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January 2019

### Developing And Piloting A Nurse Managers' Workshop On Value-Based Reimbursements

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#### Recommended Citation

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DEVELOPING AND PILOTING A NURSE  
MANAGERS' WORKSHOP ON  
VALUE-BASED REIMBURSEMENT

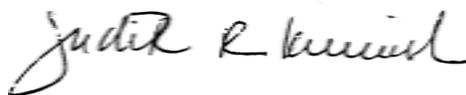
Submitted to the Faculty  
Yale University School of Nursing

In Partial Fulfillment  
of the Requirements for the Degree  
Doctor of Nursing Practice

Iain W. E. Holmes

March 22nd, 2019

This capstone is accepted in partial fulfillment of the requirements for the degree  
Doctor of Nursing Practice.



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Judith Kunisch

Date here March 22, 2019

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## DEVELOPING AND PILOTING A NURSE MANAGERS' WORKSHOP ON VALUE-BASED REIMBURSEMENTS

### *Abstract*

The system of healthcare reimbursement continues to change and become more complex. The trend towards values and outcomes-based payment allows nurses at all levels to affect hospital revenue. A curriculum was developed and piloted to teach nurse managers about three Medicare reimbursement programs and motivate them to bring that information to their bedside nurses. By utilizing this information together, nurses and nurse managers will have an unparalleled ability to influence their organization's bottom line.

## ***Introduction***

The system of healthcare reimbursement is rapidly changing and becoming more complex. Long gone are the days when hospitals were reimbursed for all equipment and procedures associated with care, even when that care resulted from an avoidable complication or was not medically-warranted. Early reimbursement changes made by Centers for Medicare and Medicaid (CMS) focused mainly on not paying for protracted stays or unnecessary care. In the last 12 years, however, these reimbursement programs also stopped paying for care associated with preventable complications (1). With the implementation of the Affordable Care Act (ACA), the focus shifted to incentives and penalties based on outcomes and value. This shift resulted in an increasing number of so-called "Pay-For-Performance" programs. However, these changes have been difficult for hospitals to manage. Between 2015 and 2018, when "Pay-For-Performance" took affect, the average hospital's operating margin decreased by 39% (2), in part due to the new reimbursement models.

In assessing the recent reimbursement models as applied to the delivery of healthcare services, it is clear that nurses play an enormous role. Nurses are essential providers in "Pay-For-Performance", as they provide the largest amount of patient care and are positioned to influence quality, outcomes and the patient's perception of care throughout the healthcare delivery system (3). Payments are directly linked with high-quality nursing care. The Hospital Value-Based Purchasing Program (HVBPP) measurements correlate with many Nurse-Sensitive Indicators (NSI), and the Hospital-Acquired Condition Reduction Program measurements correlate with data already reported to the National Database of Nursing Quality Indicators (NDSQI) (4). Similarly, nurses play a crucial role in discharge planning, which is the focus of the

Hospital Readmission Reduction Program (HRRP), another Medicare value-based purchasing program (5).

Healthcare system executives increasingly appreciate the role nurses play in the healthcare system. With their large numbers, involvement in nearly all aspects of care, constant contact with patients, and unmatched insight into the health system and patient relationships, nurses play an increasingly critical role in the healthcare reimbursement system. This, combined with the fact that nurses have an innate ability to determine the quality of care delivered (6), suggests they can significantly impact hospital revenue. In order to help nurses meet the growing financial responsibilities they face as healthcare reimbursement moves further toward value-based programs, an educational workshop was developed and piloted to teach nurse managers about these programs and the nurses' role within them. This goal of this manuscript is to examine the piloting of this workshop in two distinct hospital settings, and its effectiveness in promoting nurse manager financial knowledge and readiness to introduce these essential concepts to the bedside nurse.

### ***Nursing Financial Knowledge***

Traditionally, Chief Nursing Officers (CNOs) and other nurse executives, working with the hospital finance office, would oversee the nursing budget. Aside from some staffing and supply projections, neither nurse managers nor bedside nurses were involved in the budgeting process. Until recently, nurse managers were not required to have any business acumen and typically received promotions based solely on their clinical skills with the expectation to managed the clinical function of the unit (7). Today, with an increased focus on value-based payments and maximizing margin, financial management is a core nurse manager competency (8). However,

even though it is a core competency most nurse managers report that they learn this skill on the job and it takes multiple years of training and practice to become financially proficient (10).

While nurse managers are increasingly accountable for their unit's finances, bedside nurses are largely responsible for the cost of high-quality care. According to Finkler (7), however, most undergraduate nursing programs offer minimal, if any, education on reimbursement or hospital finance. Therefore, many of today's licensed and practicing nurses do not understand how their work relates to the organization's financial well-being.

A literature search was conducted to identify examples of improved financial results after nurse managers received financial education. Several examples demonstrated how nurse managers can benefit an organization's bottom line when they receive proper financial education and mentorship. In 2002, the CNO at Northwestern Memorial Hospital, located in Chicago, IL, focused on improving nurse managers' financial knowledge, by educating, mentoring and holding leaders accountable by regularly reviewing financial reports. After five years, the hospital measured \$4.9m annual savings in productivity and \$7.6m savings in annual nursing turnover (10).

In a second example, the CNO and Chief Financial Officer (CFO) at Yavapai Regional Medical Center (YRMC), a small community hospital located in in Central Arizona, joined forces to create a nurse-finance partnership as a way to connect the delivery of healthcare services with the hospital's finances. This joint accountability model allowed YRMC to consistently perform above national financial performance and clinical outcome benchmarks over a 12-year period starting in the late 1990s (11).

Finally, in 2009, University of North Carolina Hospitals (UNCH) formed a finance and nursing dyad. The purpose of the dyad was to enhance the financial knowledge and acumen of frontline nurse managers. In the three years following the creation of this dyad, budgeted expenses decreased by 7.67%. UNCH believes their model can be replicated to achieve similar results at other organizations (12).

While these studies took place before many of the changes that came with Pay-For-Performance, the findings suggest that nurse managers who receive financial education can affect performance and positively enhance their hospital's bottom line. Unfortunately, no studies were found that explored outcomes from bedside nurses who received healthcare finance and reimbursement education.

### ***Methods***

Hospital leaders indicate that reimbursement is the most significant challenge facing healthcare organizations today (13). With CMS penalties affecting many hospitals' projected profits, this subject should be a priority for all organizations. To address this priority, a curriculum was developed to teach nurses about the new reimbursement models and show how their work is important in minimizing CMS penalties and maximizing reimbursement. It was agreed that nurse managers would need to understand the new payment models before disseminating this knowledge to bedside nurses as part of an ongoing effort to introduce business acumen at the bedside.

A comprehensive literature review was performed to identify learning needs and topics for nurses that would be included in the curriculum. Articles were retrieved from a variety of sources including textbooks, peer-reviewed journals, healthcare news articles and the CMS website. In addition, AONE nurse executive competencies and certification requirements were reviewed. Search term combinations were used including, *nurse and healthcare finance*, *nurse and pay-for-performance*, and *nurse and financial education*.

The curriculum is designed to focus on the three major pay-for performance programs in which nursing care is the key driver in penalty or incentive payments. The three programs are:

1. Readmissions Reduction Program (HRRP) – in which hospitals are penalized for patients who are discharged after receiving care for one of six specific diagnoses and who are readmitted to the hospital within 30 days of initial discharge for any, including an unrelated, reason (14).
2. Hospital Value-Based Purchasing Program (HVBPP) – adjusts payments to hospitals by +2% bonus or -1% penalty based four categories: clinical outcomes (25%), patient satisfaction (25%), efficiency and cost reduction (25%), and patient safety (25%) (15).
3. Hospital-Acquired Condition Reduction Program (HACRP) – financially penalizes hospitals that have a risk-adjusted HAC quality score in the bottom 25% of participating programs (16).

It is essential that nurse managers understand this material. However, many self-report a lack financial competency, especially in their first years in leadership roles (9). This workshop was designed to provide basic information for each of the three value-based reimbursement models.

A critical component of the training was the use of case studies that showed exactly how the bedside nurse's decisions and actions aligned with reimbursement outcomes. The training sessions were completed in one hour; 40 minutes for didactic presentation, 15 minutes for a question and answer session, and five minutes for participants to complete a post presentation survey. The workshop curriculum is outlined in Table 1.

After the workshop and question and answer session, each participant was requested to complete the post presentation survey. This survey, shown in Supplemental Digital Content 1, was made up of nine questions, including:

- One demographic question (duration as nurse manager)
- Two questions to determine their current knowledge of reimbursement and their efforts to teach this material to their bedside nurses.
- Seven questions determining the efficacy of the workshop, including the learner's readiness post-workshop to engage their bedside nurses with this knowledge.

The survey utilized a Likert scale, offering five selections. For the questions about how much education the nurse manager received on reimbursement and how much he or she had trained their bedside nurses, the five choices were: none, little, some, a lot, and substantial. For the questions to determine efficacy, the choices were strongly disagreed, disagreed, neither agreed or disagreed, agreed or strongly agreed with a given statement. The survey was conducted on paper and distributed and collected by the presenter.

Prior to presenting this workshop at the pilot sites, an expert panel of five experienced nurse managers assessed and commented on the proposed training curriculum. These experts concluded that the didactic curriculum provided the knowledge and tools necessary to bring this information to bedside nurses and empower them to deliver quality care that maximizes reimbursement and minimizes penalties. The affirmative response rate for all areas was above 0.78, indicating validity.

To test its efficacy, the pilot was conducted at two hospitals; one small and one large. The first site was a 200-bed community hospital in a rural community of New York. The second site was a large, world-renowned metropolitan academic medical center. This method would produce data as to whether or not this workshop was beneficial in two very different settings. It would also allow comparisons between the two hospitals.

### **Results**

In community hospital, 27 nurse managers participated in the pilot workshop. The majority of participants (66%) had less than five years of experience as a nurse manager. 81% reported that they received little-to-some education on reimbursement, and had taught their bedside nurses little-to-no information on the subject. 92% of participants felt that the educational workshop aligned with their organization's financial goal and provided the required knowledge about these programs. They also felt that the case studies discussed in the workshop clearly and effectively demonstrated how bedside nurses can positively affect payment by utilizing these programs, and that the workshop provided them with the knowledge, tools, and motivation to begin to teach and empower bedside nurses to deliver high-quality care that maximizes reimbursement.

At the second site, the academic medical center, 22 nurse managers participated in the pilot workshop. Just over half (55%) of the nurse managers had less than five years of experience and a little over a third (35%) had over 10 years of experience. A majority of the nurse managers (77%) reported that they received little-to-some education on healthcare reimbursement and had taught little-to-some healthcare reimbursement to their bedside nurses. Almost 95% of these nurse managers felt this program aligned with the hospital's financial goals and provided them with knowledge, tools, and motivation to teach bedside nurses how to deliver high-quality care that maximizes reimbursement within these programs. Interestingly, the survey results from the seven questions about the workshop's efficacy showed minimal variation between the sites.

### ***Discussion***

Review of the survey results provided further insight into the current status of nurse and nurse manager roles in reimbursement. The results suggest that nurse managers do not currently receive sufficient reimbursement education. 6% of all participants reported they received no education on reimbursement, 30% indicated they received a little, and 49% said they received some. There was minimal variance between the large academic medical and the community hospital on this response. With the vast majority (85%) of nurse managers reporting they received no-to-some reimbursement education, it suggests there is a significant knowledge deficit in this area. The American Organization of Nurse Executives reports that reimbursement is a nurse manager competency (17). As such, this deficit must be further investigated to determine the accuracy of these nurse managers' perception, the details of this deficiency, the barriers to receiving this education, and how those barriers can be overcome.

Subsequently, and unsurprisingly, even fewer nurse managers reported that they provided reimbursement education to their bedside nurses. 61% of nurse managers said they offered little-to-no education about reimbursement to their bedside nurse. Though no association or professional body has stated financial competency is a necessary skill for bedside nurses to have, Stephen Finkler, a leading healthcare economist, suggests that understanding healthcare finance is essential for nurses in today's complex healthcare landscape (7). Therefore, additional studies are warranted to determine the specific educational needs of bedside nurses.

The responses from the nurse managers who participated in this workshop were encouraging. 92% of them reported that the workshop's objective of creating strategies to educate and empower bedside nurses to deliver care that maximizes payment incentives and minimizes penalties aligns with their organization's financial and quality goals. 92% also felt they possessed sufficient knowledge on reimbursement and these specific programs to educate their front line staff following the one-hour workshop. 94% of nurse managers thought this workshop provided them with the tools and inspiration to bring this knowledge to their front line associates and incorporate this as part of their units' culture and quality goals. Ultimately, there was minimal variance in survey results between the two hospitals where the workshop was administered. This suggests that providing a didactic overview of these reimbursement programs, and the nurse's role within them, is an excellent way to introduce this topic to nurse managers and establishes a foundation for further nurse education in this area.

The question and answer period post-workshop provided further insight. The first question asked was: "How do you quantify the success of a unit's performance when these programs

review and report on the hospital as a whole?" This problem is more prevalent at large hospitals, where each unit is typically highly specialized and therefore has its own unique challenges and opportunities. Each hospital will have to analyze this individually; some hospitals may report the data together, detailing both unit and hospital outcomes, allowing everyone to know both the organization's overall standing as well as the unit's contribution. Other hospitals with more resources may be able to create unit-specific indexes to ensure that all units have obtainable goals that, when combined, achieve the desired results within these programs.

Another topic discussed was how this workshop only focused on traditional hospital inpatient units, and how it might be translated to procedural and outpatient units, whose role in these programs is to support inpatient units. Further analysis is needed to determine if a modified curriculum should be developed for these specialty units.

It was clear from the questions asked by participants on how bedside nurses can lead change that maximizes revenue in these programs, that the workshop helped them overcome many of the barriers that are typically expected when nursing care is linked to the hospital's finances. The participants recognized how initiatives to drive finance are not dissimilar to other nursing initiatives, such as implementing catheter-associated urinary tract infection (CAUTI) bundles, or hourly rounding. It was clear that the presenter's experience providing care at the bedside and performing the duties of a nurse manager were vital in appearing credible to the workshop's participants. It would stand to reason that someone whose role is further away from the bedside may struggle explaining these case studies and building credibility to overcome the barriers that come with discussing healthcare finances with nurses.

Lastly, there were a few respondents who disagreed with the notion that nurses should be educated how to deliver care that maximizes incentives and minimizes penalties. These nurses, all of whom reported more than 16 years of experience as a nurse manager, entered nursing leadership at a time when nurse managers were solely responsible for the delivery of exceptional care. At that time, all finances were handled solely by a hospital's business office. This sentiment highlights the difficulty some seasoned nurse managers are experiencing when dealing with the transition to value and outcome-based payments. While it appears many bedside nurses understand a patient may need an extra day of medication, education or other therapy to avoid readmission, nurse managers, who are more familiar and comfortable under the DRG payment system, have been conditioned to try and seek the earliest possible discharge. These nurses may be outliers; however, they suggest that some nurse managers are still struggling to understand the place of nurse leaders in healthcare finance and the changing reimbursement model.

### ***Conclusion***

While further research is needed, it appears that many nurse managers who may traditionally have had little financial knowledge are aware and excited about the changes to value-based reimbursement and how this change positively impacts them and the profession of nursing as a whole. Even with only a one-hour session, nurse managers reported that they had a better foundation of knowledge to engage and empower their bedside nurses to work within the multi-disciplinary team and target high-quality nursing care that maximizes reimbursement. As more nurse managers and bedside nurses develop financial aptitude and business acumen, they will discover an ability to advocate and justify costs in ways that previously eluded them.

Future study will likely focus on ensuring nurse manager reimbursement competency, and what level of financial competency bedside nurses need to ensure the best possible outcomes.

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Table 1. Curriculum of the Nurse Managers' Workshop on Value-Based Reimbursements

Introduction	History of Reimbursement
	Reimbursement and Nursing
	What Bedside Nurses Need to Know
Readmissions Reduction Program (HRRP)	Program Description
	Bedside Nurses Role
	Example
Hospital Value-Based Purchasing Program (HVBPP)	Program Description
	Bedside Nurses Role
	Data Collection
	Example
Hospital-Acquire Condition Reduction Program (HACRP)	Program Description
	Bedside Nurses Role
	Example
Closing Comment	Nursing Financial Knowledge Trend
	How To Teach Bedside Nurses
	Four Take Away Thoughts

## SDC 1: Post Presentation Survey

1) How many years have you been a nurse manager?

0-2      3-5      6-10      11-15      16+

2) How much education have you received on reimbursement programs?

None      Little      Some      A lot      Substantial

3) How much have you taught your bedside nurses about reimbursement?

None      Little      Some      A lot      Substantial

4) The objectives align with common organizations/department fiscal and quality goals.

Strongly Disagree    Disagree    Neither Agree or Disagree    Agree    Strongly Agree

5) The program meets the objectives laid out.

Strongly Disagree    Disagree    Neither Agree or Disagree    Agree    Strongly Agree

6) The examples demonstrate how front line associates can impact these three programs.

Strongly Disagree    Disagree    Neither Agree or Disagree    Agree    Strongly Agree

7) The presentation provides you the knowledge needed for you to teach your associates about these programs.

Strongly Disagree    Disagree    Neither Agree or Disagree    Agree    Strongly Agree

8) This presentation provides the tools and inspires you to teach bedside nurses about reimbursement.

Strongly Disagree    Disagree    Neither Agree or Disagree    Agree    Strongly Agree

9) After this presentation you are likely to incorporate these teachings to empower your bedside nurses to understand and deliver quality care that maximizes reimbursement incentives

Strongly Disagree    Disagree    Neither Agree or Disagree    Agree    Strongly Agree