

Business of Healthcare: Communicating with Patients and Staff

Tammie R. Jones, RN, MS

Jennifer Olson, MS



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Components included in this module

1. Healthcare Reform and Clinical Practice
2. Communicating with Patients/Families and Healthcare Team Members
3. Integrating Costs into the Care and Leadership of the Patient

Healthcare Reform and Clinical Practice

Jennifer Olson, MS



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Pre-test

1. Over the last 10 years, healthcare spending has increased by

- a) 25%
- b) 50%
- c) 75%
- d) 100%

2. Prescription drug costs account for

- a) only 10% of the total healthcare spending
- b) 25% of total healthcare spending
- c) nearly 50% of healthcare spending

3. Medicare has

- a) 1 part
- b) 2 parts
- c) 3 parts
- d) 4 parts

Objectives

The new graduate nurse will be able to:

- Identify three key changes due to healthcare reform
- Examine how healthcare reform is changing the role of nurses in patient care
- Identify emerging roles for nurses
- Identify nursing's role in population health management

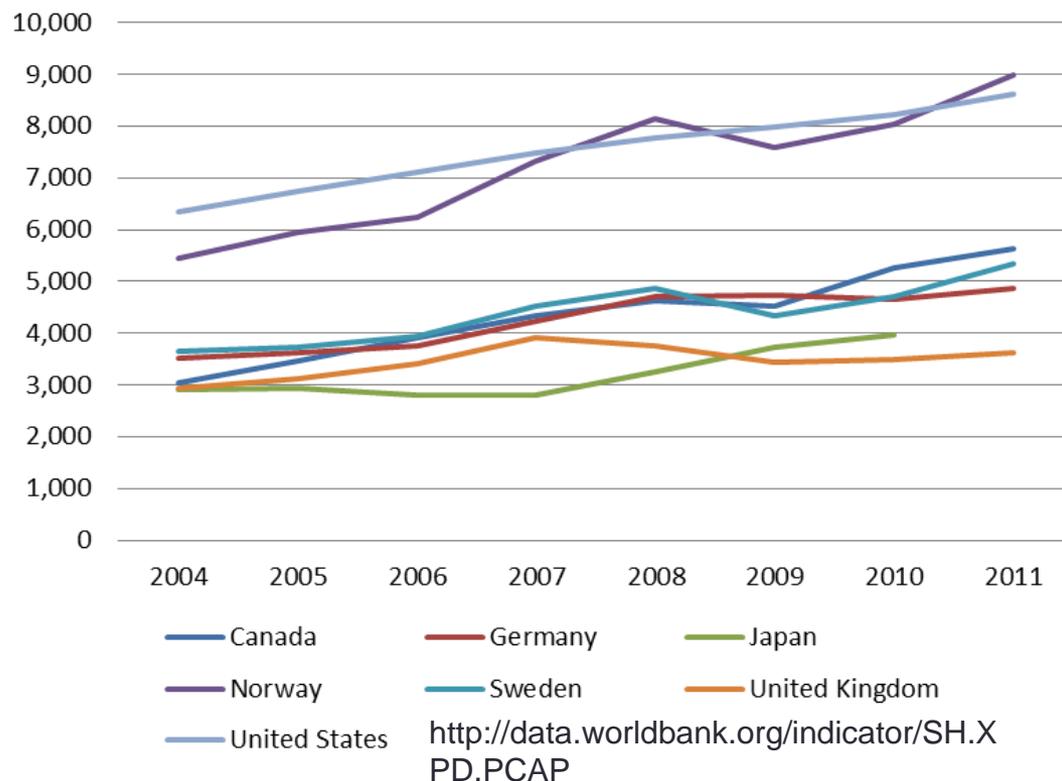
Why reform healthcare?

Citizens need more affordable health coverage

Spending in the US totaled nearly \$2.6 trillion in 2010 or 18% of the GDP (Centers for Medicare and Medicaid Services, 2011).

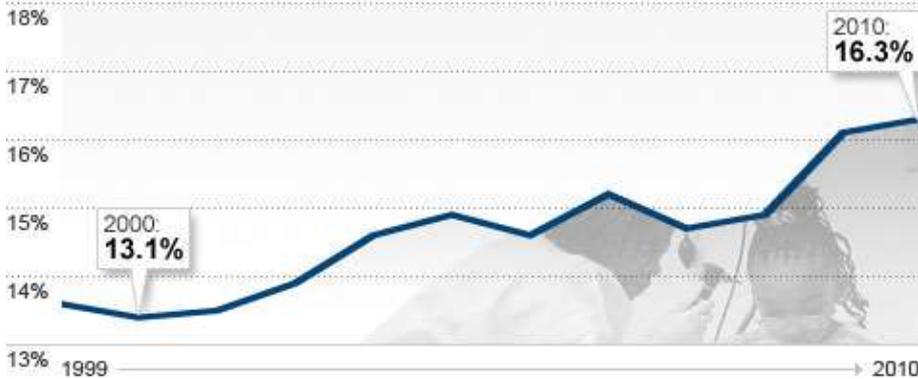
Healthcare expenditures are some of the highest in the world per person, almost double what they were a decade ago (data.worldbank.org).

Health Expenditure per Capita



Why reform healthcare?

UNINSURED RATE REMAINS NEAR ALL-TIME HIGH



SOURCE: U.S. CENSUS BUREAU; PHOTO COURTESY: CENSUS BUREAU

Citizens need better access to care

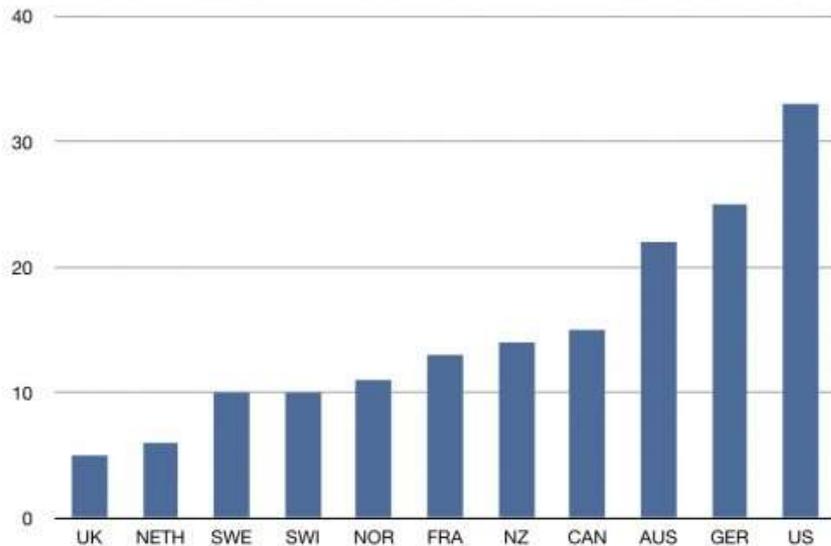
49 million Americans lacked health insurance in 2011 (US Census Bureau, 2012)

50,000 Americans lacked coverage due to pre-existing conditions

34% of surveyed adults said they skipped medications or didn't seek care due to cost

(Schoen et al, 2007)

Percent of adults who avoided needed care or meds because of cost



Source: Physicians for a National Health System

Why reform healthcare?

Healthcare providers have an opportunity to improve the quality of care

The United States has the worst outcomes when compared to other developed countries on infant mortality and life expectancy

	HEALTH SPENDING PER CAPITA	HEALTH COSTS COVERED BY GOVERNMENT	PERCENT GDP SPENT ON HEALTH CARE	INFANT DEATHS PER 1,000	AVERAGE LIFE EXPECTANCY
JAPAN	\$2,581	81.3%	8.1%	3	83
NETHERLANDS	\$3,481	80%	9.4%	4	80
CANADA	\$3,673	70.4%	10%	5	81
U.S.	\$6,719	45.8%	15.3%	7	78
MEXICO	\$778	44.2%	6.6%	29	74

Source: World Health Organization Data, 2006

Accountable care organizations

An **accountable care organization (ACO)** is a group of providers that agree to work together to care for patients. The ACO seeks to incentivize providers to achieve **high quality, low cost** care. The ACO is **accountable** to the patients and payers for the **quality, appropriateness** and **efficiency** of the care provided.

There are 22 Pioneer ACOs.

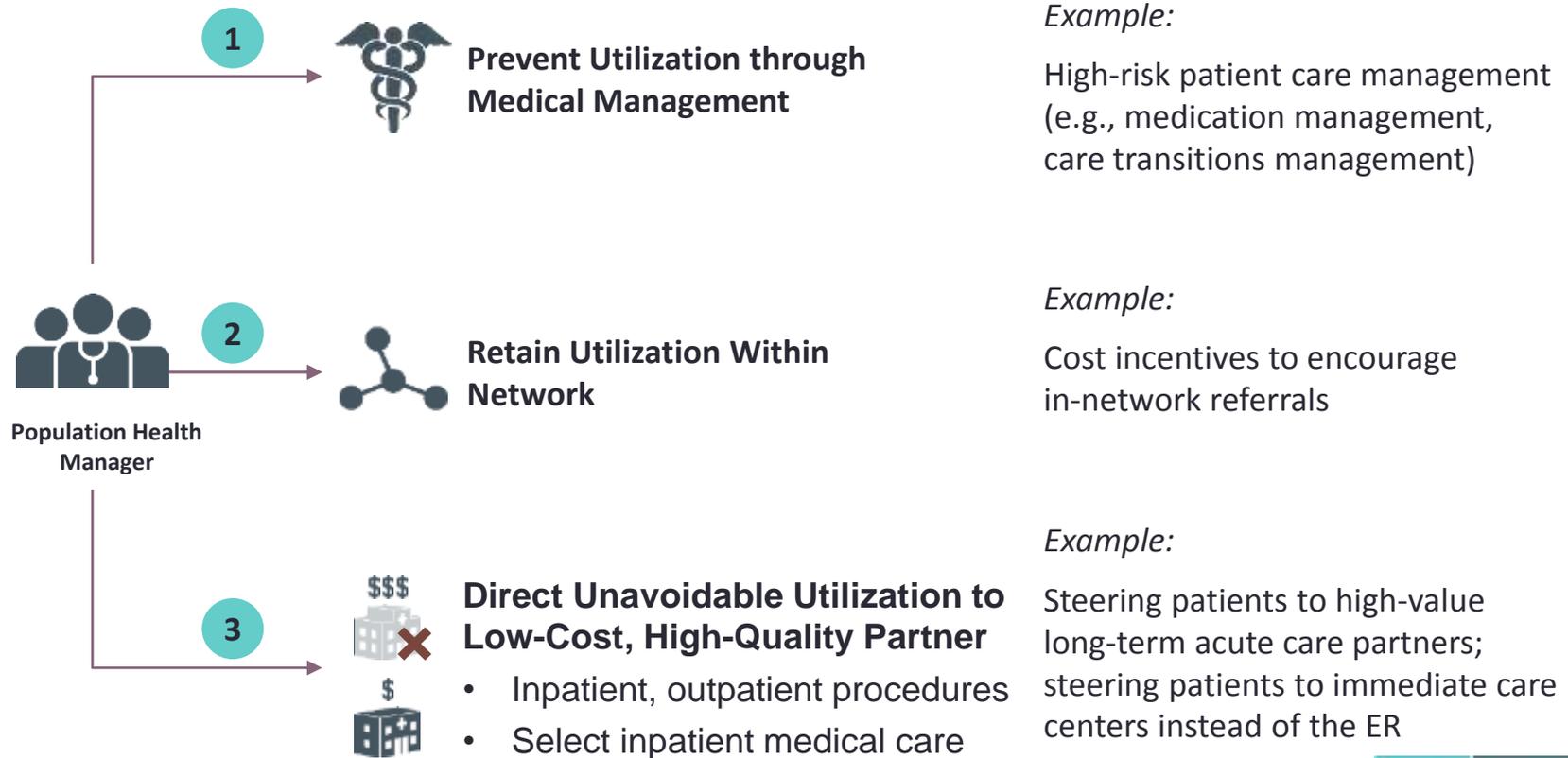


Source: Centers for Medicare & Medicaid Services

Three primary levers for ACOs to reduce spending

ACOs Targeting Total Cost of Care

Options for Risk-Bearing Providers



Source: Health Care Advisory Board interviews and analysis.

What will the future look like?

As the ACO finds success, what changes should nurses expect to see?

- Focus on population health
- Emphasis on patient education and engagement
- Lower volumes/higher acuity patients
- Patient-centered, outcomes focused care
 - Focus on assessment and the plan of care
 - Focus on safe and coordinated transitions of care
- Integration of new technologies

Nursing at it's fullest potential

- According to the Institute of Medicine's Report, *The Future of Nursing: Leading Change, Advancing Health*, nurses are ready to “spread their wings” and reduce the gaps in care
- When nurses are allowed to work to their fullest potential, they can strike a balance between providing the best clinical care at the lowest cost
- Nurses today are engaging in value-based purchasing, care coordination, health coaching, disease managers and population management

(IOM Report, 2010)



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Beyond the bedside

Nursing today

- has become more complex and technology is merging with patient care
- the profession is for the intellectually curious and for the life-long learner

Healthcare today

- is calling for nurses to be a new generation of thinkers, who want to be agents of innovation

(Tiffin, 2013)



Nursing's role in healthcare reform

- As healthcare reform changes the environment, so **the role of nursing must change**
- There **still is not a right answer** to nurses' roles
- This leaves nurses **free to imagine their roles** and staffing possibilities under healthcare reform

Nursing's role in healthcare reform

Nurse staffing in a world of healthcare reform and accountable care is uncertain and creates fear not only for the nurse leaders, but all RNs

(Mensik, 2013)

Under healthcare reform, the nurse's role will constantly evolve to provide better access and higher quality care

So--what can you do?

Keep an open mind – nurses are the most invested in caring for patients

Dream of the possibilities

Participate in the conversation

Advocate for the nursing profession

Learn more



Post-test

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 - d) 100%
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 - b) 25% of total healthcare spending
 - c) nearly 50% of healthcare spending
3. Medicare has
 - a) 1 part
 - b) 2 parts
 - c) 3 parts
 - d) 4 parts

Healthcare Reform and Clinical Practice pre and post-test answers

1. D
2. A
3. D

Communicating with Patients, Families and Healthcare Team Members

Tammie R. Jones, RN, MS



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Pre-test

1. Medicare is a federal insurance program for individuals over 75 years of age
 - a) True
 - b) False
2. Medicaid insurance is for low-income individuals
 - a) True
 - b) False
3. The Affordable Care Act provides some coverage options for individuals unable to afford insurance
 - a) True
 - b) False

Objectives

Upon completion of this program, the new graduate nurse will be able to:

1. Describe the rising healthcare costs
2. Discuss healthcare coverage programs and options
3. Teach patients about the different parts of Medicare

Rising healthcare costs

- In 2010, the U.S. spent \$2.6 trillion on healthcare, an average of \$8,402 per person
- The share of economic activity (GDP) devoted to healthcare has increased from 7.2% in 1970 to 17.9% in 2009 and 2010
- Half of healthcare spending is used to treat just 5% of the population
- Prescription drug costs account for only 10% of the total healthcare spending, but this represents an increase of 114% from 2000 to 2010

(Kaiser Family Foundation, 2012)



Healthcare coverage programs & options

- Government sponsored programs
 - Medicare
 - Medicaid
 - Veterans Benefits
- Employer or Private Insurance
- Self-Pay

(Sherman and Bishop, November 2012)

Government sponsored programs

Medicare

- Signed into law by President Lyndon B. Johnson in 1965
- Federal insurance program
 - > 65 years old
 - Younger people with disabilities
 - End-stage renal disease
- Largest group health plan in the world
- Funded with payroll taxes

(American Association of Retired Persons, January 1, 2011)

Parts of Medicare

Part A - Hospital Insurance

- Inpatient hospital care
- Skilled nursing facility care
- Hospice care
- Home healthcare

Part B - Medical Insurance

- Services from doctors or other healthcare providers
- Outpatient care
- Home healthcare
- Durable medical equipment
- Some preventive services

Part C - Medicare Advantage

- Includes part A and B benefits and services
- Prescription drug coverage (usually)
- Run by Medicare-approved private insurance companies

Part D - Prescription Drugs

- Helps cover cost of prescription drugs
- Run by Medicare-approved private insurance companies
- May help lower prescription drug costs and help protect against higher costs in the future

(American Association of Retired Persons, January 1, 2011; Centers for Medicare and Medicaid Services, 2015; Sherman and Bishop, November 2012)

Government sponsored programs

Medicaid

- Created at same time as Medicare
- Federally run health insurance program
- For low-income people
- Eligibility varies from state to state

Veterans benefits

- Covers healthcare costs of veterans
- Supported by federal funding through the Department of Veterans Affairs

(Centers for Medicare and Medicaid Services, 2015; Sherman and Bishop, November 2012)

Employer or private insurance

- Private insurance through employers
 - Employer and employee share insurance costs
- Private insurance purchased on own
 - Usually much more expensive
- Both can include choice of one type of plan or several options

(WebMD, August 13, 2012)



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Types of employer/private plans

Managed Care Plans work with certain healthcare providers and facilities, called in-network or approved providers, to provide care at a lower cost. These include:

Health Maintenance Organization (HMO)

- Pay for medical care only when using the approved network of providers
- Usually lower cost option

Preferred Provider Organization (PPO)

- Covers more healthcare expenses if using approved network of providers
- Covers some of the expense if using out-of-network providers

Point of Service (POS)

- Choose between HMO or PPO each time you receive care

(WebMD, August 13, 2012)



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Types of employer/private plans

Indemnity (fee-for-service) plans

- Choice of healthcare provider or facility is not limited to in-network providers
- Patient out-of-pocket costs are usually higher

(WebMD, August 13, 2012)

Self-pay

Patients without health insurance benefits or coverage

- Affordable Care Act (ACA) will provide some coverage options for patients unable to afford insurance
- Despite ACA, uninsured patients will continue to need care
- Emergency Medical Treatment and Active Labor Act (EMTALA)
 - All patients, regardless of ability to pay, are entitled to emergency care under EMTALA
 - Patients will still be responsible for the expenses related to the emergency care
- Charity care
 - Hospitals have policies and procedures that outline financial assistance for patients struggling to pay for their care
 - In order for hospitals to maintain their not-for-profit status, they must provide evidence of their charity care

(Sherman and Bishop, November 2012)



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Activity

1. Explain the different parts of Medicare (Parts A, B, C, and D)
2. Develop a written teaching tool to be utilized in explaining the different parts of Medicare (Parts A, B, C, and D) to Medicare patients

Post-test

1. Medicare is a federal insurance program for individuals over 75 years of age
 - a) True
 - b) False
2. Medicaid insurance is for low-income individuals
 - a) True
 - b) False
3. The Affordable Care Act provides some coverage options for individuals unable to afford insurance
 - a) True
 - b) False

Communicating with Patients, Families and Healthcare Team Members pre & post-test answers

1. False
2. True
3. True

References

American Association of Retired Persons. (2011, January 1). *Medicare and you: Getting started*. Retrieved from http://www.aarp.org/health/medicare-insurance/info-012011/understanding_medicare_a_boomers_guide.html

Centers for Medicare and Medicaid Services. (2015). *Medicare and you*. Retrieved from <http://www.medicare.gov/Pubs/pdf/10050.pdf>

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Integrating Costs into the Care and Leadership of the Patient

Tammie R. Jones, RN, MS



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Pre-test

1. Hospital Reimbursement, as a result of the passage of the Affordable Care Act, is based on the volume of services provided to the patient

a) True

b) False

2. Medicare, Medicaid and Veterans benefits are forms of government sponsored healthcare

a) True

b) False

3. Nurses have the ability to impact hospital reimbursement

a) True

b) False

Objectives

Upon completion of this program, the new graduate nurse will be able to:

1. Describe hospital reimbursement
2. Explain items included in a nursing unit budget
3. Discuss the staff nurse role in contributing to the hospital's financial success

Hospital reimbursement overview

- Hospital reimbursement is a unique and complex process
- Number of different revenue sources or payment sources
- The largest portion of hospital revenue (for most hospitals) comes from Medicare and Medicaid
- Medicare and Medicaid payment amounts are set by law and generally do not cover the full cost of care

(Florida Hospital Government and Public Affairs, November 2013)

Payment sources

Government sponsored/public payers

- Medicare
- Medicaid
- Veterans Benefits

Employer or Private Insurance

Self-Pay/uncompensated

(Sherman and Bishop, November 2012)

Payment rates Medicare and Medicaid

- Payment rates for Medicare and Medicaid are determined by the government and are non-negotiable
- The payment rate is a set amount based on the patient's discharge diagnosis (regardless of how long the patient is hospitalized or how many services are provided during the hospital stay)
- In almost all circumstances, the payment rates do not cover cost of care provided, resulting in underpayments
- In 2012, Medicare payments to hospitals (as a whole) only covered 86 cents for every dollar spent by hospitals in caring for Medicare patients of the costs of caring for Medicare patients and Medicaid reimbursement only 89 cents for every dollar spent

(American Hospital Association, 2014)

Payment rates

Employer/private insurance

- Generally negotiate discounted payment rates with hospitals
- Higher rates than what Medicare and Medicaid pay

Uncompensated Care

- Shortfall between the cost of care and what is reimbursed (underpayments)
- Bad debt related to unpaid co-pays, deductibles
- Charity discounts related to care provided for free or at a reduced rate based on the patient's financial need

(Florida Hospital Government and Public Affairs, November 2013)

Payment rates

Cost-shifting

- Negotiated payment rates with private insurance groups
- The higher payments compensate for hospital losses from underpayment from Medicare and Medicaid, bad debt, and charity care
- Used by hospitals to maintain viable financial position

(Florida Hospital Government and Public Affairs, November 2013)

Payment rates

Affordable Care Act (ACA)

- Medicare and Medicaid payment rates, since the ACA, have shifted more to a performance-based model
- In addition to underpayments, hospitals can also be penalized and have additional reimbursement withheld if certain clinical, quality, financial, and patient satisfaction measures are not met
- Hospitals, however, have an opportunity to garner additional reimbursement if they exceed in meeting the clinical, quality, financial, and patient satisfaction measures

(Kaiser Family Foundation, May 1, 2012)



Nursing unit budget

Revenue or income

- Payments from Medicare, Medicaid, or private insurance for the care provided to discharged patients from the unit
- Lower reimbursement or no payment at all, if a patient is readmitted within 30 days or if a patient suffers a *never* event such as pressure ulcers, falls, or hospital acquired infections
- Nursing care is not considered revenue-generating – it is included in overall room charge

(Sherman and Bishop, November 2012)

Nursing unit budget

Expenses

- Nurse salaries/benefits, including vacation or paid time off, overtime, shift differentials, orientation, and seminar time
- Non-salary items such as medical supplies, pharmacy costs, office supplies, equipment rentals, repairs and maintenance of equipment

(Sherman and Bishop, November 2012)

Nurse's role and finances

Nurses can contribute to the financial success of the hospital by

- Utilizing appropriate infection control practices to reduce the incidence of hospital acquired infections
- Answering call lights in a timely fashion to decrease the risk of patient falls
- Asking for help to minimize the use of overtime
- Appropriate utilization of medical supplies and equipment
- Treating patients as if they were a family member to enhance patient satisfaction

Activity

#1

Identify a cost saving measure

#2

Assume a leadership role in creating a plan to implement a cost saving measure on a nursing unit

Post-test

1. Hospital Reimbursement, as a result of the passage of the Affordable Care Act, is based on the volume of services provided to the patient

a) True

b) False

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a) True

b) False

3. Nurses have the ability to impact hospital reimbursement

a) True

b) False

Integrating Costs pre & post-test answers

1. False
2. True
3. True

References

- American Hospital Association. (2014). Underpayment by Medicare and Medicaid fact sheet. Retrieved from <http://www.aha.org/content/14/2012-medicare-med-underpay.pdf>
- Florida Hospital Government and Public Affairs. (2013, November). Hospital finance basics: Part 1 revenue. Retrieved from https://www.floridahospital.com/sites/default/files/finance_part_i_revenue_hib_November_20131.pdf
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