

Nursing shortages and financial implications case study

[Business](#), [Marketing](#)



Operation costs

Following the current shortages in nurses, hospitals, home health-cares and other economic sectors have really faced a number of financial impacts. These impacts emerge mainly due to nurse turn over. To begin with, shortage in nurses has led to increased operation costs in the health care sector. This is because these institutions tend to use higher wages so as to attract back those who fear being in this industry due to initial low payments. Similarly the cost go high when higher wages are used as a tool for recruiting new nurses. However, this practice has left most of the rural hospitals face much difficulty in hiring nurses since they cannot match the high wages offered by their urban counterparts (Robert Wood Johnson Foundation, 2009).

Productivity and Tax revenues

According to Johns (2007), nurse shortage has caused lost productivity due to the time taken to train the newly recruited nurses or due to vacant positions left during which no operations are profitably going on. In addition, with increased vacant positions in nursing sector, there has been reduced state or local tax revenue. This is due to lost salaries for such posts hence affecting the annual income levels. For instance, in 5, 916. 7 vacant positions have position salary of \$60, 492. 19 which translates to approximate annual income of \$357, 918, 393. 60 and 7% tax burden of and \$26, 485, 961. 13 which could be realized were it that the positions are filled (Johns, 2007).

Overtime Hours and international recruitment

There has been increased payment for overtime hours. This is due to the fact that the a few nurses in health care sector are forced to work on overtime terms so as to meet patient's requirements. With increased overtime payments, organizations have been facing reduced profit margins thus lowering their economic stabilities (Johns, 2007). On the other hand, health care organizations have been considering contracting service agency and international recruitment programs as long-term solutions to the nurse shortage. This has resulted in increased payments for such services compared to if things were normal (Robert Wood Johnson Foundation, 2009)

Organization Revenues

Researches have confirmed that when nursing positions remain vacant, the turnover costs are quite wide. This cost would be considered as liability to the organization since it signifies lost finances in terms of the organization's revenues and setup activities after the turn over. This has been estimated to fall between \$36, 56716 to \$88, 000. 17. Looking it from a year's salary perspective, it has been estimated that 21, 644. 6registered nurses' separations results into cost of \$1, 294, 786, 546. 24 (Robert Wood Johnson Foundation, 2009).

Local Economy

In addition, the occurrence of this condition has really affected the local economy. This is due to the fact that nurses have been forced to look for jobs elsewhere where there is good payment and favorable work conditions. In the process, such nurses have ended up spending outside their states or

local areas. Consequently, other businesses in the affected areas like food industries, accommodation, salons, educational and other investments have experienced low performance due to reduced sales attributed to nurse migrations (Robert Wood Johnson Foundation, 2009).

Patients' Expenditure

Taking it from the patient's view, shortage of nurses has led to increased cost of patient care. This is due to the fact that nurses have been overloaded thus lowering the quality of health care. This has sometimes resulted in patients' deaths. If the quality of health-care has been compromised, there are high chances of recurrence of the same sickness thus leading to frequent expenditure in seeking treatment. On the other hand, compromised health-care has resulted in further transmission of other infections to the patients. Consequently, this raises the treatment costs more than it was initially anticipated. Similarly, if the patient dies due to poor services, extra cost would come in the arrangement of funeral services (FCN, 2010).

Organization's view

As an organization, it would not be economical to operate on high costs attributed to overtime, contracting service agents, international hiring, and training of new recruits. This is because; the organization may be forced to share these costs with the clients during which most of the patients may be scared to meet the costs thus not getting their health obligations. It would also be unethical to burden the public with extra expenditures due to compromised service quality. Therefore, one lasting solution is to cut down on their services so that it can meet the job market conditions (FCN, 2010).

References

FCN (2010). The Economic Impact of Florida's Nursing workforce. Retrieved February 9, 2011,

from http://www.flcenterfornursing.org/files/Econ_Impact_2010.pdf

Johns, C. (2007). The cost and Benefits of Nurse Turnover: A Business case for Nurse Retention.

Online Journal of Issues in Nursing. 12(3) p. 7

Robert Wood Johnson Foundation (2009). Wisdom at Work: Retaining experienced Nurses.

Business case/ Cost of nurse Turnover Wisdom. Retrieved February 9, 2011, from

<http://rwjf.org/pr/product.jsp?id=43410>