



Health Care Labor Report

Labor activity, trends & events

July 2007

A New Model of Health Care Labor Relations

By Dick Pettingill

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Since Allina Hospitals & Clinics forged a new model for labor-management relations with the Service Employees International Union (SEIU) Local 113 a year and a half ago, the response I've received from most CEO colleagues has ranged from skepticism to outright disdain.

Why would Allina increase wages or willingly open itself up to additional organizing activity? What's the possible benefit?

My response is, and continues to be, that given the enormous cost, quality and workforce challenges we face, the status quo is simply not an option, including our relationship with organized labor.

The old adversarial labor-management approach got us to where we are today. Often, in traditional labor-management negotiations, the outcome dissatisfies both parties. Each has compromised and neither is completely satisfied. Now, 18 months into our alliance, I am pleased to report that the data is clear – the benefit of this new kind of relationship with labor is real and quantifiable.

Background

In March 2005, Allina and the SEIU forged a historic strategic alliance, which represents a 10-year vision to improve patient care, patient satisfaction, employee pay and benefits, and the workplace, and increase job security and employee engagement. Together, we are committed to making Allina, "the best place to get care and the best place to work."

In our system, the SEIU represents about 2,500 service and maintenance employees, and approximately 100 LPNs, 120 technical employees and 100 pharmacists, out of a workforce of 22,000.

The alliance is a win-win for Allina and the SEIU.

In return for accountability to move critical strategic goals for Allina, including patient satisfaction, financial indicators and employee engagement, Allina will provide a living wage, work to reduce out of pocket health care costs and remain neutral with regard to organizing efforts. Both parties will come together to solve problems jointly, and the SEIU will be included in management decisions affecting their members.

This approach requires everyone, from union members, to front-line supervisors, to executives, to relate to each other differently. Through the alliance we are committed to sitting down together and resolving problems by consensus. It's not a change that comes easily, but when leaders and union members are committed, it's one that delivers results.

Tangible Benefits

As we evaluate the success of the alliance to date, it's clear that there is still significant opportunity. However, the benefits that have already accrued to our organization are real.

■ **Employee engagement.** As any leader knows, a satisfied, secure workforce drives business results. In just 18 months, employee engagement among our SEIU employees has increased from 55% to 62%. This is higher than Allina's overall engagement score of 59%.

At Allina, we define engagement as how likely employees are to say positive things about the organization; stay with the organization and strive to deliver discretionary effort and go above and beyond in their daily work.

■ **Patient satisfaction.** At Allina, as with other health care organizations, the link between employee engagement and patient satisfaction is undisputed. In

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fact, with a correlation coefficient of .68, employee engagement is one of the strongest drivers of patient satisfaction.

However, through the alliance, the SEIU is committed to improving patient satisfaction in other ways. Recently, we launched a system-wide hourly rounding initiative on all of our inpatient units. Research shows that hourly rounding reduces call light calls, improves employee satisfaction, and increases patient satisfaction and safety.

Rather than entering into a protracted negotiation with the union's business representative about whether rounding is part of a housekeeper's job, the SEIU stepped up to the plate and asked how they could be part of this important work. The SEIU has committed to implementing it among their members. When a housekeeper enters a patient room, he or she is part of the team who ensures the patient's needs are met.

■ **Reducing grievances.** One goal of the alliance is to significantly reduce the number of grievances. We believe that reducing grievances will contribute to greater employee engagement and satisfaction. And because we're communicating differently with labor, we've been able to identify and address workplace issues through a formalized pre-grievance process. The pre-grievance process is jointly presented to hospital management staff and union stewards. Using this process, both parties have learned the skills necessary to improve problem-solving and issues resolution and how to resolve concerns prior to filing a grievance.

■ **Employment security.** One key plank of our alliance agreement with the SEIU is employment security. For example, we have agreed not to outsource positions without notifying the SEIU and jointly analyzing other options, including whether an "insourcing" solution exists. And, if we do need to outsource or eliminate positions, we work with the SEIU to re-deploy employees within the organization. In one case, we were able to shift medical records transcription work that was going to be outsourced at one facility to the medical transcriptionists at another facility, providing additional hours to those employees. Through the alliance, and the help of another union, work is no longer outsourced, and the need for employees to punch out early due to lack of work has been significantly reduced.

Last winter, we needed to reduce staff at one of our hospitals. Rather than laying off 38 SEIU members, we were able to move the vast majority of them to positions within the facility or open positions at other facilities. Of the 25 who accepted new positions, none had a reduction in overall compensation. The remaining 13 individuals chose a layoff in lieu of a new position.

But employment security does not always mean keeping SEIU positions. In one of our more significant breakthroughs, the SEIU worked with us to actually move union positions to another employer when Allina needed to do so to complete a joint venture. The employees kept their jobs, but are no longer SEIU members as our business partner is not organized.

Imagine the confidence this collaborative work has instilled in SEIU members—they know their employer will look out for their interests. For Allina, we were able to reduce the expense of hiring and training new employees.

■ **Advancing business objectives.** Finally, we are able to leverage our strategic alliance to support our business objectives in other ways. Earlier this year, Allina led an effort to pass a comprehensive, state-wide smoking ban. We believe this is good health care policy and will reduce the burden of illness in our community. As you can imagine, big tobacco pulled no punches and there was significant legislative opposition to the proposal.

However, in Minnesota the SEIU has political clout. For that reason, and in the spirit of our alliance, we asked them to support the statewide smoking ban. With many members being smokers, this was a difficult position for the SEIU to take, but they did. And, today, I am convinced that their support and leadership made a real difference in getting the bill passed.

Conclusion

What I'm learning from this alliance is that trust drives progress. The SEIU and Allina have both been willing to concede ground at times because we know that, overall, our interests are aligned.

Health care has too many other problems to address without spending time in an adversarial posture with our employees. To address these issues, labor and management must work together to find solutions.

Through this process I have a new level of respect for my union partners, and I'm looking forward to facing the challenges ahead with new allies, rather than old enemies. Considering a new approach to labor? Call me if you'd like to learn more.

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A periodic newsletter produced by the American Hospital Association, the American Society for Healthcare Human Resources Administration, and IRI Consultants to Management, Inc., highlights important labor activity trends in health care.



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