TITLE: Patient Costing Nursing Allocation Methodologies and its Impact on Patient Cost

Introduction

Canadian hospitals report their financial and statistical data based on the Standards for Management Information Standards in Canadian Health Service Organizations (MIS Standards). These standards suggest that a time-based workload measurement system be used to allocate nursing services. Facilities across Canada that have implemented patient costing have used a variety of methods to allocate nursing costs to individual patients - for example, time-based workload measurement system, patient time, percentage staff time, acuity driven, etc. This project aimed to understand the variation of nursing cost allocation approaches and its impact on cost distribution. It is also sought to understand and explore how patient costing data is being used for management purposes.

Methods

A survey for patient costing facilities was developed through a collaborative process involving the Canadian Institute for Health Information, ministries of health and many stakeholders across Canada. The survey involved each facility indicating which allocation methods are being used in their nursing inpatient and ambulatory care departments as defined in the MIS Standards. Definitions were developed for allocation methodologies other than the recommended workload measurement system to inform the responses. The surveys were disseminated to patient costing facilities in four provinces across the country in 2019.

Results

The distribution of cost allocation methods was examined across various nursing inpatient and ambulatory care functional centres. For nursing inpatient functional centres, most facilities used patient time, with a few facilities reporting time-based workload measurement allocations to allocate nursing costs. Inversely, facilities reported mostly time-based workload measurement allocations for ambulatory care functional centres, with some reporting patient time.

Data from the Canadian Patient Costing Database (CPCD, 2017-2018) was used to examine the per diem cost variation between functional centres using different allocation methods. As predicted, there were more per diem cost variations in the functional centres that reported time-based allocations compared to those that reported patient time allocations. Therefore, there are differences in the variation in direct cost depending on the allocation method.

Conclusion

This survey allows us to assess the impact of the various allocation methodologies and determine that there is cost compression on a per diem basis. The project will also determine if that cost compression is also evident on the total cost for individual patients and for specific case mix groups. The next steps will be to determine the impact of such cost compression.