The Rising Importance of Patient Satisfaction in a Value-Based Environment
Why Now is the Time to Focus on Employee Engagement Strategies to Improve the Patient Experience and Boost the Bottom Line

Hospitals have always been in the business of providing patient care. However, with the inception of Value-Based Purchasing, the measurement of successful patient care delivery has been redefined. The move from fee-for-service to pay-for-performance also means that reimbursements are tied to the quality of care that is delivered. Hospitals that provide a higher quality of care than their peers will receive reimbursement incentives, and hospitals that provide a lower quality of care will be penalized.

Quality of care is measured with two metrics: patient outcomes (70%) and patient satisfaction (30%)\(^1\). With patient satisfaction scores now having a direct impact on the bottom line, the measure and management of patient satisfaction has become a top priority at health systems across the country. In fact, more than half (54%) of healthcare executives say patient experience and satisfaction is one of their top three priorities, according to HealthLeaders Media’s 2013 Industry Survey data\(^2\).
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– HealthLeaders Media’s 2013 Industry Survey data
Why Patient Satisfaction is a Top Priority

Patient satisfaction carries the promise of big rewards and the risk of big penalties. The most commonly used measure of patient satisfaction is the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS). Through the HCAHPS survey, patients answer 32 questions to rate their inpatient stay. Based in part on these scores, hospitals can either lose or gain up to 1.5% of their Medicare payments in fiscal year 2015. CMS will increase the stakes over the next couple of years, with 2% of reimbursement dollars ultimately being at risk by fiscal year 2017.

Value-based purchasing programs and HCAHPS scores are estimated to place at risk an average of $500,000 to $850,000 annually per hospital. That risk can be turned into reward: Press Ganey reports that a hospital with $120 million annual revenues can improve patient satisfaction and realize an estimated $2.2 million to $5.4 million in additional revenue annually.

There is also a direct link between HCAHPS scores and profitability. Based on data from 3,035 U.S. acute-care hospitals, 25% of hospitals with the highest HCAHPS scores were also the most profitable with a mean margin of .93, with the low performers for patient satisfaction showing a mean margin of .93, with the low performers for patient satisfaction showing a mean margin of -.459.

Only the hospitals in the top quartile for patient ratings showed a positive profit margin.
showing significantly lower profitability with a mean margin of -4.59. In fact, only the hospitals in the top quartile for patient ratings showed a positive profit margin\textsuperscript{6}.

A metric that has received less attention but has a large impact on a hospital’s long-term viability is the ‘lifetime value of a patient’. Patients are also consumers, and as hospital quality metrics become easier to access, potential patients have the opportunity to comparison shop and choose the hospital that they feel will provide them with the positive patient care experience they desire. With the lifetime value of a typical household estimated to be $405,000\textsuperscript{7}, it’s clear that patient satisfaction levels can have an enormous impact on the bottom line in both the short- and long-term.

With a growing amount of revenue at stake, hospital leaders are looking for strategies to improve the patient experience and boost their HCAHPS scores.
A growing body of research is revealing the strong, direct impact that staff engagement has on HCAHPS scores. A recent study found that hospitals scoring in the top 10% of employee engagement scored an average of 61 percentile points higher on the HCAHPS Overall Hospital Rating metric than hospitals in the bottom 10% for employee engagement.

Healthcare leaders from all disciplines are raising their voices about the connection between staff satisfaction and patient satisfaction. In the New York Times Bestselling book “Patients Come Second,” the authors point out that patients are customers looking for an exceptional experience that balances cost, quality and service, and it will be the employees that deliver on those expectations. Tony Armada, CEO of Advocate Lutheran General in Chicago sums it up well, advising, “I would urge health care leaders to understand that patients going forward will have more choice than ever, and it is best to serve our patients with a group of people that are dedicated and engaged.”

Following the successful rollout of a productivity initiative that yielded $2.5 million in savings in just 8 months, the team at Anderson Regional Medical Center in Mississippi also understands the value of focusing on employee satisfaction. Matt Edwards, CNO at Anderson Regional, says, “If our staff is satisfied, they’re engaged...”

“The only way to make sure patients are satisfied is to make sure employees are satisfied.”
– Joe Giansante, VP, HR, Ellis Medicine
and can take better care of the patients. Staff satisfaction has a direct impact on patient satisfaction.\textsuperscript{10}

In the case study, “Intersection of Excellence: API Healthcare & Ellis Medicine, How Real-Time Information is Advancing Ellis Medicine’s Workforce and Integration,” Joe Giansante explains, “The only way to make sure patients are satisfied is to make sure employees are satisfied.” The VP of HR at Ellis Medicine in New York also provides some direction about how to achieve better employee satisfaction: “A success factor for driving employee satisfaction is empowering employees to gain visibility of their schedule and compensation.”\textsuperscript{11}
Employee Engagement Strategies that Improve Patient Satisfaction

Right-Staffing to Meet Patient Needs

In the past, the most important outcome health systems wanted from a workforce management initiative was labor cost savings. Now, health systems are looking at the broader picture, requiring workforce management initiatives to also provide the ability to move the needle for patient satisfaction, quality of care and employee engagement metrics as well.

A 2015 HealthLeaders survey that asked 126 healthcare executives about outcomes desired from a workforce productivity initiative found that financial, clinical and employee-related outcomes were almost equally important.\textsuperscript{12}

In addition to productivity initiatives, healthcare organizations are relying on acuity-based staffing to deliver cross-functional results. A 2014 HealthLeaders survey of 124 healthcare executives found that both productivity and acuity-based staffing are high rankers for both labor cost reduction and quality of care initiatives.\textsuperscript{13}

Outcomes Desired from Workforce Productivity Initiative

Healthcare executives want their workforce management initiatives to deliver improved financial, clinical and employee engagement outcomes.

A 2015 HealthLeaders survey
This shift to expecting more than just cost savings results from workforce management initiatives relies on access to more robust workforce data analytics. Forward-thinking healthcare organizations are finding ways to harness those analytics to gain a deeper understanding of patient needs and how to match the right staff with those patients to meet their needs. The ability to right-staff is important to staff satisfaction and retention, as summed up in a Nursing Economics article which states, “When nurses are exposed to inadequate staffing levels, they leave their positions.”

With the ability to make data-driven staffing decisions, health systems reap the benefits of streamlined processes, better patient care, engaged staff and ultimately a far healthier bottom line. That allows caregivers to more efficiently and effectively provide outstanding care to their patients, and that’s a huge satisfier for staff.

Productivity and Acuity-Based Staffing Deliver Both Financial and Clinical Outcomes

A 2014 HealthLeaders survey
Managing Overtime

Overtime carries a price tag higher than the burden it puts on labor costs. Extensive overtime also has a negative impact on employee engagement and patient satisfaction.

Logic dictates that working long hours can take a toll on employees, and research supports that theory. A Health Affairs study found a significant relationship between longer shift lengths and nurse reports of burnout and job dissatisfaction, showing that nurses who worked 13+ hours are 2.7 times more likely to be burnt out, 2.38 times more likely to be dissatisfied in their jobs, and 2.57 times more likely to intend to leave their job in the next year than nurses who work 8-9 hours.¹⁵

Studies have also shown that when nurses work long hours, patient satisfaction suffers. Patients reported lower satisfaction levels when higher proportions of nurses worked shifts longer than thirteen hours, with patients more likely to rate the hospital 6 or lower on their HCAHPS survey.¹⁶

Nurse dissatisfaction caused by long hours also impacts the likelihood that patients will recommend the hospital to friends and family. For every 10 percent of nurses reporting job dissatisfaction, the likelihood of patient recommendations decreases by 2 percent.¹⁷

The impact of overtime starts with a drain on labor costs. However, the negative impact carries through to both staff satisfaction and patient experience. When not managed, overtime creates a deeply embedded, pervasive problem that has a negative impact on financial, clinical and staff satisfaction metrics.

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Final Thoughts

The healthcare industry is undergoing massive changes, moving from a volume-based care model to a quality-based care model. In order to adapt to these fundamental changes, healthcare organizations are rapidly changing the way they do business, and their evolving workforce management strategies reflect that. It’s not enough to implement workforce management initiatives that cut labor costs. Instead, those initiatives must also have a positive impact on both staff and patient satisfaction, providing hospitals and health systems with a solid foundation that will sustain them in both the short run and the long haul.


10 Interview with Matt Edwards, February 27, 2015.

11 API Healthcare Case Study.


16 Ibid.