

Discharge planners can play an important role in reducing healthcare costs.

Discharge Planners and Cost Containment

by **BEVERLEY A. HOUGHTON**

ABSTRACT: *Discharge planners play an important role in managing healthcare costs. Until recent years, the actual dollar costs of healthcare were not a concern of either healthcare providers or patients. This author studied the level of knowledge discharge planners have of actual dollar costs of healthcare, their perception of the patient's level of knowledge, and the impact of the knowledge on healthcare decisions.*

Knowing healthcare cost is a critical part of healthcare planning and yet, the primary healthcare professionals who interact directly with the patient and caregiver have little knowledge of these costs. These include utilization reviewers, discharge planners, case facilitators and case managers, all of whom have a direct impact on the cost of patient care. Information which can be collected from the patient, the

providers/facilities and the third party payors needs to be provided so that informed decisions can be made and healthcare options can be presented in terms of benefits and costs. Many patients are not able to make informed decisions because all options are not presented to them.

The purpose of discharge planning is to insure that healthcare is delivered at

the level that is medically necessary and cost effective for the individual patient. Factors to consider include cost of current treatment and level of care compared with alternative treatments, such as home care with nursing and/or equipment support, acute rehabilitation, skilled nursing, extended care facilities and board and care. The costs of daily rates, equipment purchase/ rental, home

Healthcare options should be presented in terms of benefits and costs.

nursing visits, physical therapy, occupational therapy, wound care supplies, medications and medical supplies can all factor into the total costs of alternatives. Because this information is not readily available to these planners, less than optimal discharge planning often results.

An outgrowth of discharge planning has been the case manager role, which goes beyond planning for discharge to include ongoing planning and follow-up for the patient with long-term needs. Most case managers are registered nurses or social workers. These professionals must now be involved in the financial aspects of health care. Brockopp, et al., presented a case manager model that encompassed knowledge of clinical and financial needs.¹ The effectiveness of the model was evaluated by comparing

EXHIBIT I

IMPORTANCE OF LEVELS OF KNOWLEDGE OF THREE COMPONENTS OF DISCHARGE PLANNING

Importance of Knowledge	N	%
Actual Cost of Care		
Very Important	26	65
Important	12	30
Neutral	2	5
Insurance Benefits		
Very Important	35	88
Important	5	12
Neutral	0	0
Patient Resources		
Very Important	40	100
Important	0	0
Neutral	0	0

BEVERLEY A HOUGHTON, MHA, RN, is a Utilization Management Nurse at Aetna Health Plans, CHAMPUS Division, in Los Alamitos, California.

length of stay and costs for patients with and without case management intervention. Fralic emphasized the importance of financial and clinical outcomes in case management: "Sensitivity to the cost of healthcare and keen interest in its financial aspects were cited as distinctive characteristics of a successful case manager."² Case management skills must include financial accountability to ensure that healthcare resources are available and accessible at a reasonable cost.³ Creative, cost-effective management of care becomes a nontraditional nursing role. Case management is described as a collaborative practice including cooperative interaction between the healthcare consumer and the members of the healthcare team.¹

Historically, patients have not been familiar with the actual cost of care nor have they necessarily had the need or desire to know.⁵ Today, patients are involved directly in discharge planning and their knowledge and attitude about actual costs can impact decisions regarding care.

Part of the discharge planning process becomes an explanation of the federal government regulations and insurance requirements for hospital stays. Reluctant patients/families are most responsive to the prospect of termination of payment if a patient is not discharged when acute care is no longer required. The healthcare industry has not performed like a business, so it is difficult to determine exact costs before care delivery. This impacts current cost management efforts to utilize cost as a factor in discharge planning.

Hospitals today can have as many as 100 contractual arrangements with third-party payors. These can be in the form of global fees, *per diem* rates, capitation or percentage of billed charges. Since third-party payors also are managing more than one product, this complex system complicates access to information.

Level of knowledge study

The level of knowledge discharge planners have of actual costs of healthcare, their perception of patients' knowledge of actual healthcare costs, and the impact on healthcare decisions were the factors considered in this study. Participants were RNs and social workers employed by hospitals, insurance companies and managed care companies in

EXHIBIT II

RESOURCES FOR COST INFORMATION

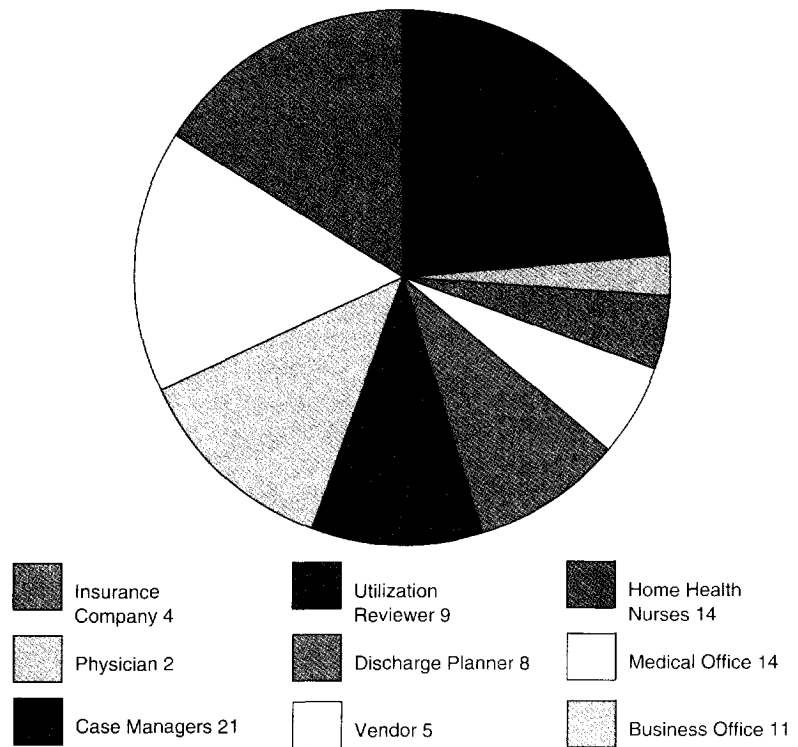
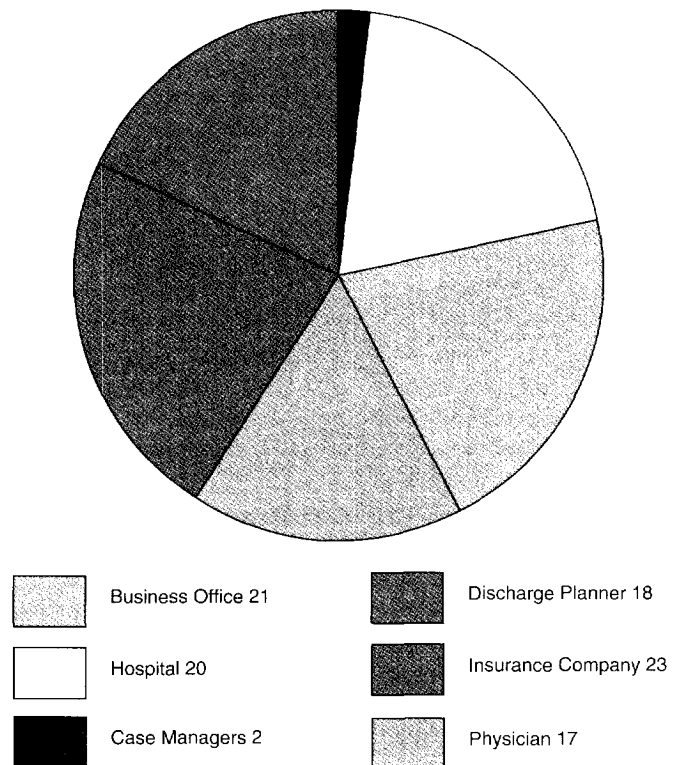


EXHIBIT III

RESPONSIBLE TO INFORM PATIENTS



Southern California. All had discharge planning as part of their job description. Of the 67 questionnaires distributed, 40 (60%) were returned. Twenty participants reported working in hospitals, 18 in insurance companies and two were independent contractors in managed care. Six of the respondents (15%) worked for a health maintenance organization (HMO).

Responses showed that there was a varying degree of importance placed on cost of healthcare in relation to knowledge of insurance benefits and patient resources. (See Exhibit I.) Twenty-seven stated that they knew costs of care "sometimes," while nine indicated that they did know these costs. Most frequently known were inpatient charges, followed by equipment rental/purchase, home health visits and patient cost share.

Respondents identified categories of personnel they would contact to assist them with obtaining information on costs. (See Exhibit II.) They expressed a need to contact more than one category because "no one has all the answers."

They also identified a variety of agents they felt were responsible for informing the patient of costs. (See Exhibit III.)

Almost half of respondents discussed costs with patient, yet 35 percent did not discuss costs at all, perhaps because not all participants have direct patient

Costs were apt to be discussed when a patient would incur out-of-pocket expenses.

contact. About half indicated that patients asked them about costs of their care. Costs were more apt to be discussed when a patient would incur out-of-pocket expenses or had to go to a lower level of care. Patients are most interested in knowing the cost when they will be assuming a financial responsibility in terms of deductible or co-payment. More than one respondent

commented that patients were accustomed to having costs covered and take it for granted that their insurance will cover everything.

Most respondents believed that patients should be responsible for knowing how healthcare dollars are spent. They would have a better understanding of need to go home and may refuse tests and treatments deemed unnecessary. Patients and family must become part of the team needed to control costs as their apathy has contributed to cost escalation. Healthcare should be treated like any other business, such as auto repair, with a process for obtaining estimates for maintenance and repair. The right and ability to obtain cost information up front was important for making informed decisions.

Study results indicated that most discharge planners believe that knowing cost of care is equally as important as knowing benefit coverage and family support. Among the job categories identified as responsible for managing costs, the principal category is discharge planners. In a broad sense, they serve as coordinators to pull together what the physician orders, the patient wants, the patient "needs" and what can be paid. It doesn't matter who is paying initially, it all goes into what is called healthcare costs.

Those people in the middle, the discharge planners, are in a difficult situation as they may not know what they need to know and cannot find the information easily. Because of the complexity of the system, there is no easy solution to this information deficit. However, a high level of awareness of this problem is emerging as an important beginning toward a solution of the current dilemma of rising healthcare costs.

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