



What is Magnet and what does it do?

1. Identifies excellence in the delivery of nursing care to patients and their families.
2. Reflects the presence of both organizational, as well as nursing, excellence.
3. Criteria based evidence of a positive professional practice environment.
4. Promotes quality in a milieu that supports professional practice.
5. Provides a mechanism for the dissemination of “best practices” in nursing care to affect patient outcomes.

Benefit Summary

People	Service
Increased RN retention & lower nurse burnout (Aiken & Sloane, 1997)	Increased patient satisfaction (Gallup, 2008)
Decreased RN vacancy rate (McConnell, 1999; Upenisks, 2003; Jones & Gates, 2007)	Increased RN Satisfaction (Brady-Schwartz, 2005; Waldman, 2004; Gallup, 2008)
Decreased RN turnover rate (Upenieks, 2003; Aiken & Sloane, 1997; Jones & Gates, 2007; Lacey & Cox, 2007)	
Quality	Cost
Decreased mortality rates (Aiken, 1994, 1997, 1999; Aiken, Smith & Lake, 1994; RJW study - <u>Medical Care</u> , May 2014)	Reduction in RN Agency rates (Upenieks & Aiken, 2003)
Decreased pressure ulcers (VA, 2004; Mills, 2008)	Reduction in staff needle stick rates & injury (Aiken, Sloan & Klocinski, 1997; Jagger, Hunt & Pearson, 1990; Havens & Aiken, 1999; Neisner & Raymone, 2002; Clark 2007; Stone & Gershon, 2006)
Decreased ALOS (Aiken, Smith & Lake, 1994)	Improved Operating Margin (St. Mary’s; Tuazon, 2007; Desilets & Pinkerson, 2005)
Decreased falls (NDNQI, Dunton, et al 2009)	Marketing ROI – publications in lieu of ads (VA Business CA, 2004)
Patient safety – improved communication re: errors (Hughes, Chang & Mark)	
US News & World Report rating (Top 20)	

Magnet Business Benefits Summary Continued

America's Best Hospitals – US News & World Report

- Factors Magnet designation into Best Hospitals rankings
- As of March 1, 2011, certification by ANCC satisfies standards for nursing excellence
- Magnet designation contributes to the total score for quality of inpatient care

Leapfrog

- In 2011 Leapfrog group announced hospital ratings will include Magnet status
- Organizations with Magnet designation automatically earn full credit for Safe Practice #9 Nursing Workforce (used to score hospital's commitment to staffing highly trained nurses and nurse leaders)

JCAHO

- Recognizes and endorses the Magnet Program
- Values the impact Magnet has in creating workplace culture and nursing practices that support patient safety and high-quality care
- Considering recognizing Magnet hospital designations on Joint Commission accreditation certificates
- Benefits of having Magnet: prepares nurses for JCAHO visits, policies and procedures organized, current, and evidence-based, QI projects are staff-nurse driven

Bond Ratings

- Bond ratings are influenced by Magnet status – indicates high quality nursing care, retention
- Organizations that have achieved Magnet designation have seen increases in their bond ratings
- Moody's Investors Service notes Magnet designation as a strength in their reports:
 - Ex: 2/29/2012 Women's Hospital Foundation in Louisiana "Strong loyalty by medical staff with greater than half of area OB/GYNs practicing exclusively at WHF, along with Magnet status for nursing"
 - Ex: 11/1/2011 St. Joseph's Health System in New Jersey "Non-unionized workforce and Magnet status designation for the last nine years; SJHS is the first hospital in New Jersey to receive the designation for three consecutive terms"

How Magnet Organizations Rank

- 14 of the 17 *Honor Roll* hospitals are Magnet organizations (US News Best Hospitals in America, 2014-2015)
- 11 of the top 12 hospitals in the *Children's Hospital Honor Roll* are Magnet recognized (US News Children's Hospital Honor Roll, 2015-2016)
- Of the 48 hospitals ranked nationally by US News and World Report, by the top 3 per specialty, 36 are Magnet organizations
- 25 of the *100 Top Hospitals* have Magnet designation (Thomson Reuters 100 Top Hospitals, 2015)

- 10 of the 15 *100 Top Hospitals, Major Teaching Hospitals* have Magnet designation (Thomson Reuters 100 Top Hospitals, 2015)
- 73 of the 100 *America's Best Hospitals* are Magnet organizations (Becker's Hospital Review, 2015)
- 5 organizations in *Fortune 100 Best Companies to work for* have Magnet-recognized facilities (ANCC, 2015)

Financial Benefits

- Increases revenue by an average of \$1,229,770 to \$1,263,926 annually –from adjusted net increase in inpatient income of \$104.22-\$127.05 per discharge. (Medical Care, May 2014. Study funded by RWJ examined data from 2,541 non-Magnet hospitals and 141 Magnet hospitals from the American Hospital Association Annual Survey, the Hospital Cost Reporting Information System from CMS, and the ANCC. Data included information on hospital characteristics, as well as utilization, costs, charges and other relevant financial information.)
- On average, it takes a hospital 4.25 years to complete the process of attaining Magnet status, at an average cost of \$500,000 annually, for an average total investment of \$2,125,000. At that cost, calculated that hospitals begin to realize payback from Magnet in 2-3 years. (Medical Care, May 2014)

Other benefits

- More difficult to quantify in dollars & cents, they boost the organization's reputation which in turn, can increase revenues. Having the hospital's nursing team listed in the top 6% in the nation attracts health care professionals from all disciplines and consumers alike. Being able to apply the Magnet logo to ads, publications, and presentations tells the world that the facility is one of the best.

Quantifying Benefits of Magnet

Category	Assumption	Cost Savings Possibility for 500 bed hospital
Pressure ulcer	Cost per hospitalization = \$43,180/case x 2.5 case improvement	\$107,950
Decrease falls	Cost for fall = \$1,019-4,253/fall x 3.8 case improvement	\$11,400
Improved RN Vacancy & Turnover	Difference between Magnet & non-Magnet x FTE costs	\$2,000,000-2,390,000
Decreased agency costs	Premium pay x difference in Magnet vs. non-Magnet x 5 FTEs	\$260,000
Needle sticks	Difference between Magnet & non-Magnet 50 cases @	\$25,000

	\$500/stick	
Marketing ROI – cost of ads replaced by scholarly publication and presentation	(8) opportunities/year @ \$4,000 - \$10,000/ marketing event	\$5,000-\$20,000
Improvements due to efforts enacted to meet sources of evidence TL3 requirements for efficacy & efficiency (<i>TL3 – The CNO influences organization-wide change beyond the scope of nursing</i>)	Current Magnet hospitals cost savings range from \$5,000 - \$20,000/project	\$5,000-\$20,000
Total Possible Benefits	Not all categories will yield cost capture, so a range is projected	\$2,414,350-\$2,834,350

Cost Benefit Analysis

Total Range of Benefit	Depending on which savings hospitals achieve, range up to \$2.8 million	\$2,414,350 - \$2,834,350 with vacancy & turnover savings
Total Range of Costs	Direct and indirect Magnet costs	\$46,570 - \$251,100
Cost-Benefit Analysis	Benefits/Investment – with Vacancy & Turnover benefits	\$2,414,350/46,570 = 51.84(x100) \$2,414,350/251,100= 9.61 (x100)
	Benefits/Investment without vacancy & turnover benefits	\$414,350/46,570 = 8.89 (x100) \$414,350/251,100 = 1.65 (x100)

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