Nursing & Finance:
Get your nursing staff to think like a CFO
WEBINAR LOGISTICS

1. Webinar recording (1 day)
2. Streaming audio (PC/phone)
3. Muted; Ask Questions (Q&A panel)
4. Polls
5. Resources provided post-webinar
TODAY’S SPEAKER

Brad Robinson
RN BSN MBA CCRN-CSC-CMC
Vice President, Leadership Excellence
TODAY’S OBJECTIVES

1. Discuss the importance of making finance a language requirement for every nurse leader and staff.

2. Discuss and describe key financial definitions and tactics for aligning finance to nursing for accelerated excellence.

3. Discuss approach for transforming the staff nurse into leaders of financial performance.
FINANCIAL PERFORMANCE MATTERS

Nursing-Finance Gap, Evolution, and Call to Action
Thoughts on why the gap exists

- Business role of the nurse leader has evolved faster than education & training
- Nursing not understanding finance language
- Finance not understanding the role of nursing
- Academics focus more on clinical & professional practice than business acumen
- Nursing orientation remains mostly clinical without components of finance
- Conflict of caregiver and “money” side of delivery
4 key financial terms for the Nurse Leader

**Budget**

- Operating Budget
- Net Income
- Budget Variance
4 key financial terms for the Nurse Leader

Revenue

- Gross Charges/Revenue
- Net Revenue
- Operating Margin
4 key financial terms for the Nurse Leader

Costs

- Cost per Stay
- Fixed Costs
- Variable Costs
4 key financial terms for the Nurse Leader

Staffing Revenue

- Hours per Patient Day
- Worked Hour per Unit of Service
- Salary Expense per Patient Day
DRILLING DOWN

Organize, educate and leverage success
Take the 1st step... organize your business
What’s Important to You?

• Make sure finance becomes part of the daily discussion with staff after they receive this training

• Harness the ideas of the POD leaders in ways to save and become more efficient

• Empower the POD leaders as decision makers in staffing and productivity

• Create teams within PODs to work on focused issues
Unit Based VAT-Fixed Costs

12 Bed CVICU with fixed costs @ $2,000 a day = $8,760,000 annually

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical Care Beds</td>
<td>$400</td>
</tr>
<tr>
<td>Hemodynamic Systems</td>
<td>$350</td>
</tr>
<tr>
<td>Facility Cost per Room</td>
<td>$600</td>
</tr>
<tr>
<td>Support Equipment</td>
<td>$500</td>
</tr>
<tr>
<td>Licenses</td>
<td>$150</td>
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</tbody>
</table>

Why is this important to nursing?
What’s Important to You?

- Nurses need to understand there is cost responsibility when there isn’t volume
- When nurses become aware of fixed costs, it becomes easier for Nurse leaders to communicate why, when unable to replace equipment
- Nurses become more aware of the need to maintain and keep equipment in good condition
Unit Based VAT-Variable Costs

12 Bed CVICU with an Average Daily Census of 8.5 = 4,952.5 patient days annually
Avg variable cost per patient day = $3,900 or $19,314,750 annually

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>$1,650</td>
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<tr>
<td>Supplies</td>
<td>$1,250</td>
</tr>
<tr>
<td>Staff</td>
<td>$1,000</td>
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</tbody>
</table>

Why is this important to nursing?
What’s Important to You?

• Train and empower the leaders within the department in matching productivity to needs of patient volume

• Create a team focused on operational excellence

• Leverage the value of perspective and give staff a voice in decision making
Unit Based VAT-Supplies

• 9 different kinds of skin care products that did the same thing

• 6 different sizes of silk tape

• Admission kits containing 3 items that were no longer used

• 4 different sets of blood tubing

• Manual Swan-Ganz catheters incompatible with hemo dynamic systems

• Bedpans, fracture pans, emesis basins oh my…

• Too many of this not enough of that…

• High $$ items grouped with low $$ items causing confusion and waste
What’s Important to You?

Unit Based VAT-Supplies

- Trust those that are closest to the work to find and eliminate waste
- Create atmosphere of cross collaboration with support areas
- Celebrate the wins, share the results and measure for sustainment
Lessons Learned

Walk don’t run

• Not everybody thinks it's a good idea
• Peer push back
• Keep the focus
• Measuring results
• Some really cool ideas
Questions?
2018 Pathway to Excellence® Conference
CONSULTATIONS
5/1 to 5/3 — Booth 220
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References