

Issues up close

A calculated approach

By Susan Trossman, RN



ANA and nursing organizations work to demonstrate RNs' economic value.

YOU'VE PROBABLY SEEN IT—the credit card commercials in which all the costs associated with a certain event, such as a golfing vacation, are ticked off one by one. Golf lessons are worth this much; a new club, that much. The kicker is that no price can be placed on the human experience—like having fun or being prepared for parenthood.

For decades, staff nurses have been unable, or perhaps even unwilling, to attach a cost to the services they provide; after all, what's saving a life or preventing a patient from falling worth in terms of dollars and cents? But with the ongoing drumbeat in health care to control costs and boost quality, ANA and the greater nursing community realized that the time had come to prove that a solid nursing workforce is not a drain on healthcare system finances but rather a precious resource.

So they began working with a major consulting firm, first, to develop a model that establishes the link between staffing and healthcare cost-savings, and then, to publish a study in which the model was used to quantify the economic value of nursing services. The Lewin Group study, "The Economic Value of Professional Nursing," was published December 24, 2008, online in *Medical Care*, the official journal of the Medical Care section of the American Public Health Association. (To read the study, go to www.lww-medicalcare.com).

"This first-of-its kind study demonstrates what we've known for a long time," says ANA President Rebecca M. Patton, MSN, RN, CNOR. "Nurses are a good all-around investment. And its findings will help convince healthcare administrators to view adequate staffing as part of their quality care plan—and their financial plan."

Those findings include some astonishing statistics. Study estimates show that adding 133,000 RNs to the acute-care hospital workforce nationwide would save 5,900 lives each year. Just averting those deaths is equivalent to more than \$1.3 billion a year in productivity to the economy. And patients' more rapid recovery also translates to increased national productivity, conservatively estimated at \$231 million a year.

"This study reaffirms that staff nurses are very

important in health care," says Fay Raines, PhD, RN, president of the American Association of Colleges of Nursing. "It shows that if we reduce nursing staff, we have an increase in poor patient outcomes. And those poor outcomes lead to additional costs for patients and for the healthcare system."

Making the invisible, visible

When patients get their hospital bills, there is no itemized listing of all the services that staff and other nurses provide—from patient assessments to medication administration to complex interventions. "Nursing services are embedded into the room rate, and unlike services provided by physicians and other healthcare professionals, they are not reimbursable costs," says ANA Chief Programs Officer Mary Jean Schumann, MSN, MBA, RN, CPNP.

As a staff nurse, Bianca Miller, RN, is well aware of how crucial RN services are at the bedside. She was among the Ohio Nurses Association members who testified before her state legislators in support of a staffing measure, which became law last year. She also knows that historically—in her state and nationwide—healthcare facilities have cut RN staffing as a way to balance their financial bottom lines. "It's really a short-sighted approach," Miller says. "RN's have the assessment and critical-thinking skills that can prevent complications in patients and save lives and, I believe, save money in the long run."

Adds Wanda Johanson, MN, RN, chief executive officer of the American Association of Critical-Care Nurses, "When nurses avert these costly complications, however, the cost-savings are invisible. So we wanted to make the invisible, visible." To accomplish that, ANA, the American Association of Critical-Care Nurses, the American Association of Colleges of Nursing, the Oncology Nursing Society (ONS), the American Organization of Nurse Executives, and about 85 other nursing groups embarked several years ago on a major initiative aimed at demonstrating that appropriate RN staffing not only ensures quality care but also makes good financial sense. (Quantifying nursing's economic value is one of 10 domains detailed in *Nursing's Agenda for the Future (NAF)*—the nursing community's groundbreaking plan to offset the nursing shortage and improve health care nationwide.)

"In nursing, we know our value is undeniable," says

Johanson, whose critical-care association was on an NAF steering committee that worked closely on the economic value project. “And unfortunately, in our society, the value of everything and anything is being determined in financial terms. So we knew that establishing our economic value had to be the No. 1 priority if we wanted our vision for health care realized. And if the nursing community did not do this, who would?”

ONS President Brenda Nevidjon, MSN, RN, FAAN, agrees that it was vital for nursing to rally around this initiative and collaboratively fund it. “Over the last several years, the professional organizations of nursing came to recognize the importance of many voices speaking the same message, particularly with state legislatures and on Capitol Hill,” she says. “And at ONS, we believed this project was a continuation of our work that began in the 1990s looking at patient outcomes and nurse satisfaction. The interesting thing about this new study [by The Lewin Group] is that it shows you can demonstrate the risks of understaffing from a fiscal perspective.”

Although this study focused on the economic value of staff nurses, it serves as a foundation for future research exploring the financial contributions of other nurses, such as clinical nurse specialists. “Many hospitals decreased or eliminated clinical nurse specialist positions in the 1990s, and subsequently found this had a detrimental effect on patient care quality and safety,” Nevidjon says.

A closer look, next steps

The Lewin Group researchers culled findings from 28 different studies that analyzed the relationship between higher RN staffing and several patient outcomes: reduced hospital-based mortality, hospital-acquired pneumonia, unplanned extubation, failure to rescue, nosocomial bloodstream infections, and length of stay. They specifically looked at the relationship between changes in RN hours per patient day and changes in nurse-sensitive patient outcomes. They also analyzed national hospital discharge data to estimate incidence of complications and their associated costs.

Applying the model they developed, they ultimately determined that as nurse staffing levels increase, patient risk of complications and hospital length of stay

decrease, resulting in medical costs savings, improved national productivity, and lives saved. Medical savings alone are estimated at \$6.1 billion, or \$46,000 per additional RN a year, according to the study’s authors.

Health economist and the study’s chief author Tim Dall says that it’s difficult to quantify all that nurses do, and that the intent of the study is “to get the discussion started and help researchers see where the gaps are so they can further quantify the economic value of nursing.” He also notes that while his study speaks to how nursing services lead to healthcare cost-savings for society and insurers, their impact on hospitals’ bottom lines is more indirect.

But nurses believe that change is in the air—given the Centers for Medicare and Medicaid Services’ decision to stop reimbursing hospitals for patient costs associated with certain adverse events, such as hospital-acquired pressure ulcers and infections. “There now is more pressure on hospitals to ensure that these complications do not occur,” Johanson says. “RNs prevent these complications, which creates the direct link between quality nursing care and financial reimbursement.”

In terms of next steps, Raines says that it’s important for all nurses to have access to the study so they can make the case for quality and cost-effective care with their administrators. She and other nurses also believe that more research is needed to further build the business case for RN services in all settings and in all roles.

ANA also would like to see more studies that focus on how nurses contribute positively toward a healthy financial bottom line by enhancing care, as opposed to preventing poor patient outcomes, according to Schumann. She says that more work may be done to refine the model, so that RNs can use it to demonstrate their economic value at the unit level and within their specialty.

And finally Nevidjon says, “Nurses know from experience that appropriate staffing is tied to patient safety and quality. But we don’t typically learn the language of finance in nursing schools. Now we must be able to talk about financial factors, such as ‘hours per patient day,’ and make the connection between our quality contributions and our financial contributions.”

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Susan Trossman is the senior reporter in ANA’s communications department.

