Absenteeism in the HSE

By Paul Redmond*

High rates of absenteeism in the HSE often attract significant media and political attention due to the associated costs to the taxpayer. In addition to a substantial sick-pay bill, absenteeism may lead to increases in agency and overtime costs as replacements are found for sick and absent workers. This sentiment was expounded in 2012 by Health Minister James Reilly who claimed that the high expenditure on agency staff in the HSE is largely attributable to high levels of absenteeism.

In this note I examine the relationship between absenteeism and agency/overtime costs in the forty largest (in terms of annual budget) acute hospitals in Ireland. I quantify the potential saving in agency and overtime costs associated with bringing absenteeism rates in line with the HSE target of 3.5 percent. The forty hospitals in the dataset spent a total of €313 million in agency and overtime in 2012. A cursory analysis of the data suggests this figure can be reduced by €36 million if the underperforming hospitals bring their absenteeism rates under control.

As a first step, we take a look at the individual hospitals in 2012 to identify the best and worst performers. Table 1 ranks forty acute hospitals in terms of their absenteeism rates (from highest to lowest). Only eight of the forty hospitals are below the 3.5 percent target. The worst performing hospital, at 7.06 percent, is the Mid-Western Regional Hospital in Ennis. Five other hospitals have absenteeism rates above six percent.

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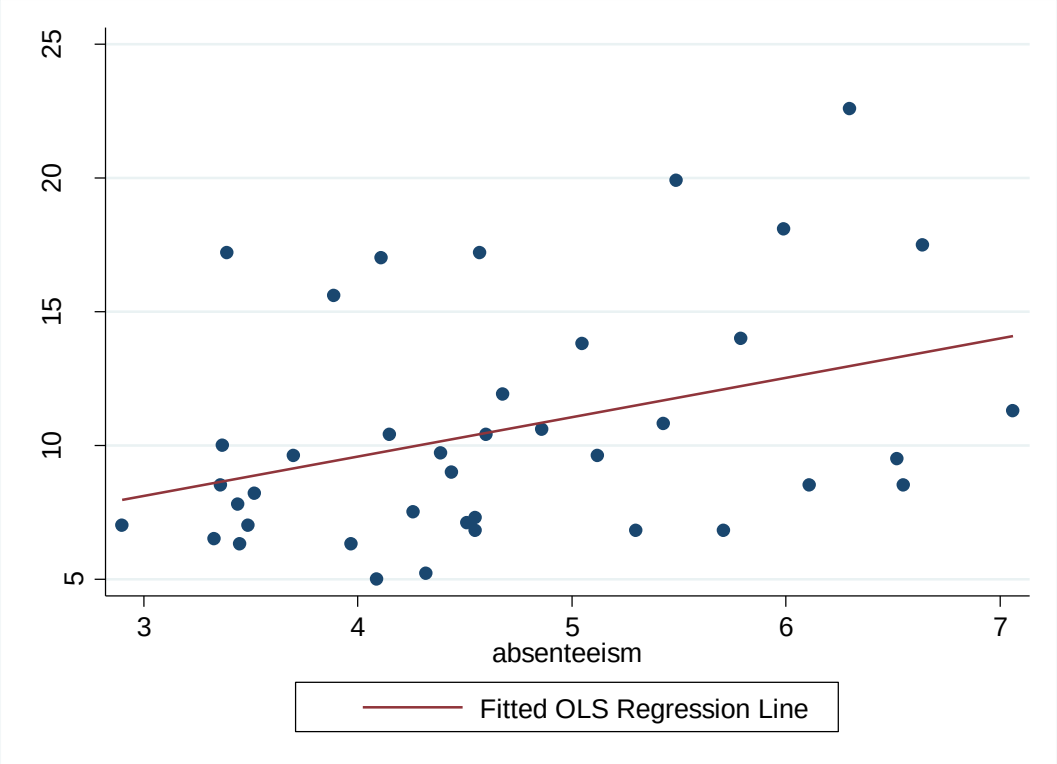
Table 1: Absenteeism Rates in Irish Hospitals

Hospital	% Absenteeism 2012
Mid Western Regional Hospital Ennis	7.06
Midland Regional Hospital Portlaoise	6.64
South Tipperary General Hospital	6.55
Mid Western Regional Hospital Dooradoyle	6.52
Cavan General Hospital	6.30
St. Luke's Hospital Kilkenny	6.11
Our Lady of Lourdes Hospital Drogheda	5.99
Midland Regional Hospital Mullingar	5.79
Sligo General Hospital	5.71
Our Lady's Hospital Navan	5.49
Midland Regional Hospital Tullamore	5.43
Wexford General Hospital	5.30
Letterkenny General Hospital	5.12
Mid Western Regional Hospital Nenagh	5.05
Cork University Hospital	4.86
Coombe University Hospital	4.68
Portiuncula Hospital Ballinasloe	4.60
Naas General Hospital	4.57
Galway University Hospitals	4.55
Waterford Regional Hospital	4.55
St. John's Hospital Limerick	4.51
Mayo General Hospital	4.44
Kerry General Hospital	4.39
Our Lady's Hospital for Sick Children Crumlin	4.32
South Infirmary University Hospital Cork	4.26
Beaumont Hospital	4.15
Connolly Hospital Blanchardstown	4.11
Temple Street Children's University Hospital	4.09
Cappagh National Orthopaedic Hospital	3.97
Bantry General Hospital	3.89
Mater Misericordiae University Hospital	3.70
Mercy University Hospital Cork	3.52
Tallaght Hospital	3.49
Rotunda Hospital	3.45
St. Vincent's University Hospital Elm Park	3.44
St. Colmcille's Hospital Loughlinstown	3.39
St. James's Hospital	3.37
Holles Street National Maternity Hospital	3.36
Royal Victoria Eye and Ear Hospital Dublin	3.33
St. Michael's Hospital Dun Laoghaire	2.90

Data compiled from monthly HSE Performance Reports from Jan-Dec 2012.

Let us now turn to the relationship between the absenteeism rate and expenditure on agency and overtime as shown in the scatter plot in Figure 1. The graph includes a fitted OLS regression line. We observe a positive relationship; a one percentage point increase in absenteeism is associated with a 1.47 percentage point increase in agency and overtime as a percentage of total pay.[1] Of course we can't state with certainty that the relationship is causal. However it seems plausible that high absenteeism would cause high spending on agency and overtime. Moreover, Health Minister James Reilly appears to suggest a causal link[2].

Figure 1: Agency/Overtime and Absenteeism in the HSE



[1] The following simple OLS regression is run

$$agencyovertime_i = \alpha + \beta.absenteeism_i + \varepsilon_i$$

where $agencyovertime_i$ is the percentage of the total pay bill spent on agency and overtime at hospital *i* and absenteeism is the rate of overall absenteeism at hospital *i*. The coefficient β=1.47 is statistically significant at 5% level (*p*-value=0.02). If we use agency costs alone (as opposed to agency and absenteeism) we get very similar results.

[2] The INMO reject Minister Reilly's claims that agency costs are caused by absenteeism. For an overview of this discussion see http://www.irishhealth.com/article.html?id=21018

As mentioned, only eight of the forty hospitals meet the target absenteeism rate of 3.5%. It seems reasonable to suggest the other 32 hospitals can reduce their absenteeism rates and in doing so reduce their expenditure on agency and overtime. A cursory analysis of the data indicates a potential saving of €36 million based on the underperforming hospitals improving absenteeism rates to the standards required.[2] This represents a 15 percent reduction in agency and overtime costs[3].

[2] This is achieved if the total amount spent on agency and overtime in the 32 underperforming hospitals is reduced from the current figure of 10.3 percent to 8.8 percent of the total pay budget. The figure of 8.8 percent is the predicted spending on agency and overtime associated with a 3.5% rate of absenteeism (as per the fitted regression line in Figure 1). It is also worth noting that total spending on agency/overtime is 8.6% of total wages in the eight top performing hospitals.

[3] Agency and overtime spending in the 32 underperforming hospitals in 2012 was €248 million.