



Cornell University

# HOW LABOR-MANAGEMENT PARTNERSHIPS IMPROVE PATIENT CARE, COST CONTROL, AND LABOR RELATIONS

---

*Case Studies of Fletcher Allen Health Care, Kaiser Permanente, and  
Montefiore Medical Center's Care Management Corporation*

*Researched and written by Peter Lazes, Maria Figueroa and Liana Katz  
February 15, 2012*

## EXECUTIVE SUMMARY

In the wake of the Patient Protection and Affordable Care Act, which was signed into law in March 2010, many healthcare systems are developing innovative ways to improve the quality of the services they provide while simultaneously controlling costs. However, front-line staff—including nurses, physicians, residents, allied health professionals, social workers, environmental services workers, and clerical workers—are often excluded from the development of such initiatives.

Yet, the inclusion of front-line staff in quality improvement and cost containment work is crucial. They are often the employees with the most intimate knowledge regarding where everyday work processes break down, and they also tend to have the best handle on viable solutions. Furthermore, to effect change successfully in complex healthcare systems requires commitment and input from all organizational stakeholders. Labor-management partnerships offer precisely the type of framework needed, one that engages all staff in productive dialogue to restructure the way care is provided.

The Contact Center at Montefiore Medical Center's Care Management Corporation (CMO, New York City), Fletcher Allen Health Care (Vermont), and Kaiser Permanente's San Rafael and San Diego Medical Centers (California) have all introduced labor-management partnerships as a vehicle to improve the quality of clinical care and reduce costs, and also to create healthier workplaces for staff, strengthen teamwork, and improve labor relations.

The following case studies provide important data that show how healthcare labor-management partnerships are being created and sustained. This report offers only a snapshot of such activities. Further research is still needed to developed complete empirical data on the approaches used and outcomes that have been and can be achieved.

The case studies point to four general areas in which labor-management partnerships can lead to positive outcomes:

1. **Clinical Processes:** At the Contact Center, Fletcher Allen, San Rafael, and San Diego, restructuring clinical processes to be more efficient, patient-centered, and cost-effective are central goals of their partnership work. Clinical process improvements at the four health systems have included:
  - A significant increase in the number of referred home care patients who are seen within 24 hours from 44 percent in January 2010 to 83 percent in November 2010 (Home Health Care, San Diego Medical Center).

- A fall rate that decreased from 3.07 falls per 1,000 patient days in 2010 to 2 falls per 1,000 patient days in January and February 2011 (Baird 3 Surgical Unit, Fletcher Allen Health Care).
  - Achievement of a 45-minute stroke alert test result turnaround time benchmark (Clinical Laboratory Services, San Rafael Medical Center).
2. **Workplace Environment:** An articulated partnership process creates an environment in which front-line staff and management feel comfortable working collaboratively to overcome roadblocks to effective communication and workplace safety, along with other challenges. This mutual understanding and trust fosters a more respectful workplace and a problem-solving process that includes all voices. Specific outcomes at the four medical centers include:
- Zero reported workplace-related injuries in 2010 and just 2 in the first 5 months of 2011 (Clinical Laboratory Services, San Rafael Medical Center).
  - 450 overhead pages (announcements) per month reduced to 422 total pages *per year* (Operator Services, San Rafael Medical Center).
  - Introduction of multidisciplinary rounds (Inpatient Psychiatry, Fletcher Allen Health Care).
3. **Labor Relations:** Labor-management partnerships help develop a new paradigm for interactions between management, front-line staff, and labor unions that is collaborative rather than adversarial. Improved labor relations are reflected in the following outcomes:
- Creation of a non-punitive promotional strategy and career ladder (Contact Center, CMO).
  - New nursing staffing ratios that were developed by nurses and nurse managers (Fletcher Allen Health Care).
  - Embracing partnership as “the way things work” at all levels of organization (Kaiser Permanente, San Rafael and San Diego Medical Centers).
4. **Cost Savings:** An effective labor-management partnership can have a considerable impact on the expenditures of a single unit and the bottom line of an entire healthcare organization. Specific cost-savings that resulted from joint work processes include the following:
- \$51,000 reduction in overtime wages (Operator Services, San Rafael Medical Center).
  - Reduced staff turnover rate from 14 percent in 2008 to 3.9 percent in 2010 (Contact Center, CMO).
  - Reduced cost per communication contact from \$7.62 in 2004 to \$4.06 in 2010 (Contact Center, CMO).

- Reduced nursing staff turnover and traveling nurse hires (Fletcher Allen Health Care).

A synthesis of the lessons learned from the four case studies points to eight essential best practices that make possible the achievement of the positive outcomes discussed above. These include:

1. **Active Union and Management Leadership:** Active union and management leadership ensures that the partnership process has sufficient resources to be successful. Ideally, actively engaged leaders will monitor partnership activities so that changes are sustained and spread throughout the organization.
2. **Clear Partnership Structure:** A clear partnership structure allows the union and its members to have a direct role in decision-making, quality improvement, and work process redesign. A well-defined partnership structure also creates a formal process for supporting joint activities. A common practice is to have a steering committee or council made up of labor and management representatives who are responsible for overseeing partnership activities.
3. **Clear Union and Management Goals:** Both labor and management should develop clearly defined goals for what they hope to achieve through the partnership. These goals should include union-building initiatives as well as both unit-based and hospital-wide quality improvements to increase patient satisfaction while controlling costs.
4. **Institutional Support for Partnership:** Collective bargaining language is usually needed to articulate the goals of the partnership while specifying the roles and responsibilities of those involved in the joint work. Collective bargaining language should be flexible to reflect changes in the goals and structure of the partnership process as it evolves. In addition, both unions and management need to commit funds for resources such as internal and external consultants, coaches and educators for staff, and a budget to provide front-line staff sufficient time to work on partnership activities and to undergo training.
5. **Education:** Union members and managers should be introduced to the structure, purpose, and goals of the partnership by union and hospital leaders. These key stakeholders should also understand how providing high quality, patient-centered, and affordable healthcare can be achieved through the partnership approach. Labor-management partnership stakeholders should see their joint work process as an opportunity to restructure the delivery system in which they work and not as a stop-

gap measure to allow broken systems to continue to function. Education and training should include methods for innovation as well as quality improvement tools.

6. **Communication and Accountability:** Because all staff members cannot always participate directly in partnership activities, there should be active communication between those who engage in joint work and those who do not. Tools such as communication trees, communication boards, e-mail, and huddles can be used to maintain a flow of information and obtain input from all staff.
7. **Monitoring and Tracking Results:** Keeping detailed records is critical for analyzing and quantifying the impact of joint activities. It is also important to track and share the successes of joint work with peers, patients, various stakeholders, external partners, and regulatory groups to document the achievements of the partnership process.
8. **Redesigned Labor Relations:** To create an environment that is respectful of the workforce and supportive of a partnership, labor relations need to be conducted in a problem-solving rather than adversarial manner.

The case studies of the CMO's Contact Center, Fletcher Allen, San Rafael, and San Diego reveal that a strong union presence is important but not sufficient to make a significant impact on improving patient care. Rather, having a unionized workforce participate in a structured partnership process makes it possible to identify and sustain improvement activities and creates a collaborative work culture. For these arrangements to work, labor and management need to move beyond their traditional adversarial relations and develop appropriate methods to redesign and restructure healthcare systems. Partnerships, when effectively organized with appropriate resources, tap the expertise of both front-line staff and management to get results.

Funds for this research provided by the American Rights at Work Education Fund, 2012