Understanding Employee Turnover in the Health Care Industry

2021 Edition

dailypay.

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Introduction

Turnover can have a huge impact on a company's bottom line. The turnover rate in the health care industry has risen nearly 5% in the last five years. During the past year alone, the hospital turnover rate increased by 1.7% and stands at 19.5%. Every employee that a company loses results in substantial costs to the employer. Typically, an employer can expect to spend six to nine months of an employee's salary to find, train and replace an employee.

There are also indirect ways that turnover affects revenue. High turnover rates often cause low employee morale. Unhappy employees are less productive and companies with unhappy employees are 21% less profitable than those with happy employees. These unhappy and disengaged employees cost employers in the U.S. up to $300 billion dollars a year.

While turnover is a huge financial struggle in the health care industry, it is something that can be reduced to improve employee engagement, patient care and a company's bottom line.

The True Cost of Health Care Turnover

Industry experts estimate the average cost of turnover, across all occupations in the health care industry, is around $60,000, though specific positions will have varying impact on a hospital's bottom line.

For example, the average cost of turnover for a bedside RN is estimated at $40,038, but costs can range from $28,400 to $51,700 depending on hospital and location, resulting in the average hospital losing between $3.6 and $6.5 million per year. Each percent change in RN turnover will cost/save the average hospital an additional $270,800 per year. Some reports estimate that replacing a physician is at least $200,000 but can reach as high as $1 million for each doctor who leaves.

The longer a job goes unfilled, the more impact it has on the bottom line of a business. For example, when a health care professional leaves, the hospital must account for multiple additional turnover costs.

Additional Turnover Costs

Staffing

A reduction in staff will require remaining staff to be paid overtime to pick up the slack left by employees who have left. You will also have to consider the costs of agency and travel nurses to fill in while you are waiting for new hires to come onboard.

Continuity of Care

Turnover can be detrimental to the care of patients, especially those who are long-term. It is an adjustment not only for the staff but for the patients who may have a hard time adjusting to being cared for by different employees.

Training Costs

Training and replacing an employee can cost an average of six to nine months of an employee's salary.

Staff Workloads

Remaining staff may have to take on extra workloads when there is high turnover. This can be dangerous in all industries because of exhaustion, but especially in the health care industry.

Accident rates

Reduced staff and turnover can increase accident rates due to staff being overworked and tired — two conditions that lend themselves to more frequent accidents.

Absenteeism

High turnover can reduce the morale of remaining staff, increasing their need and desire to call out from work.

The data reveals that reducing turnover should be top of mind for all facilities in order to protect their profits and their reputation.

Ways to Solve Employee Turnover

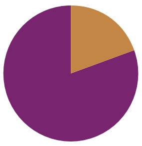
The importance of improving the trifecta of recruiting, retaining and engaging employees is critical to protect patient care, staff morale and profitability.

Improve Retention Strategies

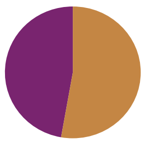
Even with notoriously high turnover rates in the health care industry, only 19.7% of hospitals have retention strategies in place for tenured workers. With Baby Boomers moving into retirement, it's important for hospitals to develop a strategy to retain this knowledge base.

Conversely 52.9% of hospitals have implemented new hire retention strategies. Though the tactic is useful, it doesn't appear to be comprehensive.

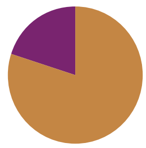
More than 80% of all hospitals have retention initiatives; however, only about half have connected them to measurable goals. Finding ways to increase tenure at your facility can help to ease staffing gaps, improve patient care and evolve programs that maintain a well-trained arsenal of staff at your facility.



19.7%
of hospitals have retention strategies in place for tenured workers



52.9%
of hospitals have implemented new hire retention strategies



80%+
of all hospitals have retention initiatives

Focus on Employee Experience

Across the board, HR departments are starting to recognize that employee experience is a huge part of keeping employees engaged and happy in the workplace, while increasing the quality of patient care.

To offer an enhanced employee experience, facilities must get to the core of what their staff truly wants, whether it be financial wellness benefits, workplace flexibility or other benefits.

Listening to employee feedback is a key ingredient for successful recruiting, retention and employee engagement.

Find Out What Your Employees Want

The first step to improving turnover rates is finding out what your employees really want. This is the key to enticing them to stay at your organization. Survey your employees to determine what benefits or other aspects of their work lives could use improvement.

Maybe they are looking for educational opportunities, more support and feedback or even a more flexible pay period.

How an On-Demand Pay Benefit Can Fight Turnover

Section III

As the health care sector rehires post-pandemic, health care facilities must differentiate themselves in order to both attract and retain top talent. One way to do that is by offering employees an on-demand pay benefit.

DailyPay is building a new financial system that ensures money is always in the right place at the right time for everyone, starting with pay.

With DailyPay, employees accrue their net pay in their DailyPay Balance™, and they can easily transfer it to a bank account or debit card of their choice between paydays. Employees have access to their pay balance 24/7/365. With DailyPay, employees can avoid incurring late fees or overdraft fees and payday loan interest, and they can access their own earned money by paying only a transparent ATM-like fee.

DailyPay requires no changes to your current payroll setup and costs nothing to implement. Companies that offer a daily pay benefit are able to fill positions 52% faster and reduce turnover by as much as 72% according to a recent Mercator Report.

As more health care organizations adopt DailyPay, more data is coming to light that shows that DailyPay's technology platform can deliver on the promises of on-demand pay.

The Mercator Advisory Group analyzed over one million anonymized data records to compare the tenure of workers who used DailyPay to those at the same companies who do not use it. They found that DailyPay-enrolled employees stay up to 73% longer than those who aren't enrolled. With that increase in tenure comes a reduction in turnover costs.

Christian Horizons, which provides a continuum of care and support services for older adults, offers DailyPay to its employees. In a four-month period, the company reported that DailyPay helped reduce turnover by 7.2% and that rate continued to decrease.

CommuniCare, the nation's largest provider of post-acute care, also offers its employees DailyPay. Their VP of Human Resources, Gregory Keller, stated that "Offering DailyPay means that employers like us will not be faced with changing our existing payroll process while extending the benefit of on-demand payment to our employees."

BrightSpring Health Services now has more than 17,600 employees using its DailyPay-on-demand pay benefit. "We see caregivers saying they're picking up additional hours because they can get paid for those hours quicker than working somewhere else. We also see an impact on retention with the people who are engaging in daily pay," said Rexanne Domico, President Home Health Care and Rehabilitation Services at BrightSpring.

DailyPay is already an award-winning bestseller and Platinum Partner on ADP Marketplace and an integrated partner with six out of the 10 leading HCM firms, including UKG, Ceridian, Paycor, SmartLinx and Viventium.

"With high turnover in health care markets, DailyPay's innovative solution will help our customers meet the increasing challenges of employee retention and engagement," said Marina Aslanyan, CEO of SmartLinx.

Conclusion

While turnover in the health care industry is a significant issue that can severely affect your employee's financial well-being, the quality of patient care and your bottom line, there are simple changes you can make to reduce turnover. DailyPay's on-demand pay solution has helped numerous health care companies to reduce turnover easily because employees want to stay at companies that show they care about their financial stability.

Please contact us to learn what DailyPay can do for your company and your employees.

Thank you for reading.

Get a no-obligation demo