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When most of us started our nursing careers, we became nurses to help and serve others. We never thought we would have to be concerned about the cost of care for our patients or cost of care for health care facilities not to mention the nation. Times have changed, as we all know. Health care in the United States for 2011 was 17.9% of the gross domestic product, one of the highest cost percentages for health care in the world. Hospital care and physician/clinical care accounted for 51% of the costs. ** The majority of the costs in health care services consume much of our monetary resources from our personal and economic budgets. Thus, in today’s world, it is of paramount importance that from staff nurses to the Chief Nursing Officer, nurses must understand their personal home finances, their workplace finances, as well as the health care industry as a whole.

Business Plans: A Basic Skill

One of the basic skills all nurses should have is developing business plans. I teach finance in the graduate program, and I’m always a little surprised how many nurses really do not have a basic understanding of health care finances. They do not know the cost of the supplies they use in providing patient care much less manpower costs of their own time. But many of them find health care finance very interesting when they are enrolled in a basic financial management course. The final project in the course I teach is how to write a basic business plan.

You may be asking, “Why ask nurses to learn how to write a basic business plan?” Some people will tell you that it is not important. Nurses only need to take care of patients. But nurses need to know what it costs to take care of their patients. The more efficient we are in delivering health care, the more the patient, the organization, and society as a whole benefit from less economic strain. We need to understand what supplies and resources provide the best quality at the least costs. The only way we can do that is to actually identify and understand the costs (both indirect and direct) of supplies and resources and the cost associated with specific procedures/processes.

Purpose Served by Business Plans

What purpose does business plans serve? Business plans provide an organized method to analyze the costs of care. They provide the nurse with a template to figure out the current cost of care delivered, or they can help develop proposals for new techniques and processes to improve patient care quality. With basic business planning skills, nurses are better equipped to speak the financial language with the administrative level so the administrators understand how their decisions impact patient care. Without this ability, nurses are hampered in expressing themselves regarding cost of care issues as well as innovative ideas to improve patient care.

Strategies the nurse leader can use to assist novice nurse leaders and staffs to understand the finances of their care delivery in their areas of responsibility are to:

- Assist staff nurses to determine the cost and charges of the supplies used most frequently in their areas.
- Ask the nurses to determine what their patients would find most helpful regarding their care.
- Assist nurses to evaluate which of their actions create costs for the patient and the organization.
- Explain how changes in patient acuity and patient volume affect staffing and the budget.
- Explain how charges are generated and how documentation relates to billing.
- Share the monthly budget results with the staff and have them assist in solving budget variances.
- Coach nurse managers and staff to consistently ask:
  - Are we doing the right things?
  - Are we being effective in our care and as cost efficient as possible?
  - To what extent are my attitudes towards assuring quality and efficient care affecting the success of my care delivery?

Summary

In conclusion, no nurse should shy away from understanding the finances of the health care world. We must all embrace the need to understand the costs of care. As we gain this basic understanding, we can excel in demonstrating ideas to improve health care in the most efficient manner, a winning combination in today’s financially focused world! •

** References available from the author.