

# Nursing-Led Savings



The Children's Hospital of Philadelphia guide to  
cost-saving solutions, bedside financial  
stewardship, and improved efficiency in  
care-delivery systems

Paula Agosto  
Megan Bernstein  
Cheryl Gebeline-Myers  
Jackie Noll  
Jessica Steck

## PRAISE FOR NURSING-LED SAVINGS

*“This wonderfully rich and highly relevant resource is applicable for improvement initiatives in a variety of healthcare settings. The book is filled with practical and effective strategies for staff engagement, from the first steps in defining a problem through sustaining meaningful change. Sample tools, communications to team members, and methods for inspiring enjoyment while doing the work are useful for all teams getting started on their improvement journey.”*

—Frances J. Damian, MS, RN, NEA-BC  
Director of Nursing/Patient Services  
Emergency Services, Boston Children’s Hospital

*“A compelling read for all healthcare providers. The authors share their ambitious vision, associated concepts, and real-life examples of their value-creation journey on the frontlines of healthcare delivery. Everything is provided, including their framework and actual templates. No stone goes unturned in addressing the necessary cultural and operational aspects of this transformational project. After reading this book, executives and clinical nurses will better see the value proposition through each other’s eyes.”*

—Christopher D. Masotti, CPA, MBA  
Vice Dean of Finance and Operations  
Perelman School of Medicine, University of Pennsylvania

*“The authors use an innovative strategy to engage clinical nurses in financial savings. The transformational CHOP framework empowers nurses with the mind-set, culture, structure, and process to continuously remove clinical supply waste. The success factors and improvement tools shared are best practice models for replication in any healthcare setting. Nursing-Led Savings will ignite nurses with invaluable skills to elevate quality while simultaneously reducing cost—our collective mandate for affordable healthcare!”*

—Nancy Dunn, MS, RN  
Clinical Excellence Coordinator, Salem Health

*“This book is a must-read for every healthcare executive and anyone else interested in improving the healthcare value proposition by reducing nonlabor expenses. Through highlighting their methods and successes at Children’s Hospital of Philadelphia, the authors produced a practical, easy-to-read, and informative quality improvement primer. No matter where you are on your personal understanding of improvement science and change management, you will learn something new from this book.”*

–Rustin B. Morse, MD, MMM  
SVP, Quality and Safety  
Chief Quality Officer  
Interim Chief Clinical Officer  
Children’s Health System of Texas

*“This book is the product of the perfect blend of leadership from all perspectives working together to make a difference. The authors put together a wonderful blueprint that combines leadership, quality, empowerment, and fiscal responsibility to inspire others to action. By working through failures, opportunities, research, and achievements, the CHOP model sets the stage for success. A must-read for all nurses and a great resource to share with other healthcare professionals!”*

–AnnMarie Papa, DNP, RN, CEN, NE-BC, FAEN, FAAN  
Vice President & Chief Nursing Officer  
Einstein Medical Center Montgomery

*“Nursing-Led Savings is an imaginative approach to cost savings in an ever-changing healthcare industry. It’s a unique look at initiating those savings at the bedside and how to engage staff in the process. I highly recommend this book for all levels of hospital personnel.”*

–Kellie C. Dyer, MBA  
Director, Supply Chain  
Valley Children’s Healthcare

*“It makes sense to have nurses lead savings initiatives within their hospitals. This is not just about putting nurses on another committee and telling them to go save money. It is an innovative approach that combines real-world nursing experience with the latest savings strategies in the healthcare world.”*

–Robert Yokl  
Senior Vice President of Operations  
SVAH Solutions

# Nursing-Led Savings

The Children's Hospital of Philadelphia guide to cost-saving solutions, bedside financial stewardship, and improved efficiency in care-delivery systems

Paula Agosto, MHA, RN

Megan Bernstein, BSN, RN, CPN, CCRN

Cheryl Gebeline-Myers, MS

Jackie Noll, MSN, RN, CEN

Jessica Steck, BSN, RN, CPN



Copyright © 2020 by Children's Hospital of Philadelphia

All rights reserved. This book is protected by copyright. No part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without written permission from the publisher. Any trademarks, service marks, design rights, or similar rights that are mentioned, used, or cited in this book are the property of their respective owners. Their use here does not imply that you may use them for a similar or any other purpose.

This book is not intended to be a substitute for the medical advice of a licensed medical professional. The author and publisher have made every effort to ensure the accuracy of the information contained within at the time of its publication and shall have no liability or responsibility to any person or entity regarding any loss or damage incurred, or alleged to have incurred, directly or indirectly, by the information contained in this book. The author and publisher make no warranties, express or implied, with respect to its content, and no warranties may be created or extended by sales representatives or written sales materials. The author and publisher have no responsibility for the consistency or accuracy of URLs and content of third-party websites referenced in this book.

*The Sigma Theta Tau International Honor Society of Nursing (Sigma) is a nonprofit organization whose mission is advancing world health and celebrating nursing excellence in scholarship, leadership, and service. Founded in 1922, Sigma has more than 135,000 active members in over 90 countries and territories. Members include practicing nurses, instructors, researchers, policymakers, entrepreneurs, and others. Sigma's more than 530 chapters are located at more than 700 institutions of higher education throughout Armenia, Australia, Botswana, Brazil, Canada, Colombia, England, Ghana, Hong Kong, Ireland, Jamaica, Japan, Jordan, Kenya, Lebanon, Malawi, Mexico, the Netherlands, Nigeria, Pakistan, Philippines, Portugal, Puerto Rico, Singapore, South Africa, South Korea, Swaziland, Sweden, Taiwan, Tanzania, Thailand, the United States, and Wales. Learn more at [www.sigmanursing.org](http://www.sigmanursing.org).*

Sigma Theta Tau International  
550 West North Street  
Indianapolis, IN, USA 46202

To order additional books, buy in bulk, or order for corporate use, contact Sigma Marketplace at 888.654.4968 (US and Canada) or +1.317.634.8171 (outside US and Canada).

To request a review copy for course adoption, email [solutions@sigmamarketplace.org](mailto:solutions@sigmamarketplace.org) or call 888.654.4968 (US and Canada) or +1.317.634.8171 (outside US and Canada).

To request author information, or for speaker or other media requests, contact Sigma Marketing at 888.634.7575 (US and Canada) or +1.317.634.8171 (outside US and Canada).

**ISBN:** 9781948057165

**EPUB ISBN:** 9781948057172

**PDF ISBN:** 9781948057189

**MOBI ISBN:** 9781948057196

---

### Library of Congress Cataloging-in-Publication data

Names: Agosto, Paula, author. | Bernstein, Megan, 1985- author. | Gebeline-Myers, Cheryl, 1979- author. | Noll, Jackie, author. | Steck, Jessica, author. | Sigma Theta Tau International, publisher.

Title: Nursing-led savings : the Children's Hospital of Philadelphia guide to cost-saving solutions, bedside financial stewardship, and improved efficiency in care-delivery systems / Paula Agosto, Megan Bernstein, Cheryl Gebeline-Myers, Jackie Noll, Jessica Steck.

Description: Indianapolis : Sigma Theta Tau International, [2020] | Includes bibliographical references and index.

Identifiers: LCCN 2019021240 | ISBN 9781948057165 | ISBN 9781948057196 (mobi)

| ISBN 9781948057189 (pdf) | ISBN 9781948057172 (epub)

Subjects: | MESH: Economics, Nursing | Cost Savings--methods | Shared Governance, Nursing | Efficiency, Organizational--economics

Classification: LCC RT86.7 | NLM WY 77 | DDC 610.73068/1--dc23 LC record available at <https://lccn.loc.gov/2019021240>

---

### First Printing, 2019

**Publisher:** Dustin Sullivan

**Acquisitions Editor:** Emily Hatch

**Publications Specialist:** Todd Lothery

**Cover Designer:** Rebecca Batchelor

**Interior Design/Page Layout:**

Rebecca Batchelor

**Managing Editor:** Carla Hall

**Development and Project Editor:**

Rebecca Senninger

**Copy Editor:** Erin Geile

**Proofreader:** Gill Editorial Services

**Indexer:** Joy Dean Lee

# TABLE OF CONTENTS

About the Authors.....	x
Foreword.....	xvii
Introduction .....	xix
<b>1 FINANCIAL STEWARDSHIP: FRAMING THE “WHY” .....</b>	<b>2</b>
Healthcare Landscape: The Evolving Uncertainty .....	4
Mission Sustainability: Establishing an Organizational Priority .....	6
Translating Financial Stewardship at the Bedside: Engaging the Mind and Heart.....	11
Including a Story/Personal Perspective.....	17
References.....	20
<b>2 BUILDING THE ORGANIZATIONAL STRUCTURE: DESIGNING THE “WHAT” . . . .</b>	<b>22</b>
Taking On the Challenge of Reducing Expenses .....	24
Defining the Path.....	28
Developing an Action Plan .....	34
Aligning Resources .....	36
Communicating .....	39
Celebrating Success.....	42
Building Team Structures .....	43
Changing the Culture .....	50



Translating Organizational Vision to Work Team Efforts.....	52
Using Data to Drive Work Team Focus and Impact...	54
<b>3 ESTABLISHING THE “WHO”: ENLISTING THE BEDSIDE NURSES . . . . .</b>	<b>58</b>
Involving an Established Nursing Committee .....	62
Educating Nurses on Healthcare Finance .....	64
Getting the Bedside Nurses Involved.....	66
Finding a Common Language Between Executive Leaders and Clinical Nurses.....	70
Accepting the Challenge.....	75
<b>4 IMPROVEMENT METHODOLOGY: TRANSLATING THE “HOW” . . . . .</b>	<b>78</b>
The Science of Improvement: A Quick Primer .....	81
The CHOP Improvement Framework: Simple and Relatable.....	86
References.....	105
<b>5 NURSING-LED SAVINGS IN ACTION: A BEDSIDE NURSE’S PERSPECTIVE AND STORY . . . . .</b>	<b>106</b>
Starting the Work.....	110
Avoiding Getting Lost in Translation as a Nurse.....	114
Walking the Walk .....	117



Creating a Process Map ..... 119

Following Up on Insights ..... 120

Helping Your Staff to Navigate Your Own  
Healthcare System ..... 121

Seeing the Results ..... 124

Primary and Secondary Gains..... 126

**6 FORWARD THINKING AND  
FINAL THOUGHTS ..... 128**

Creating a New Workflow ..... 133

Continuing Efforts..... 135

Reference ..... 136

**APPENDIX: KEY DRIVER DIAGRAM  
(NONSALARY EXPENSE REDUCTION) ..... 138**

**INDEX ..... 142**



# FOREWORD

If you want to get something done, ask a nurse. If you want something done right, ask a nurse. That's what we did at Children's Hospital of Philadelphia (CHOP): We asked our nurses to help us become more responsible stewards of our resources. We asked them to help us find ways to cut costs and become more efficient. And they delivered, offering innovative and effective ideas that we are now putting into practice in our hospital and across our Care Network. We have reduced the cost of care, and our patient-families are seeing the benefits because we are able to pass some of these savings on to them.

At CHOP, we spend a lot of time focused on scenario planning, and finances are always an important part of these discussions. I believe that the one thing all hospitals and healthcare organizations can do to ensure their success in any future scenario is to lower costs. Yet very few know how to do this—and an even smaller group have asked nurses to lead the charge.

I am proud that CHOP is part of this group, and I am thrilled that our nursing team has written this book to share their insights and expertise. Whether you are a clinical frontline staff or an executive leader—I started at CHOP as a nurse in 1983, so I am familiar with both roles—this book will help you empower your teams to create change. Because



nurses are on the front lines of patient care, they have the best ideas for improving how hospitals work. They simply need a practical how-to guide like this one to help them put their ideas into action.

–Madeline Bell  
President and CEO  
Children’s Hospital of Philadelphia

# INTRODUCTION

*“Unless someone like you cares a whole awful lot,  
nothing is going to get better. It’s not.”*

*—Dr. Seuss*

We would like to formally welcome you to our book. Yes, we started with a Dr. Seuss quote. We can’t help ourselves—we work at a children’s hospital after all. The quote rings true, though. You have begun reading this book because you are interested in making a positive change for your organization. This book shares an organizational journey at Children’s Hospital of Philadelphia—a journey originating out of necessity but, most importantly, out of responsibility to the mission and patients we serve as well as the broader healthcare landscape. We highlight a framework for leveraging a Nursing Shared Governance model and a structured improvement methodology for staff to lead cost-reduction efforts at the bedside. This how-to guide will walk organizational leaders at all levels through the development and implementation of a robust cost-saving strategy focusing directly on eliminating waste and streamlining processes in everyday clinical work. We will also provide you with the toolkit to do it. This strategy involves prioritization of nonlabor expense reduction at the senior leadership levels, engaging Nursing Shared Governance councils in oversight and implementation of the work, educating frontline staff on the importance of financial stewardship, and using a structured approach to improvement methodology to execute the cost-saving efforts at the bedside.



In light of the increasing costs associated with healthcare, we have an obligation as healthcare professionals to decrease costs by reducing waste and overall inefficiencies. The changing climate in healthcare reform poses uncertainty for hospitals and health systems. Planning for the unexpected is necessary to ensure continued mission stewardship for these organizations. A typical business approach to cost savings is to focus on your most costly expense—in most instances, human capital. However, with increasing capacity demands for healthcare providers, the impact of cutting labor expenses alone are substantial—it can result in a loss of high-quality, safe care for patients. This book provides an alternate strategy for hospital leaders to deploy as part of their cost-reduction efforts—a focus on nonlabor expense reduction and methods for engaging your frontline care providers in driving the cost-saving solutions.

You may be at the beginning stages of financial stewardship in your organization or well along in your cost-saving journey and looking to learn more about better engaging frontline nursing. In this book, you will hear from a variety of different “voices” and perspectives—from senior executive leadership, senior nursing leaders, a former Nursing Shared Governance chair, process improvement professionals, and of course, bedside nurses. Each will share the nursing-led savings journey through their own lens, providing you, the reader, with an in-depth understanding of what it means to lead this work across all levels. These voices and perspectives vary, which is the exact flavor we are looking to deliver.



Chapter 1 explains why embedding financial stewardship work is an imperative for organizations and how to engage staff by improving financial awareness at all levels.

Chapter 2 describes how to build your organizational structures to support the enterprise improvement work needed to achieve organizational goals in cost reduction.

Chapter 3 discusses strategies to engage bedside nurses in the work and the importance of finding a common language when executives and frontline staff work together.

Chapter 4 provides an approach to leveraging a structured improvement framework that effectively supports bedside nurses in leading meaningful change.

Chapter 5 highlights the work of the frontline nurse and how her day-to-day decisions affect the financial bottom line.

Chapter 6 summarizes the themes of our work and how our efforts continue to evolve with new generations of team members.

Finally, the appendix presents a key driver diagram for the overarching approach to engaging nurses in leading cost-saving efforts. A *key driver diagram* is essentially a road map of what must go right in order to meet your global aim. Whenever we felt stuck, we would revisit this diagram to show how far we had come and to highlight the next step in



the journey. This is the road map we used, but we believe it can be easily translated to other organizations and projects.

We hope you will learn from our journey, be inspired to make change, and achieve your own desired outcomes. Along your own journey, you have an opportunity to share your success stories locally, but we also hope you can share your experiences with us. We strive to achieve continued outcomes in this work and want to hear from you on lessons learned and best practices. Indeed, nurses add incredible value by eliminating waste and improving efficiency in our care-delivery systems. Ultimately, we want you to be the catalyst in your organization to use a similar approach and make a difference for your patients and your mission. Our patients count on us for excellence in both healthcare and value. Nurses, please continue to embrace your role as financial stewards, and you will create a better future for all.



*“If we want things to stay as they are, things  
will have to change.”*

*–Giuseppe Tomasi di Lampedusa*

# 1

---

## **FINANCIAL STEWARDSHIP: FRAMING THE “WHY”**

Paula Agosto, MHA, RN, Senior Vice  
President and Chief Nurse Officer;  
Jackie Noll, MSN, RN, CEN, Senior  
Director of Nursing

## WORDS & CONCEPTS TO LEARN

---

*Financial margin*

---

*Financial  
stewardship*

---

*Healthcare reform*

---

*Mission sustainability*

---

*Payer mix*

---

*Payer mix shifts*

---

*Shared Governance*

---

*Shared Governance departmental and  
unit-based councils*

---

*Value*

---



**H**ealthcare systems and healthcare delivery affect every nurse. At any given time, nurses are consumers or providers of healthcare—or both. They expect and demand high value for themselves and their patients. Indeed, every nurse has a responsibility to use or provide healthcare resources wisely and efficiently to create a high-value experience.

The evolving healthcare system is experiencing high costs of services and supplies, which are outpacing a consumer's ability to afford care. Those working in the healthcare system can be overwhelmed when strategizing how to best manage the complexities of the system, rising patient acuity, and increasing demand, while keeping costs down and maximizing efficiencies.

## **HEALTHCARE LANDSCAPE: THE EVOLVING UNCERTAINTY**

To ignite the interests of your organization's staff to buy into the vision of improving your own systems, start by sharing the troubling current state of healthcare spending. The staggering high costs in healthcare create a big threat to patient care-delivery models in the United States. You need to change the way you work as part of the solution to control costs. *All nurses can act locally to impact globally, and it all starts with education and transparency.*



## Population Impacts

Healthcare costs in the United States are consistently a top concern for Americans (Jones & Reinhart, 2018), and there is no simple solution to mitigate these costs. Healthcare spending reached 17.9% of the gross domestic product in 2016, and healthcare spending is projected to grow at 5.5% from 2017 to 2026 (Centers for Medicare and Medicaid Services [CMS], Office of the Actuary, National Health Statistics Group, 2018). In fact, although US utilization rates are largely similar to those in other nations, the US spends approximately twice as much as other high-income countries on medical care (Papanicolas, Woskie, & Jha, 2018). Papanicolas et al. (2018) note the prices of labor and goods, as well as administrative costs, stand out as the major differences from other high-income countries.

## Individual Impacts

Staff also are sensitive to consumer-level impacts. CMS shares the increasing number of high-deductible policies that are greatly impacting people, and the trend is concerning (CMS, 2018). In fact, out-of-pocket expenditure is approximately 11% of the national health expenditure (CMS, 2018). Patients, families, and even staff are feeling the burden of rising healthcare costs. Staff feel the financial stressors of their patients, as well as recognize them as direct consumers of healthcare.



Clearly, the future of healthcare spending needs practical and realistic reform; nurses, along with their interdisciplinary colleagues, are poised to drive change in lowering costs. Nurses are vital as financial stewards of healthcare resources to ensure a strong and accessible healthcare-delivery model for the future. Removing inefficiencies and waste will lower the overall product and system costs.

A talented workforce has influence here! Specifically, your nursing workforce is educated to be a driving force in innovation and excellence (American Association of Colleges of Nursing, 2019). Nurses can use their strengths in building multidisciplinary partnerships to influence change in your organizations. They are prepared to be catalysts in helping to lower healthcare costs.

## **MISSION SUSTAINABILITY: ESTABLISHING AN ORGANIZATIONAL PRIORITY**

Financial stewardship is the careful and responsible management of something precious entrusted to your care. In the case of healthcare resources, financial stewardship gives access to affordable healthcare, decreases the stress on healthcare institutions to cut back important services, and allows for resources needed for other activities to be available to improve the health of a population.



Mission sustainability is a concept others need to understand in your financial stewardship work. The overall organizational mission informs the vision and values. Healthcare organizations often create their mission, vision, and values as guiding principles for decision-making and strategy. For instance, an organization may define its mission as providing excellent patient care, advancing research, and educating staff. This mission signals the employees to create structures and processes supporting patient care, research, and education. Without a solid financial foundation, the organization and its mission are at great risk. The organization may need to reduce services or even close. Therefore, it is crucial to remind your staff of your organizational mission and to share the importance of keeping the organization’s financial well-being in mind, so the mission can continue.

*A financial margin* in a healthcare system is the difference between the total costs the organization needs to provide patient care services and the total net revenue or reimbursement for those services. A positive margin indicates profits; a negative margin indicates financial loss. Maintaining a positive profit margin is critical to mission sustainability.

Healthcare executives are constantly challenged to respond to the evolving healthcare environment. Executive leaders and their executive boards seek to lower expenditures, while still achieving high-quality outcomes. The staff at large need to embrace the concept that financial margins support the organizational mission.

**NOTE**

Healthcare costs continue to escalate while reimbursement continues to drop. Everyone in your organization needs to be a good financial steward of your resources. It is your responsibility to make sure your care is not only the highest quality, but also a value to your patients and families.

A big step in making the journey to mission sustainability is to educate staff on current organizational margins and the multitude of outside forces affecting them. Staff need to know about healthcare reform, the changing payer mix, and how any shift in the payer mix affects the bottom line. Sharing information about the financial well-being of the organization is pivotal in helping the employees understand why executives are looking to improve efficiencies and lower costs. Financial awareness education occurs first in the Shared Governance councils; they, in turn, can then further share the content at the unit level. Chapter 3 has more information about Shared Governance. Financial transparency helps unite efforts and understanding across all levels of the organization.

**HEALTHCARE FINANCIAL TERMS**

*Healthcare reform:* Governmental legislation to improve access to healthcare for everyone.

*Payer mix:* Healthcare terminology for the percentage of revenue coming from private insurance versus government insurance versus self-paying individuals.



*Payer mix shifts:* The payer mix is important because Medicare and Medicaid typically pay hospitals less than what it costs to treat patients. Hospitals can track and trend payer mix changes to forecast their profit margins.

*Shared Governance:* Provides a mechanism for nurses to inform decisions that improve patient care and the work environment. Shared Governance fosters an environment of participation, accountability, empowerment, and respect that strengthens and improves the delivery of evidence-based, patient-centered care.

*Shared Governance departmental and unit-based councils:* These are the forums for decision-making in the nursing department. The departmental council is hospital-wide and shares work across the organization. The unit-based council engages local staff to participate in the department initiatives and raise issues and suggestions to the departmental council. These councils retain the responsibility and accountability for the process and outcome of all issues related to professional practice, research, quality improvement, education, and leadership.

Additionally, it is important to not mislead staff into thinking executives are strictly approaching the strategy to reduce costs through a financial perspective alone. Indeed, organizational strategy is aimed at driving for *value*, a product of quality divided by cost ( $\text{Value} = \text{Quality}/\text{Cost}$ ). Therefore, to achieve high value and high quality, you must control costs. At times, employees may perceive the mission to lower costs will result in lowering quality of care. Employees often say “don’t give me a cheaper product” when they hear the need to lower costs. Take the time to identify these concerns and



address them. Employees raise concerns if a cheaper product reduces the quality, because the value to the patient is then also reduced. On the other hand, if a product's quality improves while the cost is reduced, employees' support increases due to the value added to the patient's care. Sharing the value equation and providing examples of how the value equation works in your organization is a wise step in embedding an organization's cost-reduction priority.

Commit to using an approach to promote and endorse the importance of the value equation being the guiding principle for your financial stewardship work. Make sure leaders at all levels in your organization understand the concept and embrace the approach. Identify or create opportunities to share examples with both leaders and staff often. You can describe examples of value in action at departmental or small group meetings, in newsletters, via posters, and in one-to-one interactions. Providing real examples of this equation in action helps embed it into your culture. We talk about an example that changed our culture in Chapter 5.



## NOTE

---

Nonlabor cost reduction is something you need to become nimble with in healthcare for mission sustainability. Be transparent about your hospital's financial position, describe national trends, tell stories of patient deductibles, and relate the concepts to their life experiences. Look for the early adopters, and support their ideas.

---



## TRANSLATING FINANCIAL STEWARDSHIP AT THE BEDSIDE: ENGAGING THE MIND AND HEART

To maximize the potential of staff participation, it is important to understand what motivates employees. It is equally important to understand who composes your workforce. The majority of staff represent two generations: Generation X and millennials. Each generation has its unique traits:

- **Generation X** are described by Gentry, Griggs, Deal, Mondore, and Cox in 2011 as “individualistic, risk-tolerant, self-reliant, entrepreneurial, comfortable with diversity, and valuing work life balance” (p. 41). In this specific work, Generation X can help seek alternatives to the status quo.
- **Millennials**, as described by Howe and Strauss in 2000, are overachievers and are accountable for their actions. They are able to multitask and improvise when needed. Millennials provide a strong sense of commitment to create change for the greater good.

Creating an approach where all generations feel valued is a key to the success of any program, and certainly was the key to success for Children’s Hospital of Philadelphia (CHOP).

Strong financial stewardship requires not only a focus on individual contributions, but also effective teamwork. In addition to generational differences, some colleagues will be



more resistant to change than others. As you lead through change, remember to respect the needs and timelines each adopter brings to the process.

According to Everett Rogers (Agency for Clinical Innovation, 2015), there are five types of change management adopters:

- **Innovators:** First to adopt change and are your risk takers
- **Early adopters:** Likely includes those who offer opinions and accept change early
- **Early majority:** Take longer to adopt new ideas and not often opinion leaders
- **Late majority:** Adopt an innovation after the average member adopts and approach change with skepticism
- **Laggards:** The last group to change and are change-averse

For those resisting change, you need to help them see how continued change is needed to advance care delivery each day. Creating a fund of knowledge and understanding for all (regarding the benefits of reducing costs and waste throughout the system) builds a sound foundation on which to build future work. Numerous lessons can be shared about overall healthcare spending trends and their impact on the community, healthcare organizations, and, most importantly, patients and staff. Scan for current examples both internal and external to your organization. Follow local and national news



along with briefings from your professional journals for insight into healthcare spending issues and impacts.

We previously noted how rising healthcare costs have gained national attention, yet it can be a challenge to engage those in healthcare delivery in making improvements. Some organizations try to approach the challenge of lowering costs by setting executive-level expectations and directives. While this imperative may make sense at the highest levels in organizations, the fundamental changes do not consistently translate to the staff who are directly interfacing with patients and the resources available. It is the responsibility of formal or informal leaders to create the desire and emotional energy to make and sustain improvements.

While this work began at CHOP, staff voiced a clear disconnect between the intention to reduce costs and what they experience in practice. In general, staff did not see the reason for change. They saw financial security and a developing healthcare system as a sign of financial health for the organization. Therefore, there was a lack of urgency or “a burning platform” for cost reduction and resource management in the eyes of the staff.

The critical step in making improvements in a healthcare system is engaging staff. As is covered in Chapter 3, we approached the work of financial stewardship by leveraging the talents and experiences of frontline staff. We used the Shared Governance council to connect with frontline staff



who are in the best position to see and influence direct care delivery. The staff are the foundations of financial stewardship.

## Improving Financial Awareness

“I am a clinical nurse” is what echoes in the minds and hearts of nurses when asked about how to reduce expenses in their care delivery. Nurses receive undergraduate degrees in science, not business. When executives discuss the business of healthcare with staff, nurses often express how foreign and uncomfortable they feel discussing costs and using the financial terminology.

The first strategy is to push through the resistance from staff’s lack of understanding. Make your education and awareness campaign on the business of healthcare a priority. Take the time to educate your staff.

Recognizing the goal of creating financial stewardship begins with building business capabilities in the clinical staff; an education and awareness campaign is a critically important first step. The staff who directly care for patients need to understand:

- The business environment of the healthcare organization
- What is happening in the nation, in the region, and in the immediate community



- Budget concepts, an understanding of scale and how it relates to purchasing, population growth, the overview details of the organizational annual financials, and the vision of executive leadership and the institution’s board of trustees

The time and training with the Nursing Shared Governance staff and clinical leaders in your organization are an investment with a high-yield result.

## Conveying Relatable Concepts

Begin all education by making the finance concepts relatable. Describing a basic home budget allows you to connect the hospital budgeting concepts to the lives of your staff. Teach about expenses versus revenues and the reason for a budget, but you do not need to stop there. Share the greater organizational balance sheet. Explain what profit margins are and how healthy margins affect your ratings for borrowing money. Keep explanations simple while explaining the organization’s Standard & Poor’s or Moody’s rating. People understand these rating concepts if they can relate this scoring to their lives. For instance, remind staff if they have lower debt and higher income, they can get lower interest rates for buying a home or a car. Share how an organization’s sustainability is related to keeping these financial balance sheets healthy and ensuring ratings are in the best position possible.



## FINANCIAL RATINGS

A Standard & Poor's or a Moody's financial rating gives an organization a letter grade to reflect its financial health. The best is "AAA." This rating means it is highly likely that the borrower will repay its debt. The worst is "D," which means the issuer has already defaulted.

## Discovering Inefficiencies

The one area staff are very comfortable speaking about is waste. This is where you can capitalize on their insights and couple those insights with their updated understanding of finances. Staff can easily identify processes and products in their day-to-day work that seem broken. Ask them to think about:

- What they throw away when they open prepackaged kits
- How often they walk too far for supplies that could be located nearby
- How often they use supplies for something the manufacturer does not intend
- What products continually fail

Staff live with inefficiencies and see waste every day. To make the concept of waste relatable, share examples of waste they could experience in their everyday lives.



Show staff the impact of overstocked rooms with supplies and linens that cannot be used again for other patients, or perhaps what happens when they open a dressing kit and throw away one of the supplies because it is not exactly what they need. All this waste needs to be defined, and who better to do this than the staff? It is empowering to know that there are steps each of them can take to lower the cost of care.

In Chapter 4, we talk about creating process maps where staff walk through the work steps and identify inefficiencies. Process maps are the building blocks for the work ahead in reducing the cost of care.

## **INCLUDING A STORY/PERSONAL PERSPECTIVE**

Sharing the “why” behind the organizational initiative to reduce the cost of care is critical. Build staff capabilities to understand the external and internal forces affecting care delivery and costs. Embrace transparency with the staff, because they are the ones who have the closest view of what is right and what is broken in the institution’s system. The strategy to leverage Nursing Shared Governance and embrace a bottom-up approach to this work puts the responsibility in the hands of the right people—nurses who are delivering care directly.



This work marks the beginning of a journey, and many followers will be needed along the way. Leverage executives to help share the vision. Invite the Chief Nursing Officer (CNO), Chief Financial Officer (CFO), and Vice President of Supply Chain Management to attend a Shared Governance meeting. Ask each executive to deliver a 60-second elevator speech on the need for an enterprise initiative to reduce costs.

Each executive leader will have a brief and inspiring message that can be repeated to others. For example, the CHOP CFO challenged us to think about any process or product that seemed to be ineffective or inefficient in our day-to-day work. He shared that saving one dollar a day per person in an organization with 11,000 people could save over \$4 million per year. The CNO shared the message of financial stewardship and the critical role nurses fulfill in making a difference, and she challenged us to take action. Finally, the VP of Supply Chain Management explained the resources and improvement methodologies that we would be using to make an impact. She shared the exact organizational goals over the next three years and encouraged us to challenge the norm. The executive leaders explained they would return in a year to hear the elevator speeches from the representatives in the room about their ideas, their successes, and even their failures.



The elevator speech exercise brought two groups together who had the same mission but often were not in the same room working together. The concise messages could easily be recalled and shared among staff not present at all organizational levels. The support from the top leaders was palpable, along with the energy created in the room.



## NOTE

---

Make the beginnings memorable, and infuse energy and engagement as the “why” is explained. Comfort in doing something different should be encouraged. Adding humor is a helpful adjunct. What will best resonate with these teams is how the institution’s administrative and executive leaders made them feel; most importantly, make them feel like partners who are invaluable in this work.

---

Successfully managing the “why” fosters the foundation needed to get to the “how.” Establishing an engaging platform for change allows staff to embrace the work with a sense of purpose, creating clear goals for success. The energy created at this phase opens the door to creative thinking, detailed problem-solving, and, most importantly, personal accountability for initiating and sustaining change. This first crucial step sets the course for success as the work begins.



## REFERENCES

- Agency for Clinical Innovation. (2015). *Change management theories and models – Everett Rogers*. Retrieved from [https://www.aci.health.nsw.gov.au/\\_data/assets/pdf\\_file/0010/298756/Change\\_Management\\_Theories\\_and\\_Models\\_Everett\\_Rogers.pdf](https://www.aci.health.nsw.gov.au/_data/assets/pdf_file/0010/298756/Change_Management_Theories_and_Models_Everett_Rogers.pdf)
- American Association of Colleges of Nursing. (2019). Nursing education programs. Retrieved from <https://www.aacnnursing.org/Nursing-Education>
- Centers for Medicare and Medicaid Services. (2018). *NHE fact sheet*. Retrieved from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet.html>
- Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group. (2018). *National health expenditure projections 2017–26: Major findings*. Retrieved from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/NHEProjSlides.pdf>
- Gentry, W. A., Griggs, T. L., Deal, J. J., Mondore, S. P., & Cox, B. D. (2011). A comparison of generational differences in endorsement of leadership practices with actual leadership skill level. *Consulting Psychology Journal: Practice and Research*, 63(1), 39–49. <http://dx.doi.org/10.1037/a0023015>
- Howe, N., & Strauss, W. (2000). *Millennials rising: The next great generation*. New York, NY: Vintage Books.
- Jones, J. M., & Reinhart, R. J. (2018, November 28). Americans remain dissatisfied with healthcare costs. *Gallup*. Retrieved from <https://news.gallup.com/poll/245054/americans-remain-dissatisfied-health-care-costs.aspx>
- Papanicolaos, I., Woskie, L. R., & Jha, A. K. (2018). Health care spending in the United States and other high-income countries. *JAMA*, 319(10), 1024–1039. doi: 10.1001/jama.2018.1150

---

# INDEX

**A**

action plans, nonlabor expense reduction, 34–35

**B**

bedside nurses and financial stewardship, 60  
brainstorming sessions, 53, 67–68  
CHOptimize strategies, 63–64, 69–70  
common language development, 70–75, 114  
education about finance, 64–65  
healthcare systems, navigating, 121–124  
knowledge follow-through, 120–121  
meetings  
    Shared Governance, 66  
    sit-down, 68  
process maps, creating, 119–120  
strategies, 110–118  
    gains from, 124–127  
transparency, importance of, 67  
brainstorming sessions, 53, 67–68  
branding, 31–34, 40–41

**C**

change management  
    adopters of, 12  
    CHOptimize strategies, 63–64, 130–131  
    culture changes, 50–52  
    sustainment of change, 101–104  
Charge Compliance Teams, 133–135

CHOP (Children's Hospital of Philadelphia). See also CHOP Improvement Framework  
bedside nurses and finance, 60  
    brainstorming sessions, 53, 67–68  
    CHOptimize strategies, 63–64, 69–70  
    common language development, 70–75, 114  
    education about finance, 64–65  
    financial stewardship strategies, 110–118  
    gains from strategies, 124–127  
    healthcare systems, navigating, 121–124  
    knowledge follow-through, 120–121  
    meetings, Shared Governance, 66  
    meetings, sit-down, 68  
    process maps, creating, 119–120  
    transparency, importance of, 67  
expense reduction, nonlabor, 24–27  
    accountability, 27  
    action plans, 34–35  
    communication, 39–42  
    culture changes, 50–52  
    data use, 54–56  
    path definition, 28–34  
    resource alignment, 36–39  
    success celebration, 42–43  
    teams, building, 43–50  
    teams, data use for focus and impact, 54–56  
    teams, multidisciplinary, 37  
    teams, vision transformed to efforts, 52–54  
financial stewardship, 11–13



Nursing Shared Governance program, 17–19, 62–63

CHOPtimize strategies, 63–64

SPM (Supporting Practice and Management), 61, 103–104

workflows, Charge Compliance Teams, 133–135

CHOP Improvement Framework. See also CHOP (Children's Hospital of Philadelphia)

basic models for, 86

force multipliers, 102

process maps/examples, 91–96, 119–120

project charters, 71, 87–91

Sustainment of Change phase, 101–104

Test and Implement phase, 97–100

CHOPtimize strategies

branding, 31–34, 40–41

idea generation, 69–70

Nursing Shared Governance program, 63–64

from philosophies to plans, 52–54

success factors, 63–64, 130–131

communication strategies

common language

development, 70–75, 114

idea sharing, 111, 113

media used, 39–42

monthly events, 32

cost per item, 111

culture changes

accountability, 27

nonlabor expense reduction, 50–52

## D

data use, expense reduction, 54–56

Deming, W. Edwards, 81

diagrams, fishbone and key driver, 71–72, 140–141

## E

expense reduction, nonlabor, 24–27

accountability, 27

action plans, 34–35

communication, 39–42

culture changes, 50–52

data use, 54–56

key driver diagram, 140–141

path definition, 28–34

resource alignment, 36–39

success celebration, 42–43

teams

building, 43–50

multidisciplinary, 37

vision transformed to efforts, 52–54

## F

financial stewardship

change management adopters, 12

financial awareness, improving, 14–15

financial margins, 7

healthcare reform, 8

impacts of spending, 4–6

inefficiencies, discovering, 16–17

mission sustainability, 6–8

nurse education about, 64–65

organizational priorities, 6

payer mix, 8



payer mix shifts, 9  
personal perspectives, sharing,  
17–19  
relatable concepts, conveying,  
15  
Shared Governance  
departmental and unit-based  
councils, 9  
value, 9–10  
workforce, Generation X and  
millennials, 11  
fiscal years, 112  
fishbone diagrams, 71–72  
force multipliers, 102

## G–H

gemba walk, 91

## I–J

improvement methodologies.  
See process improvement  
methodologies  
Institute for Healthcare  
Improvement's MFI (Model  
for Improvement), 82, 86

## K–L

key driver diagrams, 71–72,  
140–141  
Lean methodologies, 71, 74, 86

## M

MFI (Model for Improvement),  
82, 86  
Moody's financial ratings, 15–16  
multidisciplinary teams, 37

## N

nursing process. See process  
improvement methodologies  
Nursing Shared Governance  
program, 17–19, 62–63  
CHOPoptimize strategies, 63–64  
SPM (Supporting Practice and  
Management), 61, 103–104

## O–P

Operations Managers, 134–135

path definition  
branding, 31–34, 40–41  
overview, 28–29  
vision, mission, goals, 29–31  
patient days, 111  
PDSA (Plan-Do-Study-Act)  
approach  
CHOP Improvement  
Framework, 97  
process improvement  
methodologies, 71–72  
TQM (Total Quality  
Management), 82  
worksheet example, 100  
process improvement  
methodologies, 71–75, 118  
CHOP Improvement  
Framework  
basic models for, 86  
force multipliers, 102  
process maps/examples,  
91–96, 119–120  
project charters, 71, 87–91  
Sustainment of Change  
phase, 101–104  
Test and Implement phase,  
97–100  
diagrams, fishbone and key  
driver, 71–72, 140–141



- Lean, 71, 74, 86
- MFI (Model for Improvement), 82
- PDSA (Plan-Do-Study-Act), 71–72, 97, 100
- Six Sigma, 71, 74, 86
- SMART (Specific, Measurable, Agreed upon, Realistic, Time-based) goals, 71–72
- TQM (Total Quality Management)
- CHOP Improvement Framework, basis of, 86
  - overview, 81–82
  - process-centered focus, 85–86
  - Total Employee Involvement, 83–84
- process maps, 91–96, 119–120
- Professional Governance, 130, 131
- project charters, 71, 87–91
- 
- ## Q–R
- Quality Evolution, 81
- Rogers, Everett, 12
- 
- ## S
- Shared Governance
- department and unit-based councils, financial awareness education, 8–9, 14–17
  - force multipliers, 102
  - meetings, bedside nurses, 66
  - Nursing Shared Governance program, 17–19, 62–63
  - CHOPtimize strategies, 63–64
- SPM (Supporting Practice and Management), 61, 103–104
  - Professional Governance, 130, 131
  - Six Sigma methodologies, 71, 74, 86
  - SMART (Specific, Measurable, Agreed upon, Realistic, Time-based) goals, 71–72
  - spend and utilization charts, 112
  - SPM (Supporting Practice and Management), 61, 103–104
  - Standard & Poor’s financial ratings, 15–16
  - SuperUsers, 133
- 
- ## T
- teams
- multidisciplinary teams, 37
  - team building, 43–44
    - governance structures, 44
    - leaders, 45–46
    - members, 46–48
    - specialized working groups, 48–49
    - vision transformed to team efforts, 52–54
    - working as groups, 38–39, 49–50
  - Total Employee Involvement, 83–84
  - TQM (Total Quality Management)
    - CHOP Improvement Framework, basis of, 86
    - overview, 81–82
    - process-centered focus, 85–86
    - Total Employee Involvement, 83–84



## U–V

Unit Managers, 133  
unit spend trends, 112  
utilization and spend charts, 112

value equation, components of,  
9–10

## W–X–Y–Z

workflows  
Charge Compliance Teams,  
133–135  
continuing strategies, 135