

2015 Q3 Report

Improving Bottom-Line Hospital Value Based Purchasing Revenue

The HealthViZion Research Institute has published the 2015 Q3 edition of the HealthViZion Report related to increasing Value Based Purchasing revenue (“VBP”) implemented in 2014 resulting from the passage of Affordable Care Act (“ACA”).



In an historic move, CMS as a result of the ACA is transforming the revenue model from the old volume based “Fee-for-Service” to the new era of Performance, Value and Quality in Healthcare primarily through VBP and other Pay-for-Performance programs: Hospital-Acquired Conditions and High Readmissions.

In this announcement, HHS sets clear goals and timeline for shifting Medicare reimbursements from volume to value and higher Risk. As much as 5.5% of CMS revenue is now at stake and by legislation will increase up to 20% by 2018.

The report discusses ground-breaking VBP findings encompassing 40 major U.S. hospitals averaging 346 beds including: Faith-Based, Medical University, County and For-Profit Healthcare systems in CBD, suburban and rural locations. HealthViZion has discovered over 20 specific workforce drivers, many previously hidden and nearly all previously unmeasurable and unmanageable, which scientifically drive high and low Value Based Purchasing, Hospital-Acquired Conditions and High Readmissions revenue. The VBP revenue variance between top performing and low performing hospitals in high-impact workforce VBP drivers can range as much as 89%.

All findings are based on actual data all mapped to normalized and standardized entities. HealthViZion partners with The University of Texas Medical Branch, in charge of ANSI Administrative Workforce Standards for improving Quality of Healthcare.

VBP Workforce Impact Correlations and key metrics in this report include:

Hidden Lost Workforce Productivity Negatively Impacts VBP Revenue and Labor Costs

The average hospital loses between 11%-14% for “Known” Paid Lost Workforce Productivity. HealthViZion research discovered that the “Unknown” Paid Lost Workforce Productivity accounted for an additional 8%-12% of Lost Productivity depending on Turnover levels of Direct Patient Care employees – nearly all replacements paid at premium labor rates. HealthViZion approached this Hidden Lost Workforce Productivity from an efficiency perspective and analyzed how each step could be improved resulting in reduction of Paid Lost Workforce Productivity. HealthViZion discovered that 15%-40% of this hidden Lost Workforce Productivity could be recovered through inexpensive workflows, software system automations and process improvements with little change management.

Predicted 1-Year Turnover of Registered Nurses impact on VBP Revenue

HealthViZion Research Institute analysts started this research project using historical turnover: 1-Year, 3-Years and 5-Years. The analysts then used “Predicted 1-Year Turnover of RNs” to assess potential accuracy. These correlations were much higher. The unexpected result is that the hospitals in the 3rd, “middle,” quintile of Predicted 1-Year Turnover of RNs score the highest in Overall VBP Revenue and Process of Care scores. This is counter to the traditional belief regarding RN turnover in the old Volume based revenue model that low RN Turnover was best. Data show that 75% of the hospitals with low single digit RN turnover score poorly in VBP revenue. These results were so controversial with The HealthViZion Advisory Board that a meeting was conducted to examine. Summary results of that meeting are in the full report.

Average Age of Registered Nurses (“RNs”) impact on VBP Revenue

70% of hospitals with the highest average age of RNs, 47–49 years old, are in the top 2 quintiles of VBP Revenue. When reviewed with the RN Tenure Turnover data below, it shows that the combination of highly experienced RNs along with low-turnover of New-Hire RN’s (2 Years or less of Tenure) generate high Patient Satisfaction scores.

Another key insight from this analysis is that less experienced RN staffs correlated to 86% - 100% of the low VBP Revenue and Scores including: Overall VBP Revenue, Patient Satisfaction and Process of Care.

RN Turnover by Tenure Distribution Groups

Of the 10 Tenure Distribution Groups by Years, the one group where Turnover has the highest impact on VBP Revenue and scores is in the “RN Tenure Turnover: 2-4 Years.” The only area where Low Turnover of this Tenure Distribution group is positive is in Quality of Outcomes. Whereas, High Turnover of this Tenure Distribution group negatively impacts 4 of the VBP Scores including: Overall VBP Revenue, Patient Satisfaction, Process of Care and Quality of Outcomes.

Keywords: [Value Based Purchasing](#), [Hospital-Acquired Conditions](#), [High Readmissions](#), [Health Care Reform](#), [Healthcare Labor Costs](#), [Hospital Risk](#), [Hospital Profitability](#), [Hospital Ratings](#), [Strategic Workforce Management](#)

Business Types: [Research for Large Organizations](#)

Roles: [Research for Healthcare Executives and Board of Directors in the following areas: Operations, Nursing, Finance, Medical, Risk Management, Merger and Acquisition and Strategic Workforce Management](#)