

# Helping California Hospitals Respond to SB 525



Beginning **June 1, 2024**, California Senate Bill 525 will go into effect, **increasing the minimum wage** for healthcare workers **by an estimated 30%** statewide.

Some **hospitals and systems will face unfunded mandates ranging from \$10M - \$30M** (based on our client feedback), which will cause further financial distress and likely some facility closures.

**Zephyr Healthcare Advisors is currently working with hospitals in California to enhance and reimagine their workforce models. Our strategies include:**

- ✓ Reassessing existing workforce
- ✓ Reducing travelers/registry
- ✓ Creating cross-training opportunities where possible
- ✓ Leveraging technology
- ✓ Pursuing outsourcing where prudent
- ✓ Identifying cost savings in non-labor areas (e.g., pharmacy, support services, energy, supplies, equipment maintenance)

## How Does Your Hospital Measure?

### General Hospital: Key Performance Metrics Labor Management: Productivity Indicator Assessment

Facility Bed Size:	300
Average Daily Census:	142.73
Adjusted Patient Days:	90,574
Adjusted Discharges:	17,835
Total Paid FTEs:	1,096.00
Benefit Percentage:	20.13%
FTE/AOB:	4.42
Paid Hours per Adjusted Discharge:	127.82
FTE/100 Adjusted Discharges:	6.15
Salary per Adjusted Discharge:	\$3,215
Net Patient Revenue per FTE:	\$171,460
Total Personnel Expense per Adjusted Discharge:	\$5,167
Personnel Expense as a % of Net Patient Revenue:	49.04%
Personnel Expense as a % of Operating Expense:	45.79%

Key Performance Indicator Analysis	KPIs	Median	Better	Best
			Performing	Practice
FTE/AOB	4.42	3.96	3.65	3.36
Paid Hours per Adjusted Discharge	127.82	95.08	89.61	84.10
Personnel Expense as a % Net Patient Revenue	49.0%	46.4%	39.2%	35.0%

Median, Better Performing and Best Practice percentiles are representative of organizations of similar size across the nation. The sample hospitals used are samples of similar size organizations and may not be the same hospitals used in a customized peer group.

Contact us to discuss a  
**NO COST ASSESSMENT**  
of your Key Performance Indicators.

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