SECOND EDITION

Nursing Case Management

FROM CONCEPT TO EVALUATION

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Mosby

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From Concept to Evaluation

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To
all the pioneers and their efforts in the
development, research, and evaluation of nursing case management.

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Foreword

In our travels and discussions with health care payors and providers across the country, we have observed the continuing evolution of the professional nurse case manager's role as the managed care environment continues to evolve. Appropriately, Cohen and Cesta have provided the health care market with this timely and proactive second edition of *Nursing Case Management: From Concept to Evaluation.*

Successful health care providers will find that of the many operational initiatives facing them today, their highest priority will be to revisit and refine two crucial imperatives: aggressive concurrent patient care management and accurate concurrent cost management. Both of these imperatives have implications for the organizations in which case managers are employed and, as a result, for the actual role of the case manager.

Aggressive concurrent care management, defined as managing care for the individual patient, per day, per shift, per encounter, will result from organizational changes that affect and are affected by the professional nurse case manager. This timely focused case management requires that provider organizations put into place effective operational infrastructures, create provider financial stability, offer incentives for physical participation and acceptance, establish care protocols and practice guidelines, and control the delivery of services.

The professional nurse case manager must be empowered via enhanced reporting relationships to be the bridge between clinical and financial imperatives while working in a collegial environment with physicians, other health care professionals, facility administrators, and payors. These enhanced reporting relationships will equip the case manager with the authority and resultant accountability for enforcing compliance with care protocols and practice guidelines.

Increased visible participation in the initial design and continual development of the care protocols and practice guidelines, as well as increased flexibility and availability throughout the care continuum, will further provide the nurse case manager with the ability to facilitate aggressive concurrent care management.

Accurate concurrent cost management is a major challenge facing provider organizations and the professional nurse case manager. The evolving financial construct of health care delivery requires an evolution in the current cost accounting systems and the integration of the professional nurse case manager into this unsettled financial arena.

Historically, cost accounting systems used charges as a proxy for identifying the cost of care provided to the patients. Subsequently, cost shifting and cross-

subsidization were initiated to maximize revenues. Whereas this was effective in the past for the financial needs of the provider organizations, this revenue maximization strategy left no indicators of true provider costs. These methodologies have already been challenged by various payor groups. Because they do not give the data necessary to concurrently manage the cost of the care, they leave the provider organization unequipped to determine the price to be charged for the service provided.

In a resource-driven, price- and rate-sensitive financial arena the actual cost of each test and each ancillary procedure must be accurately isolated. In addition, increasingly sophisticated cost identification will necessitate "unbundling" of many of the traditional charges. Patient classification systems as the vehicle by which the cost of nursing care is segregated from room and board are but one example of a more accurate cost accounting methodology. The identification of the patient's acuity level further quantifies the cost of providing nursing services and positions provider organizations to more accurately determine the price for services provided. These important organizational cost initiatives are the financial foundations for concurrent cost management and will influence the concurrent care management of both the providers and payors of services.

Consequently, the role and responsibility of the professional nurse case manager will require an increasing level of financial expertise. The nurse case manager must understand the financial materiality of all case management decisions. This begins with an in-depth understanding of the financial implications of practice guidelines and care protocols through and including authorizing the appropriate vendor for home medical equipment.

As the provider organization gains a better understanding of its actual cost of services, the nurse case manager is in the crucial position to assist all care providers in reducing or eliminating cost variance. For the provider organizations with the skill to develop and implement cost identification by test, procedure, and acuity level, the practice guidelines and care protocols will be cost, price, and rate sensitized for the individual patient per day per encounter.

The professional nurse case manager is pivotal in the provider organization's successful implementation of the crucial imperatives of concurrent patient care management and concurrent cost management.

In the first edition of this book, Cohen and Cesta brought to the foreground many of the key issues shaping the emerging role of the nurse case manager. In this second edition the authors have expanded the topic to an even more comprehensive level, offering the reader the opportunity both to revisit and reenvision the care manager's role in this rapidly changing health care marketplace.

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PREFACE

What issues are shaping nursing case management today?

Although nursing case management has grown in sophistication since this book was first published, the second edition of *Nursing Case Management: From Concept to Evaluation* attempts to preserve nurse case management's history by honoring past contributions while at the same time embracing the future by providing updates and changes in model development where appropriate. Most of the developments from which nursing case management grew still remain true and highly relevant when the roots of the model are explored. This information remains in the book for this reason and can be perceived as historical data.

Even though the book's basic structure has remained the same, we have added new voices that lend an even greater dimension and higher level of expertise. These contributors address contemporary issues such as the need for documented information on the measurable outcomes of nursing case management, the importance of future nursing case management research in shaping the structure and process of care, the expanding role and implications of information technology in nursing case management, and the increasing emphasis on ethical competence.

New chapters in the book address each of these trends in turn. New Chapter 11, The Managed Care Market: Nurse Case Management as a Strategy for Success, and new Chapter 17, The Role of the Nurse Case Manager, explore the various roles, responsibilities, and functions of case managers and discuss the skills needed by and the selection criteria for new nurse case managers. New Unit VII, Clinical Outcomes, which comprises Chapters 23, 24, and 25, addresses the need for documented information on nursing case management's outcomes. Chapter 23, Linking the Restructuring of Nursing Care with Outcomes: Conceptualizing the Effects of Nursing Case Management, explains the importance of outcomes, describes the development of valid measures, explores how nursing case management changes the structure and process of care, and suggests directions for future nursing case management research. Chapter 24, Expanding Our Horizons: Managing a Continuum of Care, examines the measurable outcomes of one facility's nursing case management model as used with a population of patients who typically require chronic care (diabetic patients). Chapter 25, Developing Outcome Management Strategies: An Intensive DRG-Focused Study, describes how one facility implemented an intensive DRG-focused outcome study to identify and prioritize opportunities for measurable improvement in delivery of psychiatric patient services. Chapter 28, Case Management and Information Technology, examines the expanding role and implications of informa-

tion technology in nursing case management. Theoretical and practical approaches to the nurse case manager's role in clinical ethics are the subject of Chapter 29, Ethical Issues in Case Management, which not only presents strategies for developing and evaluating ethical competence but also includes sample case scenarios as a tool to assess the competency of prospective employees.

Although still evolving, case management continues to remain one of the most exciting and pertinent approaches to health care management. We hope that you will share in our vision of forging creative new partnerships for health care and come along with us on this very important journey.

Both of us are deeply grateful to our contributors for sharing their expertise and knowledge. We are also grateful to Darlene Como, executive editor, for staying the course as we have continued to explore case management; to Dana L. Knighten, developmental editor, who besides being a most wonderful D.E., has helped to maintain our perspective with her expert editorial assistance and advice; and to Heidi Fite-Crowley, our production editor, and Mary Espenschied, who kept us on target with all the numerous deadlines and time schedules; and to our families and friends for their continued love and support.

E.L.C. and **T.G.C.**

Contents

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EVOLUTION OF CASE MANAGEMENT

1

Overview of Health Care Trends

▼ *CHAPTER OVERVIEW*

Many dramatic changes in the practice and delivery of health services have contributed to the new realities and complexities of the current health care system. This chapter presents nursing as it exists today and shows how the changing health care system and emerging issues have shaped current nursing practices. The chapter also identifies opportunities for innovation and provides an overview of the trends that have led to the development of the nursing case management approach in the delivery of patient care.

This section also discusses the reasons for the success of the nursing case management model in increasing cost-effectiveness, quality of care, and job satisfaction. Included in this discussion are nurse-physician collaborative practice, management of the patient's environment by coordinating and monitoring the appropriate use of patient care resources, monitoring of the patient's length of stay and patient-outcome standards to produce measurements for evaluating cost-effectiveness, and enhanced autonomy and increased decision making by direct health care providers.

Nursing case management offers the nursing profession an opportunity to define its role in the health care industry and challenges the profession to identify the work that nurses do in terms of its autonomous value to the patient. ▲

THE CHANGING CARE CLIMATE

The present health care system is fraught with complications, constraints, and uncertainty. Major shifts in the practice and delivery of health care have moved dramatically toward the proliferation of scientific and technological services, increasing government regulation, greater market competition, and economic constraints. Additional emerging trends affecting care include the following:

- ▼ Rationed and multitiered distribution of health services
- ▼ Increased control mechanisms for quality assurance
- ▼ Greater emphasis on productivity, efficiency, and cost containment
- ▼ Increased demand for concrete, documented information on measurable outcomes
- ▼ Increased ethical and legal concerns
- ▼ Rising prevalence of the human immunodeficiency virus (HIV) and related infections

- ▼ An aging population
- ▼ Fragmented and dehumanized patient care*

These shifts in the health care industry along with the federal government's prospective payment strategies have raised questions about the quality and effectiveness of health care services. Efforts to control spiraling health care costs have changed the economic position of health care organizations and the delivery of patient services in the acute care setting. Restructured reimbursement and finance mechanisms, which are based on diagnosis-related groups (DRG), have prompted hospitals to establish tighter financial controls over spending and to limit facility services primarily to the acutely ill.

The concomitant effects of these initiatives on nursing practice have resulted in fewer patient admissions, shortened length of stay, increased patient turnover, increased severity of patient condition and case mix complexity, intensified patient case work loads, and renewed emphasis on nursing productivity and efficient utilization of resources (Buerhaus, 1987; Curran, Minnick, & Moss, 1987; Hartley, 1987; Kramer & Schmalenberg, 1987).

Intensity of Service/Severity of Illness

The increases in severity of illness along with greater patient care requirements have resulted in a significant increase in the demand for professional nursing care services in hospitals and other health care settings (Aiken & Mullinix 1987; Iglehart, 1987; McKibbin, 1990; Secretary's Commission on Nursing, 1988). The need for more nurses to practice in a technologically complex and cost-constrained environment is expected to grow and is indicative of an aging and more acutely ill population with more severe and chronic conditions requiring intense nursing care (McKibbin, 1990). Workload statistics reveal that since the late 1970s, the ratio of registered nurses needed to care for the hospitalized patient population has increased. In 1977 there were 61.4 full-time equivalent (FTE) nurses for every 100 hospitalized patients. In 1988 this number grew to 98.0 FTEs per 100 patients (McKibbin, 1990).

The increase in demand for more intense nursing care services provided by registered nurses in hospitals was brought about by the prospective payment system. Institutional responses to the practice constraints inherent in these governmental rate-setting programs have affected nursing services and the environment in which nurses work. The use of the prospective payment system has resulted in discontent among nursing professionals because of the associated decline in autonomy and control over practice, decreased influence over hospital policy and decision-making processes affecting patient care, increased dissatisfaction with the quality of care and inadequate compensation and recognition for services provided (Iglehart, 1987; Styles, 1987).

Organizational variables that influence job satisfaction and the rate of turnover in the nursing profession are well represented in health care literature. This growing body of literature offers nursing suggestions on how to cope with the changing health

*Brown & Brown, 1988; Moritz, Hinshaw, & Heinrich, 1989; Mowry & Korpman, 1987; Rosenstein, 1986; Schramm, 1990; Wesbury, 1990.

care environment and how to gain control of nursing practices. Many of the proffered solutions focus on increasing economic rewards, maximizing staff mix and skill, and restructuring the work environment (Aiken & Mullinix, 1987; Barry & Gibbons, 1990; Iglehart, 1987; Strasen, 1988; Styles, 1987; Taft & Stearns, 1991). Emphasis has been placed on fostering nurse involvement in clinical patient care areas and designing better care delivery systems that are more consumer oriented and meet the needs of the patients (Ethridge, 1987; Fagin, 1987; Porter-O'Grady, 1988a; Strasen, 1991). In addition, collaborative practice models between registered nurses and physicians are recommended for enhancing professional satisfaction and improving patient outcomes (Del Togno-Armanasco, Olivas, & Harter, 1989; Ethridge, 1987; Olivas, Del Togno-Armanasco, Erickson, & Harter, 1989a; 1989b; O'Malley, Loverage, & Cummings, 1989; Zander, 1988a).

Both the original Magnet Hospitals Study (McClure, Poulin, Sovie, & Wandelt, 1983) and a follow-up investigation (Kramer, 1990) identify the factors that enhance professional nursing practice within the hospital setting. These factors include maintaining a professional status, having autonomy and control over practice, and upholding quality assurance standards. Nursing care delivery systems based on differentiated practice proved cost effective and provided continuity of care and effective resource utilization. In additon, the interprofessional collaborative relationships associated with differentiated practice had a significant effect on job satisfaction, recruitment, and retention of a professional nursing staff. Nursing care delivery systems based on differentiated practice were later shown to contribute to a hospital's overall productivity and fiscal viability (Cohen, 1991; Ethridge & Lamb, 1989; Fifield, 1988; Sovie, 1984; Tonges, 1989a; 1989b).

Nursing case management, which was introduced in 1985 and is considered an outgrowth of primary nursing, allows for quality care while containing costs. This manangement style has emerged as the professional practice model that increases nurse involvement in decisions regarding standards of practice and integrates the cost and quality components of nursing services (Zander, 1985). Nursing case management provides outcome-oriented patient care within an appropriate length of stay, uses appropriate resources based on specific case types, promotes the integration and coordination of clinical services, monitors the use of patient care resources, supports collaborative practice and continuity of care, and enhances patient and provider satisfaction (Ethridge & Lamb, 1989; Henderson & Wallack, 1987; Stetler, 1987; Zander, 1987; 1988a).

WHAT IS NURSING CASE MANAGEMENT?

The definition of nursing case management varies depending upon the discipline that employs it, the personnel and staff mix used, and the setting in which the model is implemented. Primarily borrowing principles from managed care systems, nursing case management is an approach that focuses on the coordination, integration, and direct delivery of patient services and places internal controls on the resources used for care. Such management emphasizes early assessment and intervention, comprehensive care planning, and inclusive service system referrals.