

# The CFO's Perspective:

## 8 Challenges to Assess & Analyze in the Healthcare Workforce

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In the healthcare sector, financial management is a complex and challenging endeavor. **For CFOs, labor represents a substantial portion of the budget, often exceeding 70% of total spend/costs.** Effective workforce planning, scheduling, and deployment are essential not only for maintaining financial health and ensuring access, but also for ensuring the quality of care, patient satisfaction, and staff morale.

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## Navigating Financial Complexities

Health systems CFOs must navigate a variety of financial challenges, from complex budgeting, access requirements, reimbursement models, and external reporting requirements, to the intricacies of health insurance and uncompensated care. **The scheduling function is a critical component of workforce optimization, impacting not just cost but also financial sustainability.** With diverse reimbursement models like fee-for-service and value-based care, CFOs need strategies that align workforce capabilities with financial goals, ensuring appropriate reimbursement while delivering quality care.

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## 2 Adapting to Policy Changes

The healthcare system is subject to frequent policy changes and reforms, which impact budgets, resource availability, regulatory requirements, and reimbursement from out-of-state visitors. **CFOs must be agile in adjusting workforce strategies to comply with evolving policies.** This requires significant staffing, reporting, and financial planning adjustments to maintain compliance and ensure financial sustainability.

## 3 Tackling Insurance Complexities

Managing the complexities of health insurance involves navigating payer contracts, negotiating rates, and managing billing and claims processes. **CFOs must coordinate workforce optimization efforts with insurance requirements to avoid financial pitfalls.** This task becomes even more challenging when addressing uncompensated care and Medicaid reimbursement, where varying rates by state demand careful financial planning and optimization of staffing levels.

## 4 Improving Access & Operational Agility

Ultimately, the ability to provide access and increase patient intake remains in the domain of operations. Once operations receive your authorized budget, different units and programs tend to operationalize the total FTE in various ways.

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This is why we find differences in full-time, part-time, and casual/per diem position mixes. CFOs sometimes note the variance in skill mix and baseline staffing levels for the same occupation across very similar units. Even where nursing resource teams do exist to provide backup, there is not always confidence in the number of positions within those teams—some units “plus up” coverage on some shifts to buffer against known peaks in PTO requests. However, how this impacts total spending is not always clearly translated. **Workforce strategies require the input of the CFO to ensure that the proper controls are in place.**



## Managing Mergers & Acquisitions

Mergers and acquisitions are common in the healthcare industry, presenting CFOs with unique challenges in aligning workforce strategies across merging entities. **Effective integration of financial systems and interfaces through HRIS, scheduling, timekeeping, and payroll, along with deliberate workforce optimization strategies, is essential.** This has the affect of correcting misalignment in budgets, position and skill mix, and baseline staffing between sister units new to the same organization. Overall, mergers and acquisitions can enable the streamlining of operations and better manage workforce transitions, including potential redundancies and retraining.

## 6 Optimizing Vendor Management

Many healthcare organizations engage third-party contractors and vendors for various services. **CFOs must ensure cost-effective utilization of external resources while maintaining quality and compliance.** This involves negotiating favorable contracts and optimizing workforce strategies across different entities to enhance financial performance.

## 7 Aligning Physician Compensation

Physician compensation models significantly impact workforce optimization efforts. CFOs must carefully plan and manage complex compensation structures, aligning them with workforce goals and organizational objectives. **This alignment requires strategic financial management to ensure that compensation models support the overall mission of delivering high-quality care.** From the workforce perspective, resources must be in place to support physicians' orders and ensure seamless support.

## 8 Leveraging Technology Investments

Investment in health information technology, such as electronic health records (EHRs) and data analytics, plays a crucial role in workforce optimization. CFOs must consider the financial implications of implementing and maintaining these systems, ensuring workforce readiness, and optimizing technology use to support workforce goals.

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If the local configuration of scheduling and timekeeping systems and their use is not optimized, potential pay errors, over/underpayments, and coding issues are magnified. Furthermore, if schedules inputted into the system do not perfectly align with the authorized budget shift-by-shift for each occupation on a unit -- premium labor spend, worked hours misalignment, and true vacancies become increasingly difficult to identify day-in and day-out.

## Introducing Workforce Edge

Workforce Edge Consulting offers solutions tailored to the unique challenges faced by healthcare CFOs. By focusing on effective scheduling and deployment, we insert the pathways to truly operationalize your budget, which supports quality and financial sustainability through:

- Cost avoidance
- Reduced total spending
- Budget adherence

Our **Workforce Deployment Maturity Model**® provides a comprehensive framework for assessing and improving workforce planning, scheduling, and deployment strategies. This model helps CFOs optimize their workforce ecosystem, aligning financial strategies with operational needs.

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# Opportunity Assessment for CFOs

Our Opportunity Assessment method includes:

- 1** Assessment of Financial Models and Current Schedules: Evaluating the alignment of staffing models with financial goals and budgets.
- 2** Analysis of Workforce Utilization Data: Optimizing relief workforce planning and organizational strategies to keep ahead of surges and other patterns disrupting “typical” service delivery.
- 3** Polling of Key Stakeholder Groups: Engaging stakeholders to understand financial and operational impacts.
- 4** Detailing of Technology Capability and Utilization: Assessing current technology use and identifying opportunities for improvement.
- 5** Assessment of Governance and Financial Management: Ensuring strategic alignment between workforce functions and financial objectives.

Hospital CFOs play a crucial role in ensuring financial sustainability while optimizing the workforce to provide high-quality care. By adopting strategic approaches to financial management and workforce optimization, CFOs can navigate the challenges of the healthcare system and position their organizations for success.

The opportunity assessment method consists of 5 workstreams:



For more information on how Workforce Edge Consulting can support your organization, visit [health.workforce-edge.com/CFO](https://health.workforce-edge.com/CFO)



**Transforming the Healthcare Workforce-  
One shift at a time**