NON-NURSING PER DIEM EMPLOYEE USAGE

Audit REPORT #16-1210

Audit & Advisory Services

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Background

As part of the Health Sciences audit plan for fiscal year 2015-16, UCLA Audit & Advisory Services (A&AS) conducted a review of non-nursing per diem employee usage within Ronald Reagan UCLA Medical Center (RRUMC) and UCLA Medical Center, Santa Monica (SMUCLA) .

Per diem employees are used to complement career and limited positions when necessary to maintain staffing levels for temporary and emergency periods.

New per diem positions must be approved by the UCLA Health Staff Resource Committee (SRC). Applicants for per diem positions must go through the UCLA Health application/interview process and meet the same requirements as their career counterparts. Per diems are paid at a higher rate than their career counterparts, but they are not guaranteed any hours. Per diems are not eligible for benefits upon hire, but may become eligible for some benefits under the Affordable Care Act if they work 30 hours a week for three months or more.

All UCLA Health per diem positions fall under collective bargaining agreements. Existing agreements stipulate that, once a per diem employee has worked 1,000 hours, the employee cannot be terminated without just cause. The American Federation of State, County, and Municipal Employees (AFSCME) Service (SX) and Patient Care Technical (EX) agreements allow a per diem employee who has worked 1,000 hours within a rolling 12-month period to convert to a career position if certain criteria have been met. The Patient Care Technical agreement further specifies that, once the per diem employee has reached 750 hours within a rolling 12-month period, the University cannot release the employee for the purpose of denying a career appointment.

For fiscal year 2015-16 year-to-date pay periods through April 2016, per diem costs totaled $10,735,000 and $5,816,084 for RRUMC and SMUCLA, respectively. During this time, the headcount of per diems utilized within RRUMC and SMUCLA was 1,483. See Attachment A for a breakdown of per diem expenditures per department.

Purpose and Scope

The purpose of the review was to evaluate controls surrounding the per diem employment process. The scope of the audit included discussions with management from UCLA Hospital System Budget/Financial Planning and Health System Human Resources. In addition, interviews were held with administrators of the following departments known to employ per diems:

* Admissions
* Care Coordination
* Clinical Laboratories & Anatomic Pathology
* Environmental Services
* Materiel Management
* Nutrition
* Patient Escort, Lift Team, Transportation
* Pharmacy
* Rehabilitation Services
* Respiratory Therapy

The audit was conducted in conformance with the *International Standards of the Professional Practice of Internal Auditing* and included procedures considered necessary in achieving the purpose.

Summary Opinion

The review indicated that controls over per diem usage in the Hospital System need improvement. Existing processes and conflicting perspectives do not promote transparency for actual per diem deployment.

Overall, departments using per diems find their use to be critical to departmental operations. Departments report that these employees are beneficial in filling in for absent employees. Further, departments enjoy the fact that a worker’s status gives the department the flexibility to easily terminate those that are not performing well, while having the option to hire the stronger employees into career positions, as positions become available. Yet, the ease with which per diems may be managed may lead to situations that conflict with human resources employment principles and/or with executive leadership intent.

The audit results and recommendations are detailed in the remainder of this audit report.

Audit Results and Recommendations

| **#** | **FINDING**  | **RECOMMENDATION** | **MANAGEMENT’S RESPONSE** |
| --- | --- | --- | --- |
| **PER DIEM USAGE** |
| 1 | AppointmentsPer diems are frequently hired at a lower percentage than they are expected to work. For example, it is not unusual to have a per diem with an appointment of 10% or 20% actually work 70% to 100%. In fact, the auditor’s review indicated that, for fiscal year 2015-16 year-to-date through April, there were 20 non-nurse per diem employees that worked more than 100%, thereby earning premium overtime. The twenty employees identified consisted of four patient transport employees, eight custodians, six clinical care partners, and two food service workers.  * Departments prefer to hire per diems with a lower appointment percentage so that the employee does not have an expectation of a significant number of hours.
* Departments are aware that a request for a per diem with a higher appointment percentage is less likely to be approved by SRC.
* Some per diem positions have been set at a certain percentage for several years, and departments do not believe that the percentages can be changed.
 | Hospital leadership should define policies/ procedures that articulate their intent for per diem employee usage. Departmental input should be sought during policy development. | Improving management of per diem staff from introduction in the system to conversion is part of a larger labor management initiative across all UC Health Systems. Policies and procedures will be developed and adjusted accordingly, once a new process for managing non-nursing per diem labor is defined.UCLA Health is currently defining a workgroup to develop a strategy for per diem labor management. Each of the findings has been added to the project charter for action.  |
| 2 | Conversion to Career StatusThere has not been a clear directive about what a department can or should do when an employee is close to reaching the 1,000 hours threshold and will be eligible for conversion to a career position under the AFSCME service and patient care technical agreements. As long as the per diem is performing well, some departments will make no attempt to reduce their scheduled hours to prevent the conversion. Also, some departments expressed concern that, if the high-performing per diem employees are not given close to 40 work hours per week, they will seek full time employment elsewhere. Per diem employees covered under the AFSCME service contract can apply for conversion to career status only during May of each year, while per diem employees covered under the AFSCME technical contract can apply in either November or May. * During May 2015, although 25 per diem employees were eligible for conversion to career positions, only 17 accepted the offers for career positions.

 * During November 2015, 8 per diem employees were eligible for conversion to career positions, but only four accepted the offers for career positions.

 Some per diem employees reportedly decline career position offers due to lower pay rates, fewer scheduled work hours (UCLA is only obligated to provide a 50% career positon), and undesired work locations. These employees then continue to work essentially at full-time, with higher salaries than their career-status counterparts.  | Hospital leadership should determine whether the SRC should be kept informed of per diems that have worked in excess of their appointments, per diems who are approaching 1,000 hours and may be eligible for conversion to a career position, and per diems who may become eligible for benefits under the ACA. Doing so would allow the SRC to become aware, earlier on, of the potential that extra positions may have to be added and budgeted for, and/or additional benefits costs that may have to be absorbed. The SRC could then be involved in deciding what action to take for these employees. A determination should also be made as to whether the appointments for those per diems that consistently work more than their appointment percentages should be adjusted to be more reflective of actual hours worked. | Redesign of the SRC process is an objective of the labor management initiative. While management of per diems is a responsibility at the department level, a process to track and adjust workforce appropriately will be addressed. |
| 3 | MonitoringA tool has not been available for hospital departments to easily track per diem personnel hours. Tracking per diems’ hours is critical so that a department can be aware of how close a per diem employee is to reaching 1,000 hours. As mentioned previously, even for those per diem employees not covered under the AFSCME service and patient care technical agreements, a per diem employee cannot be terminated without just cause after working 1,000 hours. Also, per diems may become eligible for some benefits under the Affordable Care Act if they work at least 30 hours a week for three months or more.Some departments try to manually monitor per diems’ hours, while others do not have a monitoring process. The majority of departments interviewed indicated that it would be helpful to receive a monthly report that provides a running total of how many hours per diems have worked. | A report should be provided to departments to help them monitor their per diem employees’ cumulative hours. Perhaps, an existing report utilized by the Budget Office can be provided to departments. This report shows the percentage of time worked for each pay period, as well as the cumulative percentage worked for the entire fiscal year. Management should work with the Budget Office to determine how such a report could best be produced and disseminated. UCLA Health System Human Resources (HHR) is currently developing a proposal for the Environmental Services department. The goal is to create a larger pool of per diems for the department, with each per diem working fewer hours. HHR would be in charge of the recruiting, hiring, and scheduling of the per diems. HHR would also be responsible for tracking the hours worked by the per diems. If the process works well, a similar arrangement may be created for other departments. However, the additional training time required for a higher headcount should be factored into the evaluation. | As part of the labor management initiative, development of reports to track per diem usage is in process. A per diem float pool for Environmental Services is something we are continuing to evaluate. As the evaluation progresses, time and cost for required training will be considered.  |

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