

White Paper

# FROM COST CENTER TO VALUE CENTER

*A New View of Nurse Staffing*

By Kim Windsor, DHA, MSN, MBA, RN



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Travel Nursing

# From Cost Center to Value Center: A New View of Nurse Staffing

*As reimbursement practices have shifted, nurses may now have a direct impact on the hospital's bottom line—but there's a catch.*

Since fee-for-service has largely given way to value-based care, the new emphasis on clinical outcomes has created an interesting side effect: chief financial officers are suddenly tuning in to not just the cost of staffing, but the value nurses bring to the table. As frontline caregivers, nurses are poised to make a tremendous impact on the quality measures and value-based programs that affect reimbursement. Their contributions to the bottom line are no longer imperceptible.

In business-jargon terms nursing has historically been seen as a “cost center,” meaning it’s a necessary expense—a department that consumes rather than directly generating revenue. This can create competing interests between the CFO and the chief nursing officer. In the face of nursing shortages and financial uncertainty, finance executives may often prefer a lean staffing strategy and welcomed the use of lower-paid “extender” staff, such as LPNs and nursing assistants. Nursing administrators agonized over staffing shortages because they understand clinical processes and want an appropriate number of nurses with the right mix of skills to cover each unit as patient acuity varies. Then came the Affordable Care Act. Now, CNO and CFO goals are more strategically aligned—because today’s nursing shortage is different. Echoing the theme of “volume versus value,” current labor shortages don’t just reflect the *number* of nurses available, but also their *experience* and the quality of care they can provide.

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## **NURSING AS A VALUE CENTER**

The new reimbursement models have effectively shifted nursing from a cost center to a “value center,” defined as a department that demonstrates tremendous value for the money invested. According to a report by VisionEdge Marketing, “That value needs to be measured in terms of value to the business. To be perceived as a value center, an organization needs metrics that connect the function to what matters to the business.”<sup>1</sup> In other words, for nursing to become perceived as a value center, the metrics must link nurse staffing to bottom-line revenue—which it does, under value-based purchasing. What matters to hospitals today is working strategically within the framework of payers' value-based programs in order to collect financial incentives while dodging financial penalties and providing quality patient care to improve their communities.

The ACA set the stage for Medicare’s four original value-based programs, with the goal of linking a provider’s payment to quality of care and clinical outcomes. Reimbursement under three out of these four programs is directly influenced by the quality of nursing care:



- **Hospital value-based purchasing.** Under this program, the Centers for Medicare & Medicaid Services (CMS) reimburses hospitals for their actual performance on a long list of quality measures, withholding a percentage of payment from those who don't either meet benchmarks or make substantial improvements, and rewarding those who do. Research shows that evidence-based nursing practices that target nursing-sensitive outcomes can make a large impact on a hospital's performance score.<sup>2</sup>
- **Hospital readmissions reduction program.** Hospitals are now required to take measurable steps to keep patients with certain health conditions from being readmitted within 30 days of discharge—and can incur a financial penalty for excess readmissions. Bedside nurses can help to prevent readmissions through patient education and careful discharge planning. Hospitals are also employing nurse case managers and community health nurses to manage care transitions, create more comprehensive discharge plans, and provide follow-up services that keep patients out of the hospital.<sup>3</sup> This evolution and expansion of nursing care underscores the value of appropriate nurse staffing.
- **Hospital-acquired condition (HAC) reduction program.** Hospitals are no longer being reimbursed for care associated with several types of HACs that have been deemed preventable. These include injuries resulting from falls, pressure ulcers (stage III and IV), catheter-associated urinary tract infection (CAUTI), and central line-associated bloodstream infection (CLABSI). Nurses are now being tasked with frontline strategies to prevent these adverse events and research indicates that nursing interventions are extremely effective. Examples of strategies proved to be effective include nurse-directed catheter removal programs that eliminate the need for a physician order to remove a catheter;<sup>4</sup> and the "central line bundle," a nurse-led intervention that combines multiple evidence-based infection prevention strategies that have been shown to be more effective together than when implemented separately.<sup>5</sup> As more adverse outcomes are categorized as non-reimbursable or "never events," the value of skilled nurses who can effectively prevent them will increase.

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Nursing is now a fundamental driver of both outcomes and staffing costs in most hospitals.<sup>6</sup> Nurses have become leaders and pacesetters in improving the care processes that affect billing and reimbursement in this era of value-based care.

## THE PATIENT EXPERIENCE FACTOR

Consumerism in healthcare is a trend that's here to stay—and one that now factors in to value-based purchasing. The Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey measures patient satisfaction and records patient perceptions of care. It gives consumers access to data about their local hospitals. It also gives patients a voice and a chance to speak up about their experiences with hospital cleanliness, noise levels, food quality, staff responsiveness, nursing communication skills, physician communication skills, pain management, and clarity of discharge instructions. But most importantly, it directly affects reimbursement. As of 2017, HCAHPS scores determine up to two percent of a hospital's Medicare payments.



Hospitals and health systems now have a direct financial motivation to evaluate and improve the patient experience. And once again, nurses are key. A study conducted across 430 hospitals demonstrated that HCAHPS scores are higher in hospitals where nurses enjoy a better work environment and more favorable nurse-patient ratios.<sup>7</sup> The researchers state that:

*Improving nurses' work environments, including nurse staffing, may improve the patient experience and quality of care. Although obstacles to implementing these changes have been identified, including the nurse shortage and cost containment efforts, the improvement of staffing levels and work environments may ultimately save hospitals money by preventing adverse events.*

Analysts with Press Ganey Associates also found a strong connection between nursing and patient satisfaction scores. Data analysis on 3,000 U.S. hospitals revealed that the HCAHPS survey question on nursing communication had the single greatest impact on overall patient satisfaction. The patients who rated nurses as highly responsive were also the most likely to say they would recommend the hospital friends and family. The report concluded that hospitals could potentially affect 15 percent of their VBP incentive payments just by focusing on improvements in nurse-to-patient communication.<sup>8</sup>

The connection between nurse staffing and patient satisfaction is not new, but rather newly appreciated by chief financial officers as part of nursing's shift from a cost center to a value center. Nursing's contribution to the patient experience is suddenly very visible, as a result of HCAHPS.

## CONNECTING STAFFING TO QUALITY OUTCOMES

Numerous published studies have found correlations between nurse staffing levels and patient outcomes. Inadequate nurse-to-patient ratios may lead to medical errors, falls, failure to rescue, surgical site infections and other HACs, increased patient mortality, and longer hospital stays.<sup>9, 10, 11, 12</sup> Higher staffing levels correlated with lower mortality rates, fewer failure-to-rescue incidents, fewer infections, and shorter hospital stays.<sup>13, 14</sup> Other characteristics shown to positively influence outcomes are a higher proportion of nurses with a baccalaureate degree, higher average years of nursing experience, and nurses who are certified in a specialty.<sup>15</sup>

Yet while evidence supports the importance of appropriate nurse staffing, nursing shortages are forecast through 2020—at the same time demand is expected to grow, due to an aging population and increased prevalence of chronic conditions.<sup>16</sup> As the need for skilled RNs expands, retaining experienced, full-time nurses will be critical in order for a hospital to meet quality measures and patient satisfaction benchmarks. Navigating the ongoing nursing shortage *with a focus on quality* presents new challenges to healthcare executives in this era of value-based care.

## THE FASTAFF SOLUTION

It is quite common for hospitals to use supplemental nurses in times of labor shortages.<sup>17, 18</sup> Fastaff has evolved along with the healthcare industry so it can provide flexible staffing and high-quality personnel to hospitals that depend on nurses to improve patient outcomes.

As the pioneer and industry leader in Rapid Response® travel nurse staffing solutions, Fastaff guarantees delivery of experienced nurses, often in 10 days or less. With a deep database that is stacked with experienced

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nurses, more than half of Fastaff's nurses are in a hard-to-fill specialty, and 73 percent of completed Fastaff assignments in the last three years were in one of these in-demand specialties.

Unlike the fixed 13-week assignment that are typical with nursing agencies, Fastaff's flexible-length assignments allow hospitals to schedule supplemental nurses just for the time needed, lowering total cost. Fastaff's 48-hour workweek provides optimal coverage with no overtime charges and a facility can cancel at any time with a four-shift notice and no penalty.

Fastaff's top priority is clinical expertise and high-quality care. Rapid Response® staffing addresses the dual effort to ensure appropriate nurse-patient ratios while meeting benchmarks for quality and patient satisfaction initiatives. These cost-effective, short term, strategic staffing solutions provide a hospital's core nursing team with support when they need it most, reducing staff burnout and increasing staff retention. Fastaff travel nurses are ready to hit the ground running upon arrival with minimal orientation. The Fastaff database includes nurses in 48 specialties, licensed across all 50 states, and fully credentialed prior to arrival.

Clearly, nurses are central to creating value. As the view of nursing shifts from a cost center to a value center (and perhaps becomes a revenue stream), Fastaff is poised to support both clinical outcomes and the hospital's bottom line.

# Hard-to-Fill Specialties

- ✓ NICU  
Including  
NICU III
- ✓ OR
- ✓ Cath Lab
- ✓ ED
- ✓ Pediatrics
- ✓ L&D
- ✓ CVOR
- ✓ Ped ER
- ✓ PICU
- ✓ CVICU
- ✓ Case  
Management
- ✓ ICU
- ✓ ENDO
- ✓ ER
- ✓ HEMO

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# Kim Windsor, DHA, MSN, MBA, RN

With a well-rounded career in various aspects of healthcare, Dr. Windsor has become a prominent force in clinical operations, hospital administration, risk management, human resources and staffing. Evolving from a staff nurse to the vice president of nursing for a major health system for nearly nine years, Dr. Windsor provided leadership for critical care, operating room, emergency department, pharmacy and medical/surgical units. As the vice president of human resources, Dr. Windsor's experience spanned to cover employee relations, compensation, talent management, benefits and occupational health. With more than 13 years in the staffing industry, Dr. Windsor applied her clinical and human resources expertise to provide insight into identifying quality nursing solutions for hospital systems nationwide. Dr. Windsor is accomplished in her implementation of credentialing standards to meet or exceed qualifications by the Joint Commission, as well as program integrity, risk and managed service programs.





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