



## Recommendations for Cost Reduction in Colorado Healthcare

“Created through bipartisan legislation, SB 14-187, sponsored by Senators Irene Aguilar, D-Denver, and Ellen Roberts, R-Durango, the commission's three-year mission is to analyze health care costs and make policy recommendations to the Legislature and the governor for lowering health care costs in the state.”

### Background

We must expand the role of nurses to continue to achieve positive results regarding quality of care, access to care and overall reduction in cost of care. As stated by the World Health Organization, *“Nursing is both an art and a science that requires the understanding and application of the knowledge and skills specific to the discipline. It also draws on knowledge and techniques derived from the humanities and the physical, social, medical and biological sciences.”* (Health for All 2000)

As many studies have shown, this is a cost effective source of health care with a proven record of efficacy, safety and quality. The nursing workforce incorporates prevention and patient education consistently which leads to positive health care outcomes and, historically nurses are a collaborative workforce that enhances the overall effectiveness of the health care system.

Nurses are the largest group of health care providers and have expanded and extended their roles in many ways with multiple external drivers. Research has shown that the proportion of registered nurses in the workforce affects patient outcomes such as speed of recovery, incidence of complications, mortality, and related costs.

### Recommendations for Lowering Costs of Healthcare in Colorado

- Intentionally include RN representation in all health care transformational conversations within communities and the State of Colorado.
- The estimated annual cost of additional medical and short-term disability expenses associated with medical errors is \$19.5 billion. Evidence recognizing the importance of adequate RN staff complement for patient need is compelling to decrease risk of complications, mortality and length of stay.
- Continue to advance optimal utilization of Advanced Practice Registered Nurses (APRN) through out the state. Standardizing payment for primary care provider and expand panels to recognize APRN's not as specialist. Empaneling APRN for primary care reduces higher copay deductibles,

standardizes payment rates for primary care, and supports patient centered choice in primary care.

- Expand the definition of Patient Centered Medical Home (also known as Health Home, to recognize APRN's as the primary care lead in addition to physicians. Strengthen the role of RN in care coordination, care transitions, and self-management skills for chronically ill.
- We recommend that the Office of Behavioral Health and Behavioral Health Transformation Council have a robust conversation about the current Mental Health, Substance Use, and Alcohol Use statutes and how they limit the practice of all mental health providers in the state other than physicians and psychologists. We specifically recommend changing the definition of "professional person" in the statute to include APRN's who specialize and are Certified in Psychiatric Mental Health Nursing be able to do all of the following:
  1. Discontinue mental health holds
  2. Initiate 90 day and 120 day mental health certifications.
  3. Discontinue 90 day and 120 day mental health certifications
  4. Be allowed to prescribe emergency medications (if they have prescriptive authority)
  5. Be allowed to be one of two providers to recommend Involuntary Medications
- We recommend that certified Family Nurse Practitioners as well as Psychiatric NPs and CNS' to provide the "medical letter" that is part of the process for Involuntary Certification of persons under the Alcohol and Substance use statutes.
  - We support the Governor to broaden the opt-out from requiring physician supervision of anesthesia administration from Centers for Medicare & Medicaid Services to include all hospitals in Colorado and not just the rural and critical access hospitals.
- Strengthen accreditation requirements for Graduate Medical Education and all Colorado Health Professions Education to include content addressing current societal and health care needs, including but not limited to: End of Life Care, Behavioral Health Screening and Brief Intervention.
- Medicaid programs spent at least \$24 billion to purchase prescription drugs in 2009. Many states now use a combination of approaches to control the cost of prescription drugs. States typically draw from a menu of four purchasing options that feature negotiation, evaluation and volume buying:
  - 1. Expanded use of preferred drug lists,
    2. Expanded use of manufacturer price rebates,
    3. Multistate purchasing and negotiations.
- The Electronic Health Record is an essential tool for the documentation of and management of patient specific data for the purposes of coordinating and improving patient care. RN's are the largest group of HER users and spend 2 – 4 hours per day documenting. Effective development and improvement of EHR systems needs to attend to nurse involvement in research and development; ease of access including number of screens required for complete entry; linkage of nursing monitoring and documentation to laboratory, order entry, physician entry, and billing as a few examples.
- Additionally, evidence exists and the Affordable Care Act reinforces the findings that public health programs protect and improve the health of communities

by preventing disease and injury reducing health hazards, preparing for disasters, and promoting healthy lifestyles. Public health programs —also known as population health— protect and improve the health of communities by preventing disease and injury, reducing health hazards, preparing for disasters, and promoting healthy lifestyles. Evidence indicates public health programs improve health, extend longevity and can reduce health care expenditures. Specific recommendations for public health programs include:

\* Support the role of School based RN services In support of health education, early identification and health promotion efforts.

\* Review the opportunities with a well-funded and well-integrated county based Public Health RN role to promote healthy lifestyles across the lifespan.

- Nurses can be a crucial part of solutions aimed at reducing health care expenses in Colorado – particularly those that seek to mitigate the costly effects of substance misuse and abuse. The most recent data illustrated that in 2009, the United States spent \$24 billion on substance use disorder treatment.<sup>i</sup> Nearly 70 percent came from public sources, such as state governments and Medicaid. In Colorado, of the \$100 spent on substance state programs shouldered abuse and addiction, and, \$96.45. Screening, brief intervention and referral to treatment (SBIRT) is an evidence-based practice that can help reduce these costs. SBIRT is used in health care settings to identify, reduce and prevent problematic use, abuse and dependence on drugs, including marijuana and alcohol. In Colorado, the federal government has funded an initiative to integrate this process as standard of care for almost 10 years. The work has resulted in saving lives and dollars. In 2006, in the program’s first six months, the data revealed a 51% decrease in alcohol use and a 36% decrease in illegal drug use.

### **Specific Issues Related to Costs**

- Healthcare costing methods are flawed and not on par with most other businesses. Internal cost accounting is mostly department or procedure based and not based on patient need. Until we are able to change how provider costs, in particular labor costs (which are the majority of expenditures in healthcare) are allocated to each patient/client (Kaplan & Porter, 2011) we are in the dark as to true costs of care.
- An example from nursing – nursing care hours and costs are averaged across many patients and allocated as a daily room rate in hospitals despite substantial evidence that patients receive different amounts of nursing care through a hospitalization. Since nurses make up 25% of the hospital operating costs (Welton, 2011), lack of patient level costing and billing methods for nursing hinder transparency and affect management decisions and policy-making.
- Compiling patient level costs across multiple settings will allow improve financial reporting and benchmarking of costs and resources expended for patient care (Pappas & Welton, 2015). For example, patient level nursing costs and hours can be examined by day of stay, by diagnosis (DRG) or by patient to identify cost/resource outlier patients (patients who require more care than other similar patients), or opportunities for improvement across different peer inpatient units. Patient level nursing costs can be used to identify the

optimum tradeoff between nursing workload and staffing levels with both clinical outcomes as identified above and quality metrics such as patient injuries, pressure ulcers, infections, and medication errors.

### **Recommendations**

- 1 Conduct a pilot study in Colorado to identify patient level costing models.
- 2 Remove inpatient nursing care time and costs from daily room rates and cost/bill on individual patient basis.
- 3 Develop new clinical and operational effectiveness and healthcare (nursing) business intelligence tools from existing electronic health records to identify opportunities to improve care effectiveness, efficiency, productivity, and performance.
- 4 Create a new repository of clinical and operational data that can identify nursing costs (as well as other provide costs) and compare across different care settings.

### **References**

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<sup>i</sup> PEW Charitable Trusts and the John D. and Catherine T. MacArthur Foundation. (2015, March). Substance Abuse Disorders and the Role of the States.