In the landscape of healthcare today, it’s not enough to simply find the balance between finances and care quality. Instead, forward-thinking healthcare organizations are embracing strategies that simultaneously improve patient outcomes and the bottom line. Often seen as being responsible for two separate aspects of the health system, now a collaborative relationship between CFOs and CNOs is at the core of a hospital’s success.

Staffing strategies are one key area that requires healthcare executives to reach across the table to develop initiatives that both control costs and maintain high-quality care. Since labor accounts for 54.2 percent of a hospital’s operating costs, it makes sense that savvy healthcare providers optimize their labor resources and their workers’ abilities. As the healthcare industry shifts to accountable care, hospital decision-makers will need to meet patient care requirements in the most cost-effective way possible.

Staffing and patient care needs are deeply entwined with a hospital’s bottom line and accurate, effective nurse staffing and acuity strategies can help health systems reach their patient care and financial goals. By pairing nurse talents, skills and experience with specific patient needs through acuity-based staffing, hospitals are able to maintain low readmission rates, deliver exceptional patient care and remain financially successful.

The Aspects of a Strong CFO to CNO Connection

LABOR COSTS CAN DETERMINE WHETHER YOU SURVIVE OR THRIVE

The healthcare industry is unique. Workforce solutions and staffing strategies that work for other industries often fall short when it comes to healthcare. Benefits administration and effective scheduling strategies can ensure nurse-patient ratios remain strong and mitigate any losses in workforce productivity, but labor costs can skyrocket...
unnecessarily if hospital administrators don’t strategically align the caregiver to patient care needs.

Nurses often don’t simply work 32 to 40 hours a week—43 percent have said that they’ve experienced an increase in overtime². Fifty-four percent of nurses report excessive workloads³.

A hospital’s budget is impacted by managing nurse overtime through effective staffing and scheduling. With an increase in staffing efficiencies, overtime costs are controlled, which benefits the entire organization.

Replacing a valued health care employee can cost up to 250% of the employee’s salary⁴. When CFOs consider the national rate of nurse turnover rose to 14.7 percent, an increase of more than 1 percent from 2012 according to the “2013 National Healthcare & RN Retention Report” from Nursing Solutions Inc.⁵, costs increase even more. Acuity-based staffing helps to ensure nurses receive equitable patient assignments utilizing their unique skill sets and experience levels, leading to happier nurses, less turnover and thousands of dollars in savings.

CFOs understand the cost to increase staffing, but this expense is often offset by lower readmissions, fewer penalties and better patient outcomes. Managing expenses in these three areas through acuity-based staffing can have far-reaching impacts on care quality and nurse engagement.

STAFFING STRATEGIES IMPACT PATIENT CARE OUTCOMES AND THE BOTTOM LINE

Nurse staffing and scheduling is a complicated process; from analysis of nurse experience and skill sets to availability and budgeting needs, a great deal of work goes into coordinating staffing plans. Acuity-based staffing makes it possible to evaluate actual patient care needs in order to make data-driven decisions.

Nurse workload, shift turnover and inefficient patient matching can directly impact patient care in hospitals. In fact, researchers examined data from Patient Classification
197,961 admissions and 176,696 nursing shifts at an academic medical center and found patient mortality increased as unit shift hours rose and nurse staffing levels dropped[7]. It has been found that patient deaths cost hospitals approximately $20 billion every year[8].

In an era of accountable care, patient outcomes and length of stay are especially important. If patients don’t receive adequate care and discharge planning when they are in a health system, they may need to be readmitted, which increases costs for the hospital. Readmission rates have become essential to health systems’ receipt of reimbursements through the Patient Protection and Affordable Care Act’s Hospital Readmissions Reduction Program (HRRP). Hospitals that have focused on “right-sizing” their staffing to avoid both under- and over-staffing are better able to cost-effectively keep their readmissions low and prevent penalization through the program. According to a 2013 study in Health Affairs, staffing is the single most significant factor in reducing readmissions. Health systems with higher nurse employment had a 25 percent lower chance of receiving penalizations for readmissions through HRRP than those that had lower nurse staffing levels[9]. Essentially, the higher nurse workloads are and the less nurse managers and staffing coordinators utilize acuity when assigning shifts, the more at-risk patients are for being readmitted.

Safe staffing mandates are already in place in numerous states, with more legislation pending. The push for staffing practices that require acuity-based staffing are the most effective at reducing nurse burnout and turnover, increasing patient satisfaction and ensuring high-quality care[6]. In fact, new federal bills that go beyond requiring minimum staffing levels are currently before the Senate and the House of Representatives. If passed, the National Nursing Shortage Reform and Patient Advocacy Act would amend the Public Health Service Act to allow nurses to be patient advocates, and the Nurse Staffing Standards for Patient Safety and Quality Care Act of 2013 would ensure hospitals maintain strict nurse-patient ratios and appropriately match caregivers with patients for improved care quality and patient safety.

THE PULSE OF YOUR STAFF RELATES TO DOLLARS

Nurse burnout, retention and satisfaction directly affect the hospital’s bottom line. While nurse engagement may not seem directly related to health system costs, it’s worth a closer look. Nurses put great stake in being able to treat all of their patients safely, effectively and compassionately, and they feel the impact physically, emotionally and mentally when the workload is not balanced. So when nurses aren’t matched correctly with their patients - either they don’t have the necessary qualifications to provide adequate care or have too much work for the number of patients they have to treat - they can quickly become dissatisfied with their jobs.

According to the Agency for Health Research and Quality (AHRQ), the risk of nurse burnout increases by 23 percent and dissatisfaction by 15 percent for each additional patient a nurse receives[10]. However, when hospitals have accurate staffing, nurse burnout and dissatisfaction can drop significantly. Staff turnover is costly: As noted earlier, replacing a healthcare employee can cost up to 250% of their salary[4]. Taking into account the rate of nurse turnover, hospitals can lose between $3.74 million and $4.98 million every year[11].

Yet, surprisingly, many hospitals don’t track their turnover. According to the NSI study, 83.9 percent of health care respondents don’t record the costs of employee loss[11]. With the report finding that the vacancy rate for nurses is expected to grow, hospitals need to do all they can to keep retention high to avoid a lapse in patient care quality and a need to increase nurse workloads even more. By embracing acuity-based staffing, CFOs can see dramatic improvements in retention through equitable assignments and a decrease in nurse turnover costs.

CONCLUSION

With so many demands on hospital resources, finding ways to reduce labor expenses directly impact an organization financially. Savvy CFOs understand that working with CNOs and nurse managers to optimize nursing resources is a top priority for significant cost savings.
As we enter the era of accountable care, healthcare providers will need to concentrate their attention on acuity-based staffing to ensure the hospital is able to provide quality care for positive patient outcomes and to keep nurse turnover low. For CFOs to truly see cost savings, they must increase their collaboration with nursing administrators and place greater value on strategic nurse staffing initiatives. The real payoff of CFOs embracing acuity-based staffing is that it empowers them to manage labor costs and ensure the delivery of quality care - benefiting the entire health system. A hospital’s success relies on improving both clinical and financial outcomes, and data-driven acuity-based staffing will help health systems remain profitable now and in the future.

ARTICLE SOURCES


2 Retrieved from http://www.nursingworld.org/MainMenuCategories/ThePracticeofProfessionalNursing/NurseStaffing

3 Retrieved from http://www.nursingworld.org/MainMenuCategories/ThePracticeofProfessionalNursing/NurseStaffing


