



Indiana University Health

LEADER LEADER²

Leading Effectively through Data

Using data to make decisions and monitor improvements in budget planning

Introduction



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Agenda

- Learning Objectives
- Key Trends outside IU Health
- Leading through data
- Practical Application
- Next Steps
- Key Takeaways



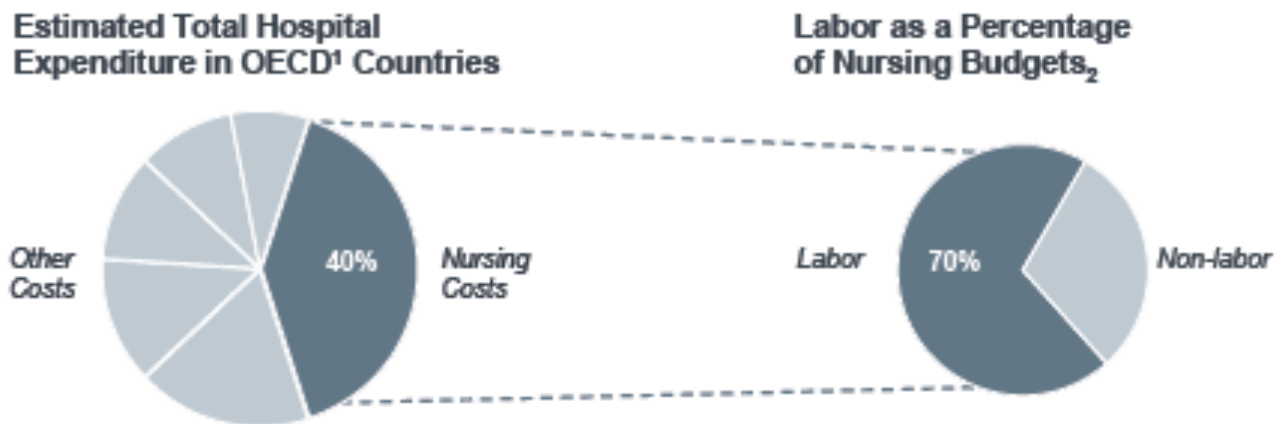
Learning Objectives

1. Describe what it means to lead through data
2. Describe the basic nursing budget terminology
3. Identify the steps to building a nursing budget

Setting the Stage: Key trends outside IU Health



- The health care industry suffers from a cost disease



“

“The challenge is that with nursing being the largest workforce, whenever you are sitting in a room with your operations or financial executives, they always look straight to that workforce.”

Nursing executive, Australian public hospital

Advisory Board - Rising Above the Bottom Line, 2016

Setting the Stage: Key trends outside IU Health



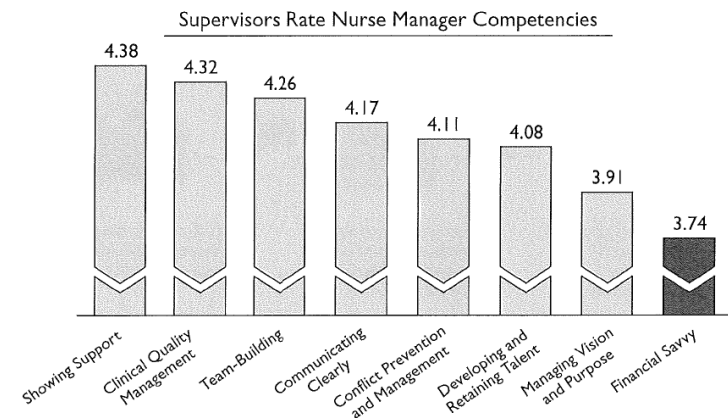
- AONE designates financial management as a key nurse manager competency.
- *“Financial skills elude most frontline managers”*



AONE – Nurse Manager Competencies, 2006

A Lack of Business Acumen

Financial Skills Dead Last



Advisory Board – Mastering the Nursing Budget Process, 2009

Leading through data: Back to the basics – Key Budget Terminology



- Hours Per Patient Day
 - Number of worked hours divided by the number of patients cared for in one day
- Direct Care Hours
 - All hours worked toward “hands-on” patient care
- Indirect Care Hours
 - Worked hours that support patient care activities or operation
- FTE: full time equivalent
 - Number of hours per pay period/ 80
 - or –
 - Number of hours per year/2080
 - Ex: $72/80 = 0.9$ FTE

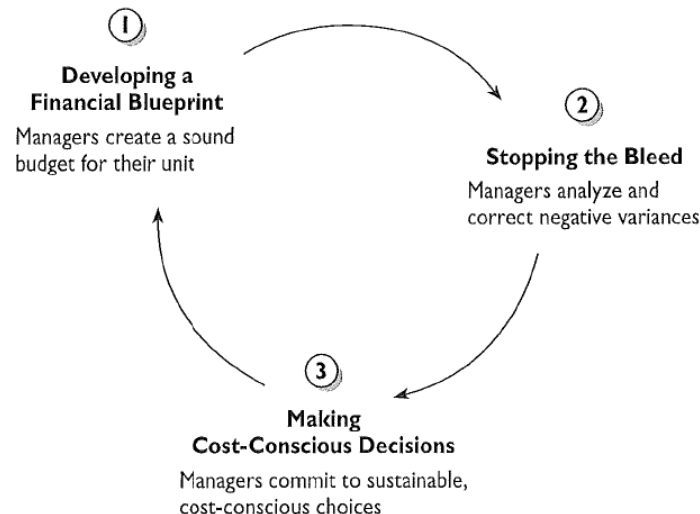
Practical Application: Building a Nursing Budget



1. Define our role in the budget planning process
2. Build the most cost-efficient staffing model to meet demand
3. Remember that financial stewardship is ongoing

Leading By Numbers

Engagement for Budgeting Success



Practical Application: Key Methodology Standardizations



Equation used to define the nursing budget methodology

Volume + Care Model + Operations Model = Budget  Execution

Budget Methodology Component	Decisions
Build forward strategy*	Budget build will start with ratios (clinical nurse and clinical support) for the average population of patients in a clinical unit. Hours per patient day (HPPD) is an output.
Benchmarking	Relevant internal and external benchmarking will be used as a point of reference. NDNQI will serve as a key source of comparative data for RN HPPD and Direct Care HPPD.
Indirect Time	Data will be available to managers when making decisions around indirect time. Allocations for meeting, education, and orientation have standard definitions across the system.

*** 2018 Key Decision** – RN and DC HPPDs will align within 3% (above or below) the NDNQI 50th percentile

Practical Application: Nursing Budget Workbook



Facility		Section 3 Daily Staffing Plan								Avg.	Section 4 FTE Plan					Section 6 Indirect Time			
Unit Name	Cost Center Number	ADC	%Var	M	T	W	T	F	S	S	Staffing:	Direct	Mtg/Ed	Orient	Total FTE	Orientation			
Section 1 General Assumptions		7a		0.00	0.00	0.00	0.00	0.00	0.00	0.00	Manager					# Orientees	0		
Budgeted Patient Days:		11a		0.00	0.00	0.00	0.00	0.00	0.00	0.00	Shift Coord.	0.00	0.00			Hrs/Orientees			
Budgeted Daily Census:		3p		0.00	0.00	0.00	0.00	0.00	0.00	0.00	Charge Nurse	0.00	0.00		0.00	Total Hours:	0	0	
Weeks/Fiscal Year:		7p		0.00	0.00	0.00	0.00	0.00	0.00	0.00	Clinical Nurse	0.00	0.00	0.00	0.00	Meeting/Education			
Days in Fiscal Year:		11p		0.00	0.00	0.00	0.00	0.00	0.00	0.00	Clinical Support	0.00	0.00	0.00	0.00		RN	Non-RN	
Hours per FTE:		3a		0.00	0.00	0.00	0.00	0.00	0.00	0.00	Unit Secretary				0.00	Hrs/FTE	40	20	
RATIOS: by Care Model Role		0%		M	T	W	T	F	S	S	TOTAL	Section 5 Hours per Patient Day Reference		Benchmarks (NDNQI defined unit type - For Reference Only)					
Patients/Clinical Nurse		7a									0		RN	Direct	Prod				
M T W T F S S		11a									0					25th Percentile	50th Percentile	75th Percentile	
7a		3p									0					RN	0.00	0.00	0.00
11a		7p									0					DC	0.00	0.00	0.00
3p		11p									0					Notes:			
7p		3a									0								
11p		TOTAL		0	0	0	0	0	0	0	0								
3a		Charge Nurse									0								
Patients/Clinical Support		Clinical Nurse									0								
7a		Clinical Support									0								
11a		Unit Secretary									0								
3p		7a									0								
7p		11a									0								
11p		3p									0								
3a		7p									0								
		11p									0								
		3a									0								

Workbook is comprised of 4 tabs:

- Tab 1: FTE Plan (Main Worksheet)
- Tab 2: Background Reference Data
- Tab 3: EPSi Translation
- Tab 4: Expense Modeling



Tab 2: Background Reference Data

Background & Reference Data																			
Bud 17		Rolling 26 Pays (pp ending 5.13)		FY 18 Plan		Bud 17		Actual 2017 (pp ending 5.13)		FY 18 Plan		Rolling 26 Pays (pp ending 5.13)		FY 18 Plan		Rolling 26 Pays (pp ending 4.29)			
ADC				0.00		Clinical Nurse FTEs				0.00		Meeting/Ed.				0.00		Leave of Absence	
Daily Averages						Bud 17		Actual 2017 (pp ending 5.13)		FY 18 Plan		Rolling 26 Pays (pp ending 5.13)		FY 18 Plan		% of YTD worked hours (pp ending 5.13)			
Monday						Clinical Support FTEs				0.00		Sitters				0		Overtime	
Tuesday																			
Wednesday						Bud 17		Actual 2017 (pp ending 5.13)		FY 18 Plan		Rolling 26 Pays (pp ending 5.13)		FY 18 Plan		*Expense Purposes		Rolling 26 Pays (pp ending 5.13)	
Thursday						Total FTEs				0.00		RN Departures				Resource Utilization			
Friday																			
Saturday												% As of pp ending 5.13		FY 18 Plan					
Sunday												RN Turnover							
Hourly Average % Difference												Rolling 26 Pays (pp ending 5.13)		FY 18 Plan					
7a												Orientation				0.00			
11a																			
3p																			
7p																			
11p																			
3a																			

Use this tab as reference data as you build your plan



Tab 3: EPSi Translation

FTE Plan		FTE Plan Detail						
Role	FTEs	Job Code	Title	DC FTE	Non-direct FTEs	Orientation	Mtg/Ed	Total FTEs
			Manager		0.00			0.00
Mgr	0.00		SC	0.00	0.00			
SC	0.00		SC2	0.00	0.00			
RN	0.00		SC3	0.00	0.00			
PCA	0.00		RN	0.00		0.00	0.00	
US	0.00		RN2	0.00				
Sitters	0.00		RN3	0.00				
Total	0.00		PCA	0.00		0.00	0.00	
			PCA 2	0.00				
			PCA 3	0.00				
			US	0.00	0.00			0.00
			Sitters					0.00
Total:				0.00	0.00			0.00



Tab 4: Expense Modeling

FTE Plan		FTE Plan Detail						Indirect Time Detail		
Role	FTEs	Job Code	Title	Prod FTEs	Regular Wages	Benefit Expense	Total Salaries and Wages	Job Code	Title	Mtg/Ed
Mgr	0.00	0	Manager	0.00				0	Manager	
SC	0.00	0	SC	0.00	\$ -	\$ -	\$ -	0	SC	
RN	0.00	0	SC2	0.00	\$ -	\$ -	\$ -	0	SC2	
PCA	0.00	0	SC3	0.00	\$ -	\$ -	\$ -	0	SC3	
US	0.00	0	RN	0.00	\$ -	\$ -	\$ -	0	RN	
Total	0.00	0	RN2	0.00	\$ -	\$ -	\$ -	0	RN2	
		0	RN3	0.00	\$ -	\$ -	\$ -	0	RN3	
		0	PCA	0.00	\$ -	\$ -	\$ -	0	PCA	
		0	PCA 2	0.00	\$ -	\$ -	\$ -	0	PCA 2	
		0	PCA 3	0.00	\$ -	\$ -	\$ -	0	PCA 3	
		0	US	0.00	\$ -	\$ -	\$ -	0	US	
		Total:		0.00	\$ -	\$ -	\$ -	Total:		

Populate the job codes used on the unit then break out the FTEs associated with roles that have more than one job code.

Changing ratios in section 2 and updating tab 3 will allow the nurse leader to see the effect of decisions on expenses

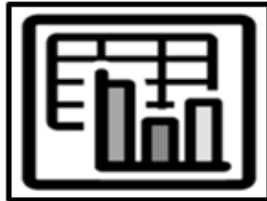
2018 Budget Planning Timeline



Training

- **6/2 - 6/14**
- End-user training on process updates

Nurse Leaders and Finance partner to train end-users



Workbook Build

- **6/14 - 6/30**
- Nurse Leader use build forward process to develop budget plan at or below the 50th percentile
- Nurse Leader should consider checklist of items and historical data during workbook build

Nurse Leader/ Accounting Manager budget check point at monthly financial review meeting



CNO Review

- **7/1 - 7/21**
- CNO to review facility level roll-up and propose modifications

CNO/CFO Check Point



Volume Update

- **7/21 - 7/26**
- Volumes cascaded to facilities and managers update workbooks
- Final CNO Review

CNO/CFO Check Point



Nursing Budget Meetings

- **8/1 - 8/21**
- Review FTE plans and associated expenses within EPSi
- Modify as needed

Nurse Leader and Accounting Manager review EPSi

Nursing & Finance Touch Points



Leader Expectations

Nurse Leader Expectations

- Review toolkit and updates for 2018
- Walk through the nurse manager budget workbook to understand the purpose of each section and key assumptions built into the workbook
- Escalate issues to next level leader or SuperUser for troubleshooting
- Meet established deadlines
- Consult and review with next level leader prior to deadlines
- Embrace changes that may still need to be made to hit targets



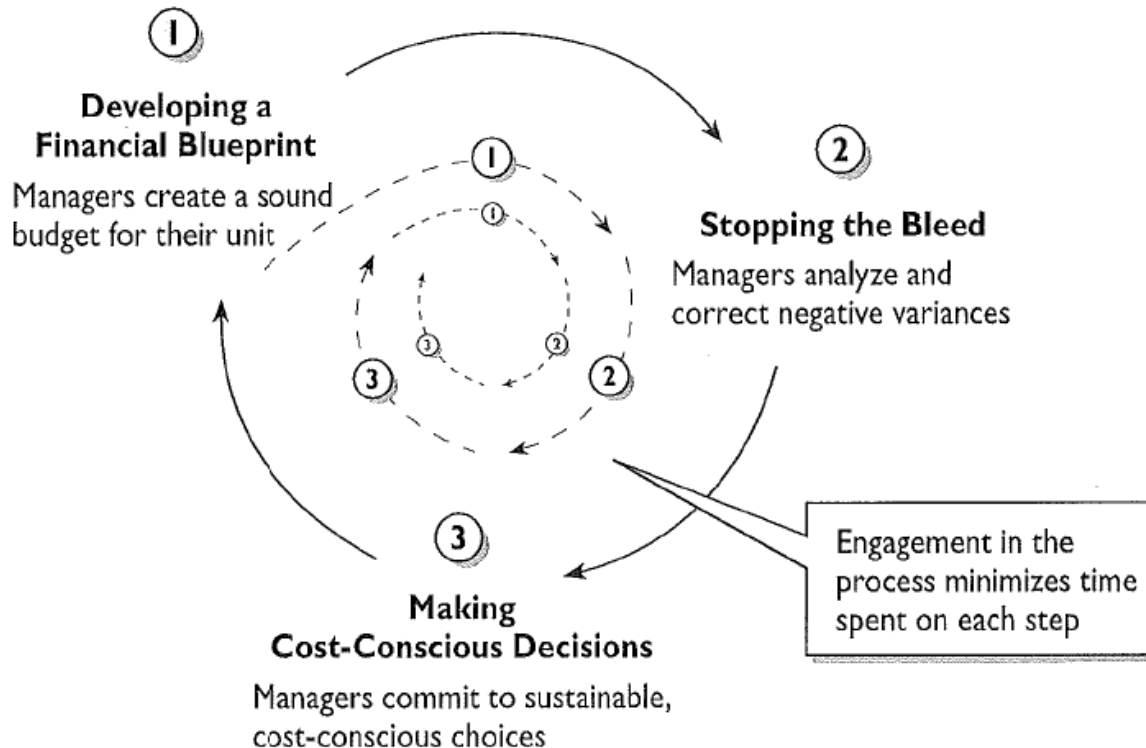
Financial Stewardship

- Outside of building a responsible budget, we must constantly evaluate progress to ensure we can stop the bleed and recover financial balance in the moment

Becoming Financially Fluent

Becoming Financially Fluent

Engagement in Budgeting Advances Leadership





Next Steps

- Review and reflect on today's presentation and tools
- Complete the budget workbook for your unit
- Escalate questions and concerns to your leaders
- Identify areas where your unit may have opportunities to make improvements in 2017 and create a plan to correct negative variances as they occur

Key Takeaways

- With nurses and unlicensed support comprising the majority of the workforce at any hospital, nursing leadership plays an important role in meeting financial goals starting with budget planning
- The most critical success factor in attaining exceptional financial performance is a personal and collective accountability to achieving outcomes
- As nurse leaders we must:
 - Define our role in the budget planning process
 - Build the most cost-efficient staffing model to meet demand
 - Remember that financial stewardship is ongoing. Outside of building a responsible budget, we must constantly evaluate progress and make course corrections to eliminate or decrease variances

Q & A



Additional Resources

- Advisory Board – Rising Above the bottom line
- Advisory Board – Mastering the Nursing Budget Process
- AONE Nurse Leader Competencies

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