Retention Rx:

The Power of Convertible PTO in Healthcare

How convertible Paid Time Off (PTO) reduces turnover and increases satisfaction for healthcare and hospital workers

The healthcare industry employs approximately 14 percent of the overall U.S. workforce, yet is facing the largest labor shortage ever, with one in five workers leaving the industry due to burnout. In fact, 80% of healthcare workers suffer from some degree of burnout. As employers respond to this shortage, only 55% of nurses surveyed felt that their organization compensated them appropriately.

As a healthcare provider, the fight for talent is tougher than ever. Employees expect more from their employers, and the budget doesn't always have the flexibility for pay raises. Because of this, healthcare organizations typically provide a greater emphasis on employee benefits, but how can organization provide robust benefits that fit a wide variety of employee needs without increasing costs? This is where innovative solutions like convertible PTO come in.

Convertible PTO gives hospitals and healthcare systems the option to meet their employees where they're at, offering them benefits that meet evolving needs while reducing balance sheet liability.

State of the Healthcare Industry

Staffing and resource shortages, stress and burnout, and lack of appreciation and recognition are problematic job issues for most hospital and healthcare system employees.

A few major challenges healthcare workers face are:

- **High workload and long hours:** Healthcare workers often face demanding schedules with long shifts and heavy workloads, leading to physical and mental fatigue. This can result in burnout, decreased job satisfaction, and compromised patient care.

- **Burnout and mental health issues:** The high-stress nature of healthcare, combined with emotional demands and the pressure to deliver optimal patient outcomes, can lead to burnout and various mental health issues, including anxiety and depression.

- **Staffing shortages:** Many healthcare facilities struggle with staffing shortages, which can exacerbate the workload for existing staff, increase stress levels, and potentially compromise patient care and safety.

- **Contract Staffing:** When resources are low, organizations will often resort to outside staffing solutions that can be expensive and produce workers who are not as well equipped at dealing with the day-to-day routines that your regular staff is.

- **Work-life balance:** Achieving a healthy work-life balance is often challenging for healthcare workers due to demanding schedules and the emotional toll of their work, impacting their personal relationships and overall well-being.

- **Compensation and benefits:** Despite the critical nature of their work, some healthcare workers feel that their compensation and benefits do not adequately reflect their responsibilities and the risks they take, leading to dissatisfaction and retention issues.

Of all the challenges, by far the largest issue facing healthcare workers is staffing shortages and turnover. According to the 2023 TIAA Institute Healthcare Workforce Survey, 80% of employees report that staffing and resource shortages are at least somewhat problematic for them. Moreover, it's predicted that 21% of full-time hospital and healthcare system employees are at risk of turnover within the next two years.

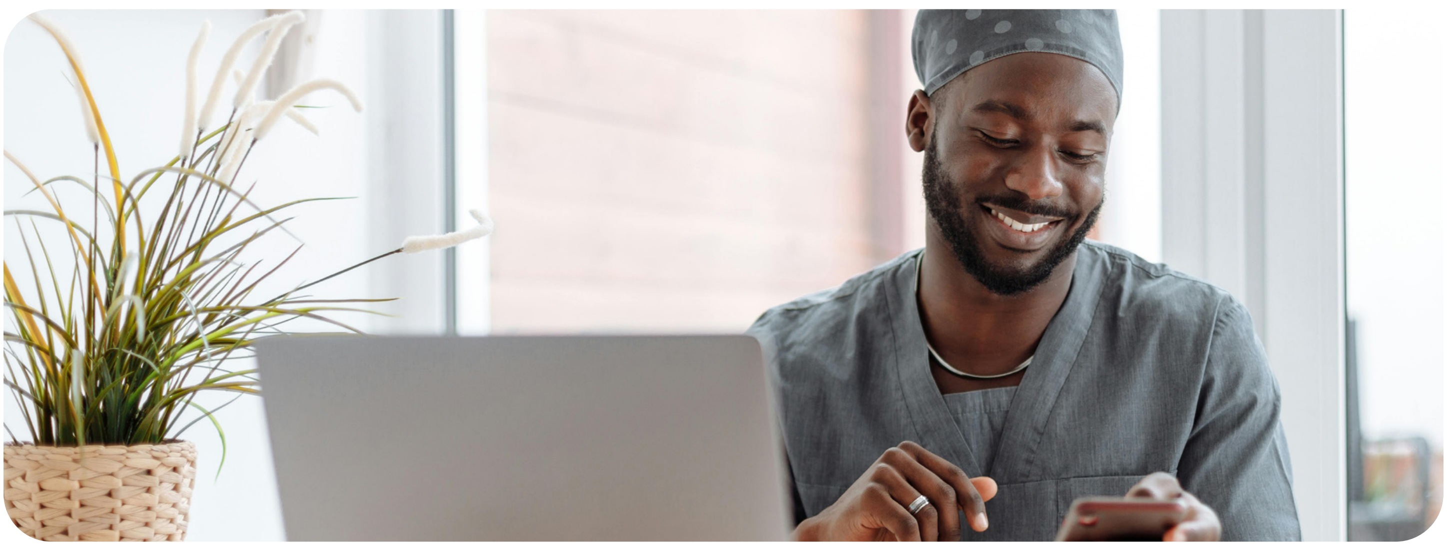
This is inline with the 2023 NSI National Health Care Retention and RN Staffing Report that found that the hospital employee turnover rate increased from 19% in 2018 to 23% in 2022, with turnover among registered nurses (RNs) increasing from 17% to 23%. In fact, the national RN vacancy rate doubled from 8% in 2019 to 16% in 2022, and the average time to recruit an experienced RN is now over 90 days.

It's clear that turnover is a major issue in the healthcare industry, resulting from burnout due to labor shortages and lack of appreciation felt by workers. The biggest culprit is in the utilization of benefits, namely PTO.

Convertible Benefits for Healthcare Workers

Most of the time, healthcare and hospital systems offer a generous PTO policy, but most of that PTO goes to waste since healthcare workers often don't have the bandwidth to take off due to labor shortages. This results in most employees carrying significant PTO balances year-over-year, leaving millions of dollars of accrued PTO sitting on the balance sheet. Not only do companies see huge balance sheet liabilities, but large amounts of accrued but unused PTO balances lead to employee dissatisfaction and retention challenges.

Additionally, healthcare workers often don't have as high salaries as other industries, so organizations instead look to provide more appealing benefits packages to attract and retain talent. Many organizations classify as non-profits, so every dollar spent on employee benefits needs to be used wisely.



Healthcare employees most often rate PTO, health insurance and a retirement savings plan among the three most important employee benefits.

Hence, healthcare organizations and hospitals should strive to create benefits packages that convey to both prospective and current employees a mix of tangible and intangible rewards and benefits. It should be holistic to meet the needs and expectations of the workforce.

Flexible benefits, such as convertible PTO, offer an option for hospitals and healthcare organizations to appeal to employee demands while not incurring any additional costs for finance departments. It offers the healthcare industry a way to show they value and care about the important work these workers are doing and giving them a different way to be rewarded for the benefit they earned.

With PTO Exchange, healthcare systems and hospitals can support employees' financial wellness initiatives with convertible PTO. Convertible PTO allows healthcare workers to convert their unused PTO into financial wellness benefits such as cash out, student loan payments, retirement contributions, and more.

This solution offers flexibility and options for a multi-generational workforce. It empowers employees to choose their own solutions and create personalized benefits packages that address their unique set of needs, whether its financial wellness or social well-being.

Because healthcare organizations find PTO Exchange so compelling, their employees account for the highest percentage of active users on the PTO Exchange platform, totaling just over 40%. It's no surprise that more than 43% of the dollars exchanged have come from healthcare employees. Healthcare sees some of the highest transaction amounts by hours across all clients, averaging 48.38 hours per exchange. And these exchanges are almost exclusively financial wellness transactions. In fact, over 99% of transactions by healthcare employees have been for cash payments, retirement contributions, HSA contributions, or education expenses.

dayton children's

CUSTOMER SPOTLIGHT:
Dayton Children's Hospital

Adele Johnson-Kebe, CHRO
Dayton Children's Hospital

We sat down with Adele Johnson-Kebe, CHRO at Dayton Children's Hospital to learn how the top employer in Ohio and the top children's hospital in the country is using PTO Exchange to offer more flexibility to its multi-generational, diverse workforce.

Benefits of Convertible PTO for Healthcare Workers

There are several benefits to offering a convertible PTO program to healthcare workers, including:

- **Increased employee attraction and retention.** Convertible PTO lets employees create personalized benefits packages that meet their unique needs, making the organization more appealing to current and prospective workers.
- **Improved employee satisfaction.** Flexible benefits make employees feel more valued by their employees, leading to improved employee satisfaction. For healthcare workers, this translates into better patient care.
- **Reduced turnover rates.** Employers who use a convertible PTO solution see reduced turnover rates compared to those who don't. The healthcare companies who use PTO Exchange experience only a 5.78% turnover rate compared to those who didn't use PTO Exchange at 13.96%
- **Replacement cost savings.** The fewer employee turnovers there are, the more money companies save to replace them. We are saving our healthcare clients $4.4 million in replacement costs.

CASE STUDY:

Large Hospital System Creates a Flexible Solution for Front-Line Workers

$4.26MM
of PTO exchanged

87,457
Hours (42 years of PTO)

After struggling with $40M worth of accrued PTO due to burnout and labor shortages, a large Arizona-based healthcare system implemented PTO Exchange to allow its 11,000 employees to convert a portion of their unused PTO. Within the first eight weeks of the program's inception, employees exchanged $4.26 million worth of PTO, equating to 87,457 hours (42 years) of PTO. This resulted in increased employee satisfaction and increased participation in financial wellness incentives. And at the same time, the HR team was able to create a stream of revenue through the PTO Exchange program that went on to fund other benefits in future years.

Read full case study

Create Cost Savings Through Convertible PTO Progams

As discussed, healthcare organizations need to find benefit programs that are both high-impact and low-cost. But did you know that with convertible PTO, organizations can structure their program to create cost savings, improve their credit rating, or offset the cost of other benefits programs and/or premiums?

PTO liabilities are immense and tend to weigh down the balance sheets of healthcare organizations of all sizes. Solutions like PTO Exchange can help organizations reduce that liability before year-over-year salary increases cause that liability to expand naturally. And beyond that, Finance Departments can leverage convertible PTO as a way to put much-needed funds back into the bottom-line.

When employees are converting their PTO into other assets like cash, retirement contributions, student loan payments, or any of the other options presented by PTO Exchange, they cannot receive 100 cents on the dollar, per IRS requirements. But organizations can, and typically do, institute policies where they pay out the value of the PTO hours at a discount. In many cases, Finance Departments will jump at the opportunity to pay down 100% of the liability at a cost of 90 cents on the dollar.

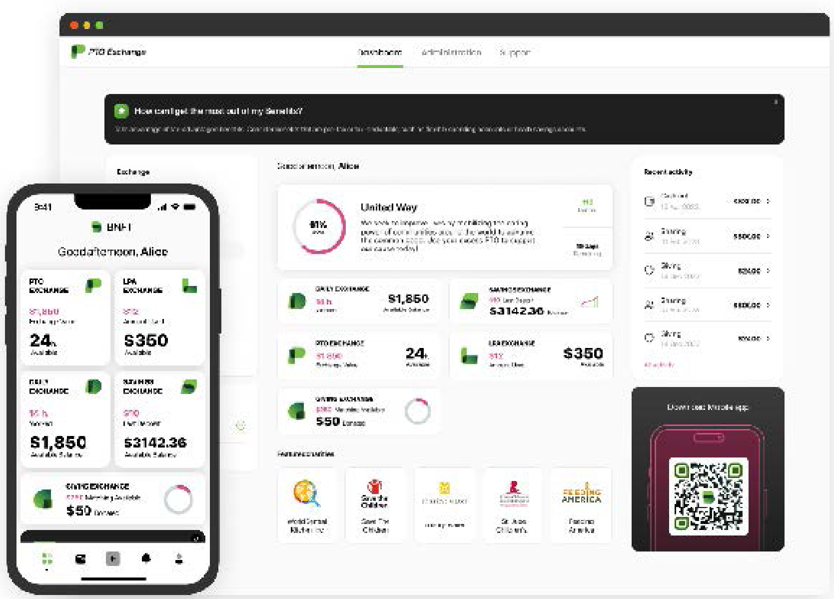
A flexible solution for front-line workers

PTO Exchange is helping healthcare providers across the country leverage a benefit they are already offering to provide their staff with flexibility to meet their unique needs. Labor shortages, burnout, and high turnover rates have created an “all hands on deck” approach where healthcare workers have not been able to use their time off to meet the demands of the job, leading to inflated PTO balances and frustrated employees.

PTO Exchange is the first benefits platform that allows employees to self-direct the value of their unused paid time off for personal needs and causes. Employees can self-direct the value of their unused PTO toward options that are meaningful to them personally, such as life planning (retirement funds), education (student loans), philanthropy (offering days to a co-worker or non-profits), and more.

AICPA SOC
SOC 2 Type 1 & 2 CERTIFIED

STAR LEVEL ONE
CLOUD SECURITY ALLIANCE



PTO Exchange is a comprehensive benefits platform for employees to unlock the full flexibility and value of their total rewards while providing HR teams with a low-cost and easy-to-use tool. PTO Exchange and LPA Exchange are powered by BNFT, which brings innovative solutions via one platform. Companies will have the flexibility to design cost-effective benefits while also empowering their employees to choose the benefits that support them through their transitions. PTO Exchange is SOC 2-certified and trusted by Dayton Children’s Hospital, SAC Health, Howard Brown Health, Spencer Hospital, Hancock Health, Witham Memorial Hospital, and others.. Learn more at ptoexchange.com