Nursing Options

PFCH Email Record

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   From:    Davis Geach <davis.geach@pfch.net>
     To:    Zachary Hardie
Subject:    Increase in nursing staff
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Zach:

Caterina has been insisting for some time that we need to hire more nurses. I've arranged for her to give a presentation to the Board next month to plead her case. I know that following her presentation, they will want me to advise them of any alternatives.

Caterina's argument is that the nurses are over-worked and that has a negative effect on patient care and also leads to the nurses leaving PFCH for other hospitals. I'm wondering whether giving the nurses a raise might solve the problems.

Please put together some numbers to compare hiring more nurses versus giving the nurses a raise.

Davis Geach, President/CEO

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This message is private and confidential. If you have received it in error, please contact the sender immediately and delete it from your system.

PFCH Email Record

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    From:    Zachary Hardie <zachary.hardie@pfch.net>
      To:    Caterina Hossack
 Subject:    Re:  Increase in nursing staff
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Hi Caterina.

Mr. Geach asked me to prepare some information for the Board of
Directors relating to your proposal to add more nurses to the hospital
staff. In order to do this, I need to know the current nursing ratio
and what nursing ratio you are proposing.

Thanks for your help.

Zachary Hardie, Chief Financial Officer

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   From:    Caterina Hossack <caterina.hossack@pfch.net>
     To:    Zachary Hardie
Subject:    Re:  Increase in nursing staff
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The hospital currently maintains a 5 to 1 nursing ratio (5 patients for every nurse). I will suggest to the Board of Directors that we move to a 4 to 1 nursing ratio (4 patients per nurse).

Will the information that you are preparing address patient care, worker satisfaction and nursing turnover?

Caterina Hossack, Chief Nursing Officer

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PATTON – FULLER COMMUNITY HOSPITAL

From: Zachary Hardie, CFO
To: Davis Geach, President/CEO
Re: Increase in nursing staff

Per your request, I have prepared a financial analysis comparing the increasing of the nursing staff to the granting of an across the board raise to the existing nursing staff.

In order to have a common basis for the comparison, it was necessary to take our existing salary and benefit costs for the nursing staff and show how they related to the existing patient/nurse ratio. I have attached as an exhibit a table that presents our current patient statistics. While the hospital has a capacity of 600 beds, we generally have only 60% of the beds occupied. The occupancy of the hospital is also affected by well-established seasonal fluctuations. Using the average occupancy and the expected seasonal fluctuations, we try to anticipate our daily and monthly patient loads and match our staffing needs accordingly. The attached table sets forth that modeling and shows how changes in the daily and monthly patient census affect our patient revenues.

Also attached is a second table that deals with our nursing statistics. Using the expected number of patients per day from the first table, it sets out how many nurses would be required to serve the patients ,based on our existing 5 to 1 nursing ratio, and then what the cost of those nurses is based on the existing average salary and benefits of the nurses, expressed as an hourly wage of $30 per hour. The table then sets forth how the nursing costs would be changed by either giving the nurses a $1 per hour raise or by changing the hospital's nursing ration to 4 to 1 (4 patients for every nurse).

If you need any additonal information, please let me know.

Patton - Fuller Community Hospital
Patient Statistics

		Jan	Feb	Mar	Apr	May	Jun
Days in the month		31	28	31	30	31	30
Patient Days (60% occ x seasonal x days in month)		13,271	11,983	12,286	10,171	9,092	7,258
Average Census:							
Patton Fuller # of beds=	600						
Patton Fuller avg occupancy (HFMA)	**60%**						
Patton Fuller Avg Daily Census (ADC)	360						
Month as % of Average "Seasonal Adjustment"		119%	119%	110%	94%	81%	67%
Patton Fuller Avg Daily Census w/seasonal adj.		428	428	396	339	293	242
Patton Fuller Avg Net Rev/pt day	$ 3,500						
Average Daily Revenue		1,498,381	1,497,857	1,387,134	1,186,616	1,026,495	846,801
Patton Fuller Avg Net Rev/month (1000's)		$ 46,450	$ 41,940	$ 43,001	$ 35,598	$ 31,821	$ 25,404

Patton - Fuller Community Hospital
Patient Statistics

			Jul	Aug	Sep	Oct	Nov	Dec	Total
Days in the month			31	31	30	31	30	31	365
Patient Days (60% occ x seasonal x days in month)			7,294	10,723	11,182	11,607	13,419	13,113	131,400
Average Census:									
Patton Fuller # of beds=		600							
Patton Fuller avg occupancy (HFMA)		**60%**							
Patton Fuller Avg Daily Census (ADC)		360							
Month as % of Average "Seasonal Adjustment"			65%	96%	104%	104%	124%	117%	100%
Patton Fuller Avg Daily Census w/seasonal adj.			235	346	373	374	447	423	
Patton Fuller Avg Net Rev/pt day	$	3,500							
Average Daily Revenue			823,560	1,210,686	1,304,520	1,310,523	1,565,592	1,480,451	
Patton Fuller Avg Net Rev/month (1000's)			$ 25,530	$ 37,531	$ 39,136	$ 40,626	$ 46,968	$ 45,894	$ 459,900

Patton - Fuller Community Hospital
Nursing Statistics

		Jan		Feb		Mar		Apr		May		Jun
Number of Patients per day		428		428		396		339		293		242
Cost of nurse per hour w/benefits	$	30.00	$	30.00	$	30.00	$	30.00	$	30.00	$	30.00
Cost of nurse per 24hour day	$	720.00	$	720.00	$	720.00	$	720.00	$	720.00	$	720.00
Number of nurses per patient based on 5 patients per nurse or a "5 to 1" nursing ratio	0.2											
Number of nurses per day		85.6		85.6		79.3		67.8		58.7		48.4
Nursing cost per day	$	61,648	$	61,626	$	57,071	$	48,821	$	42,233	$	34,840
Nursing cost per month	$	1,911,078	$	1,725,532	$	1,769,190	$	1,464,623	$	1,309,221	$	1,045,194

Simulation: Effect of a $1 per hour raise for all nurses

		Jan		Feb		Mar		Apr		May		Jun
Cost of nurse per hour w/benefits	$	31.00	$	31.00	$	31.00	$	31.00	$	31.00	$	31.00
	$	744.00	$	744.00	$	744.00	$	744.00	$	744.00	$	744.00
Number of nurses per patient based on a ratio of 5 patients per nurse or a "5 to 1" nursing ratio	0.2											
Number of nurses per day		85.6		85.6		79.3		67.8		58.7		48.4
Nursing cost per day	$	63,703	$	63,680	$	58,973	$	50,448	$	43,641	$	36,001
Nursing cost per month	$	1,974,781	$	1,783,050	$	1,828,163	$	1,513,444	$	1,352,862	$	1,080,034
Increase in cost per month due to a $1 raise per nursing hour	$	63,702.62	$	57,517.73	$	58,973.00	$	48,820.77	$	43,640.71	$	34,839.80

Simulation: Effect of changing to a "4 to 1" nursing ratio

		Jan		Feb		Mar		Apr		May		Jun
Number of nurses per day	0.25	107.0		107.0		99.1		84.8		73.3		60.5
Nursing cost per day (Nursing ratio of "4 to 1" and an hourly rate of $30)	$	77,060	$	77,033	$	71,338	$	61,026	$	52,791	$	43,550
Nursing cost per month	$	2,388,848	$	2,156,915	$	2,211,487	$	1,830,779	$	1,636,527	$	1,306,493
Increase in cost per month due to a change in nursing ratio from 5 to 1 down to 4 to 1	$	477,770	$	431,383	$	442,297	$	366,156	$	327,305	$	261,299

Patton - Fuller Community Hospital
Nursing Statistics

		Jul		Aug		Sep		Oct		Nov		Dec		Total
Number of Patients per day		235		346		373		374		447		423		
Cost of nurse per hour w/benefits	$	30.00	$	30.00	$	30.00	$	30.00	$	30.00	$	30.00		
Cost of nurse per 24hour day	$	720.00	$	720.00	$	720.00	$	720.00	$	720.00	$	720.00		
Number of nurses per patient based on 5 patients per nurse or a "5 to 1" nursing ratio	0.2													
Number of nurses per day		47.1		69.2		74.5		74.9		89.5		84.6		
Nursing cost per day		33,884		49,811		53,672		53,919		64,413		60,910		
Nursing cost per month		1,050,392		1,544,143		1,610,150		1,671,479		1,932,388		1,888,210		

Simulation: Effect of a $1 per hour raise for all nurses

		Jul		Aug		Sep		Oct		Nov		Dec		Total
Cost of nurse per hour w/benefits	$	31.00	$	31.00	$	31.00	$	31.00	$	31.00	$	31.00		
	$	744.00	$	744.00	$	744.00	$	744.00	$	744.00	$	744.00		
Number of nurses per patient based on a ratio of 5 patients per nurse or a "5 to 1" nursing ratio	0.2													
Number of nurses per day		47.1		69.2		74.5		74.9		89.5		84.6		
Nursing cost per day	$	35,013	$	51,471	$	55,461	$	55,716	$	66,560	$	62,940		
Nursing cost per month	$	1,085,405	$	1,595,615	$	1,663,822	$	1,727,195	$	1,996,801	$	1,951,150		
Increase in cost per month due to a $1 raise per nursing hour	**$**	**35,013.05**	**$**	**51,471.44**	**$**	**53,671.66**	**$**	**55,715.97**	**$**	**64,412.93**	**$**	**62,940.33**	**$**	**630,720.01**

Simulation: Effect of changing to a "4 to 1" nursing ratio

		Jul		Aug		Sep		Oct		Nov		Dec		Total
Number of nurses per day	0.25	58.8		86.5		93.2		93.6		111.8		105.7		
Nursing cost per day (Nursing ratio of "4 to 1" and an hourly rate of $30)	$	42,354	$	62,264	$	67,090	$	67,398	$	80,516	$	76,137		
Nursing cost per month	$	1,312,989	$	1,930,179	$	2,012,687	$	2,089,349	$	2,415,485	$	2,360,262		
Increase in cost per month due to a change in nursing ratio from 5 to 1 down to 4 to 1	**$**	**262,598**	**$**	**386,036**	**$**	**402,537**	**$**	**417,870**	**$**	**483,097**	**$**	**472,052**	**$**	**4,730,400**