

Podcast Show Notes

Making Sense of Dollars and Cents: Developing a Return on Investment

Before you take a seat at the healthcare leadership table, you'll need to be prepared with knowledge and skills that aren't typically taught in nursing school. In this series, you'll gain practical tips to help you develop – and showcase – your business acumen.

This CE course is relevant to nursing and advanced practice nursing professionals.

Episode 2 – ROI to Prove What You Need, Part 2

Validating major purchases with return on investment, or ROI, is a skill all nurse leaders must master. A nurse and expert in healthcare finance uses a real-world example to demonstrate how to successfully crunch the numbers.

Guest

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- Independent healthcare consultant specializing in productivity, quality and safety, improved organizational performance, caregiver engagement, leadership competence, talent development, and team building
- Associate Faculty, Indiana University School of Nursing and Kelly School of Business
- Nursing Management Conference Chair for Wolters Kluwer in Philadelphia, Pennsylvania
- Former Vice President of Patient Care Services for Community Health Network, Community Hospital North in Indianapolis, Indiana

Host

Faith Roberts, MSN, RN

- Former Executive Director of Spiritual Care and Environmental Services for Carle Health in Urbana, Illinois

- Former Executive Director of Magnet, Pathway to Excellence, Professional Practice, Pastoral Care, and Faith Community Nursing at Carle Foundation Hospital and Carle Physician Group in Urbana, Illinois

Episode Key Points

Service Justification Example

- XYZ Case Supply Detail

Description	Cost	Explanation
Basic Pack	\$2.46	Case Supplies
Prep Pack	\$2.50	Case Supplies
Unsterile Gloves (\$0.04/each)	\$0.08	Case Supplies
Sterile Gloves (\$1.60/pair)	\$3.20	Case Supplies
Gown (\$2.48/each)	\$4.96	Case Supplies
Towels (\$0.69/pack)	\$2.07	Case Supplies
Raytec (\$1.38/pack)	\$4.14	Case Supplies
Bovie Cautery	\$6.36	Case Supplies
Needle Counter	\$1.78	Case Supplies
Light Handles	\$0.50	Case Supplies
Skin Scribe	\$1.07	Case Supplies
Suction Tubing	\$0.83	Case Supplies
Suture (\$4.48/pack)	\$8.96	Case Supplies
#15 Blade	\$0.22	Case Supplies
Irrigation H ₂ O	\$0.77	Case Supplies
Irrigation NA ₂ CO ₃	\$0.77	Case Supplies
Grounding Pad	\$2.75	Case Supplies
Sponge Counter	\$0.35	Case Supplies
4x4 (\$2.59/pack)	\$7.77	Dressing
Steri Strip	\$1.09	Dressing
Ace Bandage	\$0.92	Dressing
Total of Case Supplies/Dressings	\$53.55	

- Leasing vs. purchasing
 - Complete ROI for purchase first
 - Lease
 - Understand cost of disposables
 - Understand quantity purchase commitment for lease
 - Know volume potential
 - Recognize life of the equipment is critical
- Exercise: Cash flow estimation
 - Suppose \$5,000 had been spent last year to improve the space for new diagnostic equipment. Should this cost be included in the analysis?
 - Suppose the space could be leased for \$12,000 per year. Would this affect the project's cash flows?
 - If the new equipment would decrease patient utilization of existing services, would this affect the analysis?

Gathering Information

New Patient Services Planning Checklist

- Billing considerations
 - Special billing information requirements
 - Computer changes required
- Charges and payments
 - Special payment requirements
 - Charge codes required CPT, HCPCS,
 - Charge entry responsibility
 - New revenue department necessary
- Electronic Medical Record
 - Scanning
 - Test
 - Order entry

- Health information systems
 - Special clinical documentation requirements
 - Transcription requirements
 - New forms requiring Medical Staff approval
- Information technology
 - Wiring requirements
 - Equipment needs
 - Menu requirements
- Materials management
 - Supply ordering set up
 - Equipment acquisition
 - Group purchasing agreements

- Medical staff considerations
 - Need to obtain approval or inform Medical Executive Committee
 - Form approvals required
- Off-campus special considerations
 - Insurance coverage required
 - Courier services
- Plant Engineering
 - Physical plant requirements
 - Signage
 - Service contract issues

- Registration process
 - Type of registration required for billing
 - Who will perform and who do they report to
 - Order entry responsibility
 - New codes required
- Regulatory requirements
 - Accreditation issues
 - ISBH licensing
 - Medicare compliance
- Telecommunications
 - Equipment required

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