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Resources for Nursing Home Professionals

Culture Change: The Business and Clinical Case

Despite efforts to make improvements in many areas, most nursing homes continue to struggle with a range of challenges, from negative social stigma to quality of care issues. It's increasingly clear that for nursing homes to solve the root problems they face, transformational change is necessary. This FastFacts examines the fundamental challenge of solving key issues, including the high cost of employee turnover and the compromises in care brought about by understaffing. It runs the numbers, making the case that by addressing basic staffing issues nursing homes can improve both the financial bottom line and quality of care for residents.

High staff turnover and vacancy rates. The 16,032 licensed nursing homes in the United States are plagued by high staff turnover and suffer from continuous vacancies. According to AHCA 2002 estimates, the annual turnover rate for licensed nurses is 50 percent and for certified nursing assistants (CNAs) the average is 70 percent. In California nursing turnover rates are 50 percent annually.

Medicaid wage pass-through laws not effective in retaining staff. These laws provide an additional allocation of funds from Medicaid reimbursements to nursing homes for the express purpose of increasing compensation for direct-care workers. Unfortunately, Medicaid wage pass-through laws have not effectively reduced staff turnover and vacancy rates. Most states required participation and monitored the providers for compliance through random audits. A review of data by the Paraprofessional Healthcare Institute does not support the efficacy of wage pass-through programs, in part because staffing stability is not influenced only by wages.

High cost of employee turnover. According to the Paraprofessional Healthcare Institute, nursing homes collectively spend \$2.5 billion per year on CNA turnover. The average 100-bed facility with a 70 percent turnover rate spends \$90,000 per year on replacement costs. The direct costs include: advertising, interviewing, reference checks, drug screening, pre-employment physicals, classroom and unit orientations, and temporary staffing costs.

Understaffing compromises care. Vacant shifts or CNAs' perception that they work a shift without the optimal number of caregivers leads to frustration and, in some cases, resentment. CNAs report that when they are working understaffed,

certain care-giving tasks such as range-of-motion exercises, assisting the residents with eating and drinking and, in most cases, resident showers are simply not completed due to a lack of time.

Staff turnover compromises resident health status.

According to research by Charlene Harrington from the University of California, San Francisco, staff turnover and the resulting vacant shifts interrupts continuity of care and leads to higher rates of resident incontinence, facility-acquired pressures sores, urinary tract infections, and resident falls and fractures.

Leaders in workplace injury rates. According to OSHA, lost-time injuries in nursing homes are twice the United States average. CNAs average 200,000 reportable injuries per year. Despite a significant industry-wide investment in resident lifts, nursing home employees are more likely to be injured on the job than construction workers, police officers, firefighters, coal miners, or manufacturing plant employees. Workplace injuries represent a significant cost to providers.

Cumulative costs of resultant litigation. According to a recent study, only 8 percent of lawsuits against nursing homes go to trial. More than 92 percent are settled out of court with 88 percent resulting in payment to plaintiffs and their attorneys. The average settlement payment is \$406,000. In sequential order, lawsuits against nursing homes are initiated in reaction to: death; pressure ulcers; weight loss; and emotional distress. Nursing homes paid \$1.4 billion in claims in 2001. Of course, SNFs do not make only a one-time payment for a claim; they pay for it for years through higher liability insurance premiums.

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Finally, despite the higher number of claims and size of compensation payments in Texas and Florida, these two states do not look worse than other states when comparing Online Survey Certification and Reporting System (OSCAR) data or Quality Measures rates. In general, consumers pursue lawsuits against providers not because of clinical outcomes but because providers have failed to establish caring relationships with patients and timely and effective communication with family members.

Growing evidence suggests the need for cultural change at America's nursing homes from the institutional model of care to true individualized care. This transformational approach, which addresses the root causes of problems rather than making small and incremental changes, is one that makes sense from both a clinical and business perspective.

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