

Kronos for Healthcare



Transforming healthcare with integrated workforce management



THE HEALTHCARE CHALLENGE:

Balancing the Needs of Patients, Staff, and the Bottom Line

Healthcare organizations face many challenges: rising labor costs; labor shortages; increasing patient demands and expectations; and stricter government and industry regulations. Many address these issues through various initiatives, such as striving to reach financial targets, achieving clinical-quality and patient-satisfaction goals, and meeting compliance mandates. However, economic reality is forcing many organizations to deal with budget shortfalls while delivering the same level of care.

Frontline caregiver staff and managers are also being stretched to their limits. Nurse managers are taking on a growing list of responsibilities, from scheduling, supervising, and planning to budgeting, mentoring, and accreditation. Many strive to cut costs without affecting quality care. And in a climate where caregivers are in short supply, managers are also expected to oversee staff development and create favorable work environments to improve retention and recruitment.

To address these difficult challenges and achieve operational excellence, many healthcare organizations rely on Kronos, the experts in healthcare workforce management.





Improve Your Organization's Health with Effective Workforce Management

Your workforce plays a critical role in the success of the healthcare organization. With 50 percent or more of an organization's operating costs consisting of employee wages and benefits, a system designed to maximize workforce efficiency and performance should also be considered mission critical. Kronos for Healthcare does this, by providing the tools and expertise you need to efficiently manage labor costs while effectively supporting the delivery of high-quality patient care.

Our suite of applications not only helps reduce labor costs, it also supports operational excellence as it relates to clinical quality, staff satisfaction, organizational efficiency, and financial performance. Kronos for Healthcare accomplishes this with powerful, web-based software that allows you to fully leverage your organization's greatest asset — your workforce. This is achieved with integrated solutions for labor productivity, supplemental labor management, staff scheduling, absence management, time and attendance, human resources, payroll, talent management, and labor analytics.

Kronos for Healthcare offers an integrated approach to workforce management, by allowing you to:

HIRE QUALIFIED EMPLOYEES — Quickly and easily attract, select, and hire the best job candidates.

DEPLOY MORE EFFECTIVELY — Create workload-based schedules and enhance labor efficiency and utilization.

TRACK PERFORMANCE — Collect, measure, and analyze labor productivity and trends in absences, overtime, and scheduling.

DEVELOP EMPLOYEES — Give your people the right skills and align them with organizational goals.

REWARD EMPLOYEES — Compensate your entire workforce competitively, accurately, and consistently.

HIRE QUALIFIED EMPLOYEES

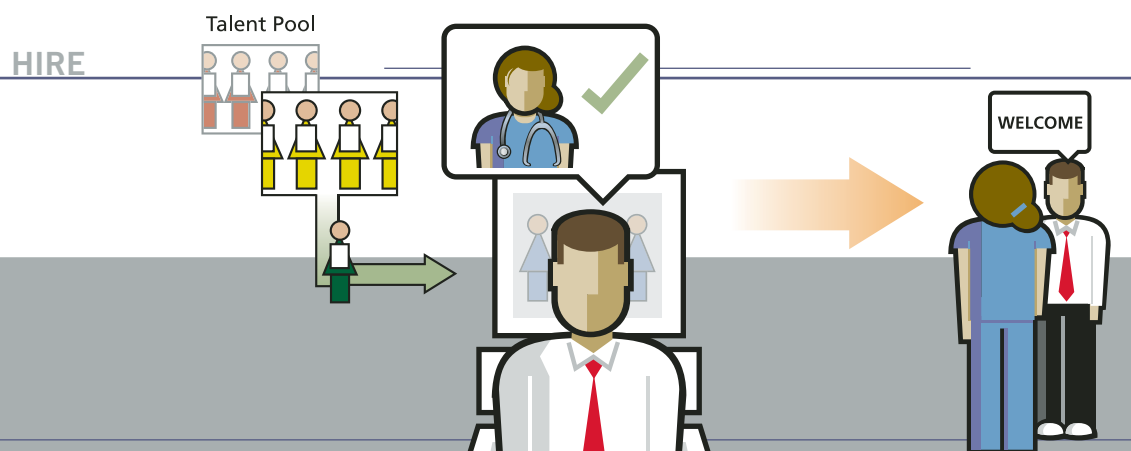
Recruit and Select Best-Fit Staff

Kronos for Healthcare enables hiring managers and recruiters to easily attract, select, hire, and retain top-quality employees. This is achieved by using integrated software to post open positions and capture applicant information to streamline the hiring process. Our solution also performs compensation planning, with the ability to import salary survey data to help you assess whether compensation associated with specific job opportunities in your organization is competitive.

And to facilitate hiring skilled and support staff employed by your organization, we offer a solution that combines behavioral science principles and web-based software to create an efficient, consistent, and repeatable hiring process that increases the volume and quality of applicants. This streamlined process boosts the quality of new hires, allowing you to reduce employee turnover, agency costs, and liability risks while improving attendance, clinical quality, and the satisfaction of patients, residents, employees, and managers.

KRONOS FOR HEALTHCARE STREAMLINES HR PROCESSES AND DECISION MAKING:

- Combine behavioral science principles and web-based software to create an efficient, consistent, and repeatable hiring process
- Streamline employee-related lifecycle processes into a consolidated, centralized system
- Track training requirements, performance, compensation, and more



Identify staff coverage requirements and recruit the right candidate, with proper skill level, credentials, and behaviors.

Through a streamlined process, top-quality employees are hired to fill open positions.

DEPLOY MORE EFFECTIVELY

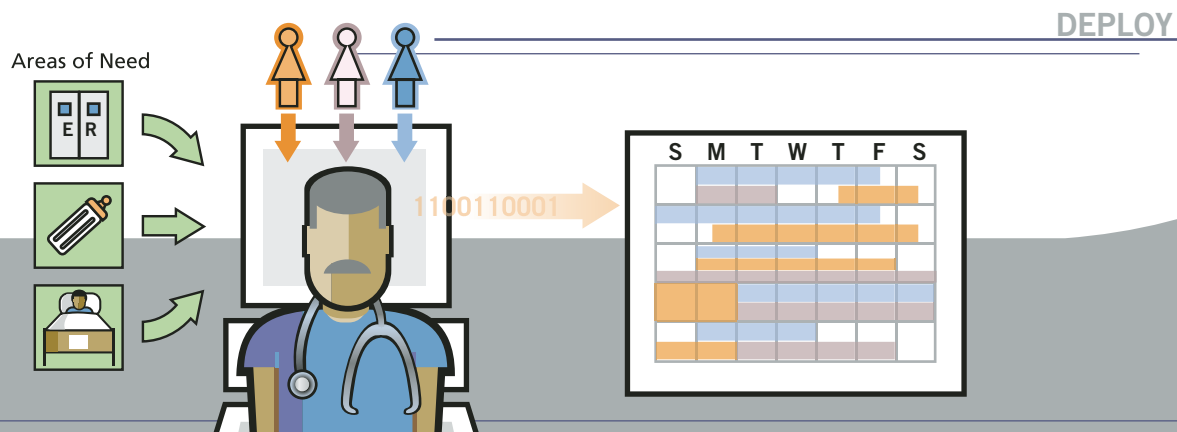
Create Workload-Driven Schedules

Kronos for Healthcare enables managers to create cost-effective schedules that help improve the quality of patient care as well as workplace satisfaction. Our solution helps managers create optimized schedules based on workload factors such as patient volume and acuity as well as staff considerations such as certifications, preferences, and availability. To streamline the process, managers can also assign extra shifts or overtime equitably, based on skills and seniority, and employees can use the system to update their shift preferences and availability, submit requests for open shifts and leave, and swap time with coworkers.

In addition to enhancing productivity and efficiency, managers can view and manage absenteeism across their departments, allowing them to monitor absence patterns and trends so they can reward exemplary behavior or take corrective action. The software also assists managers in filling coverage gaps, for instance, by automatically creating open shifts in schedules after leave requests are approved. This allows them to find qualified, cost-effective replacements ahead of time, reducing reliance on overtime or agency labor when updating schedules.

KRONOS FOR HEALTHCARE'S SCHEDULING CAPABILITIES ENABLE YOU TO:

- Optimize schedules to support the delivery of high-quality, cost-effective care
- Obtain real-time visibility and control of available staff resources
- Boost productivity and staff satisfaction with employee self-service
- Manage absenteeism to boost productivity and control labor costs



Kronos for Healthcare allows managers to properly set coverage by comparing needs with available staff.

Optimized schedules put the right staff in the right place all the time.

TRACK WORKFORCE TRENDS

Manage Labor Productivity and Costs

Kronos for Healthcare creates actionable, volume-adjusted productivity and staffing information, which enables managers to make workload-driven decisions about whether to acquire, redeploy, or right-size labor assets. The solution leverages time and attendance, scheduling, workload, budget, and payroll data, which are displayed using role-specific dashboards and reports.

Kronos for Healthcare also automates labor-intensive workforce management tasks, from basic timekeeping and timecard approvals to absence and leave tracking that simplifies reporting and compliance with FMLA, FLSA, The Joint Commission, and other mandates. Further enhancing productivity, managers are able to “manage by exception” — focusing solely on tasks requiring their immediate attention — by receiving alerts, notifications, and reminders of critical or threshold-specific events, such as employees approaching overtime.

Tying everything together, intuitive analysis and reporting tools help managers at all levels monitor trends and patterns related to a wide range of workforce issues, such as absenteeism, overtime usage, productivity, supplemental labor management, and scheduling efficiency. These basic and advanced capabilities help organizations improve service, stay on budget, and reduce costs.

KRONOS FOR HEALTHCARE OFFERS VISIBILITY THAT ALLOWS YOU TO:

- Measure productivity and costs based on patient volume and acuity
- Calculate required skill mixes for current and projected workloads
- Track variances in budgets, identify root causes, and apply solutions

TRACK



Kronos for Healthcare allows managers to “manage by exception” by sending out threshold-triggered alerts.

Visibility to all areas of the organization is easily accessed through the Kronos for Healthcare portal.

DEVELOP EMPLOYEES

Encourage the Right Skills and Goals

Kronos for Healthcare empowers managers to promote employees' skills and career development by allowing them to manage the training and skills profiles of their staff. This enables managers to perform effective performance reviews and align employee career goals with organizational objectives. Self-service functionality also facilitates development by letting employees manage their own training profiles as well as request and schedule skills-based opportunities.

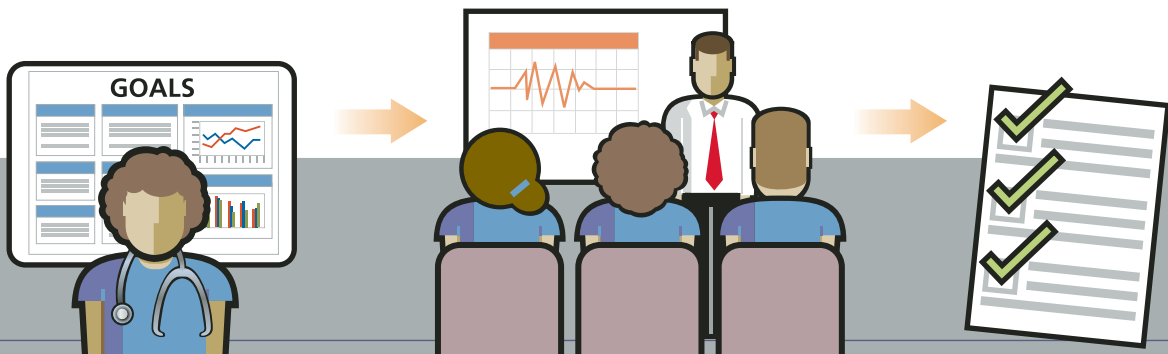
More important, automating routine human resources tasks allows your organization to focus on strategic staff-development initiatives designed to motivate employees to maintain and advance their skills. Offering professional career-advancement programs that meet the needs of your diverse workforce raises the morale and loyalty of staff, and other types of incentives can push top performers to new levels of productivity that serve as examples for coworkers to follow.

Kronos for Healthcare is directly responsible for improving competitive salary and benefits within the organization, which in turn has led to improved employee satisfaction. Managers realized benefits immediately just through the payroll review/approval process.

Gantry Group ROI Case Study — October 2006



DEVELOP



Employee receives goals from manager.

Employee gets training to maintain and advance skills.

Employee has skills and training to achieve success.

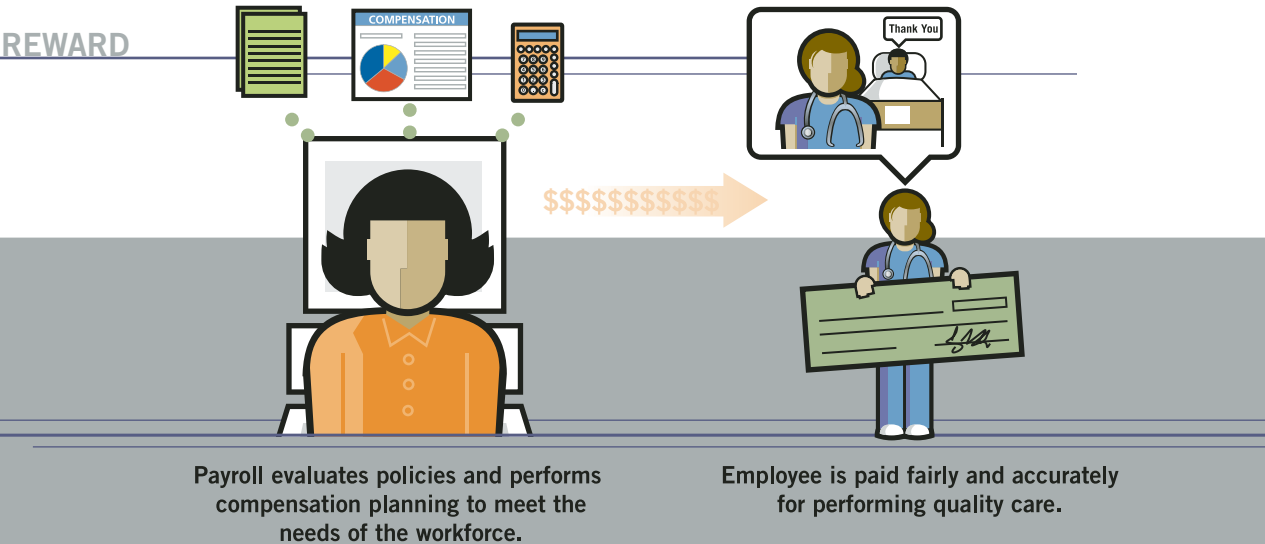
REWARD AND MOTIVATE STAFF

Compensate Accurately and Competitively

Because Kronos for Healthcare manages timekeeping from a central, integrated database, you can consistently provide fair and accurate pay and accruals, which sends employees the message that they are appreciated. Managers at all levels can also reward employees who adhere to organizational rules and policies, such as staff members with exemplary attendance records and those who maintain proper skill levels.

Kronos for Healthcare also improves your organization's ability to motivate all employees by offering benefit choices that fulfill their complex needs. It accomplishes this by managing a variety of benefit plans designed to meet the needs of hourly and salaried employees as well as people in various demographic groups. At the unit level, our solution empowers managers to tie performance review scores and skills attainment to merit raises and bonuses that are in line with best practices.

Consistently providing competitive and accurate compensation, catering to the diversity of your workforce, and rewarding top performers help you motivate and retain valuable employees who have a broad mix of experience, skills, and talents. This can make it easier for you to reduce staff turnover, job vacancies, and overtime costs while improving labor productivity, employee morale, and the delivery of quality patient care.



KRONOS SERVICES

The Right Support and Technology

Kronos for Healthcare's workforce management consultants help you get started before your implementation and stay on track during and after, with full project planning and assessment, architecture design, certification and testing, go-live training and support, and ongoing education. Kronos consultants bring their knowledge of healthcare industry best practices to each project; depending on your specific needs, we provide the guidance and resources to help you deliver high levels of productivity and employee satisfaction to support the delivery of quality patient care across your organization.

As an enterprise system, Kronos for Healthcare provides freedom of choice and the flexibility to fit within your organization's current and future IT infrastructure. The solution is entirely browser-based, which provides anytime, anywhere access to its functionality as well as a familiar, intuitive interface for users at all organizational levels. Our J2EE enterprise architecture fits comfortably within most existing IT environments, and our technical expertise enables us to integrate our solutions with just about any ERP, HIS, HR, or payroll system commonly used in the healthcare industry.



Finally, Kronos' core technology is unique in that it easily scales up to meet the workforce management needs of large or expanding organizations. And the integrated, modular design of our applications allows you to add other Kronos for Healthcare modules as the needs of your organization grow and change. You can also choose from a variety of financing options — including purchase, lease, host, or Software as a Service (SaaS) — to best meet the individual needs of your organization.

WE'RE CONFIDENT NOW IN OUR ABILITY TO GET THE BEST person scheduled to a shift — the right person in the right place at the right time. Kronos for Healthcare is helping us to ensure that every patient is receiving the best care from the most qualified caregiver.

Balancing Labor Costs with Quality Care

Michael Bernstein, chief financial officer at Valley Medical Center — the largest public hospital district in the state of Washington, with more than 300 licensed beds and more than 2,000 employees — says his organization's Kronos solution helped balance labor costs with quality care.

Before implementing its Kronos system in 2002, Valley Medical Center's labor costs as a percentage of net patient revenues were above the industry norm, and costs related to hours per unit of service and rate per hour were rising. Bernstein explains how Kronos helped address these issues.

Results Backed by Data

For our first full year under our productivity program, total labor dollars went down. Our auditors said they had never seen an increase in staff with a simultaneous decrease in labor costs. Within the first year we also reduced premium labor pay by \$400,000 and improved labor productivity by \$1.8 million. This means we reached ROI within the first five months of installation through premium reductions alone.

For Valley, those improvements did increase our volumes; effecting change doesn't necessarily equate with running a lean-and-mean organization. For the period from 2003 to 2006 our patient volume grew 13 percent, and we added about 50 MDs to our medical staff, a 10 percent increase, and full-time employees grew by 6.9 percent with only a 2.6 percent increase in labor costs on an adjusted discharge basis.

Within the first two years we also achieved a:

- 7.5 percent reduction in premium time (agency and overtime combined)
- 2.75 percent reduction in FTEs per AOB (adjusted occupied bed)
- 1.5 percent reduction in labor expense as percent of net revenue (approximately \$1.5 million)

We continue to meet our internal benchmarks, as well as focus on meeting external, industry-based benchmarks. We also continue to support our productivity improvement programs and plan to implement Kronos technologies for absence management in the future.



“Our staffing levels in clinical functions are quite rich by comparison to other hospitals.”

Michael Bernstein
Valley Medical Center

Transforming Workforce Management

Kronos is focused on helping customers in the healthcare industry solve their unique workforce management challenges and goals. We are dedicated to delivering an integrated suite of software — including solutions for labor productivity, supplemental labor management, staff scheduling, absence management, time and attendance, human resources, payroll, talent management, and labor analytics — that helps organizations reduce labor costs, increase productivity, and improve employee satisfaction while supporting a high level of patient care.

With three decades of experience, Kronos currently has solutions in place at more than 2,400 hospitals and more than 4,000 healthcare facilities — the largest base of healthcare customers using a workforce management solution — and our technology is used by more than 2 million healthcare professionals every day.

Kronos Is the Right Company for Your Workforce Management Needs

Who is Kronos? We are experts who empower organizations like yours to effectively manage their workforce. With three decades of experience, we are focused solely on delivering an integrated suite of software and services that enables organizations to reduce costs, increase productivity, improve employee satisfaction, and ultimately enhance the level of service they provide.

No other workforce management provider can match our record of revenue growth and stability, our extremely high customer satisfaction scores, or our aggressive investments in research and development. More than 30 million employees use Kronos technology every day. Why? Because it's a solution that works.

Put Kronos to work for you:
(800) 225-1561 • www.kronos.com



KRONOS[®]

Experts at Improving the Performance
of People and Business[™]

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