



Case Study

Nursing Productivity Improvement

BUSINESS CHALLENGE

OVERVIEW:

The client hospital had not evaluated the efficiency or the effectiveness of their nursing units and staffing ratios for an extended period of time. The organization's staffing practice was simply based on their historical performance. In many areas they compared favorably with national benchmarks, yet their labor costs were greater than they could afford. The hospital had historically achieved sporadic improvements in some departments, but labor savings had become increasingly difficult to identify and maintain.

The Vice President of Patient Care's goal was to assess the staffing levels and systems of the nursing areas to ensure these departments maximized productivity while achieving an equivalent or higher level of care. A specific HPPD labor and skill mix target was to be established for each unit. These targets needed to be appropriate to the mix of patients and services on that unit.

An additional goal was to expedite the annual budget process as well as forecast labor resources required to deliver services on each unit. Coupled with other measures of quality and satisfaction, a balanced score card needed to be developed to monitor and improve the efficiency and effectiveness of the patient care division.

The Sullivan Lakier Group was contracted to perform this assessment, report its findings and recommendations, develop realistic labor targets for each area, and assist management in achieving these targets. A critical element of the engagement as identified by the Vice President for Patient Services was the provision of ongoing implementation support.

OBJECTIVE #1:

DEVELOP STAFFING TARGETS BASED ON IN-DEPTH UNDERSTANDING OF THE PATIENT POPULATION, EXISTING SYSTEMS, PROCESSES, AND SUPPORT STAFF.

APPROACH:

Managers, staff, and other key stakeholders were interviewed to determine all aspects of operations, including the expertise and experience of the patient care staff as well as the complexity of delivering care. On-site observations by the consultants were conducted on all units on each shift. Benchmark analysis was performed utilizing Solucient Action comparative data. Labor targets were developed for each unit based upon patient needs, the nursing environment, existing support systems, and the consultant's experience. Conservative targets that could be achieved in a relatively short time without significant impact on departments' operations, as well as aggressive staffing targets that involved system and process redesign were identified. Action items necessary to achieve these targets were developed.

The consulting team presented the overall findings, recommendations and departmental targets to administration. The team then reviewed and discussed these recommendations across the facility, which resulted in buy-in and support from each manager. Short-term targets were selected and an implementation plan was collaboratively developed.

RESULT:

A conservative annualized target of \$1.8 million and an aggressive annualized target of \$3.9 million were identified.

OBJECTIVE #2:

ORGANIZE TEAMS THROUGHOUT THE HOSPITAL RESPONSIBLE FOR IMPROVING PATIENT CARE PROCESSES AND REDUCING LABOR COSTS

APPROACH:

Twelve teams were established to implement hospital-wide change. In addition, a lead consultant spearheaded a newly created steering group. This group was tasked to monitor the team(s) progress, provide objectives and opinions, and mentor team leaders. This helped eliminate barriers while maintaining accountability for completion of the project.

Through team cooperation and diligence in working toward common goals, the organization was able to accomplish significant process improvements resulting in improved quality and efficiency. Examples of some of the improvements are:

- The validation of HPPD allowed for the elimination of registry, reduction in the use of traveling nurses, and reduction in staff overtime.

- Use of an automated reporting system facilitated real-time staffing and the elimination of 9,000 overtime hours in the first year.
 - Contract labor was reduced by 19 percent in patient care areas.
 - Staff “call” policy was clarified with staff and annualized savings of more than \$61,500 were achieved.
 - A procedure for the use of ‘sitters’ was developed and implemented reducing their usage by 72 percent.
 - The centralized IV teams’ workload was redefined and appropriately transferred to unit-based staff with a 50 percent reduction in IV team utilization.
 - A care/utilization management team was created to evaluate patient outcomes and improve team availability. Integration of physicians into daily utilization management was increased. A hospitalist and a utilization review physician were added.
 - Care/utilization management criteria were implemented and documentation systems improved. A targeted was established to reduce average LOS by one day.
 - Productivity tools and systems were either created and/or revised such that daily, weekly, bi-weekly and monthly management reports were available to management.
 - Finance transitioned from fixed budgets to volume-driven budgets for these areas. Redefined units of service and productivity targets now drive the budget process.
 - Increased sense of buy-in at the manager level is demonstrated by significant cost reduction. Increased accountability is now possible throughout the organization.
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RESULT:

The actual annual savings were \$4,017,561. Ninety-three percent of the teams achieved their targets within the time frame set. Most units reached their targets within 2 to 4 months and maintained their new targets beyond 24 months.

CONCLUSION:

The hospital achieved significant annualized savings beyond their aggressive target of \$3.9 million. Staff surveyed at the completion of the project indicated satisfaction with the project and simultaneously recognized the significance of the implemented improvements. After the above changes were accomplished, this hospital became the first in its state to achieve Magnet Hospital designation.

With continued implementation, additional savings related to utilization management are anticipated. Hospital administration has expanded the scope of the engagement to the remainder of the hospital.

CLIENT PROFILE:

- 430-bed acute care hospital.
 - The organization is recognized for its family-centered obstetrical care, orthopedics, cardiology, ophthalmology, urology, neurology, and neurosurgery in addition to diabetes education, rehabilitation, and comprehensive diagnostic services.
 - Thirty-six hundred newborns are delivered each year making this facility the region's volume leader.
 - The organization offers one of the most comprehensive oncology programs in the region.
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