

Healthcare economics and financial management critical thinking samples

[Literature](#), [Russian Literature](#)



Introduction

Healthcare budgets are made to encompass the remuneration packages of the entire healthcare team. Some of these budgets are made according to different departments or units in the facility (Finkler, Ward & Baker, 2007). The following is a calculation of the personnel budget for a skilled nursing facility for three consecutive months (January, February and March).

Nursing personnel is very important to the delivery of high-value patient care (Penner, 2004). In the determination of the quality of care in any hospital, nursing is a very critical factor. A very important factor in personnel performance is remuneration. Supposing the budget was recalculated by changing the direct hours per staff? We are going to apply a small percentage change in the direct days per staff in the budget (Heshmat, 2001). The objective is to see the changes in direct nurse expenses (Finkler, Jones & Kovner, 2013). For these intents and purposes, we will apply a change of eleven percent negatively direct days per staff. The following is the recalculated budget.

The unit provides a total of 3.6 direct hours of care per patient day. This amount is distributed to the RNs, LPNs and CNAs. It is noteworthy that the distribution is not uniform and that the CNAs get more direct care hours per patient days than the LPNs and RNs (Fottler, Khatri & Savage, 2010). By applying the eleven percent reduction in to total direct care hours, the new figure is given as follows:

$$0.89 * 3.6 = 3.2$$

The ratio between the RN: LPN: CAN is 0.2: 1: 2.4

Applying the percentage decrease on the previous ratio

$$0.2 * 0.89 = 0.178$$

$$1 * 0.89 = 0.89$$

$$2.4 * 0.89 = 2.136$$

The recalculated budget has significant on nursing expenses in the facility. Firstly, the decrease in the overtime wages means the nurses will be paid less for every contact hour with the patient over the normal working hours (Santerre & Neun, 2010). Overtime hours are compensated at a higher rate than the normal hours as an incentive. Decreasing the amount of overtime hours has a decreasing effect on the motivation of the nurses. Personnel motivation is very important to service delivery. Remuneration is an important indicator of motivation. The reduced overtime wages implies that the nursing personnel in the skilled nursing facility have to work for lower premiums (Morris, Devlin & Parkin, 2007).

The application of the eleven percent decrease in the total hours of direct hours also had a negative effect on the benefits that the nursing personnel enjoyed (Hicks & Jacobs, 2014). The benefits were calculated by as twenty five percent of the total wages (Dunham-Taylor & Pinczuk, 2004). The wages were calculated as a product of the number of direct care hours and the amount of pay per every contact hour. The decrease in the contact hours means that the nursing personnel will enjoy fewer benefits in their pay packages. The percentage decrease has the same effect on the direct nursing expenses. In the larger picture, the nursing personnel in the skilled nursing personnel will be working for lesser hours and earning less (ICBEFSM

& Zhu, 2012). The perception is that even if the contact hours are decreased, a nurse will be earning less per day (McLean, 2003).

Conclusion

Reducing the amount of working days leads to a reduction in the amount of benefits, overtime pay and the direct nursing expenses (Penner, 2013). This in turn reduces the amount budgeted for the entire month and by extension the year. This could demotivate the nursing personnel (Finkler, Ward & Calabrese, 2012).

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