

The Economic Value of Nurses



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Learning Objectives

- Describe current health and economic influences on measures of nursing cost and nursing intensity.*
- Explore research related to nursing impact on patient outcomes and health care costs.*
- Identify strategies for professional education and empowerment in relation to the economic value of nursing.*

Center for American Nurses Health Policy Workgroup

Position Statement: *The Economic Value of Nurses*

- Maureen Nalle, PhD, RN, Chair
- Mary Ann Friesen, MSN, RN, CPHQ
 - Elizabeth Chong, PhD, RN
- Linda Parry-Carney, RN, MA, BC
 - Mary Tittle, PhD, ARN
- Christina Murphy, MSN, RNC
- Amanda Rosencrantz, MSN, RN
 - Linda Lazure, PhD, RN
- Shirley Gibson, MHSA, RN
- Wylecia Wiggs-Harris, MBA, CAE
 - Laurel Blaydes, BA

“What is absolutely clear is that nursing is a bargain, in or out of the hospital.”

~ Claire Fagin, AJN, 1990

Background

- Historical
- Social factors
- Supplier-related factors
- Consumer knowledge and perceived importance of nursing services

- Kane & Siegrist, 2002

Key Issues

- Current economic measures related to nursing intensity and nursing costs
- Patient classification systems and measures of quality
- Contributions of nurses to patient outcomes, organizational well-being

Influencing Factors

- ↑ Pressure to control costs
- ↑ Patient volume and acuity
- ↑ Demand for care
- ↑ Emphasis on quality and safety
- RN workforce

The Price of Nursing Care

- 50% total personnel budget
- 20-30% hospital operational costs
- 44% direct care costs
- DRGs as primary reimbursement tool
 - LOS as “proxy” for nursing costs

~ Kane & Siegrist, 2002; Laport et al, 2008

Inpatient Prospective Payment System

- “Bundling” of goods and services
 - No specific line items for RN or LPN salaries
 - Nursing care as ROOM & BOARD
 - No reflection of nursing intensity across diagnoses
 - Impact on nursing shortage

Professional Impact

- Vulnerability in cost-containment efforts (Turler, 2001)
- Limited ability to influence organizational financial decisions (Kany, 2004)
- Nursing not recognized as “value-added” (Kimball & O’Neill, 2005)
- Lack of control over practice (Attree, 2005)
- Nurse workforce turnover and retention (Aiken, 2008)

Defining Nursing Value...

"Quantification of nursing's contribution to the quality of patient care and the saving of health care dollars."

-Nursing's Agenda for Future, ANA, 2002

Key Questions

- | | |
|---|--|
| <input type="checkbox"/> Nursing variables | <input type="checkbox"/> Structural variables |
| <input type="checkbox"/> Education | <input type="checkbox"/> Magnet status |
| <input type="checkbox"/> Experience/expertise | <input type="checkbox"/> Organizational leadership |
| <input type="checkbox"/> Staff mix | <input type="checkbox"/> RN retention |
| <input type="checkbox"/> Staffing levels | <input type="checkbox"/> Work environment |
| <input type="checkbox"/> Turnover | |
| <input type="checkbox"/> Nursing leadership | |

Evidence Base for Nursing Value

- Strong literature
 - Advance practice nurses
 - Clinical practices
 - Delivery methods
 - Home health
 - Case management
- Questions
 - Cost effectiveness of staffing
 - Education
 - Schedules
 - Staff mix
 - Changes in organizational structure

~Spetz, 2005

Current Research

- RN staffing, education and outcomes
 - Hospital-related mortality
 - Failure to rescue
 - Length of stay
 - Adverse events
 - Patient satisfaction
 - Healthcare costs

~ Aiken et al, 2003; Estabrooks et al, 2005; Torangeau et al, 2007.

Current Research

- Advanced Practice Nursing
 - Equal outcomes with physicians plus “value-added” effects
 - Dose-effect noted over time
 - Improved outcomes, decreased costs
 - Positive impact on client satisfaction
 - Reduced healthcare costs

~ Brooten, Youngblut, Kutcher, and Bobo, 2004.

Current Research

- “Business case” for increased RN staffing
 - Fewer adverse events
 - Decreased length of stay
 - 5,000 fewer deaths
 - Cost saving \$242 million

Needleman, Buerhaus, Stewart, Zelevinsky, and Matkke, 2006.

Solutions??

- Unbundling nursing care from per diem charges -separate nursing cost center
- Pay for Performance initiatives
- NQF *Nursing Care Performance Measures*
 - Specific workforce characteristics and link to quality and safety

Pay for Performance

- Need strategies →
 - Promote clinical quality management
 - Address impact on nursing performance measures
 - Evaluate staff ability to contribute to organizational efforts and quality outcomes

"It is no longer acceptable to look at just the cost of nursing services, but rather the cost-savings and value of quality patient outcomes that nursing provides."

~ Nowicki-Hnatiuk, 2006

Challenges for Nursing

- *Systems redesign*
 - Design and function of care delivery
- *Measurement capabilities*
 - Standardized data systems for performance measurement
 - Cost and quality outcomes
- *Technological*
 - Information management

Covaleski, 2005

Barriers

- Nursing shortage
- Differential measurement techniques
- Lack of standard definitions
- Health system influences
 - Organizational
 - Environmental
 - Technological

~ Aiken, 2008; Covaleski, 2005

Professional Directions

- Advocating for policy change within profession and health care environment
- Promote RN understanding and articulation of professional contributions
- Education and empowerment regarding economic impact of care on patients and organizations
- Research