



## 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 2 – The Business Case for Safety, Part 2

Ensuring workforce and patient safety while holding the line on costs is a challenge few nurse leaders can avoid. Follow the expert advice in this final episode in our series to develop a solid business proposal for cost-effectively safeguarding the needs of both patients and staff.

#### 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

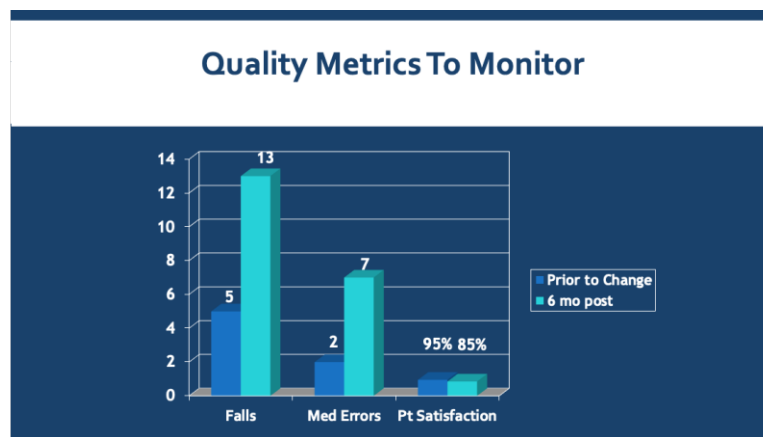
- Former Executive Director of Magnet, Pathway to Excellence, Professional Practice, Pastoral Care, and Faith Community Nursing at Carle Foundation Hospital and Carle Physician Group in Urbana, Illinois

## Episode Key Points

### Real-World Example

“I have been given an HPPD or HPORM or NHPORM target that is too low and prevents us from providing quality care to our patient population. I would like to propose a change in the target for approval.”

A perioperative services leader was asked to decrease staffing in the pre/post area by 10%.



### Connecting cost to quality

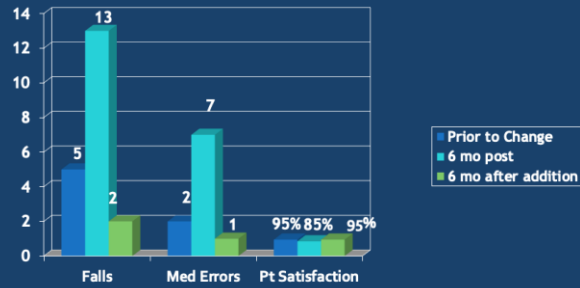
- Six months after the change, quality measures were evaluated. There had been increases in falls and medication errors, along with a decrease in patient satisfaction (per adjusted patient day) in the area.
- Assumption of cost avoidance:
  - Based on the average cost per error, the additional cost of quality to the organization was:

▪ Falls: 8 x \$17,500	\$140,000
▪ Medication errors: 5 x \$4,000	\$ 20,000
▪ Patient satisfaction: 10% decrease	\$????????
▪ Total cost (6 months)	\$160,000
▪ Annualized cost	\$320,000

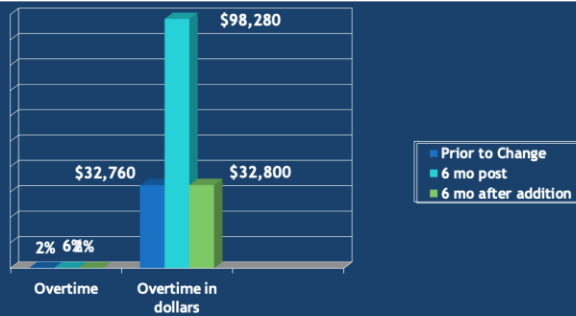
### Recognizing costs of additional staffing

- An increase in 10% for this department would mean adding back three caregiver positions that were downsized. This would result in an annual cost of \$221,760:
  - 3 RNs x 220 days x 8 hours/day x \$35 (average hourly rate) = \$184,800
  - Consider benefits in addition to hourly wage: 20% benefits cost = \$221,760
  - Total financial impact of \$320,000 minus \$221,760 = \$98,240 savings

## Revisit Quality Metrics



## Other metrics to add to the business case



## OR Safety Business Case

Pressure ulcer post op	<ul style="list-style-type: none"> <li>• LOS extended by 4 days</li> <li>• Treatment</li> <li>• Medication</li> <li>• Total Cost \$45,000</li> </ul>
Number per year-5	<ul style="list-style-type: none"> <li>• \$225,000 per year</li> </ul>

## Product Change

- New Pad - \$3,000  $\times$  10 OR = \$30,000
- Average life of pad 3 years
- Cost of lack of quality for 3 years: \$225,000  $\times$  3 years = \$675,000
- Cost avoidance: \$675,000 - \$30,000 = \$645,000

### Components of a Successful Proposal

- Define a measurable need or problem using data.
- From the data, review the viable options and criteria used to evaluate those options.
- Explore how each option addresses the quantified need.
- Avoid justifying a solution when no problem or need has been quantitatively defined.
- Show the due diligence/investigation of the root-cause analysis.
- After applying the same criteria to all options, pick the one option that quantitatively provides the best solution (final recommendation).
- Demonstrate with data that the selected option is the most financially viable, clinically relevant, or will “fix” the problem/need.
- Reinforce how the option aligns with short- and long-term objectives.
- Place supporting documentation of the investigation and data analysis in an appendix.
- Summarize the key points of the supportive documents in the main proposal.

### Make a Convincing Case

- Single option considerations = rejection
  - Don't focus on one solution.
- Avoid a lack of focus in the narrative:
  - Focus on the executive's need for specific information.
  - Structure the presentation around that data.
  - Define a quantifiable problem/need using the data.
  - Demonstrate a credible review of at least three options.
  - Make a recommendation using the established metrics.
  - Develop a bottom-line executive summary.

### Business Plan Components

- Executive summary
- Situation description and current needs analysis

- Market analysis
- Location analysis
- Funding source analysis
- Break-even point
- Timeline milestones
- Closing

## References

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