5 Reasons Why CFOs Should Care about Staffing and Acuity
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The Accountable Care Act triggered a host of changes in healthcare, from risk-based reimbursement and accountable care organizations to value-based, patient-centric care models. This has given rise to an increased focus on quality and transparency, especially as it relates to acute care. Achieving the optimum balance between nurse staffing and patient acuity is key to a healthcare organization's financial viability.

Staffing and acuity aren't just for nursing departments anymore. To protect and advance both clinical and financial goals, strategically-minded CFOs need to take a pro-active role in developing effective nurse staffing, recruiting and retention programs (Hudson, 2017).

Here are five reasons nurse staffing and acuity should matter to CFOs.

1. **Staffing can make—or break—the relationship between finance and nursing.**

   While acuity systems have furthered accountability, patient acuity remains a subjective measure. Consequently, CFOs have questioned the prudence of using acuity to determine staffing levels. The resulting difference of opinion can make it difficult for nursing and the CFO to agree on staffing levels and costs.

   Acuity systems promote collaboration. In transparent classification, acuity is a byproduct of clinical documentation, and subjectivity gives way to objective data. With this data, organizations staff according to documented need rather than perceived convenience, decreasing distrust, fostering collaboration and moving finance and patient management toward a common goal.

2. **Staffing can blow a budget.**

   Nursing accounts for 75 percent of an acute care facility's total payroll and provides 95 percent of its patient care (KPMG, 2011 and Nguyen, 2006).

   The total cost of a full-time registered nurse? Approximately $98,000 per year, or roughly $45 per hour (KPMG, 2011). The cost to replace a single nurse burned out by overwork from understaffing? As much or more than $80,000 (Twibell, 2012). A mere 3 percent reduction in nurse turnover could mean a $1 million reduction in costs (Aiken cited in Pourshadi, 2012).

   Resolving the disparity between planned and required staffing means supplemental staffing and overtime. In the KPMG study, the average overtime cited was four hours. For a 25-bed unit staffed with an average of 22 RNs per 24-hour period, this would be 88 hours of overtime per week, 4500 hours per year, at a cost of approximately $200,000 per year.

   Managing the budget in a risk-based reimbursement environment means aligning nursing resources with patient needs.
Acuity systems with transparent classification allow organizations to allocate staff and resources objectively, for more effective management of nurse labor costs and departmental budgets. Acuity becomes an EHR derivative, eliminating subjectivity and the need for RNs to classify patients as a separate task.

3. **Staffing can affect the cost of care.**

The costs of mortality, readmission, and compromised safety—in both humanistic and pecuniary terms—are high. And staffing can play a role in reducing the incidence, and thus the cost, of each.

Research shows staffing can have an impact on mortality, and as a result, length of stay (LOS), the costs of which have been well documented. According to the Agency for Healthcare Research and Quality (AHRQ), in 2007, one-third of people who died in the U.S. did so while undergoing treatment in a hospital *(AHRQ, 2009)*. LOS for such patients was longer and 36 percent more costly than those for patients discharged alive. Yet, after analyzing 198,000 admitted patients and 177,000 eight-hour nursing shifts across 43 patient-care units at large academic health centers, one study found a 6 percent higher mortality risk for patients on understaffed units *(Needleman, 2011)*.

Readmission and patient falls also are costly. Among Medicare cases alone, approximately 75 percent of 30-day readmissions are preventable, representing a savings of $12 billion and as much as $100 billion over 10 years *(HIMSS, 2012)*. And, patient falls that result in serious injury can increase the cost of stay almost $14,000 and the length of stay almost seven days.

However, readmission rates for heart attack, heart failure and pneumonia were significantly lower depending on nurses’ per-patient load. Adding just one patient to nurse’s workload increased the odds of readmission for heart attack by 9 percent; for heart failure, 7 percent; and for pneumonia, 6 percent *(McHugh, 2013)*. And, in a study of more than 5,000 units in 636 hospitals, one additional registered nurse (RN) per day in intensive care units reduced patient falls by 3 percent *(Lake, 2010)*.

Acuity systems that capture actual patient data automatically, as part of the documentation process, resolve objectively the level-of-care issues that contribute to accidents, mortality and readmissions, reducing preventable adverse events and the high costs associated with them.

4. **Staffing affects the quality of care.**

Studies have shown the correlation between optimum nurse staffing levels and optimal clinical outcomes. Optimum staffing, however, is a balance of several elements, including:

- patient complexity, acuity, or stability;
- number of admissions, discharges, and transfers;
- professional nursing and other staff skill level and expertise;
- physical space and layout of the nursing unit;
- and availability of or proximity to technological support or other resources *(ANA, 2015)*.
Patient care, then, is greatly impacted by the number and type of staff, as well as when and how staff are employed in the care environment. (Example: Do experienced nurses spend time transporting patients?)

Having the right number of nurses is important, because increasing staffing decreases the number of adverse events, mortality and readmission (Needleman, 2011; Aiken, et al., 2010; McHugh, 2013). Having the right type is equally important, as shown by a year-long, multi-institution research project that examined the impact of staffing on nurse-sensitive patient outcomes, which found higher use of agency, float pool, or overtime nursing hours correlated to higher patient fall rates (Harris Healthcare Corporation, 2012).

Acuity systems support objective staffing determination. By aligning available nursing resources with actual patient needs, transparent classification systems discourage over- and understaffing, improving care quality and clinical outcomes by ensuring delivery of an appropriate level of care, when and where it’s needed.

5. Staffing matters to nursing.

For nurses, staffing is everything. It determines patient care, their own physical, emotional, and mental wellbeing, the nature of their workplace, and whether or not they’ll choose to stay in the profession.

Inadequate staffing contributes to nurse burnout and turnover, with ramifications for the entire facility. Rising patient volumes coupled with dwindling resources lead to nurse fatigue, producing first year nurse turnover rates of approximately 30 percent, and second year rates as much as 57 percent (Twibell, 2012). Recall that a single nurse attrition event can cost $80,000 or more.

Most healthcare organizations assign nurse staff based on hours-per-patient-day (HPPD). Some organizations use staff ratios. Neither approach is ideal. While prevailing practice assumes everything averages out over time, this approach can result in less than ideal patient care. Patient acuity is changing; old models to determine nursing staff must change accordingly.

Acuity systems that are transparent and activity-based pinpoint requirements precisely, adjusting for such key factors as patient diagnoses and special needs; daily patient census and population trends; staff skill mix; medical personnel and support staff; current and projected resources; patient satisfaction; and unit turnover (CNA, VP09). The result? An ideal balance between transparency, quality of care, and nurses’ quality of life.

Optimizing nurse-to-patient staffing ratios with patient acuity systems

Effective acuity systems...

- Ensure accurate staffing
- Link staffing to nurse-sensitive patient outcomes
- Account for complexity of care
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• Enable detailed data analysis
• Support benchmarking
• Automate patient classification

Case Study: Northeast Georgia Health System (NGHS)

Based in Gainesville, Ga., NGHS is a 557-inpatient, 261-skilled nursing bed community health system serving almost 700,000 people in more than 13 counties. To improve nurse staffing and related budgeting at its primary facility, Northeast Georgia Medical Center, NGHS implemented an evidence-based IT process that combined Harris Healthcare’s AcuityPlus system with centralized staffing.

A multidisciplinary team comprising nurse managers, finance, HR recruitment, and the central staffing director, collaborated to define a best-practice process for inpatient and perinatal nurse staffing. The goals: decrease overtime, contract labor, and extra shift incentives by increasing direct-care productivity to 95 percent—while maintaining quality of care targets.

NGHS had been using AcuityPlus, with its unique Complexity-of-Care module, to measure patient acuity. However, the system’s staffing capabilities had been only partially implemented. With data from full deployment of AcuityPlus staffing, NGHS pinpointed nurse staffing parameters for change, defined a patient-assignment process to improve resource utilization, and enhanced FTEs in resource pools to provide adequate, lower-cost resources across the system. First year ROI was $659,000 to the bottom line in agency and overtime, plus an additional $241,000 shift incentive reduction.

AcuityPlus: Transparent classification ensures objective nurse staffing

Harris Healthcare’s AcuityPlus provides valid, reliable data for staffing, productivity, and budget projection and management. Its research-based methodologies enable true unit-to-unit and facility-to-facility acuity-adjusted benchmarking, and generates information for strategic planning and quality improvement activities. Key functionality includes:

• Evidence-based methodology: Five clinical, research-based methodologies—algorithms to determine staffing requirements—support a wide range of populations, including inpatient, mental health, emergency, and perinatal.

• Transparent classification: Integrates with online documentation systems to classify patients automatically, minimizing nursing workload and providing objective data for staffing based on actual care.

• Outcomes management: Evaluates the impact of staffing on nurse-sensitive patient outcomes to establish best practice.

• Complexity of care: Allocates staff based on patients’ need for professional staff, optimizing RN use.

• Benchmarking: Research-based methodologies enable true unit-to-unit and
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Facility-to-facility acuity-adjusted benchmarking, and allow you to generate information for strategic planning and quality improvement.

- **Management reporting:** Extensive management reports support short- and long-term data evaluation, budget development, and strategic planning. Reports provide staffing and productivity analysis by day, hour of day, day of week, and through variance analysis.

AcuityPlus helps healthcare organizations leverage nursing resources to fulfill the five rights of staffing:

- the right number of staff...
- with the right skill level...
- in the right location...
- at the right time...
- with the right assignment.

AcuityPlus helps healthcare organizations leverage nursing resources to fulfill the five rights of staffing: the right number of staff, with the right skill level, in the right location, at the right time, with the right assignment.

—Barton & Wood, 2011

From improving patient care and increasing quality to reducing costs and streamlining workflow, staffing affects all areas of the healthcare organization—clinical, operational, and financial. An acuity system helps an organization ensure the care provided is the care needed.

The right acuity system does that transparently, taking into account the various factors that determine acuity and providing the data and data tools to elevate practice to best practice.
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Works Cited


