



Podcast Transcript

Making Sense of Dollars and Cents: Patient Safety

Episode 2 – The Business Case for Safety, Part 2

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Transcript

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FAITH ROBERTS, HOST: Welcome back, everyone. This is Faith Roberts for Elite Learning. I've been your host throughout this podcast series, called Making Sense of Dollars and Cents: Finance, Budgeting, and Staffing Skills for Nurse Leaders.

Throughout our time together, we've explored skills that are essential to a nurse leader's success. We've dived into best practices for capital budgeting, the complex challenges of staffing and scheduling, the value of employee engagement and retention, the meaning of return on investment, and making a business case for patient safety. In each episode, we've provided practical information, resources, and examples in downloadable show notes, available on our web page at EliteLearning.com/podcasts. I hope you'll take advantage of the material, which can help you transform finance-related theory into practical application of your new knowledge.

And I've mentioned throughout this series how, as a nurse leader, I've often seen that other nurse leaders I've encountered typically fall into three groups in terms of their knowledge of healthcare finance: those who look to their one-ups to handle the money matters, those who feel lucky to have a friend or associate to handle it for them, and those who muddle through without feeling in the least bit prepared. This series has been made available to help you successfully join a new group – nurse leaders who are well prepared to address the financial needs and challenges of their departments or units and who can confidently take their seat at the decision-making table.

The topics we've tackled in this series offer the strong foundation you need to not just survive in the world of healthcare finance, but to thrive in it. Your mastery of these skills will take you to the next level in your career by ensuring your ability to properly equip and motivate your staff to provide high-quality, next-level care.

You've gotten to know our guest for this series, Pamela Hunt, as she's helped us navigate through all things finance in healthcare. A former nurse leader herself, Pam is an expert in this area who has a knack for distilling complicated topics into practical knowledge you can use now. You can read about Pam's background in the show notes accompanying this and every episode of this series.

In this, our last episode, Pam continues our conversation about workforce and patient safety, the relationships of such safety-related concerns as medical errors, and the value of metrics to steer safety-first decisions.

Here's Pam.

PAMELA HUNT, GUEST: So procedural leaders, we never want to forget you. And this is very similar in the fact that you've been given an hours-per-patient day or hours-per-patient visit, or an hours-per-patient-OR minute, that you think is too low.

So, this leader, a perioperative services leader, was also asked to decrease by 10%. This leader looked at patient falls, patient medication errors, and patient satisfaction. So that was important to them.

They did pre- and post-totals, and saw that yes, they were lacking in quality. Much like the demonstration that we saw earlier, they had eight additional falls. They had five med errors, but their patient satisfaction decreased by 10%.

That's hard to put a number to. If that continues, we can put a number into patient satisfaction because under accountable care, we get charged or some of our reimbursement is withheld because of our patient satisfaction. So, over the long term, we could quantify the cost of that patient satisfaction.

So, this leader did the exact same thing, and said, gee, my cost avoidance is \$320,000 a year. This leader wanted to put some [o] those hours back in, and that would actually cost \$221,000 because it was three RNs. So this cost savings isn't quite as significant as the earlier demonstration that we see.

When you look at your notes for this session, your handouts, it would be \$98,000. But it was still significant. And this leader, what I think is interesting, is that after they got on to the metrics, they chose falls, med errors, and patient satisfaction.

But throughout the process, they also found that their overtime increased. So they also went back because overtime [is] something you can measure in reverse, if you will. They went back and saw the impact of their overtime, which was significant.

Their overtime in dollars went from \$32,000 clear up to \$98,000 in the 6 months post the change, and then back down to \$32,000 after the change had been reversed.

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HUNT: So those are good demonstrations that involve staffing. Let me talk real briefly before I go about some other things.

How about the OR safety business case for an operational supply? So this was an OR that was having difficulty with pressure ulcers. Oftentimes, we don't think of pressure ulcers in the OR. But particularly in areas that do long cases, this could be a real problem and can be a real challenge as we look at positioning techniques, etc.

So this OR had experienced an increase in pressure ulcers. They actually had been tracking this, obviously, that a pressure ulcer was creating an increased length of stay of 4 days for most of these patients. It required treatment. It required medication, pain, and suffering to the patient. And the total cost was about \$45,000 per case.

If they continued at their current rate, they were estimated to have five per year. So that would be about \$225,000 to treat these pressure ulcers. They wanted to buy new gel pads for each of their ORs in order to assist in positioning of these patients. These new pads were \$3,000, and their margin for this hospital was very small. So, this was something that needed to go through the capital budgeting process.

So, the new pads were \$3,000. They wanted them for every OR. They had 10, so that would be a cost of \$30,000. The average life of a pad - remember, talked about average life of a piece of equipment - the average life of this supply, this gel pad, was 3 years.

So, if we continue for 3 years at the current rate of five pressure ulcers in the OR per year, at \$225,000 per year times 3 years, that's \$675,000. The pads are going to last for 3 years. So you take the \$675,000 of the cost of a pressure ulcers over a course of 3 years minus \$30,000, the cost of those pads for 3 years, you can easily make the business case for this patient safety of \$645,000 cost avoidance by spending \$30,000 on these positioning pads.

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HUNT: So, before I leave you, I want to talk just a little bit about connecting these and making the business case, if you will. And I always say it's about giving me just the bottom line. So, you need to write the proposal.

And there's components for a successful proposal. You need to define a measurable need or the problem using data. So, we've demonstrated that. That's your metrics.

From the data, you need to review viable options and criteria used to evaluate those options. Never put forth a proposal that has only one single option. There's always an alternative, and the alternative may be to not do this.

So, in these cases that I have just walked you through, the alternative of not purchasing the gel pads is to continue to put our patients at risk and to continue to accept that we may be spending \$45,000 for every pressure ulcer that we have. That's the alternative. So, there's always an alternative of not accepting the proposal.

Explore how each option is addressed. Avoid justifying a solution when there's no problem or no need. Make sure you've got all your information before you move forward because you don't want to damage your credibility.

And show due diligence in the investigation that you've done or the root-cause analysis of anything that you're bringing forward. Additional components after applying the same criteria to all the options, we want to move forward with a recommendation. Demonstrate that this option is the most financially viable, clinically relevant, and will fix the problem.

And remember, I said, promise and provide a follow up. Reinforce how that option aligns with the goals and the objectives of the organization and of the department. Place supporting documentation and the data analysis in the notes of the project or of the proposal and summarize the key points.

These are executives that are going to be reading this. They don't like a lot of data. They want bullet points at the front. And then if they want the data, you provide it as an addendum to the proposal.

I've already talked about single-option considerations equal rejection. Avoid the lack of focus in your narrative. So, focus on the executive's need for this specific information.

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HUNT: Structure the presentation around data. Use quantifiable problem or data, demonstrate credible options, make a recommendation and establish metrics, and develop that executive summary as a bottom line. Those are components of the business plan that are essential.

And many leaders make the mistake of not adding that point of different options, and particularly the option of not accepting the proposal, because that is an option. But that gives you an opportunity to really highlight and bring forward, look you guys, this is what will continue in the hypothesis if we don't do this.

So those are important elements for all of us to remember And again, those are all in the notes in the handouts for this particular podcast.

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HUNT: I want to just summarize all this for you.

First of all, I hope these podcasts have been really valuable to you. And this last one, as I said, it's one of my favorites because it takes ROI, and it takes staffing, and it takes capital, and it takes all of those elements that we've learned, and it puts them together and says, OK, this is how I use this data to really analyze a problem in my department and to really impact the quality of care for both my patients and the quality of care for this staff that I have responsibility for.

Thanks so much. Faith, what do you have to add for this listening audience?

ROBERTS: I do think this presentation absolutely pulls all of it together. I wonder, if you're putting this business case – or as you put this business case together – do most people who are doing that go to their own leader to double-check that? Or would you go outside of patient care to a business leader to double-check your submission so that they make sure that everything is there?

How do you look at – I feel like many times in nursing, we all speak the same language. And so we don't realize that it may not be succinct enough for bullet points and other things that, as you mentioned in another podcast, your community board members are not healthcare people. But they certainly do appreciate a good business case. So, I just wondered, who would you take that to?

HUNT: Well, first of all, thanks so much for asking that question. And oftentimes, I review this in the content. And number one, I always think it's great to have a finance buddy, somebody in finance that you could take this to and say, hey, would you look over this? Make sure that my numbers are correct.

So, you might take it to a few people, Faith. You might take it to the finance buddy to look over your numbers. You may take it to an executive who you have a relationship with. Maybe it's a mentor. Maybe it's somebody that you just have worked on a team with, and take it to that person and say, I'm going to be submitting this. And I want you just to look over it and make sure that I've got things in the right order. Make sure that I've made the executive summary, which is your first page.

Do I have everything on that that I need? And then is it OK to put all this other detail in behind that? Will that be appropriate? So really reaching out to those people that you've created relationships with.

We've talked about that over these podcasts. Those people that you've created relationships with can really help you. And I think most leaders, no matter what level they are, they love to be asked for help. Sometimes, as leaders, we think we should know all the answers. But when we ask for help, you know what that means? That means that the person that you're asking for help, you value them. That's the message that you're getting. I value you enough to ask you to help me with this. So, it's really an honor to be asked to do those kinds of things.

ROBERTS: I can see where that would definitely build even more the relationship you have with that person because it is a sign of not just admiration, but respect for their knowledge base.

The other thing that I really appreciated – I think sometimes in our zest to get things the way we want them to be, I was very impressed that they went back 6 months later on the night position that was eliminated. They got the position back, but then agreed that in 6 months they would come back and show you had that, made a change. And as a leader, I have to say that more staff is not always the answer.

Now, in today's world, yes. But there are many situations where another person could have made us go in the other direction, where we had too many people with too much time in between procedures. So we're not really using our staff in the way that's the most productive.

I was incredibly impressed, though, that they looked at it 6 months later and came back and said, no, look. This is a reality, and it is all about patient safety. And when people hear those numbers, they're usually surprised.

We've all had the situation where you might have someone who is the next level from you, who says, oh, I don't believe in those numbers. Well, let me show you where we got them. And let me tell you that

the rest of healthcare is following these numbers. So it doesn't come down to a personal opinion. We don't want it to ever come down to a personal opinion versus based on data. This is what I can tell you will happen with patient safety.

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ROBERTS: Pam, these have been amazing sessions. Thank you very much. And for all of our listeners, I will tell you that those notes that Pam provides will absolutely have the tables and the data and the exact well-labeled examples for you.

I'd like to thank our listeners, too, for committing the time to listen and learn during this podcast series. Please listen a few moments more to learn how to complete continuing education hours for this podcast series, and please keep your learning going by exploring additional CE activities available at [EliteLearning.com](https://www.elitelearning.com).

This is Faith Roberts for Elite Learning.

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