

Chapter IX

Shaping Funding Policy for Nursing Services

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ABSTRACT

This chapter is about the major policy issue of nursing resource allocation for hospitals. Health service executives have different views about whether systems based on ratios or those based on patient dependency are more accurate. This chapter reports on a statistical analysis of almost 2 million hours of nursing data provided by 22 acute care public and private hospitals in Australia, New Zealand, and Thailand. The TrendCare informatics system was selected because it has the capacity to simultaneously measure nurse patient ratios and nursing workloads by a dependency method of nursing hours per patient day. The results showed that TrendCare predicts actual direct nursing care requirements with greater accuracy than ratios for all hospital and patient types, facilitating better allocation of nursing resources and demonstrating that the cost of nursing care would be less for hospitals using that system than for ratios. This is an important outcome for nursing informatics.

INTRODUCTION

The principal reason for admitting patients to hospital is because they require nursing care (Diers, 2004; Sovie, 1988). Nursing care is one of the most costly care items in a hospital operat-

ing budget (Hovenga, 1994; Diers, 2003) and in a policy context, accounting for nursing care should be high on the agenda for hospital managers and funding agencies. Nurses represent the largest professional group in the health care workforce in most Western economies (Diers, 2000; Cockerill,

O'Brien-Pallas, Bolley and Pink; 1993; Bennett, 1990; Sovie, 1988; Barr, 1984). Careful management of the wages and conditions of this important section of the healthcare workforce could be expected to protect an organization's clinical and financial future, especially since the outcomes of nursing work impact upon so many stakeholders. Despite the need for enhanced accountability in hospital service provision, most nurses and their managers continue to experience difficulties in accounting for & allocating nursing work.

Many health care commentators and leading health industry officials would suggest that the nurses' contribution to patient care simply cannot be measured; let alone predicted. A dearth of credible evidence for a measure or quantification of nursing care raises the question of how hospital managers are accounting for nursing in hospitals in the current economic climate of accountability and resource rationalization. The complexity of nursing resource allocation is exemplified in the following quotes which show the diametrically different views of two expert Australian nurses. *'Equitable resource allocation for the provision of hospital nursing services is dependent upon the use of valid and reliably used nursing workload monitoring systems'* (Hovenga, 1994:6), & *'Dependency systems cannot provide certainty of nurse staffing numbers, unlike nurse patient ratios which are linked to Government funding and are enforceable'* (Morieson, 2003:4). These two experts have advanced two contrasting practices for measuring and managing nursing workloads. The two practices are patient dependency systems and nurse patient ratios.

INSIGHTS INTO AN INFORMATION DEFICIT

The objective of this chapter is to illustrate the influence nurses can have on policy development and refinement in a climate of contrasting views and practices, using data and trends analysis from

an Australian patient level workload informatics system. A study was designed to inform the debate about future policy directions in workforce planning. It is expected to be of interest to all stakeholders and notably to funding agencies that have established nursing policy using either of these two systems to measure and allocate nursing workloads. Examples of these policies include the introduction of mandated nurse patient ratios in Victoria (Australia's second most populated state) by the Department of Human Services (DHS), the Safe Staffing Law governing hospitals and nurse patient ratios in California, USA and a staffing by TrendCare agreement incorporated in the Enterprise Bargaining Agreements of some regional Victorian public hospitals (Plummer, 2005)..

This study was set in the policy arena of the Victorian public hospital experience where a staffing ratio law had been passed that trumped acuity based staffing. It was conducted from the perspective of an observer, attempting to understand the political and clinical landscape of mandated nurse patient ratios and was designed to shed light on a situation where policy has been established in the absence of data and the alternative was never tested. The study was grounded in nursing resource allocation and costs frameworks and is in effect a simulation of two different policy approaches. This was a correlational study of a retrospective cohort of nursing workload reports for the same patients and staff, during the same cross-sectional period of time. It was a study that will inform policy decisions on workloads.

The primary aim of the study was to examine the variation between predicted and actualized nursing care for two contemporary nursing workload allocation practices. The analysis was undertaken to determine if a correlation exists between predicted and actualized hours per patient day for mandated ratios (as in Victorian public hospitals) and/or the dependency system known as TrendCare. The analysis also examined whether each practice reliably predicts the nursing resources appropriate to the variations in

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