



THE CFO'S GUIDE TO HEALTHCARE COST CONTAINMENT



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Containment**

Today's healthcare CFOs are under more pressure than ever to contain costs. To meet fiscal goals without sacrificing quality of patient care, today's leading hospitals develop relationships with long-term strategic partners like VISTA. VISTA enables healthcare leaders to overcome costly challenges with vendors and staffing agencies by introducing referenceable, innovative staffing solutions. The following are some key obstacles facing CFOs and how VISTA's proactive approach helps resolve these administrative challenges.

What Are The Top Healthcare Cost Containment Challenges Facing CFOs?



Before examining some of today's forward-thinking staffing strategies, it's helpful to understand how the cost containment landscape has changed in recent years. By understanding the obstacles facing hospital administrators, staffing solutions can be tailored to prevent barriers from developing in the first place. Here is a look at the top cost-containment challenges facing the typical healthcare CFO:

1

BILLIONS OF DOLLARS IN **LOST REVENUE**

The [financial impact of canceled and foregone healthcare services](#) due to COVID-19 has been devastating to hospitals. The American Hospital Association (AHA) estimated a total financial loss of over \$200 billion due to COVID-19 costs and canceled elective procedures that often account for a large portion of hospital revenue. While financial recovery is underway, it is more important than ever for hospitals to monitor their spending.

2

A REDUCTION IN **GOVERNMENT FUNDING**

American hospitals spend more per capita on physicians than any other type of provider. However, hospital CFOs quickly discover that their current spending models are no longer sustainable as government funding cut-offs loom. These funding reductions make navigating long-term cost containment more challenging than ever, forcing CFOs to look at their fiscal goals through a completely different lens than they have in the past.

At the same time, financial losses and funding reductions were compounded by a surge in layoffs among physicians trained to perform surgery and deliver specialized care. As healthcare systems resume these services, CFOs will once again face a surge of onboarding expenses.

3

STAFF BURNOUT

“Providers say they are emotionally drained at work. Half or more providers feel frustrated at their job (50%), overworked (57%), burned out (59%), or emotionally drained (68%). All these numbers are at the same levels or higher than they were in September.”

– CALIFORNIA HEALTHCARE FOUNDATION

More than [two-thirds of physicians reported feeling burned out](#) in 2020. Chaotic work environments, pressing demands on time, and a lack of control over work pace are among the many [reasons why burnout increased](#) among healthcare providers. When burnout symptoms become too much to bear, some physicians choose to leave their jobs or retire altogether.

4

EXORBITANT ONBOARDING EXPENSES

“When a doctor leaves unexpectedly, the remaining physicians have to increase their workload, causing further stress and dissatisfaction. Hospitals have to pay for the resulting overtime costs, as well as the training costs necessary for a new hire. Between recruiter costs, onboarding costs, and lost revenue, it’s estimated that turning over a single physician can cost a hospital between \$400,000 and \$600,000.”

– Physicians Thrive

When physicians choose to leave a healthcare system, there is an immediate staffing gap that must be filled, and the cost to onboard a physician is shockingly high. Between recruiting expenses, onboarding costs, and decreased revenue, [replacing a physician can cost twice as much](#) as the departing physician’s salary. This phenomenon was even more pronounced in 2020 when doctors with experience treating COVID-19 chose to leave or retire.

5

INCREASED PAY DEMANDS FROM PROVIDERS

“Despite the onrush of corporate PR campaigns lauding the nation’s health care workers as the “heroes” of the COVID-19 pandemic, many of these workers report feeling underpaid and undervalued in their high-risk jobs.”

– Janie McDermott and Annelies Goger, The Brookings Institution

Burnout, conflicting demands, and a stressful work environment have caused some providers to demand a pay increase. A vigilant healthcare CFO is then faced with the prospect of driving up costs by increasing salaries or refusing to boost pay. The latter option is risky, as it could prove to be more costly in the long run, given the high cost of replacing a physician. In a nutshell, a healthcare CFO must learn how to effectively balance reimbursement with physician burnout.

How Does VISTA Select Provide Cost Savings For Healthcare Systems?



For decades, healthcare facilities operated in a decentralized fashion, with each department managing its own staffing needs. Filling staffing gaps and provider shortages often meant turning to an existing vendor chosen by department leaders. This model became unsustainable for many hospitals during the COVID-19 pandemic as hospital CFOs scrambled to streamline their clinical staffing procedures.

Recently, healthcare systems have discovered the value of a standardized approach to vendor management and payments. [Partnering with VISTA](#) is one of the most efficient ways to reduce overall labor costs by centralizing your healthcare system's vendors and standardizing the billing process. Here is a look at the key elements of the process:

Initial Review	A VISTA specialist collaborates with each department to determine which vendors are used and how billing is handled.
Organization	VISTA uses a customizable vendor management system (VMS) to organize vendors and identify contingent staff.
Transparency	VISTA's transparent review process reveals and eliminates extraneous fees some vendors charge for their services.
Monitoring	VISTA periodically reviews the billing process and payments to ensure consistency and make sure there are no hidden fees
Enhancements	VISTA simplifies technological upgrades, and new vendors are easier to use, as they are managed under the VISTA contract.

The cornerstone of VISTA's approach is the [Workforce Optimization Review](#). This process systematically uncovers costs that are often unknown to a hospital's executive leadership team. For example, the review may find that a hospital overspends on locum staff or is losing money due to outdated technology. These insights are outlined to hospital administrators who, in turn, reduce costs by implementing suggested changes.

What Is The Future Of Healthcare Cost Containment?

1

TELEHEALTH IS HERE TO STAY

Prior to the COVID-19 pandemic, telemedicine was reimbursed at a lower rate compared to in-office medical visits with providers. While most physicians are comfortable with telemedicine visits when appropriate, healthcare administrators can expect providers to push to be fully compensated for their work. The future of telemedicine will hinge in great part on developing trends for reimbursement.

2

DEMAND FOR ADVANCED PRACTICE PROVIDERS WILL CONTINUE TO GROW

“On average, advanced practice providers (APPs) constitute more than one-third of a U.S. healthcare provider organization’s clinical workforce. Moreover, in response to COVID-19, more than three-quarters (78.6%) of organizations are redeploying or plan to redeploy APPs to frontline specialties as a result of clinical staffing shortages in critical departments.”

– American College of Healthcare Executives (ACHE)

Physician Assistants (P.A.s), Nurse Practitioners (N.P.s), and Certified Registered Nurse Anesthetists (CRNAs) are the most common types of advanced practice providers (APPs). They cost less to employ than medical doctors and can perform many of the same tasks. Not surprisingly, demand for APPs has skyrocketed, and the number of APPs is now more significant than the number of physicians.

In addition to contributing to cost savings, APPs can help ease provider staffing bottlenecks that are likely to arise due to our aging physician workforce. Given that [30 percent of physicians are 60 or older](#), and many medical doctors are [choosing to retire early due to COVID-19](#) stressors, the demand for APPs is expected to continue to grow. The forward-thinking healthcare CFO is already mapping out a plan to increase utilization of APPs and has begun to prepare for warranted compensation adjustments.

3

THE PROACTIVE HEALTHCARE CFO WILL BE MORE VALUABLE THAN EVER

The proactive healthcare CFO is prepared for future trends and is willing to adapt existing policies and procedures to overcome barriers and achieve fiscal objectives. Cost containment is always a key consideration, especially when assessing onboarding expenses and the impact of burnout. Most importantly, proactive CFOs recognize the value of investing in strategic partnerships with managed service providers as a means of attaining long-term success.



What Step Can You Take Today To Make Cost Containment A Top Priority?

Containing costs is not an option for today's healthcare CFOs. It is an expectation. By partnering with an experienced healthcare staffing specialist like VISTA, you can rest assured that your administrative staffing challenges will be thoroughly addressed so you can focus on patient care.

The best step you can take to make healthcare cost containment a top priority is to introduce [VISTA Select](#) to your administrative team.

VISTA Select uses advanced analytics to improve your vendor management and fulfill all your clinical staffing needs. Get started today by scheduling a complimentary Workforce Optimization Review to identify some of the specific ways you can boost operational efficiency and reduce costs. The VISTA team looks forward to helping you save time and money.



VISTA
SELECT



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