



Podcast Show Notes

Making Sense of Dollars and Cents: Patient Safety

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 1 – The Business Case for Safety, Part 1

Many a nurse leader has been asked to cut labor costs in their departments, and many have wondered how they could possibly address cost avoidance while simultaneously ensuring patient and workforce safety. The answer, says an expert in healthcare finance, lies in quality metrics.

Guest

Pamela Hunt, MSN, RN, NEA-BC, FAAN

- 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

Connect Quality to Costs

- Patient falls
- Pressure ulcers
- Medication errors
- Staff injury
- Caregiver turnover
- Failure to meet CMS/Gold Star standards

The Cost of Quality (Agency for Healthcare Research and Quality)

- Drug events result in 8 to 10 days longer length of stay per patient and costs \$16,000 to \$24,000 more per patient.
- The average cost to treat pressure ulcers in the hospital is \$45,500 each.
- Hospital-acquired infections cost \$21,700 per patient.
- The cost of an average fall is \$17,500 per patient.

Cost Factors Related to Safety

- **Occurrence** of the medical error
- **Prevention** of the medical error
- **Treatment** of the medical error

Cost-Benefit/Cost Effectiveness

- Tangible costs of errors
 - Medication/treatments Repeated or unnecessary treatment/procedures
 - Increase length of stay
 - to correct errors
 - Malpractice claims and litigation
 - Malpractice premium increases
 - Operational inefficiencies
 - Marketing costs
 - Employee support from employee assistance programs
 - Challenges to accreditation and compliance
 - Quality and risk management staff responding to incident
- Intangible costs of errors
 - Employee morale
 - Questioning of quality of care
 - Decreased productivity

- Impact on community trust
- Negative impact on recruitment and retention

Real-World Example:

“I have been given an HPPD or HPORM target that is not realistic for my unit and the type of patients that we care for. I would like to justify a change.”

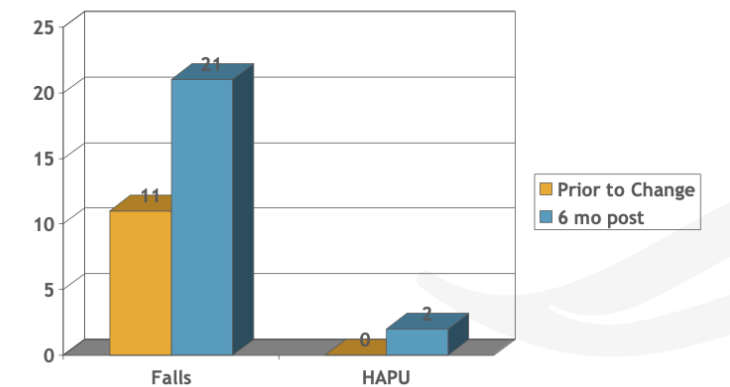
In 2018 a PCU was asked to decrease hours-per-patient day (HPPD) by 10%.

The leader of the unit reduced staffing on the night shift by one licensed caregiver per hall to meet the 10% reduction goal.

To assess the impact of the change, the department relied on metrics. The metrics monitored included:

- Patient falls
- Medication errors
- Patient satisfaction

Quality metrics to monitor



Connecting cost to quality

- Six months after the change, quality measures were evaluated. There had been an increase of pressure ulcers and falls (per adjusted patient day) on the unit.
- Assumption of cost avoidance:
 - Based on the average cost per error, the additional cost of quality to the organization for the items tracked in 2018 was:

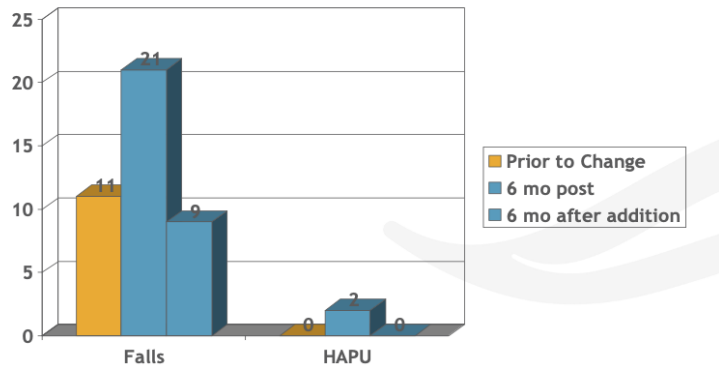
▪ Pressure ulcers: 2 x \$45,000	\$ 90,000
▪ Falls: 10 x \$17,500	\$175,000
▪ Total cost avoidance	\$265,000
▪ Annualized	\$530,000

Recognizing costs of additional staffing

- An increase in HPPD for this unit of 0.338 would result in an annual cost of \$63,443.02:
 - 0.338 x ADC of 20.57 x \$25 average hourly rate
 - If required additional FTE hire with 20% benefits, the cost would be \$76,131.

- Total financial impact of \$530,000 minus \$76,131 = \$453,869 savings

Revisit quality metrics



Actual annualized savings/cost avoidance

- Pressure ulcers: 4 x \$45,000 \$180,000
- Falls: 20 x \$17,500 \$350,000
- Total cost avoidance \$530,000
- Cost of additional FTE with benefits \$ 76,131
- Cost savings \$453,869

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