

# 25 Ways Healthcare Economizes on Energy Costs:

## *Turning to Telecommuting, Scaling Back Services*

By  
**Jessica Papay,**  
HIN Editor

*On average, healthcare organizations will spend eight percent of their capital budgets and six percent of operating budgets to conserve energy over the coming year.<sup>1</sup> Given the rise in energy costs and the importance healthcare executives place on this issue, the Healthcare Intelligence Network conducted a non-scientific online survey in July 2008 to discover how exactly healthcare organizations are affected by the increase in energy costs and the strategies they have chosen to help them overcome this situation. The survey showed that the most effective tactics are educating staff and patients about energy conservation and offering flexible work options like telecommuting and teleconferencing. Turn to page 5 for a complete list of suggestions.*

### **Healthcare Reacts to Economy**

Of the 96 respondents, 80 percent say business has been negatively impacted by rising energy cost. In response, 60 percent have already reacted by reducing business travel. Additionally, another 45 percent will begin to reduce business travels within the next 12 months. Nearly 28 percent of respondents have already raised their prices/charges, and 35 percent of respondents will do the same in the coming year. As the next year progresses, certain organizations say they will either make work-at-home schedules available for their employees or reduce company expenses, such as advertising.

### **Profitability, Transportation Greatest Victims**

Of the responding organizations affected by the rise in energy prices, who identified their organization type, 22 were health plans, 18 were hospital/health systems, 10 were service providers, six were employers, five were physician practices, four were home healthcare providers and long-term care providers. Other respondents included Individual Practice Associations, mental health organizations, consultants and employee assistance/benefits organizations. (See Figure 1.)

Business profitability is the area hardest hit by rising energy prices, said 34 percent of respondents, while nearly 27 percent stated that transportation was impacted. One service provider said, "coordination of home care services has become increasingly challenging with rising energy costs. Agencies have scaled down their service areas, leading to delays in the provision of care to patients in remote areas. We have had to increase compensation to agencies to maintain our speed and efficiency in providing services to our patient population."

Almost 15 percent said patient/member services and nearly 10 percent said recruitment/retention were also greatly affected.



Go to  
[http://store.hin.com/  
 product.asp?itemid=3750](http://store.hin.com/product.asp?itemid=3750)  
 to order  
*Healthcare Trends &  
 Forecasts in 2008*  
 and view other useful  
 resources for making a  
 difference for you,  
 your team and  
 your organization.

One responding healthcare consulting business stated that the greatest impact for them was that physicians are spending less money on consultants when they are seeing fewer patients. Another publishing company responded that shipping and handling experienced the most impact from rising energy costs.

Overall respondents said that the following areas were impacted the most by increasing energy prices:

- ✓ Profitability (34 percent)
- ✓ Transportation (27 percent)
- ✓ Patient/member services (15 percent)
- ✓ Recruitment/retention (10 percent)

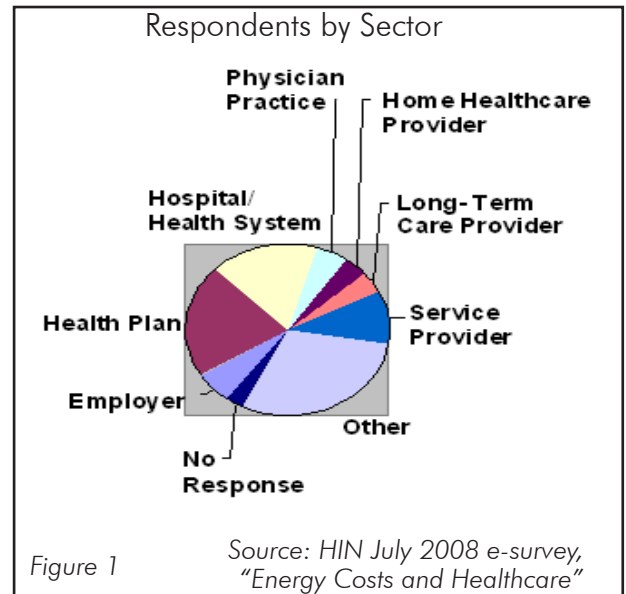
These areas of impact vary by sector. To discover specific sectors that were impacted in these areas and resulting population and employee changes, see Figure 2 on page 3.

### Energy Costs Affect Staff and Patients

The rise in energy costs affects everyone in the industry, from patients to staff. Each group has reacted differently to address the difficulties presented by current fuel bills.

Overall, 54 percent of respondents have noticed an inability by patients and members to pay. Fifty-one percent see an increase in postponed or skipped appointments, 34 percent said that there has been an increase in depression or other behavioral health issues and nearly 30 percent see patients and members reducing pharma compliance due to cost, and using public transportation more frequently. Almost 26 percent have witnessed cancellations of care or services. While none of the respondents have observed an increase in exercise, one responding health plan stated that groups in the transportation business are reducing their benefits to save on premiums.

*Disclaimer: HIN survey results are not based on a scientific sampling but on the number of responses to the HIN monthly online survey at <http://www.hin.com>.*



To relieve patients and/or members of the pain of rising energy costs, organizations have implemented the following initiatives:

- ✓ Teletraining or telephonic coaching
- ✓ Web-based educational support
- ✓ Remote monitoring of patient/members
- ✓ Transportation subsidies
- ✓ E-consults
- ✓ E-prescribing
- ✓ Hub-and-spoke model for service of care delivery
- ✓ Increased use of telemedicine

To help employees and staff members deal with energy issues, organizations are offering the following:

- ✓ Flex-time
- ✓ Telecommuting
- ✓ Consolidated work weeks
- ✓ E-conferencing
- ✓ Transportation subsidies

### Sector-Specific Impact of High Energy Costs

Sector	Top Areas of Impact	Patient/Member Behaviors	Employee/Staff Behaviors
Hospital/ Health System	--Profitability (33%) --Patient/ member services (33%) --Quality of care/ Recruitment/ retention/ Transportation (11%)	-- Increase in postponed/skipped appointments (87.5%) -- Inability to pay (62.5%) -- Reduced pharma compliance/Increased use of public transportation (37.5%) -- Cancellation of care (25%)	-- Requests for flex-time/compressed work weeks (78%) -- Increased carpooling (56%) -- Increased absenteeism (33%) -- Refusal of work assignments/ Reduced productivity/Increased use of public transportation (22%)
Health Plan	--Transportation (37%) -- Patient/ member services (25%) -- Recruitment/ retention/ Marketing and sales/Profitability (12.5%)	-- Increase in postponed/ skipped appointments/ Inability to pay/ Reduced pharma compliance/ Increase in behavioral health issues (43%) -- Increased use of public transportation/ Cancellation of care (29%)	-- Requests for flex-time/compressed work weeks (100%) --Increased carpooling (62.5%) -- Increased use of public transportation (37.5%) -- Increased exercise/Increased absenteeism (12.5%)
Long- Term Care Providers	-- Profitability (50%) -- Patient/ member services (25%) -- Transportation (25%)	-- Increase in postponed/ skipped appointments/ Reduced pharma compliance/ Increased use of public transportation/ Increase in behavioral health issues (33%)	-- Requests for flex-time/compressed work weeks (75%) -- Refusal of work assignments/ reduced productivity (50%) -- Increased absenteeism/reduced volunteer availability/increased use of public transportation (25%)

*Source: HIN July 2008 e-survey, "Energy Costs and Healthcare"*

Figure 2

To conserve energy use, respondents are employing strategies at their physical plant and within their work force. See Figures 3 and 4 on the following pages for specific approaches to energy conservation.

**More Telecommuting, Teleconferencing**

Almost 60 percent of respondents offer flex-time and almost 45 percent have turned to telecommuting in response to increasing energy costs. A manager from a health plan stated that at their organization, "those employees traveling more than 50 miles to work each day are requesting telecommuting options."

One responding service provider said that "telecommuting has helped our employees decrease the cost of commuting to work, as well as the impact on the environment." In addition, this provider is using video teleconferencing to decrease travel costs. The use of technology has increased productivity for this service provider.

For one responding health plan, telecommuting has also increased productivity for them, and decreased energy consumption at their main location.

Another responding health plan is also using telecommuting, plus four-day work

weeks to decrease employee costs and increase morale, but this has a downside. “Having a four-day work week and telecommuting available does not affect all departments, which has resulted in discontent among employees who cannot do their jobs under these circumstances,” according to the health plan.

Besides the use of telecommuting, one home healthcare provider had to raise mileage reimbursement paid to the staff, which has actually lowered their bottom line. Also, another home healthcare provider has moved more visits closer to the staff’s home area. One healthcare consulting organization even “reduced their time on the road” and is no longer using the “marketing strategy of ‘dropping by because I was in the neighborhood.’”

A mid-level executive from a health plan added an extra response to energy conservation and cost-saving measures that all healthcare organizations can benefit from: “Retaining employees saves multiple HR costs. Feeding employees and making a nice lunch cafe saves multiple gas trips for food. Telecommuting, flex time and carpooling/riding the train saves multiple gas trips to work.”

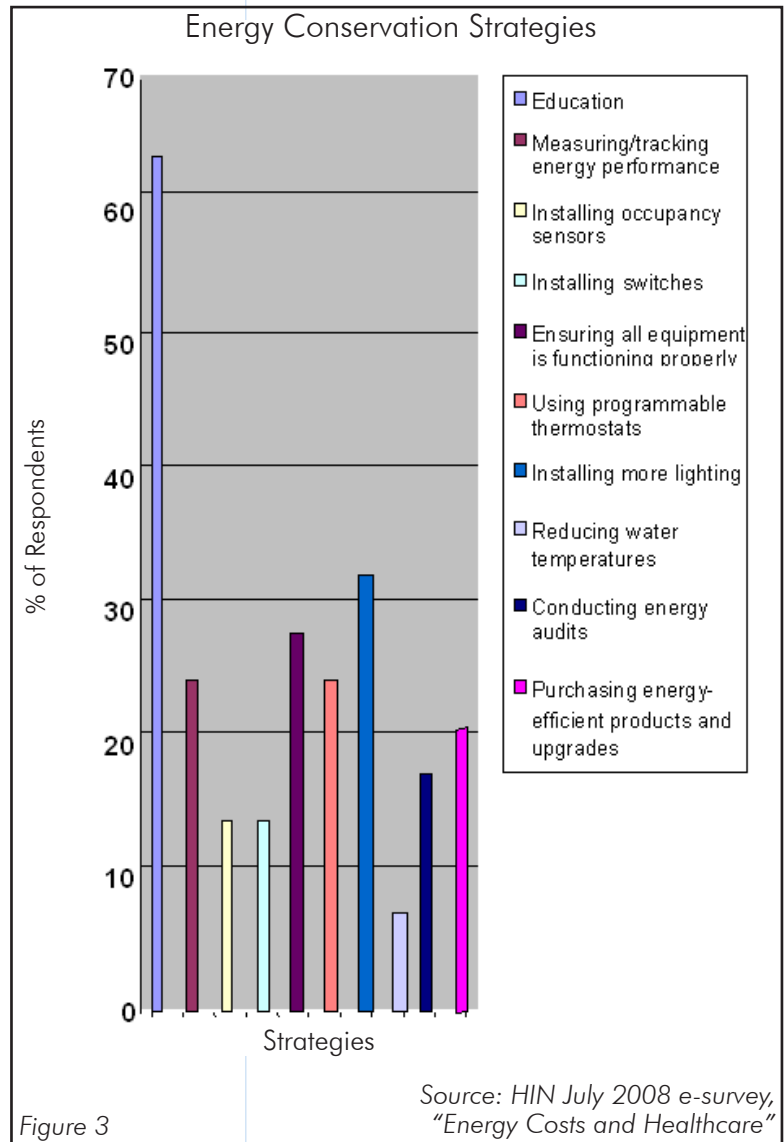


Figure 3

### Related Resource

*Healthcare Trends & Forecasts in 2008: Performance Expectations for the Healthcare Industry:* In this special report, four key thought leaders deliver a sector-by-sector analysis of emerging trends and their impacts, and debate the direction of the healthcare industry. For more information, please visit <http://store.hin.com/product.asp?itemid=3750>.

## Respondents Provide 25 Ways to Conserve Energy

1. Educate staff and patients about how their behaviors affect energy use.
2. Telecommute (increases productivity, morale, retention and attendance rates; decreases commuting costs and impact on the environment).
3. Provide teleconferencing (increases productivity and decreases travel costs and the impact on the environment).
4. Measure and track energy performance.
5. Explore remote training and telephonic provision of services.
6. Provide information campaigns and reminders to conserve.
7. Switch to travel stipends in place of per-mile reimbursement.
8. Offer four-day work weeks/consolidated work days and flex time.
9. Ask field staff to carefully plan visits to reduce mileage and related reimbursements.
10. Ensure that all equipment is functioning as specified and designed.
11. Recycle laundry water and heat.
12. Move more visits closer to staff's home area and reduce time on the road.
13. Increase salary.
14. Carpool/ride the train.
15. Install energy conservation devices (efficient lighting, manual switches and occupancy sensors in unoccupied rooms, and better windows).
16. Provide ongoing Situation Background Assessment Recommendation (SBAR) evaluations to determine departments' efficacy in functioning by collating tasks.
17. Purchase energy-efficient products and upgrades for office, electronics, commercial cooking and/or laundry use.
18. Move to green servers — lower energy consumption.
19. Reduce paper usage within the restrooms, along with reducing water temperatures and grounds maintenance.
20. Conduct an energy audit with an energy service provider to help manage and improve energy performance.
21. Provide more phone and Internet consults versus face to face interaction.
22. Increase compensation to agencies to maintain speed and efficiency in providing services to a patient population.
23. Use a staffing agency and consider hiring through a staff agency.
24. Use programmable thermostats for seasonal changes and occupancy.
25. Create an employee/staff lunch café to help employees save on gas.

Figure 4

Source: HIN July 2008 e-survey, "Energy Costs and Healthcare"

### References:

1. Johnson Controls, *Healthcare Executives Place Higher Priority on Energy Efficiency Than Others, Research Shows* (Wisconsin: Johnson Controls, Jul. 2008).

Contact us:

Healthcare Intelligence Network  
1913 Atlantic Avenue, Suite 201  
Manasquan, NJ 08736

Phone: (888) 446-3530

Fax: (732) 292-3073

E-mail: [info@hin.com](mailto:info@hin.com)

<http://www.hin.com>

"Healthcare Intelligence Network" is a trademark of the Healthcare Intelligence Network.



©2008, Healthcare Intelligence Network®. All Rights Reserved.