



# INTEGRATED DELIVERY NETWORK LAUNCHES \$5.2 MILLION OPERATIONS AND LABOR-SAVINGS INITIATIVE WITH HELP FROM NAVIGANT

## CHALLENGE

In 2017, an integrated delivery network (IDN) formed through the merger of three health systems faced a common challenge: how to integrate and streamline their human resources (HR) operations and benefits structures.

The IDN, composed of three culturally distinct entities, sought to do so while ensuring insurance, retirement, paid time off, and other benefits were consistent across health systems. The IDN's leadership also desired to reduce labor costs to increase efficiency, where possible. The IDN set a strategic goal of accomplishing these tasks by 2020.

But achieving savings from streamlining HR operations can be a struggle, as changing benefits structures may not be welcomed by employees. In addition, the process of designing a common HR operating structure requires bringing together managers and employees with differing viewpoints who may not have interacted with each other previously.

## SOLUTION

The IDN leadership engaged Navigant Consulting, Inc. to identify opportunities for operations and labor staffing efficiencies and develop a plan for implementation that included achieving buy-in from employees across the three health systems.

Navigant's analysis of the three systems' HR resources revealed that the IDN employed one HR associate for every 175 employees. On the other hand, Navigant's benchmarking data showed that top-performing organizations employ HR resources at a ratio of 1-to-200, disclosing an opportunity for the IDN to increase HR labor efficiency. Furthermore, Navigant suggested the IDN could save \$500,000 to \$1 million by redeploying HR resources to other areas of the organization and by not filling open positions.

Navigant worked with IDN leaders, HR managers, and employees to develop a new operating model, with a standard IT system and centralized operations for:

- Wellness and benefits
- Retirement
- Training and development
- Talent acquisition
- Physician recruitment
- HR information system (HRIS)
- Compensation

The new operating model also would incorporate decentralized but standardized functions for employee health and labor relations.

Navigant also worked with IDN leaders to create a new HR leadership structure for the organization. A chief human resources officer (CHRO) would head HR operations for the IDN, with vice presidents of HR responsible for the legacy health system portion of the IDN, as well as system directors for talent acquisition, benefits, compensation, labor relationships, HRIS, and staff development and education reporting to the CHRO.

To determine the right approach to achieving benefits and labor savings and streamlining HR leadership and processes, HR representatives from each health system met biweekly, both in person and remotely, to share their ideas.

"The meetings provided an opportunity for HR representatives from each of these culturally diverse health systems to meet for the first time and to work together to make the right decisions for the entity as a whole," says Ed Malindzak, associate director, Navigant, and a former senior vice president of HR for a large health system.

[navigant.com](http://navigant.com)

## About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage, and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the firm primarily serves clients in the healthcare, energy, and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at [navigant.com](http://navigant.com).

"One of our rules governing this work was to keep a level playing field and make decisions based on benchmarking data and facts," Malindzak says. "For example, one of the health systems had a better paid-time-off plan. The systemwide plan that was developed was based on national benchmarking data but was rolled out with sensitivity to employees' resistance to change."

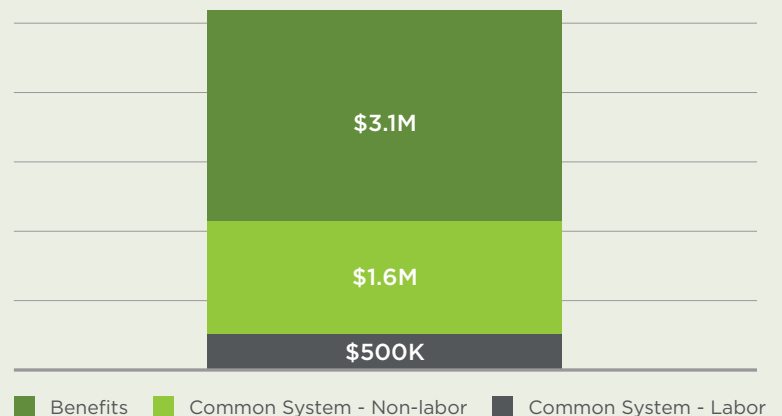
## IMPACT

### IDN Launches \$5.2 Million Operations and Labor-Savings Initiative with Help from Navigant

- Identified more than \$5.2 million in savings, including:
  - \$2.4 million in wellness and benefits
  - \$870,000 in retirement
  - \$550,000 in employee health
  - \$510,000 in talent acquisition
  - \$500,000 in labor efficiency
  - \$370,000 in vendor consolidation and other HR operations efficiencies

### LARGE IDN HR SAVINGS

\$5.2 Million Total Opportunity



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