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Financial Literacy as an Essential Element in Nursing Management Practice

Executive Summary

- Grooming nurses at all levels of the organization to master health care executive skills is critical to the organization's success and the individual's growth.
- Selecting and executing next steps for nursing leadership team development is critical to success.
- Leaders must make it their responsibility to provide nurses with increased exposure to quality, safety, and financial data, thereby allowing nurses to translate data while achieving and sustaining successful outcomes.
- The work of the CNO Dashboard to measure, report, trend, and translate clinical and non-clinical outcomes must be integrated throughout all levels of nursing staff so that nursing practice is positioned to continually strive for best practice.
- The education and evolution of nurses as business managers is critical to building a strong RN workforce.

Strategies to promote improved fiscal and workforce management and accountability at the unit level are proving to be effective staff satisfiers in health care facilities (Duffield, Roche, Blay, & Stasa, 2011). Children's National Medical Center, located in Washington, DC, overcame a severe registered nurse (RN) shortage in 2002 through an aggressive restructuring of RN compensation and a creative recruitment campaign (Thorgrimson & Robinson, 2005). Today, Children's National continues to maintain achieved workforce gains, despite significant growth in volume and increasing patient acuity. The infrastructure of a strong RN workforce created a foundation for Children's National to develop its nursing staff clinically and administratively, and in January 2010 Children's National received the gold standard for exemplary nursing practice – Magnet® designation. An ongoing theme throughout the building of a strong RN workforce was the education and evolution of nurses as business managers.

History

In January 2002, the overall Children's National RN vacancy rate was 28%, and turnover was 23%. The inpatient units were experiencing a higher RN vacancy rate of 35% which resulted in a 67 to 33 ratio of hospital-employed to contract RNs at the bedside with resultant increased costs. In some instances, the hourly fee for RN contract staff exceeded the average Children's National hourly pay rate by 170%.

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Both internal and external environments were contributing to the RN workforce challenge in 2002. Internally, Children's National was facing increasing patient acuity with limited availability of RNs. Eventually, the shortage resulted in declining staff morale, limited ability to manage a fluctuating census, patient diversions to other facilities, and increasing recruitment, retention, and turnover costs. At the same time, the inequity between the Children's National pay scale and contract RN rates was growing at a fast rate.

Externally, Children's National was feeling the effect of the local, national, and global RN shortage and the competitive regional RN salary scales. The high cost of living in the areas surrounding the District of Columbia and the varying demographic needs and desires presented by Baby Boomers and Generation Xers was also adding stress to the situation (Leiter, Jackson, & Shaughnessy, 2009).

Determined to turn this increasingly damaging RN workforce situation around, the chief executive officer (CEO) at Children's National formed a RN restructure steering committee. Charged with a rapid response initiative, the multidisciplinary leadership committee presented aggressive and progressive recommendations for board of directors' approval in January 2002; and with unanimous approval the recommendations became effective in April 2002. The recommendations included increased hourly wages (averaging a 30% increase), improved tuition benefits, financial incentives for certification, degree and various training program completion, and paid and guaranteed time for educational activities. In addition, new and/or improved programs were implemented to support the new RN restructured compensation program and related successful outcomes. The initiatives included internship programs for novice nurses, fellowship programs for experienced nurses seeking a practice change, and child care technician and scholarship programs for student nurses. Children's National also revamped its recruiting efforts through an "Image of Nursing" campaign, contracts with high-profile recruiters, and a revitalized RN referral bonus.

Significant RN workforce outcomes were achieved immediately and have been sustained to date. Within 12 months, the overall RN vacancy rate went from 28% to under 10%; the inpatient vacancy rate declined from 35% to under 5%; turnover declined from 23% to under 11%; and use of direct-care contract nurses went from 33% to under 5%. Contract RN expenses have averaged an annual 50% reduction since 2002. These impressive metrics have remained constant since 2003 despite increasing volumes. Since 2002, inpatient days at Children's National increased by 50% and emergency visits increased by 55%. Since 2006, surgery cases and outpatient visits each increased by 25%. Subsequent financial forecasting and budgeting has included the required RN FTEs to support this growth (see Figures 1-3).

Nursing Excellence and Business Management

Having developed and sustained a stable RN workforce for several years, nursing leadership at Children's National was aware that more advanced levels of professional development were necessary to continue a climate of nursing excellence, the growth of nurses as business leaders, and improved staff satisfaction. Therefore, Children's National nursing leaders developed and implemented programs and tools designed to promote the continued growth of nursing excellence and business management expertise (Kerfoot, 2012).

New Era of Benchmarking

To document and communicate outcomes of the decade-long RN workforce journey at Children's National, nursing leaders participate in external benchmarking initiatives. These initiatives help nursing services clarify and support productivity and other workforce metrics with the CEO, board of directors, and hospital leadership team. Use of benchmark comparisons has also helped to support hours per patient day as part of the budget process. Through the Child Healthcare Corporation of America's Whole System Measures initiative, we are able to compare RN turnover among other participating pediatric hospitals. Further, through the National Association of Children's Hospitals and Related Institutions, we measure RN and patient care technician hours per patient day. Trending these benchmark comparisons over time has demonstrated increasing nursing hours at the bedside thereby supporting improved nurse satisfaction and turnover measures. To inform and communicate with staff nurses, benchmark report cards are prepared at the unit and system levels. In addition, internal trending of productivity and costs per patient day has provided valuable documentation of the progressive improvements achieved within our direct patient care RN workforce.

Budget Boot Camp

Budget Boot Camp programs are available for all levels of nursing staff (Seifert, 2012). The program reviews basic budget concepts, components, and terminology. It speaks to the relationship of the organization's strategic plan to budget development, the role of the CNO in communicating nursing resource needs to the highest levels of the organization, and the voice of the staff nurse in communicating resource needs to nursing leadership. The program develops

Figure 1.
RN Vacancy and Turnover Rates 2001-2012

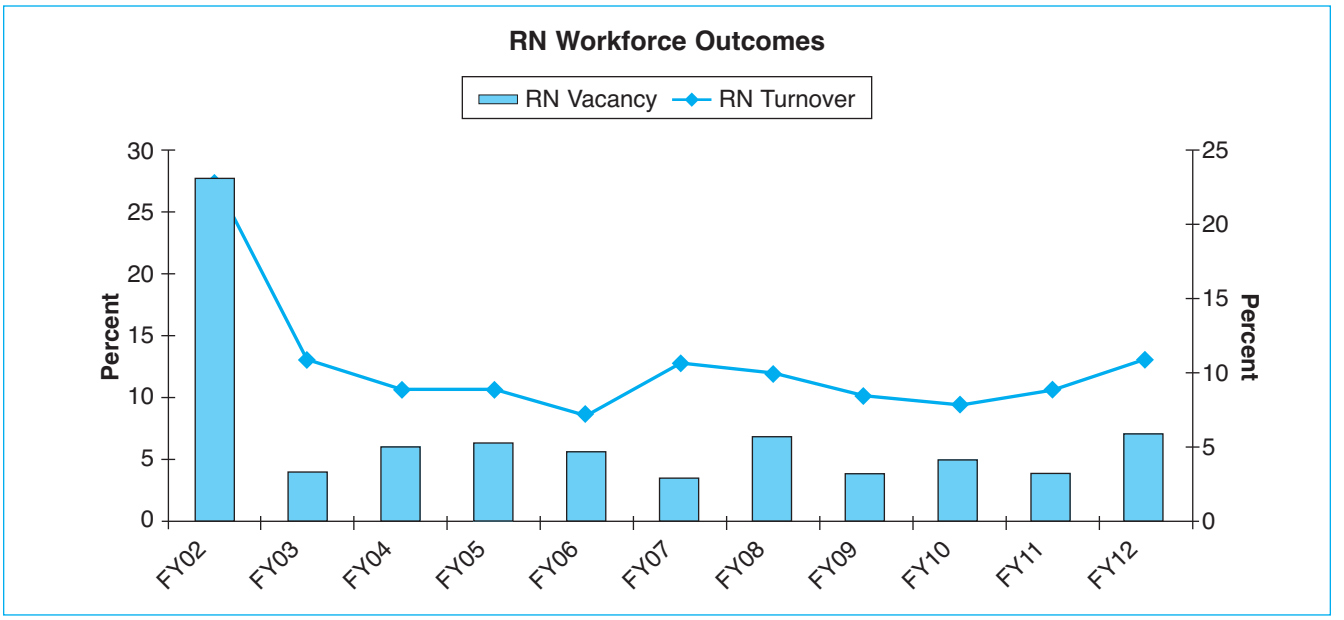
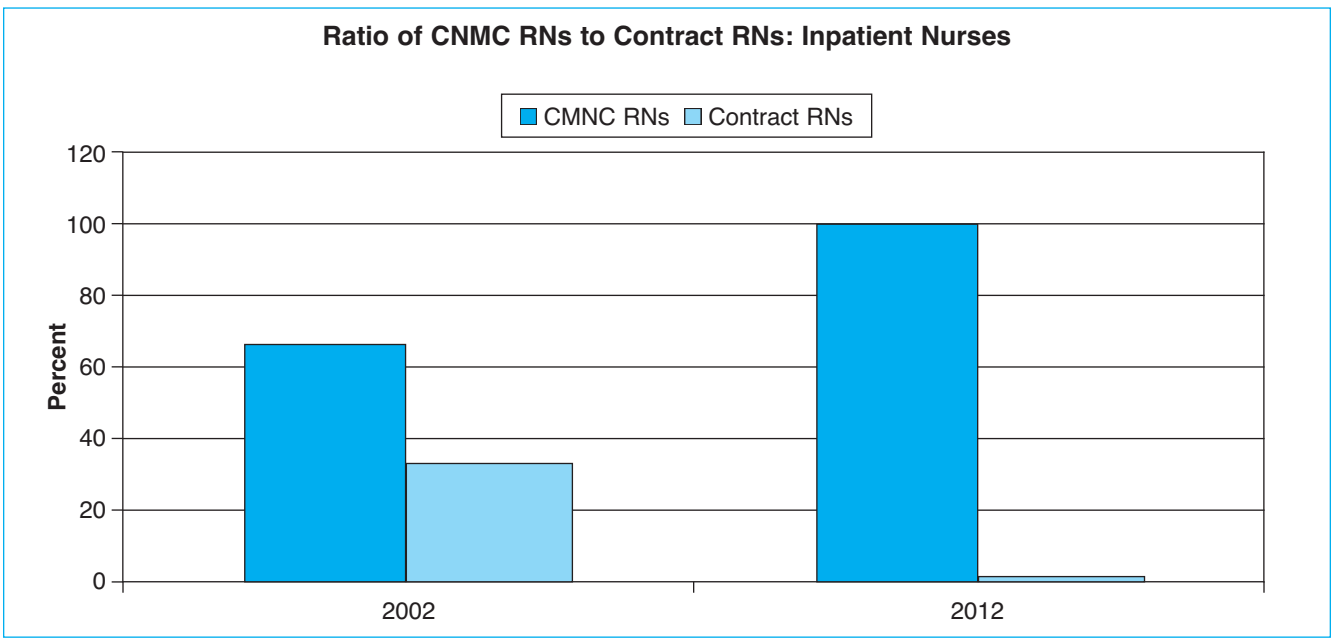
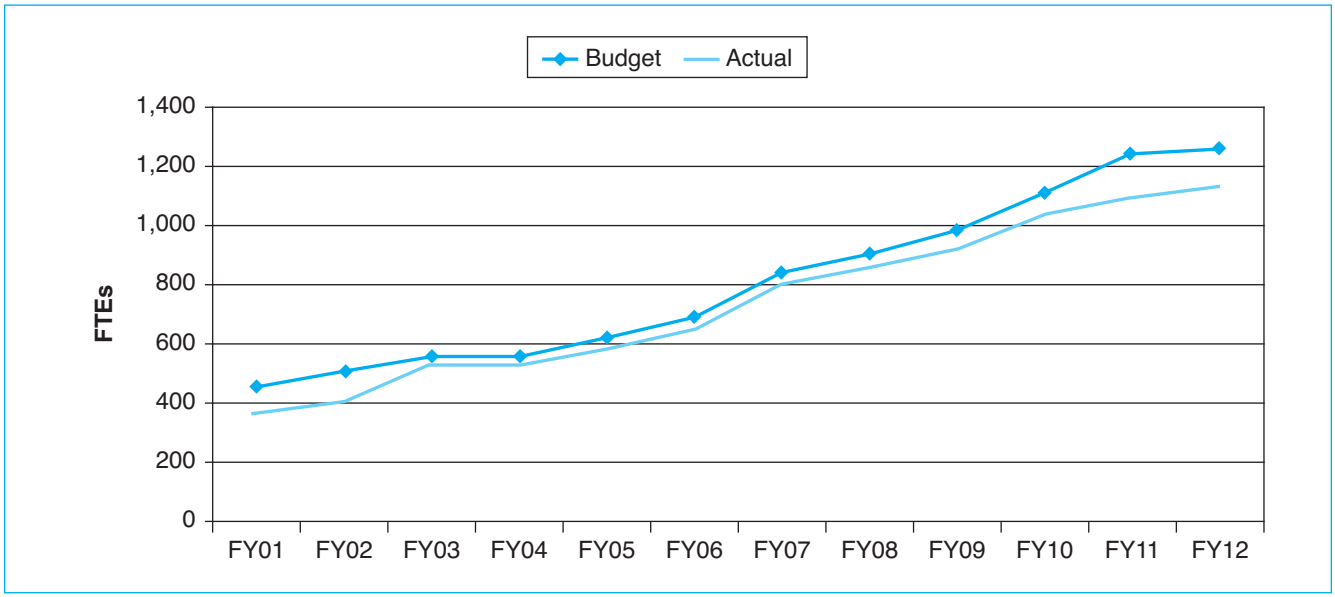


Figure 2.
Ratio of CNMC RNs to Contract RNs 2002 vs 2012



CNMC = Children's National Medical Center

Figure 3.
CNMC RN FTEs Budget vs. Actual 2001-2012



a framework by which nurses will (a) interpret and understand budget variances using key performance measures, (b) conduct comparisons with and utilize external benchmarks, and (c) master the business of nursing. Understanding the business of nursing includes, but is not limited to, trends, growth, volume, patient population, physician/provider changes, and internal and external environmental impacts (Zelman, McCue, & Glick, 2009). The program may vary in length depending upon individual learner's needs, and the program content may be customized to an individual unit's needs. The Budget Boot Camp program concludes with a brief overview of the Demographic Information Form required annually by the American Nurses Credentialing Center's Magnet Recognition Program so participants may better understand the organizational profile in relation to the Magnet vision at Children's National.

The flexible and continually evolving Budget Boot Camp curriculum was made a regular part of the nursing orientation program. This program titled, "The RN Workforce at Children's National," focuses on achieved workforce outcomes and demographics.

CNO Dashboard

To assist unit directors and managers to better understand their "nursing management business," a monthly unit-level CNO Dashboard is utilized. The Children's National CNO Dashboard indicates the status of key measures at a specific point in time and also provides trending information which allows the nurse leader to track progress toward a goal (Serb, 2011). Perhaps most importantly, this "just in time review" provides an overview of key metrics that can be easily identified and acted upon before problematic trends become patterns. The nursing dashboard developed at Children's National includes metrics related to recruitment and retention, productivity, cost performance, clinical indicators, and patient/parent satisfaction with nursing care and services. Through monthly work sessions, directors and managers are mentored to identify areas of success and opportunities for improvement. To this end, each director/manager is required to identify two to three opportunities for operational improvements, employ the situational briefing model Situation - Background - Assessment - Recommendation (SBAR) for each identified opportunity, and select and present at least one opportunity to track with associated measurable outcomes. At the beginning of each fiscal year, the group meets to revise/update dashboard metrics to address current issues (Finkler & Kovner, 2007).

An example of a unit data-driven operational improvement from the neonatal intensive care unit (NICU) involved the impact of ventilator days on RN hours per patient day (see Figure 4). Through multi-year data trending documenting increased ventilator days and the use of peer hospital hours per patient day benchmarks, the NICU was able to justify a budgeted 8% increase in hours per patient day. Similarly, by measur-

ing the number and percentage of shifts covered by individuals outside of the extracorporeal membrane oxygenation (ECMO) core team, the ECMO program gained a 126% increase in budgeted FTEs from one fiscal year to the next.

At the monthly CNO Dashboard meetings, directors present their business outcomes to their peers as if they were presenting operating results to the chief executive and financial officers (see Figure 5). Directors are mentored to drill down into actual volumes, expenses, and variances, and present the implications and associated outcomes. Specific scenarios involving (a) unbudgeted declines and/or growth in patient volumes, (b) rapid fluctuations in patient census, (c) variances in patient diagnoses, (d) unproductive time, (e) vacancy and turnover rates, (f) training expenses, (g) use of premium pay labor, and (h) workforce absenteeism are explored. The resulting impact of these scenarios on finance and workforce issues is analyzed and directors are expected to present plans for action.

Furthermore, efficiencies of scale, or lack thereof, are reviewed as they relate to resource allocation. More specifically, managers and directors discuss strategies to flex direct care providers up or down to meet actual patient volumes. The impact of fixed staff, including supervisors, educators, and clerks, on variable patient volumes and costs per unit of service is also discussed. Ways to share fixed resources among units during both census peaks and valleys is explored and often implemented. In demonstrating productivity management, directors track and present the numbers of staff floated as part of resource allocation during periods of low census. Likewise they assess the impact of low volume and the plan to cancel staff, which in turn increases nonproductive paid hours and may not necessarily reduce expenses per patient day. The business case review has demonstrated the inefficiencies of scale demonstrated in smaller patient care units which hold a greater percentage of fixed budgeted expenses.

To better understand the impact and management of salary expenses per unit of service, a tool for daily use by unit directors has

Figure 4.
CNO Dashboard SBAR – NICU Staffing Measure

Situation	NICU hours per patient day did not account for the experienced increased patient acuity.
Background	As technology advances (oscillators, nitric oxide, therapeutic hypothermia) and smaller and sicker patient populations survive to discharge (e.g., 23-week gestation), the number of ventilator days also increases. Concerns regarding quality, safety, service experience, and nurse satisfaction were escalating.
Action	(1) Ventilator days were measured against previous year (ventilator days are a common measure of NICU acuity); (2) Data from external productivity benchmarking collaboration was reviewed. Findings: (1) Ventilator days increased by 48%; (2) RN budgeted hours per patient day were 14% below the NACHRI peer group.
Recommendation	Increase RN HPPD to meet patient needs and better align with NACHRI peer group.
Outcome	Achieved an 8% increase in budgeted RN HPPD.

NOTE: Measurable performance outcomes are also presented in report card format.

Figure 5.
CNO Dashboard Report Card – PICU Workforce Measures

Goal:	Achieve RN vacancy rate of 4%
Baseline:	RN vacancy rate = 19%
Action:	Implemented aggressive recruitment and on-boarding programs via a team approach
Outcome:	Achieved year-end vacancy rate of 3%
Goal:	Achieve RN certificate rate of 50%
Baseline:	RN certification rate = 40%
Action:	Worked with staff to provide encouragement and opportunities for exam prep
Outcome:	Achieved year-end RN certification rate of 54%
Goal:	Reduce RN contract staff by 25%
Baseline:	RN contract staff = 14
Action:	Successful recruitment and on-boarding of new staff
Outcome:	Reduced RN contract staff to 5

been developed. This tool examines salary expenses per unit of service based on actual hours worked. Through the analytic visual of linking staffing to related expenses each day, it is expected the unit director will become more comfortable with staffing decisions.

Resource Management Manual

To further support the unit director's business activities and performance, a resources management manual was developed. The objective of the manual is to provide the nursing leader with a framework designed to monitor and guide unit-related business practices and decisions. The manual is not all inclusive of the leader's references and tools. Rather, it provides fundamentals for the leader's unique needs and challenges and provides a customized approach for unit-based prioritization and growth. The manual is organized to provide easy references to organizational performance measures and individual goals. In addition, it serves as a repository for unit documents related to nurse recruitment and position control, payroll reports, tracking of operational improvements, performance reports, and other key documents.

Leadership Development Program

To support nurses as leaders within the organization, nursing leadership at Children's National is dedicated to providing the knowledge that is key to empowering the RN as a respected leader. In spring 2011, an 11-day leadership development program titled "Leadership Strategies for the Evolving Health Care Marketplace" was offered to nursing vice presidents and directors. This lifelong learning program was designed to address elements critical to the successful management of a business unit and included a focus on financial and human capital management.

Patient safety priorities, quality outcome initiatives, and financial accountability are more imperative than ever.

Understanding and use of key metrics allows the RN to be visible in organizational forums chartered to create strategies, develop recommendations, and drive change. Use of key measures has also empowered nurses to drive and sustain improved safety, quality, workforce, and financial outcomes at the unit level. The "business of nursing" preparedness of the nurse leader and staff nurse is integral to Children's National as this Magnet-designated organization continues to position itself for health care reform, market share, and employer of choice status.

Conclusion

Today's health care professional is increasingly impacted in numerous and profound ways by health care reform. Patient safety priorities, quality outcome initiatives, and financial accountability are more imperative than ever. At Children's National, grooming nurses at all levels of the organization to master health care executive skills is critical to the organization's success and the individual's growth (Serembus, Solecki, Meloy, & Olszewski, 2011). To this end, selecting and executing next steps for nursing leadership team development is critical to success. Navigating the territory ahead must include increasing collaboration and education among clinical and non-clinical disciplines. Leaders must make it their responsibility to provide nurses with increased exposure to quality, safety, and financial data, thereby allowing nurses to translate data while achieving and sustaining successful outcomes. The work of the CNO Dashboard to measure, report, trend, and translate clinical and non-clinical outcomes must be integrated throughout all levels of nursing staff so nursing practice is positioned to continually strive for best practice. Moving forward, to ensure ongoing success the business and practice of nursing must include interdisciplinary process improvement initiatives. Concurrently, nursing care delivery will focus on the patient and family and on the quality patient experience, thereby promoting child-focused and family-centered care. **$**

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