **Increase the percentage of new hires who stay**

Increasing retention of new hires involved both a better hiring process and a better welcoming process. B & F Consulting, with David Farrell, facilitated training sessions with department heads to talk about screening and interviews. Farrell drew on his work on the Pillars of Retention to provide concrete, proven strategies that Birchwood could put into practice immediately. West changed his screening and hiring system to involve his managers and worked with them to develop their skills.

- **Hiring skills:** To develop their skills, managers did mock interviews with people posing as applicants. Those posing as applicants played out particular scenarios or personalities, so managers had practice managing difficult situations—a shy person, one with latent anger, someone not quite straightforward enough. Together they looked through applications of new hires who had not worked out and discussed red flags to beware of. For example, an applicant whose previous work history involved a lot of sitting might not work out in a job on her feet all day.
- **Hiring system:** West and Fortin decided to focus their hiring efforts on new entries to the field rather than on people who had worked at other facilities in the area and perhaps not performed satisfactorily. So they hired through their own training class.

Their goal is to get the right people into the class. They set up a three-part process, each requiring attendance and timeliness as a first screen. First is an open house that includes an information session and a tour of the building. Each manager takes two or three applicants on the tour, invites their questions and encourages them to interact with residents. Applicants are told this is their chance to convince the manager to have them back for an interview. While applicants are getting to see the building, managers get to see the applicants' abilities to relate to residents.

After the tours, the managers meet together and decide which applicants to interview. They make three piles—yes, no and maybe. They look over the applications, looking for red flags. They identify areas to be probed in the interviews or reference check. Applicants have two more appointments to keep—

the interview and a pre-employment physical. If they make it to the class, Birchwood now finds they'll make it through the class and onto the floor.

- **Welcoming system:** Birchwood has worked equally hard to revamp its welcome, so new employees settle in well. On the evening shift, the entire staff takes responsibility for helping new co-workers succeed. The experienced staff members work one-on-one with the new staff and take them with them on breaks and to meals. Sometimes the staff members have pizza together to welcome their new workmates.

New staff members have a two-day orientation. On day two, the nurse in charge of the mentor program sets up each new employee's schedule, teaches them how to read it, connects them with their mentor and follows up throughout the first few weeks. Managers and supervisors now have it as a priority to check how new staff are doing, the first day and onward. They discuss new staff at morning stand-up.

These efforts were successful in increasing the percentage of new hires who stayed. In June 2005, 34 of the 66 CNAs who had left in the previous 12 months had left within their first three months of employment. By December 2005, they were still losing new employees because they were attracting a lot more applicants because of their higher wages and improved reputation as a workplace, and they had not yet instituted the careful screening process. They put the screening process in place in 2006. As of December 2006, their long-time staff members were staying, so a third of their staff had been there more than two years and their new hires were staying through the first six months and beyond.

Staff by Length of Service (2004 compared with 2006)

Length of Service	2004	May 2006	Dec 2006
< 6 mos.	12.00%	23.00%	31.51%
6 mos. - 1 yr.	14.00%	5.19%	15.07%
1 - 2 yrs.	68.00%	35.00%	20.55%
> 2 yrs.	6.00%	36.36%	32.88%

Reflecting back on the change in practice, Fortin remembers their desperation to plug a hole in the schedule, even when it meant hiring someone who'd been "no-call, no show" at another facility. "We'd hire them and hope they'd work out," she said. Now, they have high standards in their hiring. They don't hire people they have doubts about. They hold each other to the high standard.

It's caught them by surprise how much the staff have supported them in this—reliable staff members want management to hire reliable staff. As they've held to the high standard and hired people they have confidence in, they're no longer facing desperate moments when they have to plug a hole. The old practice, so common in the field, perpetuated the instability. High standards, careful hiring and a good welcome build and maintain stability.

➤ **Improve attendance and decrease the number of shifts with last-minute absences**

Birchwood began to embrace high standards for attendance. The first step was to **track attendance**, by individual and by department. West, being a firm believer in process improvement, told his managers, “What you collect is what’s important to you. When we focus on something, we make it work.”

So they started monitoring employee attendance. Employees received their monthly attendance record with their paychecks. Managers **analyzed** the absences for patterns and met one-on-one with each individual with significant absences to **communicate** their concern. Rather than a strictly punitive approach, managers worked with employees with a lot of absences to reduce their hours to a more manageable schedule or made other adjustments in their assignment to **help them succeed**. They also took **action** when it became apparent staff couldn’t be depended on. And they **rewarded** those with good attendance.

They came to realize that when they were dealing with three to four call-outs every day in June 2005, they were constantly focused on that day’s staffing. Managers, the scheduler and supervisors were playing a daily game of “let’s make a deal” to do anything they could to get staff to come in or stay over. They were plugging holes everywhere and never looked up to get control of the schedule. Their quick-fix approach was so short-sighted they didn’t see they were never going to get their heads above water.

Birchwood’s management took control of the schedule, and they now hold each other to their commitment to expect and reward attendance and not tolerate excessive absences. In a meeting to reflect on what a difference a year makes, they couldn’t remember the last time there had been a “no-call, no-show” except for a new staff person who had misread her schedule. “You’re never going to get to perfection,” Fortin said. “There’ll always be staffing issues. But now things are steady enough that when something comes up, we can deal with it.” They have many days now with no last-minute absences.

They’ve changed their bonuses to be able to reward attendance and staying power. If an employee works all her scheduled hours in a given month, she gets a \$25 bonus credit for that month. At the end of the year, all the bonus credits are paid out. The maximum payment is \$25 for each month of perfect attendance or \$300 for the year. In December 2006, Birchwood paid out \$13,000 in attendance bonuses. By contrast, in their June 2005 data, they had paid out \$360,000 in bonuses in the previous year for people to pick up last-minute assignments to cover for others who were absent.

By the fall of 2005, Birchwood was already feeling the positive effects of its stabilization efforts. As it slowed its vicious cycle of turnover and absenteeism, West and Fortin asked their managers and supervisors to take up their leadership roles with more confidence. Now that staff could be counted on each day, supervisors needed skills in how to work with staff to bring out the best in them.

4. Leadership Development: Building Skills and Systems

Birchwood participated in a three-part leadership development training program offered by BJBC-VT and taught by B & F Consulting. In addition, B & F provided on-site assistance with teamwork and problem-solving for Birchwood's nursing management and supervisors. The leadership development efforts focused on two areas: building skills and building systems. In both areas, the core concept is relationship-based leadership. The challenge is to build both skills and systems that support relationships.

The training drew from two texts: *What a difference management makes!* by Susan Eaton and *The Leadership Challenge* by James Kouzes and Barry Posner. Each of these texts identifies five key practices for effective leadership. The essence of their message is to approach the practice of leadership by bringing out the best in others.

Eaton had studied nursing homes with high turnover and those with low turnover drawing from the same labor pool and had determined that five key management practices explained the difference in turnover at these homes:

- **High-quality leadership at all levels of the organization:** Top leaders need to cultivate leadership among mid-level supervisors and non-supervisory staff. This includes building skills and creating systems for self-direction and shared decision-making. An example is start-of-shift meetings in which all staff share in thinking about what is needed for the day to go well.
- **Valuing staff in policy and practice, word and deed:** Valuing staff needs to be real and pervasive. Staff members want genuine appreciation for a job well done and understanding for the challenges they face in their personal lives. The daily interactions in the workplace set the tone for appreciation and valuing.
- **High-performance, high-investment human resource policies and practices:** Commitment is a two-way street. Organizations that show respect and loyalty gain respect and loyalty. Policies that send staff home if the census is low undermine the compact between employer and employee about the work schedule. Wages, benefits, orientation, training and scheduling all have an impact on retention. High investments in staff bring staff investment in the organization.
- **Work design that supports staff's intrinsic motivation:** Staff members work in this field because they have a calling to care for others. Work patterns that build on this motivation support retention. For example, consistent assignments foster relationships and teamwork while constant rotation of assignments disrupts those relationships.
- **Sufficient staff and resources to do the job humanely:** Staff members don't want to work short. They want to have enough time with each resident to care humanely.

Eaton's work, which focused specifically on nursing home management practices, reinforced lessons from *The Leadership Challenge*, in which Kouzes and Posner identified five practices of exemplary leaders:

- **Model the Way:** Effective leaders walk the talk and lead by their example and their actions.
- **Inspire a Shared Vision:** Effective leaders bring everyone together for a common purpose.
- **Challenge the Process:** Effective leaders are able to look at a current practice and see that it isn't working and are willing to try new ways of doing things even if they go against the way it's always been.
- **Enable Others to Act:** Effective leaders give staff the knowledge, skills, and tools they need to act and then step back and make room for them to do so.
- **Encourage the Heart:** Effective leaders focus on encouragement and support, bringing out the best in those around them.

The training programs included experiential learning opportunities to explore these concepts and homework assignments that guided participants to apply these concepts in their workplaces in between sessions. In concurrent on-site work, B & F Consulting met with Birchwood's nursing leadership in facilitated problem-solving meetings focused on workforce and workflow. Now that staff was stabilizing, supervisors were struggling with how to guide staff to work together better. Supervisors voiced concern that they were either too lenient or too harsh. Talking it through together, nurses explored ways of being neither lenient nor harsh, but instead holding their staff to high expectations and helping them meet those expectations. They also brainstormed ways of resolving problems each was facing.

In their collaborative problem-solving on workforce issues, one nurse discussed a new hire on the short-term rehab unit who wasn't keeping up. Another nurse volunteered to have the new hire switched to the slower pace of her unit. In problem-solving on workflow issues, a nurse said she cried when she saw the breakfast cart come because she wasn't ready to pass out the trays. Another nurse offered to have the cart come to her floor first and then Fortin said she would talk with the food service director about holding the trays for that unit until they were ready to receive them. The nurses began to problem-solve together and become a support group to each other, with Fortin playing a key role in facilitating the process.

After one such meeting, in which staff had been particularly creative in brainstorming solutions, West wrote a congratulatory note to all who had participated, saying:

"We had a great meeting with the people from Better Jobs Better Care Grant. Everyone brought insight and the reality of what we do. Honest discussion is what will move us forward and improves our system of delivering care for our

patients and staff ... I am impressed and thankful that we recognize that sometimes our systems are set up because 'it is just the way that we have always done it.' Let's break the mold, think outside the box and make it happen!"

Birchwood was experiencing a new energy. Staff members were able to shine. They were working together better in thinking things through and finding new ways forward.

5. Results

By the following May (2006), Birchwood had created a new norm—daily stability. It had broken the vicious cycle. It had seen a 33 percent increase in full-time staff. With high retention and attendance, it was more fully staffed each day, so care became manageable and the environment more positive and supportive. West had begun working with department heads to grow their leadership skills. He said, “I expect more from them, and I’m working with them to meet my expectations.” Fortin said she had learned that “leadership is all about relationships. Anyone can be a leader. You have to understand your impact and bring out the best in the staff.” Her staff was stable enough that she could invest in helping them to develop, and she was supporting a number of her nurses in pursuing further education.

As West and Fortin reflected on what was different a year after the drilldown, they noted:

- Now that we have more staff, people aren’t as stressed. They are more able to help each other out. We don’t hear “not my hall.”
- Nurse managers “model teamwork instead of conflict.”
- We have trust among the team; we can say “time out, let’s look at this.”
- Now they are hiring for full-time positions, and they take their time to hire right.
- The schedule runs smoothly now—no favoritism—and now we have consistent attendance.
- Consistent attendance is allowing us to move to block assignments.
- There is better team problem-solving on the units.
- Now we can take on individualized care.

The concurrent efforts of fiscal and management practices paid off. Birchwood broke its vicious cycle of turnover, vacancies and stress. It reduced its overall turnover, as well as its turnover of new hires. In 2004, its turnover rate was 61.5 percent and by 2006, its turnover had had a relative decline of 16 percent, to 50.53 percent.

Turnover	2004	2005	2006
RN	62.6	54.2	50.7
LPN	37.5	30.4	19.5
LNA	84.4	95.8	81.4
Average	61.5	60.13	50.53

It increased its number of full-time staff from an average of 105 in 2004 to 123 in 2006.

Full-Time Employees	2004	2005	2006
January	104	105	121
February	105	109	119
March	106	104	120
April	101	109	128
May	107	112	128
June	101	108	128
July	101	106	128
August	108	119	126
September	99	125	125
October	112	128	115
November	109	127	118
December	108	122	122
Average	105.08	114.50	123.17

New wage package

Switched to laundry and housekeeping contract

Birchwood's staff composition has steadily shifted to full-time, long-term employees.

Employment Status	RN		December 2006	LPN		December 2006	LNA		December 2006
	2005	May 2006		2005	May 2006		2005	May 2006	
Full-Time	27.00%	56.00%	70.83%	55.50%	67.88%	84.38%	48.00%	65.75%	82.61%
Part-Time	13.00%	18.75%	16.67%	0.00%	7.14%	3.13%	10.00%	13.70%	2.90%
Per Diem	47.00%	18.75%	8.33%	18.50%	7.14%	3.13%	9.00%	5.48%	4.35%
Baylor	13.00%	6.25%	4.17%	26.00%	17.86%	9.44%	32.00%	15.07%	10.14%
Length of Service	2004	May 2006	December 2006	2004	May 2006	December 2006	2004	May 2006	December 2006
Less than 6 mos.	10.00%	6.25%	22.73%	11.00%	16.67%	24.24%	12.00%	23.00%	31.51%
6 mos. - to 1 yr.	50.00%	0.00%	4.55%	41.00%	0.00%	18.18%	14.00%	5.19%	15.07%
1 yr. - 2 yrs.	20.00%	18.75%	18.18%	33.00%	16.67%	12.12%	68.00%	35.00%	20.55%
More than 2 yrs.	20.00%	75.00%	68.18%	15.00%	66.60%	45.45%	6.00%	36.36%	32.88%

In 2005, its licensed nursing staff was predominantly per diem and Baylor who had been there less than a year. Eighteen months later, its licensed nursing staff is predominantly full-time and staying for the long term. Birchwood is now a place people

want to work. Their experience debunks the myth that nurses really prefer part-time work. Once it's a good place to work, nurses are eager for full-time positions. Birchwood's most recent numbers reflect that their positive results have been sustained.

	2/15/05	2/15/07
Open LNA positions	14	2
Open staff nursing positions	6	0
Full-time LNA	31	51
Full-time nurses	18	31
Per diem employees	22	6

These results are not just because of the changes in financial incentives but also because of changes in management practices. The stability brought by the fiscal practices allowed management to put in place key practices to promote and support that stability. For example, once experienced staff shifted back to full-time and reduced their absences, they stabilized. Once they stabilized, they had a manageable workload because they were fully staffed on most shifts. Once they had a manageable workload, they were able to provide a better welcome to new hires. Each practice reinforced the others and built on each other.

The end result was a better environment for everyone. In January 2007, the brag board was full of thank-yous from staff to each other for how they'd all pitched in to help through the holidays: "You guys are awesome." "Thanks for the great and positive attitudes." "Thanks a million for the team you are creating." "Thanks to all who pitched in." "You rock the house." People covered for each other, so they could each have time to celebrate the holidays and still maintain good staffing. In day-to-day exchanges around the building, staff members voluntarily help each other. A beautiful hand-painted sign in the lobby said, "Live well, love much, laugh often." Indeed, Sue Fortin said, "It's so much fun coming to work. We laugh here all the time."

West notes that now "our goal is not to lose focus of where we were and how we got where we are. I had a team meeting yesterday to focus on some key areas as a management team. One area is to continue to improve retention. I have a great nurse that is going to run this committee. No one wants to go back to where we were—great motivation."

Conclusion: A Lesson Learned

When asked to share lessons from his experience, West wrote:

The other really important message from our work with you is to remember to take the time to sit and reflect on the positives. I remember when you were coming up to talk about "our story." I thought "what story?" But by taking the time and talking about the changes we were able to see we were moving in the right direction. I feel that is a very important message. While we try to be

proactive often we are reacting to something during the day and that tends to be the focus.

Long-term care work is so demanding and fast-paced that there is often little time for reflection. Yet, when we stop and look at what we are doing or what we have accomplished, we come to see it for what it is. When it's not working, the reflection gives us a chance to change. When our changes have brought positive results, the reflection lets us take stock of what we have accomplished so we have it and don't lose it.

Thus, we end on a cautionary note ...

David Farrell, a prime architect of the drilldown, often notes that “**nursing homes are fragile ecosystems.**” As remarkable as the achievements at Birchwood are, they can be undone easily. Typically, success lulls people into thinking that the problems are gone forever. However, eternal vigilance is the price of stability. As soon as a provider starts to cut corners again—perhaps to lower the amount of the bonus for perfect attendance—any short-term savings from such a measure will likely start to cost, before too long, in slippage. With a 10:1 ratio of investment in instability to investment in stability, any cut in stability will cost tenfold. Our field cannot afford a return to the industry norm of penny-wise and pound foolish.

Appendix A

Do Your Management Practices Support Stability or Instability?

“They are staying with nursing, just away from the stress of the nursing home. When I conducted a learning circle with the ... coalition, a very astute person identified a reason for CNA turnover this way: ‘Who wants to clock in to stress?’ Says it all.”

– QIO nursing home specialist

Do your management practices support stability or instability? Do they contribute to staff morale or to staff stress? These questions are essential in examining your management practices and determining the best direction to take.

One of the myths in long-term care is that the reason instability is endemic in our field has to do with the nature of the workforce. However, recent research has confirmed that stress and instability in the workplace have a greater impact on turnover than economic and social factors. Workplace practices are the main drivers of turnover.

In 2002 research funded by the Centers for Medicare & Medicaid Services (CMS), Susan Eaton studied homes in the same neighborhood, drawing from the same labor market, with far different results in terms of stability. When she compared the practices in the high turnover and low turnover homes, she found five distinct management practices in place at the low turnover homes. In *What a difference management makes!* she describes these five practices as:

1. High-quality leadership throughout the organization.
2. Organizational practices that value staff.
3. Human resource policies and practices that invest in and support staff.
4. Organization and design of work to reinforce the intrinsic motivation of staff to care for residents.
5. Sufficient staffing and resources to provide humane care.

These practices reinforce organizational goals of stability by how leaders work with staff, how policies and practices support and value staff and how the very structure of work allows the work flow to support good care and a good work atmosphere.

By contrast, Eaton found in her study that homes with high turnover engaged in very different practices—practices that are unfortunately prevalent in the field. It is the practices themselves that create the instability in the workplace. The instability becomes a vicious cycle of vacancies, absences, stress and turnover.

Many of these management practices reflect a “conventional wisdom” that has turned out to be not so wise after all. Because these practices are widespread throughout the country, nursing home management sees them as the “right” way to do things. But although they are practiced widely, they are not good management practices. To the contrary, they actually contribute to and increase the high turnover in the field. Most of this conventional wisdom needs to be reversed. Many of the prevalent practices provide

perceived short-term gains at the expense of long-term stability. In fact, even in the short-term, they undermine stability. They bear revisiting.

These conventional wisdoms were revisited both in the BJBC-VT demonstration project presented in this paper and in a year-long pilot, *Improving the Nursing Home Culture*, funded by CMS and coordinated by Quality Partners of Rhode Island. Both the BJBC-VT demonstration project and the CMS pilot drew on the practices Eaton identified. In the BJBC-VT demonstration project, one home, struggling with high turnover, replaced many of its management practices that were the norms in the field with new management practices in line with research about best practices. At the same time, from 2004–2005, 254 nursing homes from 22 states participated in the CMS pilot, also replacing traditional management practices with new ones based on Eaton’s work.

The two initiatives informed each other and in the end, their results were parallel in proving the wisdom of the new practices. The case study presented here captures the staggering and sustained improvements the Vermont home achieved. In similar fashion, in aggregate, the 254 pilot homes showed remarkable improvement. They not only improved their staff retention, but also improved their clinical outcomes. Stable staffing allowed the homes to provide better care.

This appendix identifies practices found to support staff stability by Eaton, the CMS pilot and this case study. It contrasts prevalent practices in the field that actually promote instability with preferred practices that promote stability.

It addresses practices in several areas and concludes with a few essential management practices that support workplace stability. The practices reviewed are in three areas:

1. Hiring
2. Attendance, scheduling and assignments
3. Management relations with staff

1. Hiring

Prevalent Practices that Undermine Stability	Preferred Practices that Support Stability
Sign-on bonuses	Refer-a-friend bonuses
Encouraging benefit give-up through pay in lieu of benefits	Encouraging benefit take-up and making them affordable
Ceilings on raises for long-time employees	Longevity bonuses
Plug-in-the-hole hiring	Hiring full-time employees
Any warm body hiring	High standards in hiring; taking time to hire right
Lack of adequate orientation; rotating new hires so they have experience on every unit	Thorough orientation to residents, co-workers and the organization; creating a stable environment to help new hires acclimate and settle in

🚩 Sign-on bonuses vs. refer-a-friend bonuses

It is quite common to see advertisements for nursing home staff in the Sunday newspapers that boast of large sign-on bonuses. Because so many homes offer them, other homes feel compelled to do the same to compete for staff. Homes that offer sign-on bonus should closely monitor how long staff stays. To their dismay, they may find there is a significant bubble of high turnover at the date of the bonus payout. Sign-on bonuses as the operative motivation for someone joining the staff demonstrates a commitment to the cash bonus rather than to the home or the residents.

Additionally, it sends a bad message to full-time regular committed staff. First, it makes it hard for those who are committed to residents and to their co-workers to hold onto this value when they see others come and go for the bonus. They talk about how bad it feels to be the one who has been holding things together with no extra compensation only to find that a new employee has a better financial deal than they do.

A better use of bonuses is to give them to employees who refer a friend who then comes to work and stays a length of time. While sign-on bonuses are a recruitment strategy, refer-a-friend bonuses are both a recruitment and retention strategy. Word of mouth is the best way to advertise. Having your reliable staff refer people they think will work well strengthens your workplace. A refer-a-friend bonus is a way of saying that you know your good workers probably have friends who are good workers. A 2002 Gallup poll found that workers tend to stay in jobs where they have friends. Friendship at work is a key ingredient in retention. The financially rewarding bonus is then in the hands of your good worker. This is a win-win solution.

🚩 Encouraging benefits give-up vs. encouraging benefits take-up

Many homes offer an employment option whereby staff members receive higher pay in lieu of benefits, including paid time off and an opt-out of costly health insurance. While this may be a good arrangement in limited situations where this is a second job or an employee has other options for health insurance, it has serious ramifications that should not be overlooked.

When low-wage workers are offered a higher wage in lieu of healthcare insurance, many workers gamble and take the higher wages because they are struggling to make ends meet. Offering this kind of option puts workers in a position to have to choose between their health and perhaps their rent, groceries or utilities. However, it then leaves staff in a very vulnerable position when they have medical needs. Direct care work is hard. Many staff routinely work hurt because their injuries have occurred from years of lifting and bending and are not covered by workers' comp. Staff members are exposed to illnesses at work and often have chronic conditions that require medications and treatment.

Allowing employees to opt out of benefits began as a way to allow for staff whose spouse provided benefits to forgo the costly benefits. It was seen as a way to contain the high

cost of medical insurance. It worked well for employees who received insurance from a spouse. However, this seemingly innocuous practice has taken a dark turn. In some homes, there is an encouragement to opt out of benefits even for those who do not have other coverage. When employees are put into this forced choice between slightly higher wages or healthcare and when their wages are not adequate to meet their needs, they are in a no-win situation. They often choose the slightly higher wage, gambling on their good health.

A better way is to offer an adequate affordable health benefit to all employees. While the rising cost of health insurance makes this seem like a difficult option, an analysis of the costs of absences and turnover related to workplace injuries and illnesses might demonstrate that offering insurance is cost-effective. Whether or not it immediately pays for itself, it is a management practice that puts staff's well-being first. After all, you want healthy employees. Additionally, it is a good practice to offer low-cost, in-house health promotion to staff, such as flu shots, vitamins, healthy meals and healthy vending machine options, regular physicals and health promotion opportunities such as smoke cessations programs and weight loss clinics. When we take good care of staff, they are better able to take good care of residents.

Ceiling on wages vs. rewarding longevity

Many nursing homes have a ceiling on wages. In an effort to keep wages affordable and maintain an upward limit on pay per position, many homes put a cap on the uppermost end. At a certain point then, your most reliable, long-term staff stop receiving raises. This can prevent their wages from keeping up with inflation. It can put your senior staff in a position where they see new hires being brought in at a rate close to theirs, negating their years of experience and loyalty.

While the cap saves on some costs, it may incur others. If the staff members with the most longevity do not feel that they are adequately compensated, they may leave in discouragement. While the home may save money filling their positions at a lower starting wage rate, the home loses the institutional memory and consistency of care that staff with longevity bring. New hires can easily turn over again, so a once stable position becomes an unstable one. Turnover costs, on average, are \$2,500- \$3,500 per CNA. Applying those funds to retaining your long-time staff through longevity bonuses is a much better use of limited resources.

To promote longevity, support staff with regular raises where years of service bring financial recognition. In addition to raises, longevity bonuses are a way to show long-time staff that they are valued. This is a shift in how resources are used—from costs associated with turnover to costs associated with longevity and retention.

Plug-in-the-hole hiring of part-time staff vs. hiring full-time staff

Homes may look to part-time staffing as a solution to problem vacancies. Many nursing homes have a mosaic of part-time staff, especially among their licensed nurses, because

they mistakenly believe that nurses only want to work part-time and that it saves money to hire part-time and per-diem workers who do not need high-cost benefits.

Having a lot of part-time staff has a definite downside. Homes may turn down potential full-time employees because they no longer have full-time work available—only holes in the schedule to be filled by part-timers. A not so apparent downside is staff commitment. When a home has a lot of part-time staff, they have staff members who do not have the same kind of commitment and follow through as full-time staff. Someone who only works two days a week may not notice the small changes in residents that are the early signs of deterioration that need to be addressed. They may not likely to be able to come to committee meetings or be involved in any changes you want to make. It creates a hardship on frontline staff members who look to these positions for leadership. Frontline staff members in these situations talk about how hard it is to work for so many different supervisors with so many different expectations.

It is a conventional wisdom in the field that many nurses only want to work part-time. However, as organizations stabilize, reduce stress, value staff and thereby become good places to work, they become places that staff would like to work full-time. Birchwood Terrace now has a waiting list of nurses looking for full-time work with them. Hiring full-time staff reinforces stability. Having stability attracts full-time staff.

🚩 Any warm body hiring vs. taking the time to hire right

When faced with an immediate need to fill vacancies, it may be tempting to put aside our hesitation about a potential new hire and “just give it a try.” Even though staff members are tired and voicing a need for help when there are vacancies, they really want you to hire reliable, dependable co-workers. When new hires are not reliable and dependable, current staff end up working even harder and with resentment. Your staff will tell you that anybody is *not* better than nobody and to take your time to hire right. Hiring people who don’t meet your standards will likely result in a termination in short order. And you will be in the same situation again, with a vacancy, needing to hire. When you take the time to hire right, you’re more likely to hire someone who will stay. A good hire who stays and does a good job provides a boost to everyone.

🚩 Inadequate orientation and rotating assignments vs. thorough orientation and consistent assignments

When homes are “working short,” they quite often forgo solidly orienting a new staff member. A new person may be put on one wing one day because there is an acute need there and then put on a different wing the next day. While this may relieve the shortage for the day, the reality is that it leaves the new person floundering without a way of getting to know the residents s/he is caring for or getting to know co-workers. When new staff don’t know anyone and feel no connection, the difficulties of starting a new job can become overwhelming. It’s not unusual to see a new hire just leave during the break.

A better way is to allow the new worker the time for a solid orientation on the unit or neighborhood where s/he will be working. This grounding in knowing both the residents

and new co-workers will make the first few weeks much easier. This time of orientation provides another good opportunity for a bonus—to give a financial reward to the unit that keeps a new staff member on their shift for more than six months. This fosters teamwork and a communal way of ensuring that new staff members are supported in their transition.

2. Attendance, Scheduling and Assignments

Prevalent Practices that Undermine Stability	Preferred Practices that Support Stability
Staffing to census	Maintaining steady daily staffing through the ups and downs of census
Baylor program, working doubles, double doubles, two 12's	Reasonable work hours and solid connections to the rest of the staff
Bonuses for taking last-minute assignments	Rewarding and supporting good attendance
Rotating assignments	Consistent assignments
Punitive and inflexible attendance policies	Constructive and flexible attendance policies

Staffing to census vs. maintaining steady daily staffing through the ups and downs of census

Many homes reduce their staff on days when their census is low. They feel that they cannot justify having staff on payroll on a day that there are fewer than usual residents. This often occurs when residents are in the hospital or during winter months when many short-term, sub-acute units have unoccupied beds. So when the census is low, staff members are sent home.

For workers who are barely making it on the low wages paid in this field, losing a day of pay is a hardship they cannot bear. They count on their wages to make ends meet and do not have other ways to make up the shortfall. If we want loyalty and commitment from our staff, we must make a commitment in return. We must be able to guarantee hours for our staff. The money saved by sending staff home can cost in turnover when staff leave for another job where they can count on their hours.

Another factor that contributes to turnover is the relentless stress of this very hard job. Maintaining steady staffing during the ups and downs of census, allows staff to have days with less stress. Staff will appreciate those times for the way they can better tune into the care needs of their residents. Steady staffing provides stable employment that staff can count on and some days that are not as hard as others.

Baylor program and working too many hours straight vs. reasonable work hours and solid connections to the rest of the staff

Many homes fill their weekend or night shifts by paying staff to work long hours and be paid for more hours than they work. Bayers may work for two 12-hour shifts and get

paid for three shifts, or they may work two 16-hour shifts and be paid for 40 hours. There are shifts that can be difficult to fill, and many homes have filled them this way.

However, the down side to this practice is tremendous. When there is a weekend Baylor program, it tends to create a separation between the weekday and the weekend staff. The weekend staff members have little interaction with weekday staff and are not tied into the initiatives the home undertakes. Because they are working so many extra hours in a row, they often are tired and overworked. This makes them more vulnerable to errors and injuries, as judgment is impaired. Other staff may experience greater stress working with a Baylor who may be more short tempered and, in essence, hard to work with.

A better way is to eliminate Bayers or reduce the number of hours they work in a row. One alternative Baylor arrangement is to have the shift be four eight-hour days on Friday, Saturday, Sunday and Monday and pay for 40 hours. This provides continuity and a tie-in with regular weekday staff and manageable work hours for employees.

Higher wages for last-minute assignments vs. rewarding and supporting good attendance

In order to fill last-minute vacancies, some homes offer a significant hourly bonus for taking a shift on short notice. This is a short-term solution that creates incentives for instability and contributes to the erosion of full-time, dependable staffing. Staff members who reliably come to work receive less pay than those who come in at the last minute. It is a better financial deal to take the last-minute assignment than to be on the schedule. Those on the schedule never know who they'll be working with or whether they'll be working short. The stress and financial inequity can cause full-time staff to opt, over time, to become part-time or per diem and then wait for the last-minute call.

A better way is to reward full-time work with regular wage increases and perfect attendance bonuses. Team rewards to units that go long periods without working short a shift can help everyone pull together, especially when staff are allowed to make changes in their own schedule with co-workers if something does come up at the last minute.

Rotating staff vs. consistent assignments

Rotating staff assignments is a common practice in long-term care. Rotation of staff is thought to be beneficial for a variety of reasons. One of the most common reasons is the desire to have all staff know all residents, so every CNA can care for any resident. Then when there are call-outs, staff can be pulled from anywhere to cover where staff is short. The notion of rotating staff assignments discounts the importance of building relationships, caring about the people we care for and accountability to those we care for and work with.

Homes that have consistent assignments for their staff find residents have more of a sense of well-being, staff members feel more connected to the residents they care for, call-outs are less frequent and turnover is reduced. Additionally, the quality of care is

better because when staff members care for the same residents consistently, they notice changes faster and are better able to respond to the subtleties of a slight change. Often, when staff work consistently with the same residents, when there is a call-out, the staff would rather pull together to care for those residents than have someone else come over who doesn't know their residents. Others can lend a helping hand at meals or in other ways that don't disrupt the caregiving relationship. Strong staff relationships with residents are the foundation of good care.

Punitive and inflexible vs. constructive and flexible attendance policies

In her research, Susan Eaton found that most involuntary terminations came from attendance issues. Homes with high turnover, in Eaton's study, were homes with policies that are strict and punitive in response to absences. Homes take a hard line on absences because they have to be staffed each day to meet the needs of residents. In most homes, once staff members have had a certain number of absences, disciplinary action is triggered. Some homes use a "no-fault" policy, which means that no reason is asked for and once the number of absences has hit a certain level, no reason is accepted.

Yet, good caring staff can have responsibilities to their families that affect their attendance. In essence, there is quite often a choice of being a good parent or a good worker. Eaton found that homes with low turnover had flexible approaches to attendance that allowed them to meet their staffing needs while problem-solving with their staff about family needs. Sometimes, employees call out after having worked short because they are burnt out—they just need a rest. Penalizing them for such absences contributes to the vicious cycle of stress and turnover. Anticipating that staff who are working under stressful conditions may need a break and working with them to provide that break will have better results than imposing punishments.

A better way to address attendance is to have a non-judgmental policy for absences in place for everyone. The first step is to track attendance to determine who is maintaining good attendance and who is having consistent absences. The next step is to meet personally with staff members who have a number of absences to explore the causes and possible arrangements that can make it more feasible for the person to have good attendance. For instance, would a different schedule help? Is the shift not working? Are there some days that are harder than others? Would the person do better with fewer hours on the schedule, with the option of taking more hours any given week as a back-up without being counted on in the schedule? Does the employee need assistance of some kind with issues that are contributing to absences?

One administrator said it this way, "You are all adults. I trust that you are responsible. If you are unable to come to work, I know you must have a good reason. I'd like to work with you, so you can attend to what you need to in your life and I can still be sure that we aren't counting on you on the schedule when you can't come in." In her case, by shifting from a punitive policy to a constructive, helping, flexible policy, she reduced her terminations due to attendance from 40 in one year to one in the next. Her daily attendance also improved significantly.

3. Management Relations with Staff

Prevalent Practices that Undermine Stability	Preferred Practices that Support Stability
Leave your problems at the door	Sympathetic understanding of personal problems
Poor communication; lack of investment in time for communication	Building in systems and skills for communication
Theory X management that focuses on control and punishment	Theory Y management that focuses on support and encouragement
A policy and procedure for everything	Independent judgment and decision-making

Leave your problems at the door vs. sympathetic understanding of personal problems

Studies consistently show that workers want to be valued, treated with respect and given a sympathetic understanding of personal problems. Yet in the field of long-term care, the prevalent attitude is “leave your problems at the door.” This attitude assumes that by not recognizing problems, the employee can put them aside while at work.

One astute administrator recently said, “We’re dealing with their problems because they’re dealing with their problems. It’s just a question of whether we deal with them up front and honestly, or we force staff underground with what they are dealing with. When we force their issues underground, we wind up dealing with the problems in other ways, when they can’t come to work or are carrying their worries without any help or recognition from us as their employer. That’s when we can lose a good worker who’s having a bad time of it.”

Normal everyday problems of getting through life are compounded in this field because of the difficulties associated with low wages. Even staff members who are working two jobs likely are struggling to make ends meet, without much cushion to handle any problems related to illness, child care, transportation or even basic shelter. There is no getting around it—these problems will be dealt with one way or another. Homes that allow for and assist employees with their problems end up with employees who are better able to get to work and who develop a deep commitment and loyalty to their employer. Often simply being able to take a moment to say what is happening allows the employee to get into work mode. There are situations where the employer can be of assistance. Or, the workplace can be the place of stability and safety for workers who may be dealing with uncertainty and hardness in other aspects of their life.

“Many who work in long-term care have hard lives. I want this job to be a place of stability for them. I hope it can anchor life for them.”

Connie McDonald, Administrative Director
MaineGeneral Rehabilitation and Nursing Care
Augusta, ME

🚩 Poor communication vs. building in systems for communication

Many homes have trouble keeping the information flow open and fluid. When staffing is tight, holding meetings to share information is often thought to be a luxury that can no longer be afforded. Then the practices that allowed for good sharing stop. Staff meetings are postponed or cancelled. If the situation gets worse, there may be a fear that any opportunity to talk things through will turn into a gripe session instead of a productive meeting. So the staff meeting where issues can be talked through gets indefinitely put off.

But open communication is even more necessary when times are tough and staffing is tight. Issues of how to work together to get everything done are important to talk through. Bringing everyone together helps everyone through the tough times. It lets staff know what efforts are underway and it gives management valuable information from staff about where the trouble spots are. Bringing people together is important both on an organizational level and at the unit level. Doing so is important not only in tough times, but also as part of ensuring every day that people have the information they need, when they need it. Not having information about individual residents, new admissions or other matters relevant to care actually takes more staff time. It is time consuming to care for people when you do not have accurate, up-to-date information.

Some systems of supporting good communication that do not take a lot of time but give people needed information include:

- Quick change-of-shift meetings with outgoing and incoming staff.
- Start-of-shift stand-up meetings, so everyone can be on the same page about their responsibilities for the day.
- Mid-shift huddles that allow for a staff refocus on what is needed.
- End-of-shift check in on how the day went and what issues or developments everyone needs to be aware of.
- Meetings of the nursing staff that look not only at clinical issues related to residents but also at human resource issues, such as how new employees are doing or how to help out on a unit that is working short.

Lack of communication and lack of systems for communication add to staff stress. Stress contributes to call-outs and turnover. Systems that support regular communication provide the structure for teamwork and contribute to stability—both in the day-to-day and in the overall work environment.

🚩 Theory X vs. Theory Y approach to management

“Theory X- Theory Y” is a management theory that matches management practices to underlying beliefs about what motivates people. It proposes a continuum. On one end is Theory X—the belief that people are intrinsically unmotivated and will do whatever they can to avoid responsibilities. In response, management practices need to be punitive, harsh and directive. At the other end is Theory Y, which holds that people are

responsible, conscientious, mature and motivated. In response, management practices need to bring out the best in staff by supporting, including and trusting employees.

The field of long-term care is made up of employees who come to this work as a calling. Yet the field historically has had a top-down, directive, punitive approach to management in general. A national nursing home leader likened the nursing home management approach to the leadership approach found in the military. This Theory X approach to management so prevalent in long-term care has a counter-productive effect on staff, even people who are responsible, conscientious, mature and motivated. By contrast, the Theory Y approach unleashes employees' creativity and commitment and generates high performance.

Unfortunately, many homes have people in management positions who have not had any training in supervision. Most nurses in supervisory positions have worked their way up by being good nurses. But being a good nurse is very different than being a good supervisor. Without training, supervisors and managers are left to figure out for themselves how to handle the daily challenges on the job. Because the norm in long-term care is more harsh and punitive, people coming into supervisory positions often see that as the standard they need to follow. These factors have led to a harsh way of managing that does not bring out the best in staff. The punitive, command and control approach to supervision has actually led to people leaving this field.

A better approach is a positive chain of command in which everyone is actively involved in supporting everyone else. Good supervision is about getting good results, not primarily by disciplinary action or by being soft, but by setting high standards and helping to support people in reaching those high standards. It is really about seeing potential in someone and then helping them to develop that potential. It involves understanding what motivates people and drawing on their "intrinsic motivation."

When workers talk about what brings them into this field, they talk about a calling to work where they help others. In interviews with workers who have left employment, again and again the response is that they leave because they felt disrespected and unseen. An organizational culture that supports nurses as they support their frontline staff gets better results.

A policy and procedure for everything vs. independent judgment and decision-making

Today's nursing homes are highly routinized with little room for individuality on the part of either the resident or the worker. Intense regulatory pressure and a highly litigious environment have led many nursing homes to try to have answers for everything. Because the policies attempt to answer every possible situation that might arise, this approach discourages staff from using critical thinking for anything.

The issue is further compounded because many of the practices that have become embedded in policies have been a blanket approach designed to protect the organization. They are not necessarily the best approach for each individual resident.

Staff are often put in the position of enforcing practices they know aren't working, with little avenue for raising concern, let alone resolving it. As homes begin to re-examine long-standing procedures and practices, they need to have staff fully engaged in the process. They need staff's questions, their concerns and their ability to help think through new and better approaches to care. They need staff to use critical thinking and their expertise when changes are considered.

4. A Few Essential Management Practices that Support Staff Stability

➤ Managing by walking around

Good managers are in touch with those they manage. Managing by walking around is a regular daily walk through to be available and in touch with staff, to see what people need to do their jobs, how new employees are faring and where the trouble spots are that need attention and assistance. It is not micro-managing, checking up on people or walking around to see what is being done wrong. It is a way of supporting people.

➤ Group rewards vs. individual rewards

While individual rewards are important, group rewards provide an extra benefit. They recognize good efforts while helping teamwork and cohesiveness to flourish.

➤ Recognition and appreciation when relationships are good

When people are not getting along well with each other, they are not likely to enjoy a pizza party, employee recognition event or other signs of appreciation. Their concerns about the difficulties of their working situation will overshadow their ability to receive the appreciations being offered. However, when people are working well together every day and feeling good about their jobs, the appreciations are real celebrations. For appreciation to be truly felt, it must come as a genuine gesture of thankfulness. It will fall short if it is perfunctory and not heartfelt. Genuine appreciation comes when we have taken time to establish relationships with those who work with us.

➤ Mentoring and developing managers and supervisors

Good managers develop others. They have high expectations and help others take on challenges and grow into them. As part of an overall strategy, assess your managers and supervisors individually and figure out how to help them be their best.

➤ Expecting people to perform at their best and helping them get there

Having high expectations is the key. It is in human nature to want to excel. By having high expectations, we are tapping into a basic human desire for mastery. Then, help people meet those expectations by nurturing and developing them.

➤ Meetings to focus on workforce and workflow, not just care

If we take care of our staff, they will take care of residents. In nursing homes, the general focus has been on care. To get good care, we need to have an equal focus on how staff members are doing and where the trouble spots are in daily operations. Our world is not just a place where our residents get the care; it is also a workplace. When we care for staff, they stay. When we have a stable staff, we give better care.

Appendix B

Drill-Down: The Tool and Instructions

Introduction

“Drilling down” is a method of looking in more depth at data that can shed light on why something is happening. In this example, the nursing home’s problems related to high rates of turnover, so the tool looked at staffing issues by length of service, compiled costs related to turnover and analyzed how fiscal incentives related to turnover.

To analyze turnover, this tool has the following components:

- I. Snapshot of the Current Situation**
 - A. Composition of Current Staff by Employment Status
 - B. Vacant Positions
 - C. Composition of Current Staff by Length of Service (LOS)
- II. Turnover Rate and Cost**
 - A. Calculating Annual Turnover Rate
 - B. Staff Turnover Rates by LOS
 - C. Turnover Rates by Discipline and LOS
 - D. Turnover Rates for Each Discipline
 - E. Turnover Replacement Costs
- III. Financial Incentives**
 - A. Pay-Out on Current Incentives
 - B. Impact of Financial Incentives

If the presenting issue were attendance instead of turnover, the tool would track absences by employment status, discipline and length of service. It would compile the costs of absences, such as pool use, overtime and double-time costs and staff injuries on shifts working short. It would look for patterns of absences, such as days of the week or the month. In the case of absences, it would also be useful to track absences by employee, department and shift.

Drilling down provides data for management decisions about staffing. For example, it can be used to determine whether a management practice like staffing to census is actually costing more in turnover and absenteeism than it is saving in a daily labor cost.

To construct a drilldown, identify all the data that could be related to the topic at hand:

1. Construct a snapshot of the current situation.
2. Identify costs directly and indirectly related to the situation.
3. Analyze all possible incentives that can contribute to the situation.
4. Look for patterns or counterproductive practices or resources that can be re-allocated to create incentives for the outcomes you seek.

These instructions are adapted from instructions originally written by David Farrell, while he worked for Quality Partners of Rhode Island, under contract with B & F Consulting for BJBC-VT. The tool itself was developed by David Farrell, Cathie Brady and Barbara Frank, and converted to excel by David Johnson of IPRO in New York.

I. Snapshot of the Current Situation

A. Composition of Current Staff by Employment Status

Examine a recent payroll report to determine the number and percentage of your staff by their full-time/part-time status

Total number of staff working in the nursing department:							<u>134</u>		
RN total:	30	Full-time	8	Part-time:	4	Per diem:	14	Baylor:	4
Percentage	_____		<u>26.67%</u>		<u>13.33%</u>		<u>46.67%</u>		<u>13.33%</u>
LPN total:	27	Full-time	15	Part-time:	0	Per diem:	5	Baylor:	7
Percentage	_____		<u>55.56%</u>		<u>0.00%</u>		<u>18.52%</u>		<u>25.93%</u>
CNA total:	77	Full-time	37	Part-time:	8	Per diem:	7	Baylor:	25
Percentage	_____		<u>48.05%</u>		<u>10.39%</u>		<u>9.09%</u>		<u>32.47%</u>

Calculate the percentage of licensed nurses and CNAs who are full-time, part-time, per diem and Baylor. Consider the impact of your staff composition. Look at the percentage of full-time licensed staff in relation to continuity, consistency, supervision, teamwork and organizational commitment. Look at how many people are working as Baylors and the impact of their long hours on their ability to function and work well together?

	Total Number	Full-time	Part-time	Per diem	Baylor
Licensed Nurses	57	23 40%	4 7%	19 33%	11 19.6%
CNAs	77	37 48%	8 10.4%	7 9%	25 32.5%

🚩 Look at this data:

- Fewer than half of the staff members, and only 40 percent of the licensed nurses, work full-time. This affects continuity of care, teamwork, follow-through on issues and the ability to notice changes in residents' condition.
- A third of the CNAs and 20 percent of the licensed nurses work as Baylors, working two 12-hour shifts in a row. This constitutes a lot of people who may be very tired by the end of their shifts. Their tiredness can affect their morale, teamwork, concentration, safety and error rate.
- A third of the nurses are per diem, an employment status with far less accountability, continuity and affiliation with the organization.

B. Vacant Positions

Determine the current number of vacant, full-time employee positions (FTEs). Look at department staffing budgets compared to the current staff composition. Add part-time open positions together to create vacant FTEs. For example, there are 77 CNAs working, but there are not 77 FTEs. There are 37 full-time, eight part-time (equaling six full-time) and 25 Baylor (working two 12's and getting paid for 30 as full-time) equaling 25 full-time, for a total of 68 FTEs.

Total vacant FTEs in nursing:	13	RN total:	<u>3</u>
Total in dietary:	0	LPN total:	<u>3</u>
Total in housekeeping:	.5	CNA total:	<u>7</u>
Total in laundry:	0		
Total in department heads:	0		
Other:	1		
Total vacant FTEs:	<u>14.5</u>		

Nursing Department Vacancy Rate

Calculation: Total number of vacant FTEs divided by total number of budgeted FTEs.

Example: $\frac{7 \text{ vacant CNA FTEs}}{68 \text{ budgeted CNA FTEs}} = .103 \times 100 = 10.3\% \text{ CNA vacancy rate}$

RN vacancy rate:	$\frac{3 \text{ vacant RN FTEs}}{15 \text{ budgeted RN FTEs}} =$	20%
LPN vacancy rate:	$\frac{3 \text{ vacant LPN FTEs}}{22 \text{ budgeted LPN FTEs}} =$	13.6%
CNA vacancy rate:	$\frac{7 \text{ vacant CNA FTEs}}{68 \text{ budgeted CNA FTEs}} =$	10.3%
Vacancy rate in the nursing department:	$\frac{13 \text{ vacant nursing FTEs}}{105 \text{ budgeted nursing FTEs}} =$	12.4%

C. Composition of Current Staff by Length of Service (LOS)

Calculate the number of staff in all non-nursing positions. Add this to the calculations of the number of nursing department employees:

Nursing department total:	<u>134</u>	RN:	30
Dietary department total:	<u>17</u>	LPN:	27
Housekeeping department total:	<u>11</u>	CNA:	77
Laundry department total:	<u>5</u>		
Department heads total:	<u>8</u>		
Other:	<u>11</u>		
Total number of employees:	<u>186</u>		

LPN: $\frac{27}{77}$
 CNA: $\frac{77}{77}$

Look at each employee's date of hire to find number of staff by longevity.

Total # of staff employed	6 mos. or less	6 mos. - 1 yr.	1 yr. - 2 yrs.	2 yrs. or more	5 yrs. or more	10 yrs. or more	Total
RN	3	15	6	4	2	0	30
LPN	3	11	9	3	1	0	27
CNA	9	11	52	3	2	0	77
Nursing total	15	37	67	10	5	0	134
Other total	8	14	18	9	1	2	52
Totals	23	51	85	19	6	2	186

Next, calculate the percentage of employees who have been at the facility by length of service in order to gain an understanding of staff longevity.

Calculation: Divide the total number of staff for each of the categories above by the total number of staff employed today.

Example: $\frac{23 \text{ staff employed six months or less}}{186 \text{ total number of staff}} = .124 \times 100 = 12.4\%$ of the staff has been employed six months

To calculate LOS percentages by department and discipline, use the total number of staff in each department and the total number of staff by discipline as the denominator.

Example: $\frac{11 \text{ CNAs have been employed six months to one year}}{77 \text{ total CNAs}} = .143 \times 100 = 14.3\%$ of the CNAs have been employed six months to one year

% of staff employed	6 mos. or less	6 mos. - 1 yr.	1 yr. - 2 yrs.	2 yrs. or more	5 yrs. or more	10 yrs. or more
RN	10%	50%	20%	13.33%	6.67%	0%
LPN	11.11%	40.74%	33.33%	11.11%	3.70%	0%
CNA	11.69%	14.29%	67.53%	3.90%	2.60%	0%
Nursing total	11.19%	27.61%	50%	7.46%	3.73%	0%
Other total	15.38%	26.92%	34.62%	17.31%	1.92%	3.85%
Totals	12.37%	27.42%	45.7%	10.22%	3.23%	1.08%

- 🚩 Look at the longevity of staff:
 - Only 10% of staff have been here for two years or more—a sign of instability.
 - Half of RNs and 40% of LPNs are employed six months to one year. The sign-on bonus pays out at six months.

II. Turnover Rate and Cost

The calculation of annual turnover is the total number of terminations divided by the average number of employees.

A. Calculating Annual Turnover Rate

Indicate the total number of employees on the last day of the month. (Note that this also allows you to identify any seasonal turnover patterns. For example, this nursing home improved its summer turnover after it installed air conditioning.)

January 200	February 200	March 187	April 200	May 194	June 191
July 189	August 191	September 208	October 207	November 200	December 202

Add all numbers above: 2,369
 Divide by 12: 197 = Average # employees ⁽¹⁾
 Total number of terminations: 139 ⁽²⁾

Total number terminations **139** **70%** = Annual Turnover (%)
 divided by the average # employees: 197

⁽¹⁾ Example: Total number of employees on the last day of every month looked like this:
 200 + 200 + 187 + 200 + 194 + 191 + 189 + 191 + 208 + 207 + 200 + 202 =

2369 employees
 12 months = 197 average # employees

If total number of terminations is 139, divide 139 terminations by 197 average number of employees to calculate turnover rate of .70 or 70%.

⁽²⁾ Termination = an employee departure, either due to firing or quitting, whereby the employee receives a final paycheck

Places to collect the data:

- Organization may have a separate form that is completed for each termination.
- Payroll reports may list terminations.
- Average number of employees at the end of every month can be calculated by counting the employees on the payroll report.

Common Questions when Calculating Turnover

1. What about agency staff? Do they count in any of the calculations?
 - No. Agency staff is not included.

2. Why does a part-time or per diem employee termination count equally as a full-time employee termination?
 - The calculation is a measurement of all turnover, regardless of employment status.
3. What about an employee who changes his/her job title and stays in the organization? Does that count as a termination?
 - No. Do not count this individual as a termination.
4. What if an employee works at two facilities owned by the same corporation and leaves one of the facilities but stays at the other?
 - The employee would be coded as a termination by the facility from which he or she departed.
5. What if an employee cuts his/her hours from full-time to per diem? Does that count as a termination?
 - No. They are still employed by the facility.
6. What about an employee who goes on unpaid leave or who is still employed but did not work any hours in the month or pay period?
 - The employee is still employed and continues to be included in the denominator.
7. What if an employee leaves (termination) and then is re-hired three weeks later?
 - The employee counts as a termination if the calculation is done prior to re-hire.
8. If a home has 130 budgeted positions but only 125 of the positions are filled, is the average number of employees 125 or 130?
 - The average number of employees is 125.

B. Staff Turnover Rates by Length of Service (LOS)

Who triggered the termination?

Group the terminations over the last 12 months by who triggered the termination. Analyze each termination to determine the number and percentage of terminations due to employee choice and due to employer choice.

Total number of terminations: **139**

	#	%
Total number of terminations due to employee choice:	77	55%
Total number of terminations due to employer choice:	62	45%

Calculation of percentage: Divide each number above by the total number of terminations.

Determine LOS for each individual who left over the last 12 months.

Total number of nursing department terminations: 90

Terminations of nursing department staff employed by number and percentage:

Termination within:	Employee Choice #	Employee Choice %	Employer Choice #	Employer Choice %
1 day - 1 mo.:	8	8.89%	10	11.11%
1 mo. - 3 mos.:	13	14.44%	10	11.11%
3 mos. - 6 mos.:	14	15.56%	8	8.89%
6 mos. - 1 yr.:	10	11.11%	7	7.78%
1 yr. - 2 yrs.:	4	4.44%	3	3.33%
2 yrs. or more:	3	3.33%	0	0.00%
Totals:	52	57.78%	38	42.22%

- Seeing how soon after hire people left can identify possible areas to focus on, such as:
 - High numbers of departures in the first month might indicate a need for better orientation or better hiring practices.
 - Significant departures as sign-on bonuses are paid out raises questions about the possible negative consequences of this incentive program.
 - Data from Current Staff by Length of Service indicates 15 nursing staff members have been employed two years or more. Losing three (20 percent), by their choice, is a serious concern.
 - Having a significant number of involuntary terminations in the first three months may be an indication of a poor hiring decision.

Total terminations (employer and employee choice) of nursing department staff by number and percentage:

Length of Service	#	%
1 day - 1 mo.:	18	20%
1 mo. - 3 mos.:	23	25.5%
3 mos. - 6 mos.:	22	24.4%
6 mos. - 1 yr.:	17	18.9%
1 yr. - 2 yrs.:	7	7.77%
2 yrs. or more:	3	3.33%
Total:	90	100%

Calculation for percentages: Divide each of the totals in the LOS categories above by the total number of terminations.

Example:
$$\frac{18 \text{ terminations LOS one day to one month}}{90 \text{ total terminations}} = .2 \times 100$$

= 20% of the terminations were staff employed less than one month.

C. Turnover Rates by Discipline and LOS

This section combines the previous information to provide data on the number and percentage of staff, by discipline, who are leaving, by their length of service.

Total number of RN terminations: 11

Number and percent of RN terminations (by employee and employer choice) by LOS:

Length of Service	Employee Choice #	Employee Choice %	Employer Choice #	Employer Choice %	Total #	Total %
1 day - 1 mo.:	1	9.09%	1	9.09%	2	18.2%
1 mo. - 3 mos.:	0	0.00%	2	18.18%	2	18.2%
3 mos. - 6 mos.:	0	0.00%	2	18.18%	2	18.2%
6 mos. - 1 yr.:	3	27.27%	0	0.00%	3	27.2%
1 yr. - 2 yrs.:	1	9.09%	1	9.09%	2	18.2%
2 yrs. or more:	0	0.00%	0	0.00%	0	0%
Total:	5	45.45%	6	54.55%	11	100%

Calculation of percentages: Divide each of the totals in the LOS categories above by the total number of terminations. Do this for employee choice, employer choice and total terminations.

Example: $\frac{2 \text{ terminations RN LOS one day to one month}}{11 \text{ total RN terminations}} = .182 \times 100 = 18.2\%$

= 18.2% of the RN terminations were RNs employed less than one month.

The same formula can be used for LPNs and CNAs.

Total number of LPN terminations: 15

Number and percent of LPN terminations (by employee and employer choice) by LOS:

Length of Service	Employee Choice #	Employee Choice %	Employer Choice #	Employer Choice %	Total #	Total %
1 day - 1 mo.:	1	6.67%	0	0.00%	1	6.7%
1 mo. - 3 mos.:	1	6.67%	1	6.67%	2	13.3%
3 mos. - 6 mos.:	3	20.00%	2	13.13%	5	33.3%
6 mos. - 1 yr.:	4	26.67%	0	0.00%	4	26.7%
1 yr. - 2 yrs.:	3	20.00%	0	0.00%	3	18.2%
2 yrs. or more:	0	0.00%	0	0.00%	0	0.00%
Total:	12	80.00%	3	20.00%	15	100%

Total number of CNA terminations: 64

Number and percent of CNA terminations (by employee and employer choice) by LOS:

Length of Service	Employee Choice #	Employee Choice %	Employer Choice #	Employer Choice %	Total #	Total %
1 day - 1 mo.:	6	9.38%	9	14.06%	15	23.4%
1 mo. - 3 mos.:	12	18.75%	7	10.94%	19	29.7%
3 mos. - 6 mos.:	11	17.19%	4	6.25%	15	23.4%
6 mos. - 1 yr.:	3	4.69%	7	10.94%	10	15.6%
1 yr. - 2 yrs.:	0	0.00%	2	3.13%	2	3.1%
2 yrs. or more:	3	4.69%	0	0.00%	3	4.7%
Total:	35	54.69%	29	45.31%	64	100%

D. Turnover Rates for Each Discipline

Calculation: Total number of terminations by discipline (RN, LPN, CNA) divided by the average number staff within each discipline.

Example: $\frac{64 \text{ CNA terminations}}{77 \text{ average number of CNAs}} = .831 \times 100 = 83.1\% \text{ CNA turnover rate}$

Discipline	CNA	RN	LPN
Terminations:	64	11	15
Average number of staff:	77	30	27
Turnover rate:	83%	36.7%	55.6%

E. Turnover Replacement Costs

Example: CNA replacement costs. Use same methodology for RNs and LPNs.

1. Replacement Data

New hire hourly rate:	<u>\$9.50</u>	
*Advertising cost:	<u>\$750.00</u>	(Cost of ad in newspaper for three days including Sunday)
*Cost to interview and screen applicants:	<u>\$40.00</u>	(Interviewer's hourly rate multiplied by the time taken for the interview.)
*Cost to call and check references:	<u>\$40.00</u>	(Hourly rate of person checking references multiplied by the time taken to check references.)

*Cost of employee physical:	<u>\$120</u>
*Cost of TB test:	<u>\$40</u>
*Cost of Hepatitis B vaccination:	<u>\$60</u>
*Cost of drug screening:	<u>\$175</u>
*Cost of recruitment bonus:	<u>\$250</u>
*Cost of criminal background check:	<u>\$80</u>

2. Staff Vacancy Costs

Average agency CNA hourly rate:	<u>\$23.00</u>
Average CNA hourly rate:	<u>\$10.75</u>
Average OT/DT hourly rate:	<u>\$19.50</u>

Calculation: Multiply CNA hourly rate from above by 150% to get overtime rate and by 200% to get double-time rate. Add OT and DT rates together and divide by two.

Average length of time to fill vacant position (in days): 15

Calculation: Randomly select five CNAs who departed at least two months ago. In each case, add up the number of days the position remained vacant by counting the number of days from the last day of employment to the first day the newly hired CNA is out of orientation. Divide the total number of days by five to determine the average length of time to fill the vacant position.

*Average cost of filling the vacant shifts: \$900

Calculation: Using the same five scenarios from above, determine how the vacant shifts were filled during the period each of the CNA positions was vacant. Add up the total number of shifts where agency filled the shifts. Next, take the total number of agency shifts and multiply it by the average agency hourly rate. Then multiply this number by eight (hours per shift). Do the same for OT/DT; add the total number of shifts filled that led to OT and DT. Multiply this by the average OT/DT rate. Then, multiply this by eight (hours per shift). Finally, subtract the normal labor costs associated with filling these vacant shifts by full-time regular staff from the costs above.

3. Training and Orientation Costs

Number of hours of classroom orientation:	16	@ \$9.50/hr.	\$152 in wages for new hire
Average hourly wage of classroom orientation teacher:	\$27	x 16 hrs.	\$432 cost for teacher
Average number of CNAs in each orientation class:	3	Divide into \$432	\$144 cost of teacher per new hire

*Cost of classroom orientation: \$144 + \$152 = \$296

Calculation: Add these two for total cost of classroom orientation per new hire:

- Average hourly wage of teacher multiplied by the total number of classroom orientation hours, divided by the average number of CNAs in each orientation class.
- Number of hours in classroom multiplied by hourly wage of new employee.

Average number of hours spent in on-the-job orientation:	48
Hourly wage of new hire:	\$9.50
*Cost of on-the-job orientation:	<u>\$456</u>

Calculation: Average wage of new hire multiplied by the average number of hours spent in on-the-job orientation.

Total Replacement and Turnover Costs

Add up all calculations with an * to get the total direct costs to replace one CNA.

*Advertising cost:	<u>\$750.00</u>	+
*Cost to interview and screen applicants:	<u>\$40.00</u>	+
*Cost to call and check references:	<u>\$40.00</u>	+
*Cost of employee physical:	<u>\$120.00</u>	+
*Cost of TB test:	<u>\$40.00</u>	+
*Cost of Hepatitis B vaccination:	<u>\$60.00</u>	+
*Cost of drug screening:	<u>\$175.00</u>	+
*Cost of recruitment bonus:	<u>\$250.00</u>	+
*Cost of criminal background check:	<u>\$80.00</u>	+
*Average cost of filling the vacant shifts:	<u>\$900.00</u>	+
*Cost of classroom orientation:	<u>\$296.00</u>	+
*Cost of on-the-job orientation:	<u>\$456.00</u>	=
Total direct costs to replace one CNA:	<u>\$3,207.00</u>	

Determine how many CNA terminations there were last year. Multiply this number by the dollar figure above to determine your annual cost of turnover.

Example: 64 CNA terminations x \$3,207 = \$205,248 annual CNA turnover costs

Total annual CNA turnover costs: **\$205,248**

Use the same methodology to determine RN and LPN turnover costs.

Position	Direct Costs for 1 Turnover	# of Turnovers	Total Annual Cost
RN:	<u>\$4,899</u>	<u>11</u>	<u>\$53,899</u>
LPN:	<u>\$4,193</u>	<u>15</u>	<u>\$62,895</u>
CNA:	<u>\$3,207</u>	<u>64</u>	<u>\$205,248</u>
Other staff:	<u>\$2,692</u>	<u>49</u>	<u>\$131,908</u>
Total:		<u>139</u>	<u>\$453,940</u>

III. Financial Incentives

A. Pay-out on current incentives. Compile data on types of incentives available to staff and determine how frequently they are given and how much was distributed to staff in the last quarter. Use the last quarter to estimate the annual expenditure.

Examples of frequently used financial incentives:

1. Bonus for accepting a last-minute assignment:

\$10 per hour for RNs and LPNs

\$5 per hour for CNAs

How much was spent last quarter: **\$90,000**
Estimate of annual expenditure: **\$360,000**

2. Shift differentials:

CNA AM: **\$0.00** PM: **\$2.00** NOC: **\$2.50**
RN/LPN AM: **\$0.00** PM: **\$3.00** NOC: **\$4.00**

3. Working two 12-hour shifts and being paid for 30-36 hours (Baylor):

Works two, 12-hour shifts and gets paid for 36 hours.

4. Extra per-hour take-home pay for per diem status:

RN: **\$1.00**
LPN: **\$1.00**
CNA: **\$1.00**

5. Perfect attendance bonuses (no call-outs for a month, quarter, year):

None

How much was spent last quarter: **\$0.00**
Estimate of annual expenditure **\$0.00**

6. Holiday bonuses (extra pay for working a holiday above the standard time and a half):

None

7. Bonuses related to recruitment:

a. New employee sign-on bonuses

RN: **\$2,000**
LPN: **\$500**
CNA: **\$250**

How much was spent last quarter: **\$12,500**
Estimate of annual expenditure: **\$50,000**

b. Employee referral bonuses

RN: **\$1,000**
LPN: **\$1,000**
CNA: **\$500**

How much was spent last quarter: **\$1,500**
Estimate of annual expenditure: **\$6,000**

8. Annual average wage increase:

RN: **2%**
LPN: **2%**
CNA: **2%**

9. Longevity bonuses (bonuses paid to staff members who attain certain levels of years of service):

None

How much was spent last quarter: **\$0.00**

10. All other financial incentives and their dollar amounts:

Preceptor bonus: CNA \$300 plus \$0.50 per hour

➤ **Add up all of the bonuses estimated to have been paid out last year:**

Bonus for accepting a last-minute assignment:	\$360,000
New employee sign-on bonuses:	\$ 50,000
Employee referral bonuses:	\$ 6,000
Total estimated bonus pay-out:	\$416,000

B. Impact of financial incentives: Compare data from financial incentives and the snapshot of the current situation.

What's the best deal in the house? Calculating the average hourly rate of pay by discipline, employment status and shift:

Determine who has the potential to earn the most money (for example, is it the per-diem, NOC shift nurse who gets a shift differential, frequently picks up last-minute assignments, who has perfect attendance and regularly refers individuals who are hired?). Calculating the average hourly rate of pay for select groups of nursing staff by discipline, employment status and shift is an effective way to determine this.

Calculation: Select any given payroll report. **Total earnings** (includes regular hours, OT, DT, bonuses, shift differentials, etc.) of all nursing staff members who share the same discipline, employment status and work the same shift (for example, RN, per diem, NOC shift) **divided by total number of hours worked** of all nursing staff members who share the same discipline, employment status and work the same shift = **average hourly rate** of all nursing staff members who share the same discipline, employment status and work the same shift.

Example: $\frac{\$23,500 \text{ total earnings of RNs, per diem, NOC shift}}{852 \text{ total hours worked RNs, per diem, NOC shift}} = \27.58 per hour

In the space below, note who earns the highest hourly rate of pay for each select group of nursing staff by discipline, employment status and shift:

1. RN, Baylor, NOC shift and pick up last-minute assignment

2. RN, Baylor, PM shift and pick up last-minute assignment

3. LPN, Baylor, NOC shift and pick up last-minute assignment

4. CNA, Baylor, NOC shift and pick up last-minute assignment

Counterproductive incentives: Identify incentives that contribute to instability.

Examples of a counterproductive incentive/reward: A nursing home pays more, in total, to per-diem staff members who accept last-minute assignments than to full-time employees who show up for their assigned hours. Due to the many vacant shifts on the schedule, per-diem staff can pick which shift and how often they work. In addition, per-diem staff is awarded a \$5/hour bonus for each shift they pick up at the last minute. Thus, per diem staff members who pick up enough last-minute shifts can earn more money than a full-time employee with good regular attendance.
