Ohio Hospital Association

111TH ANNUAL MEETING &
EDUCATION SUMMIT

WELCOME

Optimizing Contracted Labor: A Shift from Cost Reduction to ROI Strategy

Wednesday, May 20 --- 9:45 – 10:45 AM

Session #44

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VitalSolution

HOSPITAL LEADERSHIP TRACK

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Optimizing Contracted Labor: A Shift from Cost Reduction to ROI Strategy

Mary Rutan Health & Ingenovis

May 20, 2026

Introductions

- Christy Myers, Chief Operating Officer, Mary Rutan Health
- Ross Swanson, President (Corazon), Ingenovis Health
- Seth Thomas, SVP Physician Services, Ingenovis Health

Conflict of Interest

- We have no conflicts of interest to disclose

The State of Industry

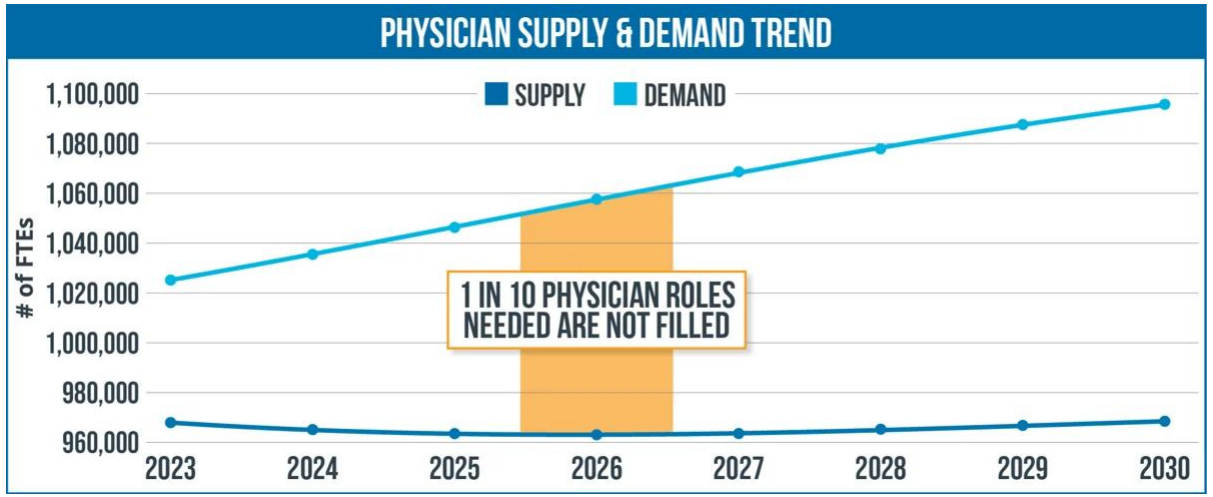
HOT OFF THE PRESS! -- ACHE October 2025 (Annual CEO Survey)

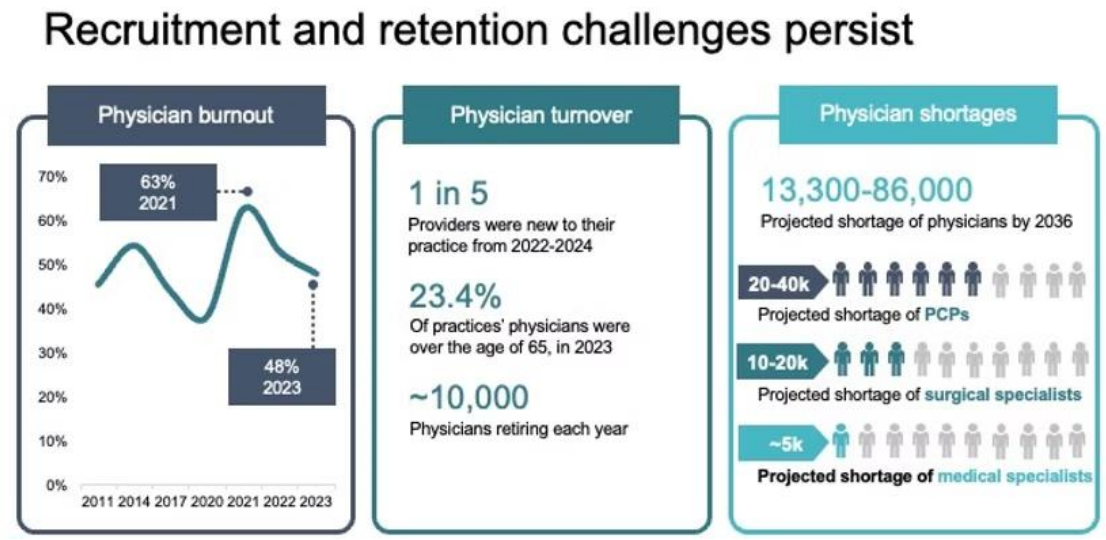
Below are the ranked concerns, with lower mean scores indicating greater urgency:

- Financial challenges — 2.2
- Workforce challenges (e.g., personnel shortages) — 3.6
- Governmental mandates — 4.5
- Access to care — 5.3
- Behavioral health, addiction and mental health issues — 6.0
- Patient safety and quality — 6.2
- Technology — 6.4
- Patient satisfaction — 7.1
- Physician-hospital relations — 8.0
- Population health management — 8.8
- Reorganization (e.g., mergers, acquisitions, restructuring, partnerships) — 8.9

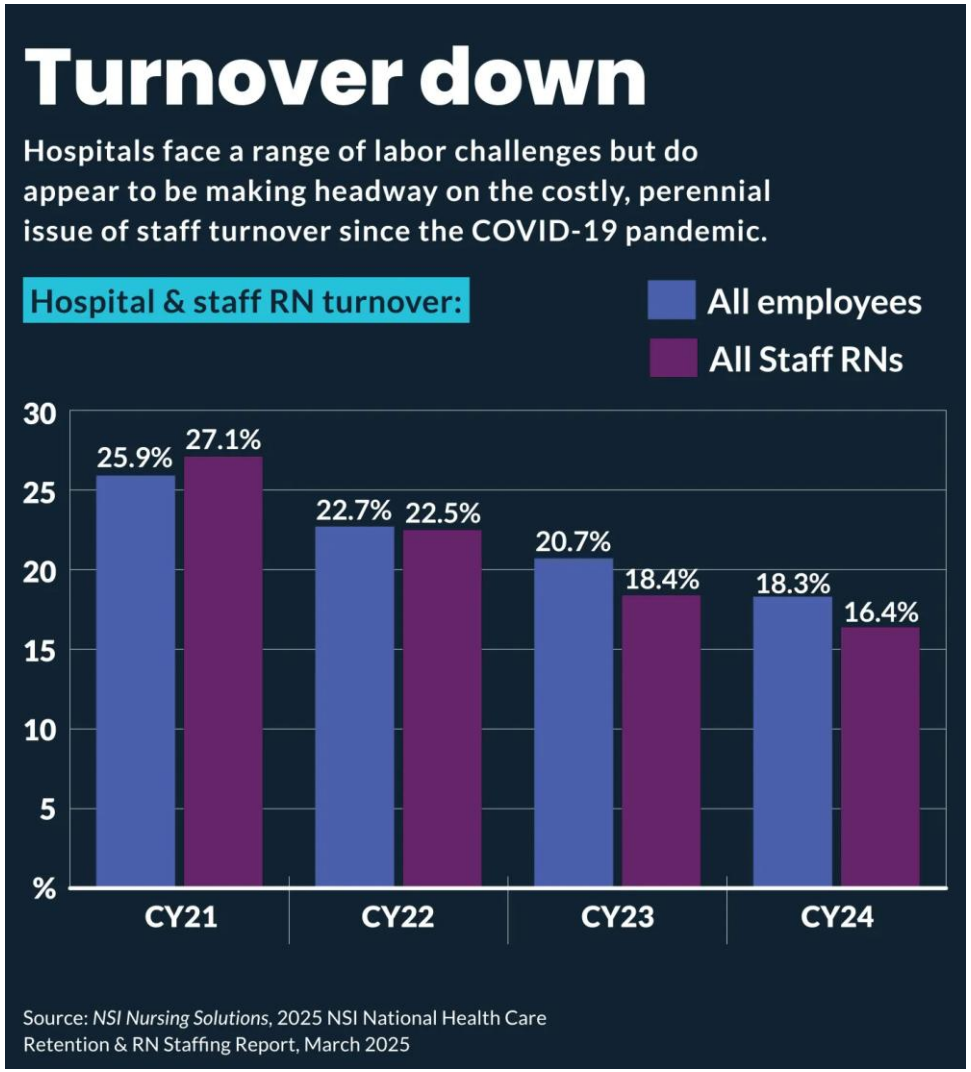
Source: 2026 American College of Healthcare Executives' annual survey of issues facing hospitals
N= 215

The CLINICIAN Labor Workforce at a Glance…





Source: AMA. Physician burnout rate drops below 50% for first time in 4 years. July 2, 2024



Industry – Workforce Experience & Structural Factors

Experience challenges

Persistent burnout

49% of physicians report feelings of burnout (n=9,226)

52% of nurses report feelings of burnout (n=79,022)

Violent encounters

82% of nurses experienced at least one incident of workplace violence, 2023 (n=914)

Demographic vulnerabilities

Immigration policy stressors

27% of hospital-based physicians are immigrants

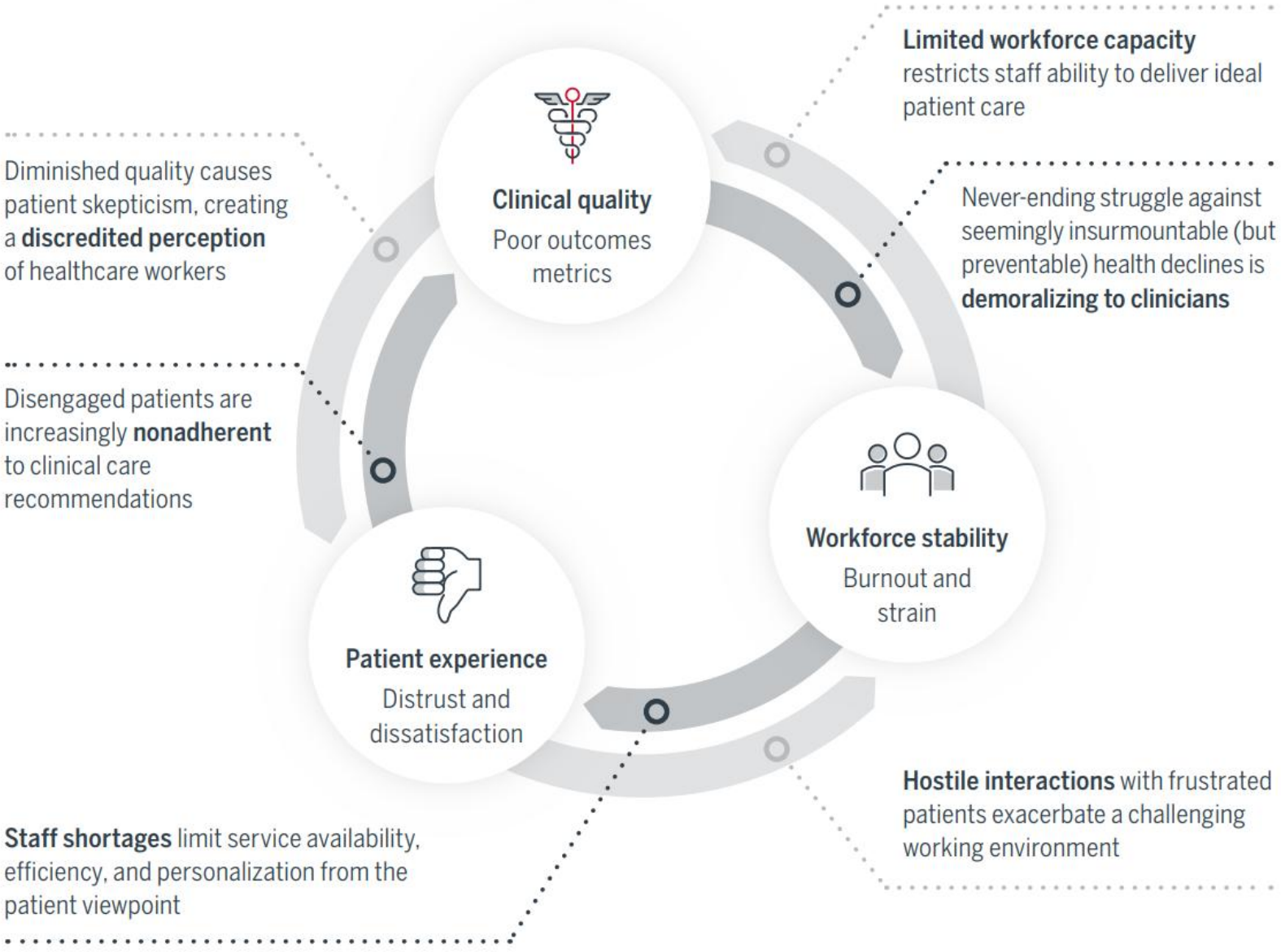
28% of long-term care workers are immigrants

Looming retirement wave

47% of physicians are age 55 or older

Sources: Hulver S, et al. What Role Do Immigrants Play in the Hospital Workforce? KFF. June 17, 2025; Primary Care in Crisis: New Scorecard Reveals Sector Struggling to Meet Demand, Retain Physicians, and Secure Adequate Funding. The Physicians Foundation. February 28, 2024; The Complexities of Physician Supply and Demand: Projections From 2021 to 2036. Association of American Medical Colleges. Accessed August 27, 2025; McKenna J. Medscape Physician Burnout & Depression Report 2024: "We Have Much Work to Do." Medscape. January 26, 2024; NNU Workplace Violence Report. National Nurses United. February 2024; Chidambaram P, Pillai D. What Role Do Immigrants Play in the Direct Long-Term Care Workforce? KFF. April 2, 2025; Bean M. Burnout rates by healthcare occupation. Becker's Hospital Review. December 2024; U.S. Physician Workforce Data Dashboard. AAMC. Accessed September 25, 2025.

Industry – Workforce Stability & Consumer Experiences



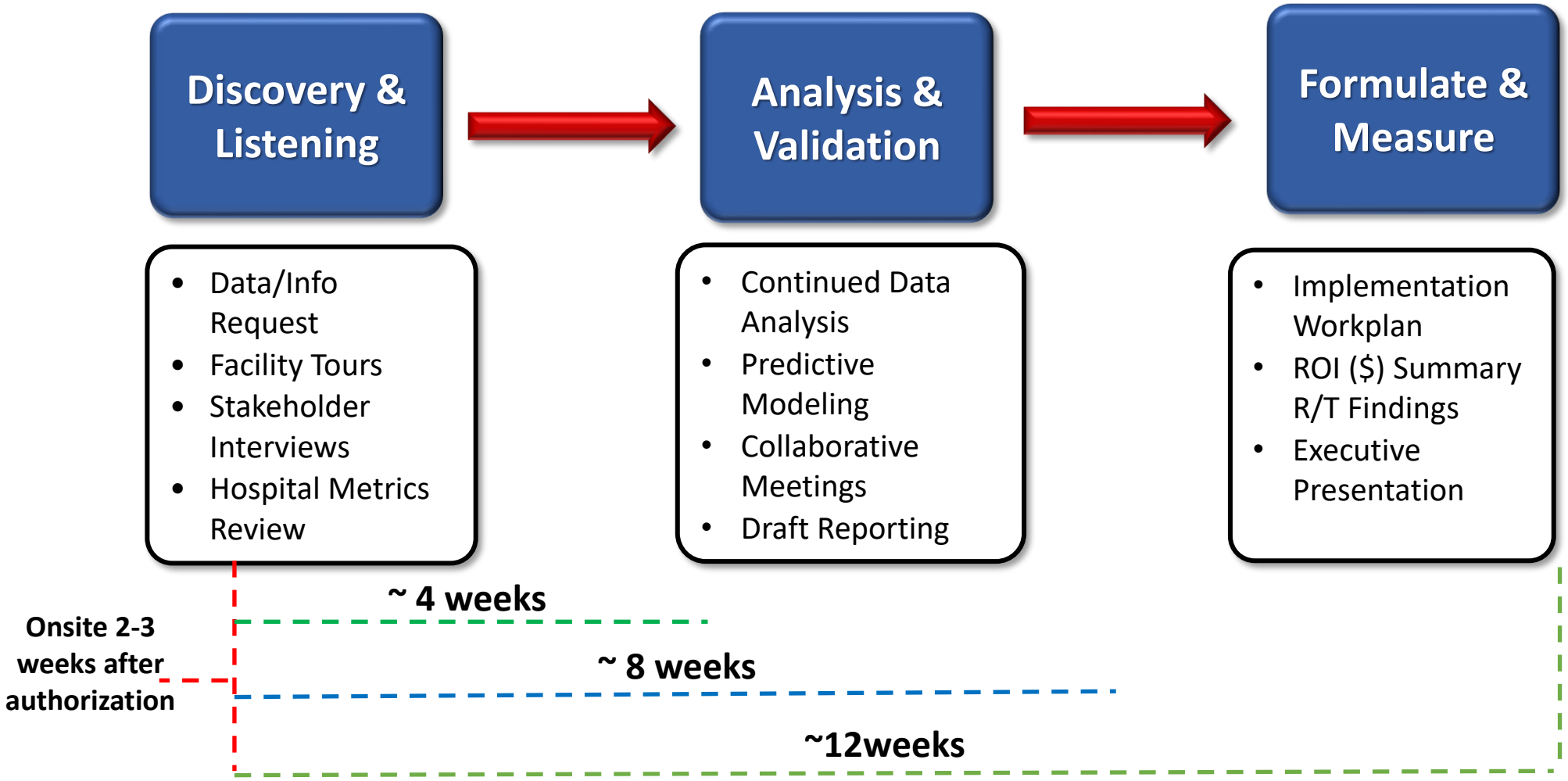
Source: Advisory Board (2026). 12 Things CEOs Need to Know in 2026. Briefing

The Strategic ROI Assessment

Mary Rutan HEALTH

Mary Rutan Health is an award-winning, independent, not-for-profit health system based in Bellefontaine, Ohio. Known for progressive healthcare with a personal touch, Mary Rutan Health offers a full continuum of care with a focus on quality, safety and patient experience.

IGV Strategic ROI Assessment Process & Timing



Ingenovis – Strategic ROI Assessment (Quick Re-cap)

Labor Workforce Assessment

A comprehensive evaluation of employed and contracted clinical labor including physicians, RNs and technical staff to ensure alignment with service line demand, acuity and quality expectations including workforce readiness, utilization review, vendor performance and more.

Quality Review Assessment

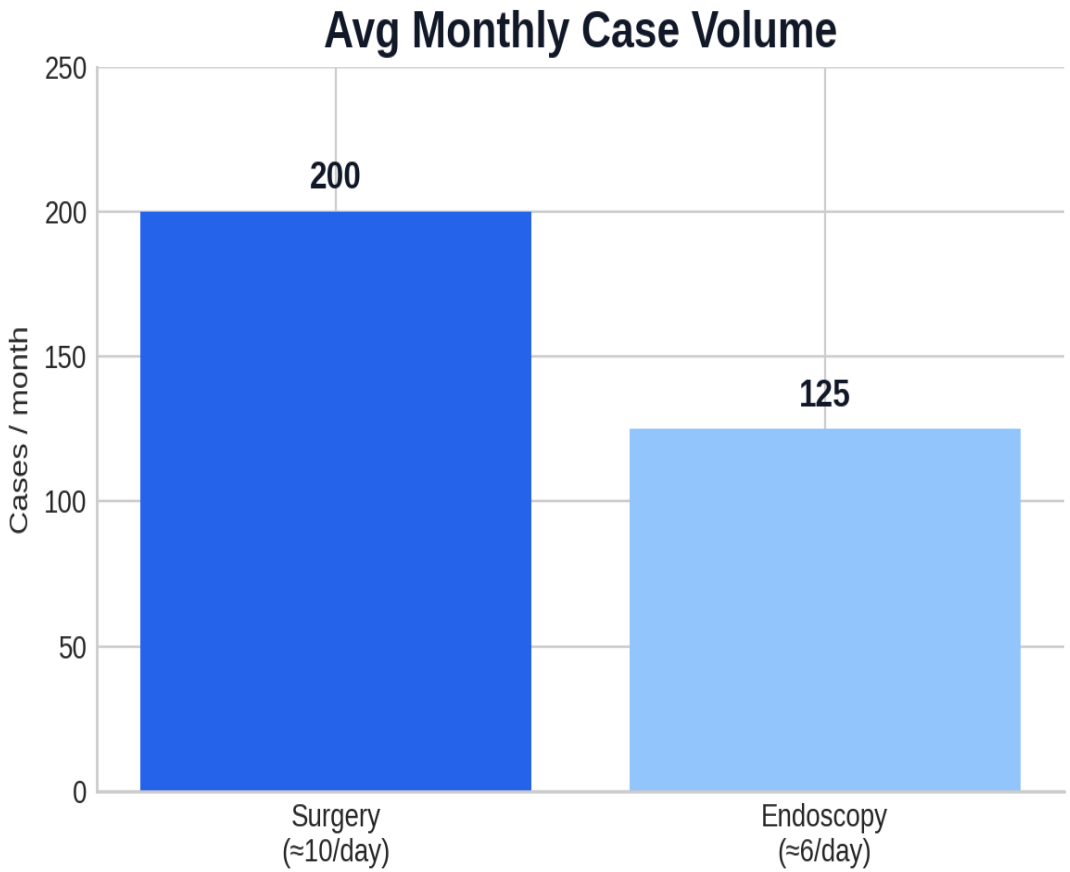
A structured analysis of current care delivery practices, including clinical workflows, technology, utilization review, case selection, CQI, documentation standards and cross-team integration to ensure consistency, transparency and alignment with best-practices.

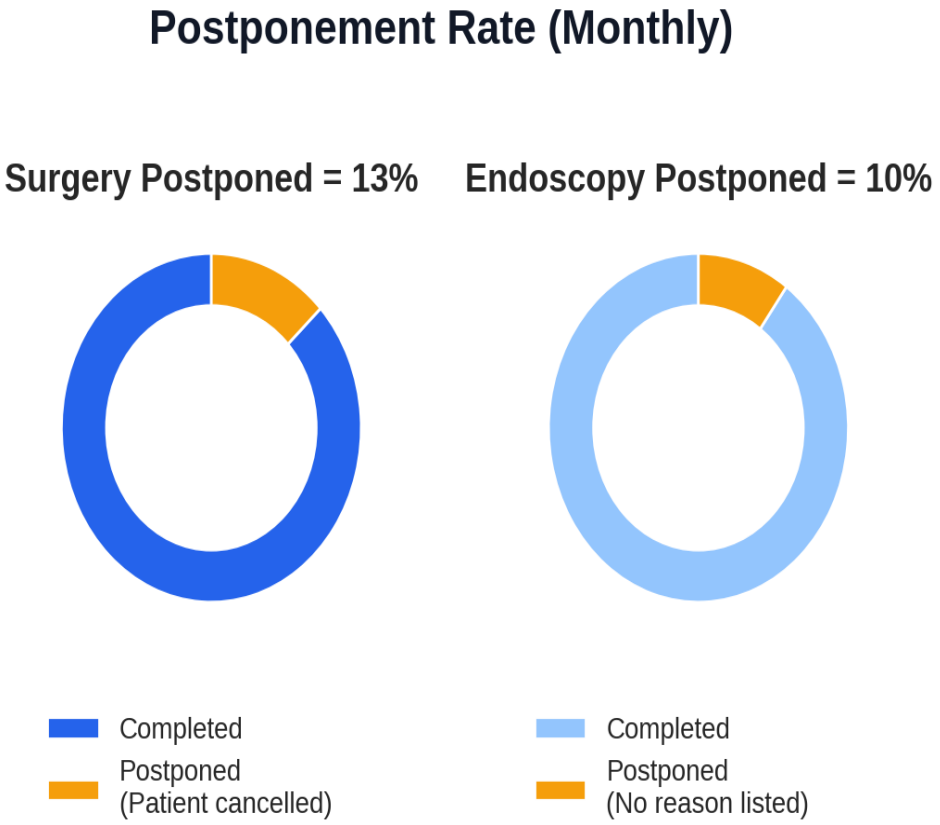
Service Line Analysis

A targeted review of high-impact specialty service lines to identify strengths and opportunities for efficiency, innovation and growth through detailed operational analysis, stakeholder interviews, on-site observation, financial impact assessment, patient flow, capacity and more.

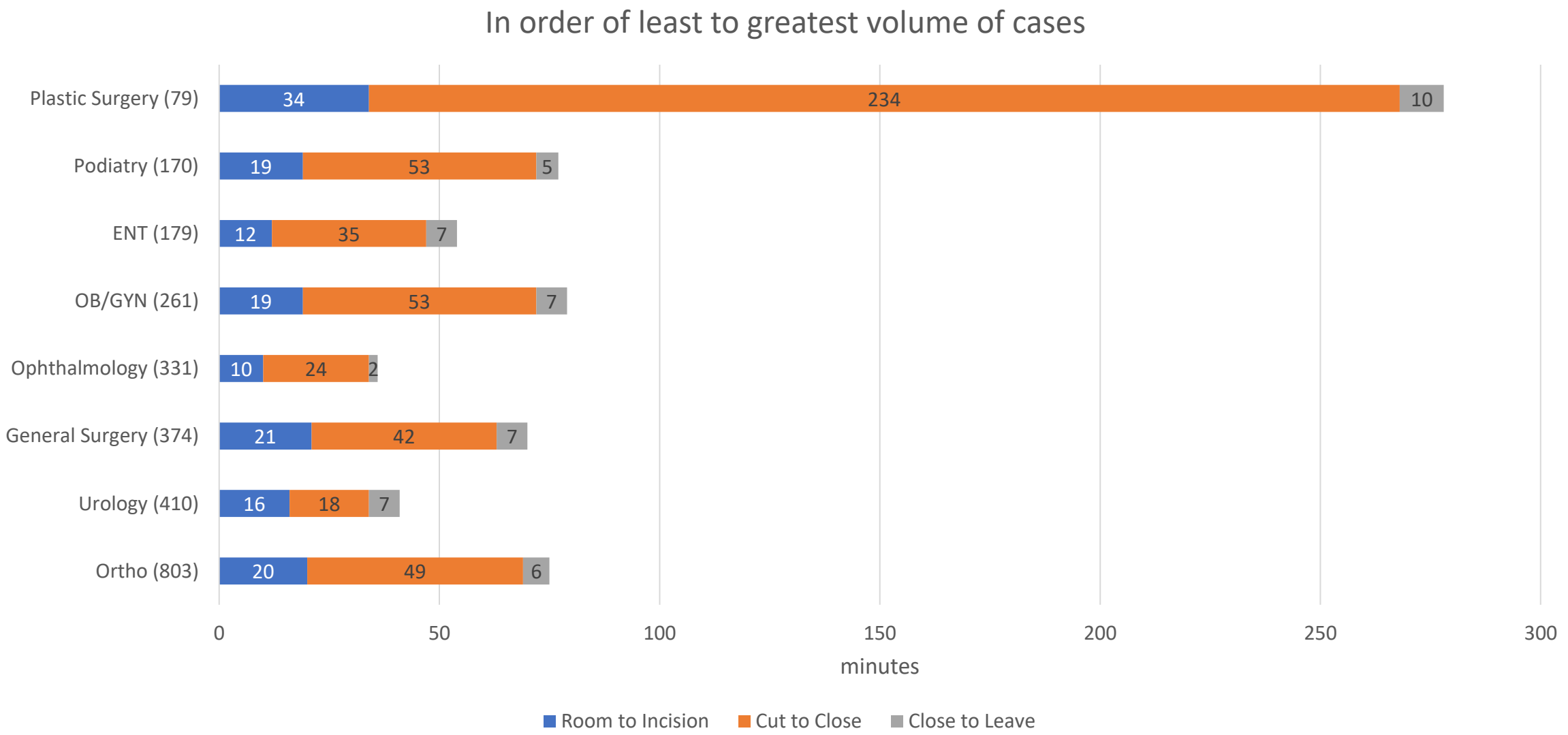
Sample Service Line Analysis: Surgical Services

Sample Surgery Dashboard Overview Findings

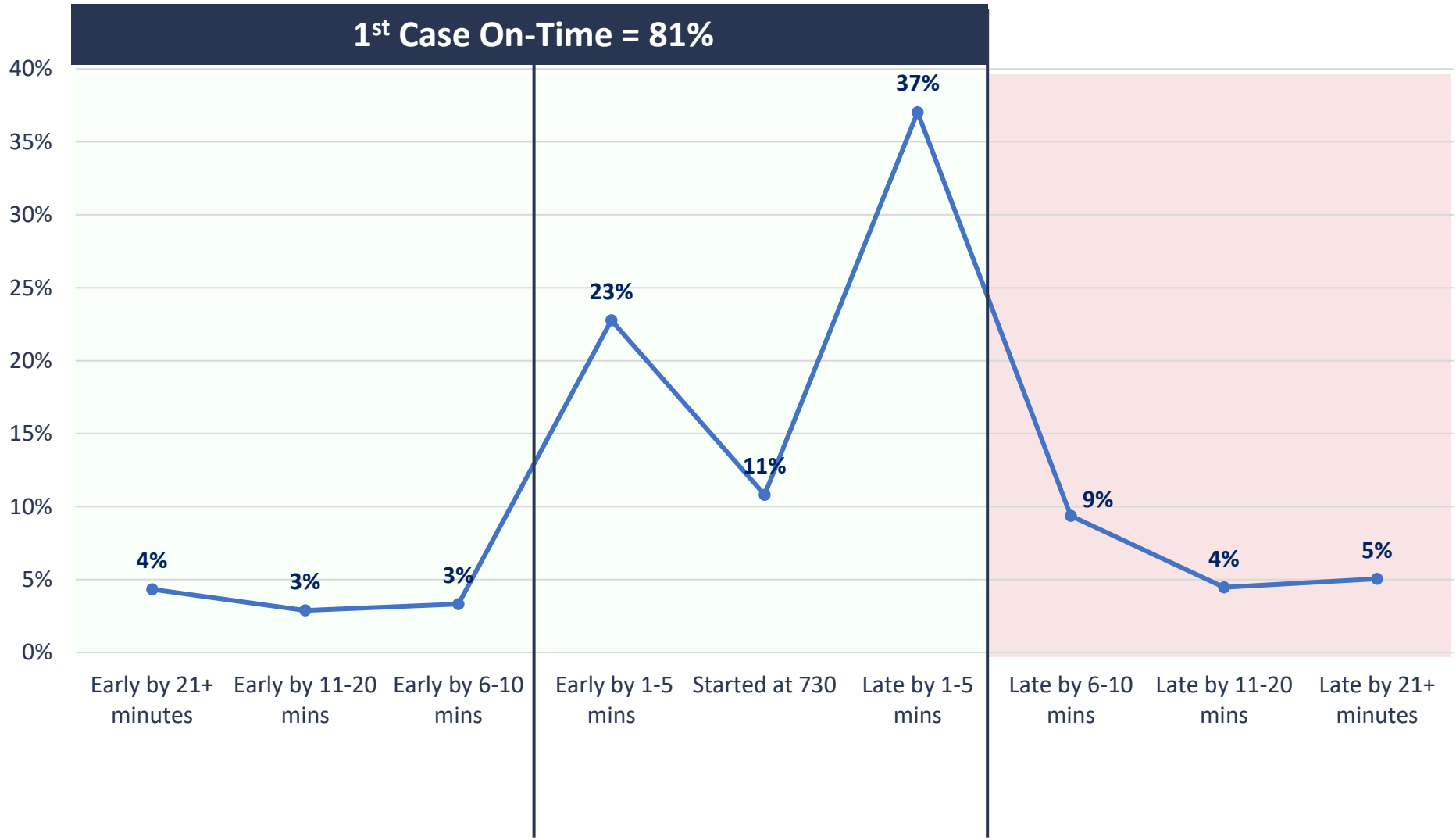




Sample Detailed Actual Case Times by Specialty



Sample 1st Case On-Time Starts



1st Case of the Day = "planned" cases that occurred M-F and was the first case in each OR
On-time = Scheduled Time minus Patient In Room Actual Time

Sample Staffing Analysis

Operating Room Cost Center*	FTEs	Paid Hours	OT Hours
RNs	9.65		
Registrar	1.00		
HUC	1.00		
TOTAL	**11.65**	**24,229**	**767**
Contract Labor	0.15		
TOTAL	**11.80**		
Budgeted	***13.50***		

**Sample Source: FTE Employees/Contract Labor Actual vs. Budget as of December 2025*

FINDINGS:

- Direct employed FTEs vs. use of contract labor
- **OT hours as % of paid hours = X.XX%** comparable to benchmarks? – in the example --- 3.17%
- **Total paid hours is comparable to each FTEs working __ hours per week.**

BENCHMARK: % Paid Overtime for OR

- Best practice: ≤ 3–5%
- Typical range: 5–8%
- Concerning: > 8–10%

Need to put the staffing figures up against room utilization

1 - https://premierinc.com/newsroom/blog/preserving-margins-a-guide-to-overtime-management-in-healthcare

Room Utilization

- **Align capacity strategy with demand**: Pursue a dual-path approach by either increasing surgical volumes through targeted market analysis and physician recruitment/augmentation or optimizing existing capacity through consolidation of operating rooms and staffing.

- **Optimize OR utilization by consolidating cases**: When surgeons cannot fully utilize block time, schedule cases sequentially ("to follow") and concentrate activity into fewer operating rooms.

- **Standardize and enforce block release practices**: Require release of unused block time 7–10 days in advance to improve staffing predictability and enable more effective case scheduling.

MRH Surgical Services — Recommendations & ROI

1

Consolidate & Stack Cases

2

Reform Block Allocation

3

Right-Size Staffing Mix

4

Examine Use of Space

Revenue Opportunity: $2,325,674 | Staff Mix Savings: $35,360 | TOTAL: $2,361,034

Quality Review Assessment

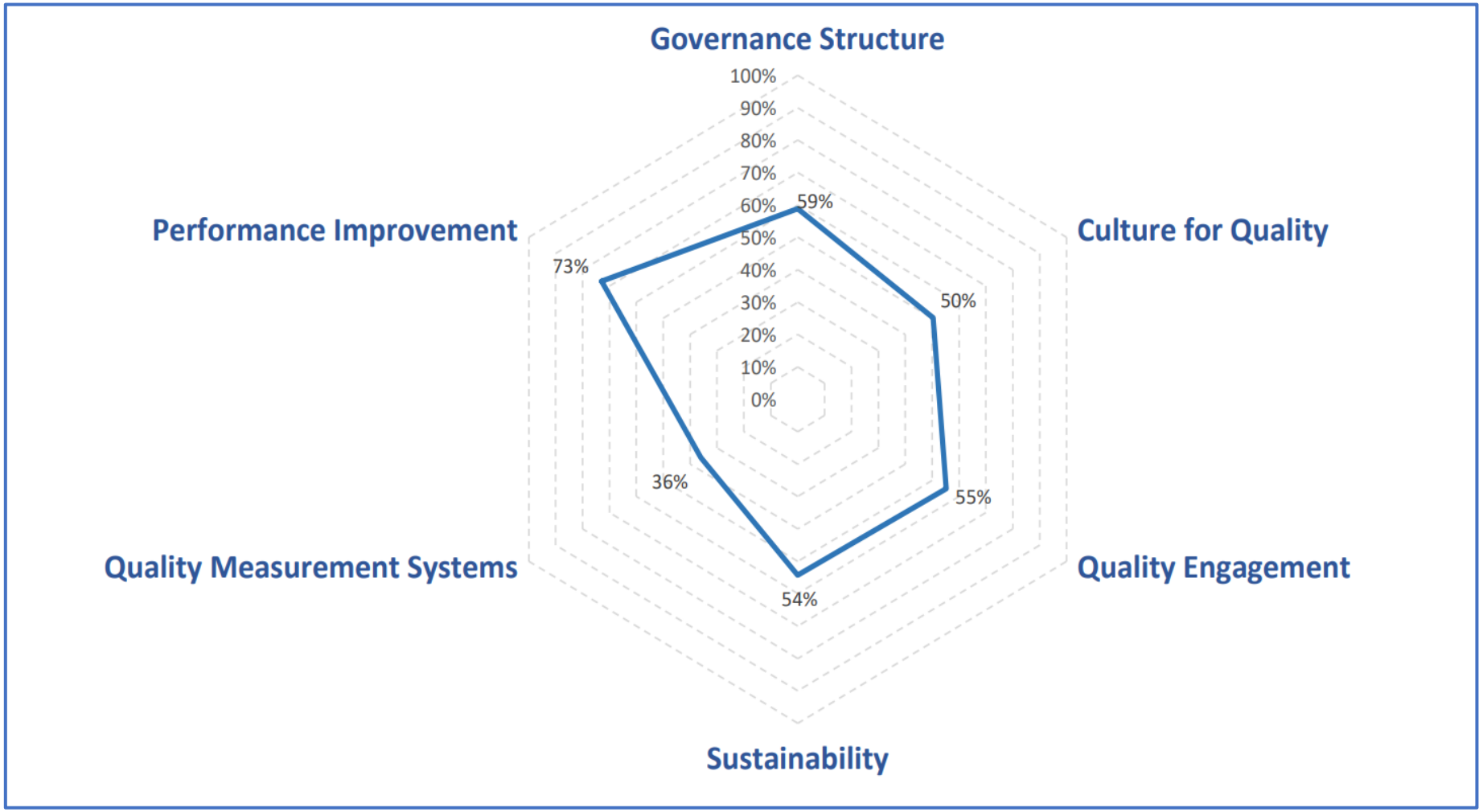
Current State Quality Assessment

The current state review of the Quality Program is conducted through the following means:

1. Interview with direct staff members (Clinical & Admin)
2. Facility walkthroughs and observation at client site(s)
3. Document review:
   a) Quality Plan
   b) Quality and Process Improvement Training
   c) Quality Scorecards
   d) Strategic Plan Documents
   e) TJC or DNV Survey Report and Corrective Action Plan
   f) Joint Commission or Other Laboratory Accreditation
4. CMS public data for 5-star quality
5. Safety Huddle observation/attendance

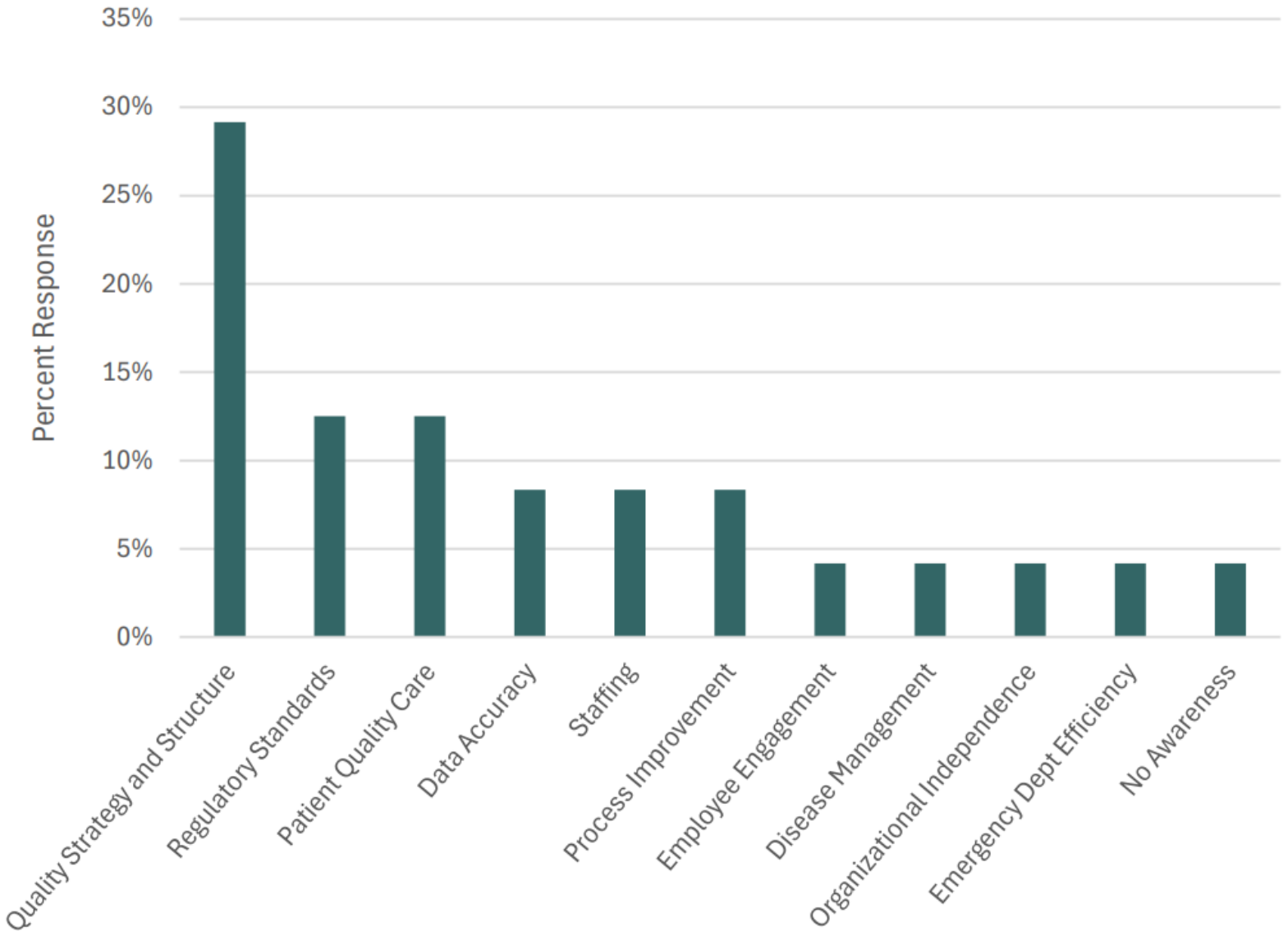
Sample Hospital Quality Assessment

A high-level assessment was conducted using 32 observational questions across six distinct categories. These categories examine quality through the lenses of: (1) Governance Structure, (2) Culture, (3) Engagement, (4) Sustainability, (5) Measurement Systems, and (6) Performance Improvement.



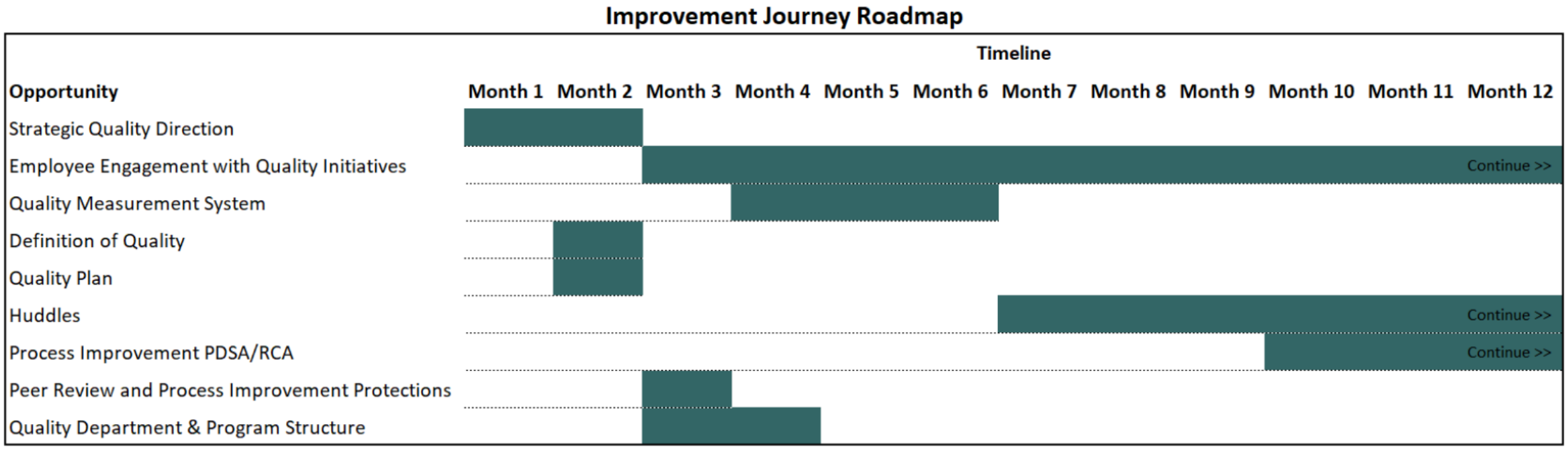
Source: *ConsultingRemedy, llc*

What are your organizational quality strategies?



Source*: ConsultingRemedy, llc*

Sample - Quality Improvement Journey Roadmap



**Actual timelines will depend on the availability of resources and the personnel required to complete each deliverable. While all initiatives can be established within the first year, three of them will require additional time beyond the initial 12 months to fully hardwire, validate, and monitor for long-term sustainment*

Quality Assessment — Findings & ROI

32-question observational review across the 6 quality domains

- **In-Hospital Falls with Injury**
- **ED Left Without Being Seen**
- **CMS Penalties**
- **Quality Reporting Gap**
- **Governance & Culture**

These can be quantified to provide a Quality Cost Exposure Figure – "Opportunity $$'s"

Internal Execution Items – "Sweat Equity"

Labor Workforce Assessment

OHIO HOSPITAL ASSOCIATION

Physician Contracted Labor

LOCUMS

Today's outsourced clinical footprint ensures near-term coverage — but the tradeoffs compound over time.

THE TRADEOFFS

Outsourced coverage introduces three structural drags:

Long-term cost pressure

Premium per-hour rates compound; ongoing reliance erodes margin.

Operational dependency

Vendor controls schedule, call design, and clinical workflow.

Limited scalability

Coverage scales with vendor capacity — not hospital strategy.

THE GOAL

Reposition physician workforce planning from vendor-led coverage to hospital-governed models that enable sustainable growth while retaining clinical oversight.

Physician Contracted Labor Force – Next Steps

From cost-centric staffing to hospital-governed workforce strategy

GOALS

Blend the Workforce Mix

Shift from cost-centric staffing to a transitional, model that blends employed providers, APP-supported teams, and time-bound outsourced coverage.

Preserve Hospital Control

Retain hospital authority over scheduling, call design, access, and quality — even where third-party staffing remains in use.

CONSULTATIVE CONTRACT REVIEW

Evaluate every outsourced contract against three lenses:

1. **Length & Cost Trajectory**
   How long has this engagement run, and what is the cost curve?
2. **Service-Line Dependency**
   How sensitive is volume, access, or growth to this vendor?
3. **Sustainability vs. Outsourcing**
   Is this a bridge — or a permanent reliance with no exit?

Physician Contracted Labor — Risk and Reward

Where the current model is vulnerable — and what the upside looks like

ENTERPRISE RISK

Single-Coverage Exposure

Succession gaps leave critical services one absence from disruption.

Burnout & Attrition

Heavy call burden accelerates churn and quality risk.

Margin Erosion

Long-term outsourced dependence steadily compresses contribution margin.

ENTERPRISE OPPORTUNITY

Volume Growth

Stable access, throughput, and coverage unlock service-line expansion.

Margin Recovery

Optimized workforce mix reduces external reliance and per-case cost.

Repeatable Model

Workforce assessment → execution framework applicable across health systems.

The Contracted Nursing Labor Force

Permanent nursing staff carry measurable indirect costs beyond base wages. These nonproductive overhead expenses—estimated at roughly **10% of a permanent nurse's total cost (~9/hour)**—stem from factors such as attrition, extended onboarding periods, paid continuing education, and the time required to recruit and fill open positions.

Strategic deployment of travel nurses helps offset these sunk costs by converting them into **flexible staffing capability**. This approach allows hospitals and healthcare facilities to rapidly adjust to changing workforce needs while maintaining care quality.

Facilities that effectively leverage travel staff are better positioned to manage **patient surges, seasonal fluctuations, and ongoing attrition cycles**. Additionally, maintaining access to a pool of specialized travel nurses enables organizations to support **service line expansions and emerging clinical needs** without the delays associated with permanent hiring.

Nursing — Cost Intelligence & Opportunity

Strategic deployment of travel nurses + partnership value

ALL-IN HOURLY COST COMPARISON

Base Wages	$45	
Payroll + Benefits	$22	
Recruitment + Training	$15	
Non-Productive Time	$9	↑ *permanent only*
Risk Management	$3	
All-In Permanent RN	**$94/hr**	
All-In Travel Nurse	**$89/hr**	*~5% less*

Source: KPMG 2025 US Nursing, Allied & Therapy Staff Study

POTENTIAL PARTNERSHIP VALUE

~$7M Annual Run Rate

Current MRH nursing contract labor spend — significant purchasing leverage.

Rebate Structure

MRH receives 0.25% of 6% admin fee on aggregated vendor spend — direct return to hospital.

Spend Transparency

Full visibility into contract labor spend; eliminates hidden cost layers.

PRN Flexibility Model

Cross-unit float pool and PRN nurses reduce dependency on last-minute agency fills.

Admin Savings

Tech platform + Ingenovis program team absorbs admin burden, freeing HR FTEs.

Case Study: Mary Rutan Health

Mary Rutan – "Delicate Balance of Dichotomies"

Current State Dynamics

Operational Strengths

- Experienced Clinical Workforce
- Strong Quality Outcomes
- Low Contract Labor Spend

Strategic Vulnerabilities

- Lower Census & Patient Acuity
- Market Share Leakage
- Limited Subspecialty Coverage

Key Insight

Current strengths may be masking underlying growth constraints—without strategic investment in acuity and subspecialization, market position could erode over time.

ROI Summary — The Full Picture

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Questions