3 The Healthcare Delivery System

LEARNING OBJECTIVES

1. Discuss trends and challenges of healthcare in the 21st century. Relate these changes to the Affordable Care Act, the needs of nurses and healthcare practitioners, and the consumers of healthcare (clients).
2. Define and discuss differences between acute care and extended care facilities, and identify the types of healthcare services provided in each type of healthcare facility.
3. Identify at least three services available to meet the healthcare needs of the community.
4. State at least two functions of a school nurse and an industrial nurse.
5. State at least two functions of The Joint Commission. Relate these functions to nursing standards of care.
6. Define the term *quality assurance* and state its function in healthcare facilities.
7. Explain the role of the client representative, advocate, or ombudsperson.
8. Describe at least six methods of payment for healthcare services.
9. Determine the role of complementary or holistic care in the delivery of healthcare.
10. Identify at least three negative impacts of consumer fraud on public wellness.

IMPORTANT TERMINOLOGY

acuity
Affordable Care Act

capitation fee
case management
chain-of-command
client
complementary healthcare
co-pay
holistic healthcare
home healthcare
hospice
incentive programs
The Joint Commission
managed care
managed care payment
Medicaid
Medicare
outcome-based care
patient
prospective payment
quality assurance
respite care
telehealth

ACRONYMS

CQI
DRG
ECF
HMO
ICF
ICU
OSHA
POS
PPO
QA
RUG

SNF
SSDI
UAP

This textbook primarily addresses nursing in the context of a healthcare facility that cares for the very ill, or a facility that has services that provide long-term or extended care. Throughout the book you will note references to specific nursing situations, such as geriatrics, pediatrics, or home health.

Your school of nursing may provide clinical experiences in acute care and long-term care, as well as supplemental clinical experiences in ambulatory care settings such as clinics or home care. Field trips to specialty areas may be available (e.g., dialysis units, burn units, or rehabilitation centers).

This chapter discusses concepts related to basic healthcare service in the United States. The student and the consumer need to be aware of different types of healthcare facilities and payment plans, as well as the common types of healthcare services. Healthcare providers must be aware of the general concepts of the various aspects of healthcare service because the consumer (i.e., client) often relies on providers as preliminary reference sources. In other words, we are often asked where to go for further information, what to do next when a situation occurs, or how to obtain assistance.

Your student nursing experiences are individual and unique. It is the responsibility of the student to achieve the maximal benefits from each experience.

Key Concept

Remember: The principles of excellent nursing care are universal.

HEALTHCARE TRENDS IN THE 21ST CENTURY

Healthcare continues to change dramatically. Changes include an emphasis on wellness and individuals assuming more responsibility for their own health. Technology will continue to influence healthcare in

direct and indirect ways. The cost of healthcare technology also remains a major consideration. The use of technology in healthcare will provide new avenues of diagnosis, treatment, and nursing care. Chapters 6 and 7 provide additional information in the areas of wellness and community health.

Before the 1980s, healthcare was primarily the concern of physicians who treated clients during times of illness. The less educated client was expected to be dependent on the advanced knowledge of a physician. Typically, the client was not made aware of his vital sign readings nor of the rationale for many aspects of treatment. The object of care was to treat existing health problems, such as diabetes, obesity, cardiac problems, and cancer. Enormous amounts of money were needed to care for clients with such existing health problems. Views and concepts of preventive care matured and the individual needed to learn the requirements for the avoidance of disease and disorder. As technology developed, it became possible to prevent problems or to find and treat disorders before extensive damage occurred. Preventive healthcare also revealed that health issues are often interrelated. Obesity, for example, is found in clients with diabetes, cardiac complications, visual problems, and acute and chronic infections. Prevention and early treatment literally affect a variety of immediate and long-term consequences, such as the quality of life, financial obligations, and family dynamics.

Research into the rising costs of healthcare determined that financial needs could be better managed by preventive care. Clients became consumers of healthcare; thus, the term *client* became more appropriate to the changing focus of responsibility. Starting in the 1980s, the concept of the client, in lieu of the word patient, was implemented. Clients needed better health education with ongoing screening and monitoring of illness. Additionally, the focus of many aspects of health and healthcare could and should be the responsibility of the client rather than the domain of a physician.

Preventive care can literally prevent health problems before they develop. The benefits of preventative care for infants, children, and adolescents should be strongly encouraged by the healthcare professional. Preventative intervention includes a variety of methods, such as the use of well-baby clinics, encouraging the wearing of safety gear, or monitoring nutrition and weight. The benefits of remaining

healthy are also extremely cost effective. The trend continues to evolve to prevent illness and accidents, as often as possible, before they occur.

Key Concept

Because healthcare recipients are involved in the management of their own health, they are often referred to as **clients,** rather than **patients.** *Client* implies active participation in the choice of the (healthcare) service. The client makes decisions regarding health in the same manner as any consumer who makes choices or decisions based on their existing level of knowledge, the type of resources available, the comments or referrals from others, and their personal, past experiences. The overall goal of this textbook is to focus on the aspects of the independent, health-educated, and consumer-aware aspects of the client.

Clients are now expected to participate in **managed care** or **case management**. Managed care is a plan for continual monitoring and maintenance of an individual's health that involves participation of both the healthcare provider and the individual receiving care. Managed care promotes wellness-focused care and preventive medicine. The consumer or client, who may still be referred to as a patient, remains an individual. A healthcare, that is, a managed care, organization standardizes goals for clients with similar disorders in order to manage costs of particular conditions. The client can still be treated on an individual case-by-case basis. A group of individuals can have similar goals or plans. For example, preventative services include immunization programs for infants and children, diabetic support groups, and cardiac rehabilitation.

Managed care plans are called many names, including *critical pathways, care maps, clinical pathways,* or *standard nursing care plans.* **Managed care payment** involves financial reimbursement for healthcare services by a third-party, that is to say, all or part of the healthcare costs are billed to a designated agency or service, not the beneficiary (individual/client). The client accepts this type of payment-for-service when he/she joins a group that offers the healthcare plan such as an employer or union.

Health maintenance organizations (**HMOs**) are examples of managed care systems. HMOs emphasize disease prevention and health promotion. Their goal is to avoid health problems by preventing

conditions that could become more serious (and more costly). Clients are often treated on an outpatient basis, and hospitalizations are minimized. HMOs will be discussed in more detail later in this chapter.

Trends that differentiate HMOs from "traditional" healthcare have evolved. In the 21st century, healthcare involves discussion among a variety of healthcare practitioners, insurance providers who agree to pay for the treatment or therapy, and the client.

The role of the nurse is being redefined to meet the challenges of managed care and reimbursement regulations. In some cases, unlicensed assistive personnel (**UAPs**) are being hired to administer nursing care. This practice is becoming more common across the country and is often a subject of controversy. The standards of education for UAPs are generally much less stringent than the educational requirements for a licensed nurse.

As a result of financial constraints and the influence of managed care plans, clients may have treatment outside a hospital, such as in a wound-care treatment center or a rehabilitation center. Clients can be admitted to the hospital, have a surgical procedure performed, and be discharged the same day.

To be admitted to an acute care facility, the client must meet a minimal level or need for healthcare services known as **acuity**. Clients admitted to acute care facilities have high levels of acuity. Thus, the person receiving care in the hospital is often more critically ill than such clients have been in the past. Hospitalizations are of shorter duration and—as a result—the client is often discharged while he/she still needs healthcare services.

As a result of specific changes in the delivery of healthcare services, extended care facilities (**ECFs**) and **home healthcare** services have restructured to meet the intermediate acuity needs of clients. In the recent past, ECFs were exclusively the "nursing home" or long-term care facility for the aging adult. Twenty-first century clients may be transitioned or transferred from one level of care (acuity) to another level of care. For example, a client may be discharged from an acute care hospital to be admitted into an ECF. At the ECF, the client may receive physical therapy (PT) and rehabilitation before being discharged to home. A client may be monitored at home by a home health nurse. Employment for nurses in all of these areas is projected to increase in

the future.

The Affordable Care Act

The **Affordable Care Act** is a major effort in healthcare reform. Legislation, that may also be informally referred to as "Obamacare," was passed in 2010 and institutes significant changes in the availability and access to healthcare for Americans. Detailed information is available on the federal government's Website, www.healthcare.gov. Included in the Act are rights and protections that apply to the available insurance policies found within a Health Insurance Marketplace. Individual coverage as well as options for job-based group insurance plans is available. Individual states may offer similar Health Insurance Marketplace insurance options. By 2014, overall goals of these expansive regulations include:

- The 2010 Patient's Bill of Rights (see Chapter 4)
- Free preventive services for Medicare-eligible individuals and a 50% discount on brand-name drugs
- Access to health insurance options for all Americans
- Prohibition of denial of coverage of healthcare due to pre-existing conditions
- Improving healthcare quality and lowering healthcare costs by reforming aspects of the insurance industry's previously existing policies
- Increasing access to individuals eligible for Medicaid
- Promoting an individual's responsibility to obtain health insurance or pay a fee to help offset the costs for caring for uninsured Americans (exemptions may apply)

The Nurse's Role

The myriad of changes in healthcare will continue to alter the role of nurses in the 21st century, whether they practice in acute/subacute, extended, community-based, or home care settings (which are discussed later in this chapter). As the healthcare system and methods of payment develop and change in this century, so will nurses' responsibilities and

the facilities in which they work. Nurses must continue to be involved in planning for future healthcare service. Teamwork will remain important, but the methods of collaboration will change. Economic needs for healthcare facilities may require staffing changes and a subsequent change of the care for clients due to the limitations of duties of some healthcare personnel. For example, the increasing use of UAPs as care partners can affect and increase responsibilities for licensed practical nurses. Healthcare reform may result in profound effects on the delivery of healthcare.

Nursing plays a significant role in the attainment of client care outcomes. As a nurse, you will need to understand and articulate the value of a well-educated staff for the delivery of healthcare in the 21st century.

HEALTHCARE SETTINGS AND SERVICES

Acute Care Facilities

Acute Care Hospitals

Acute care hospitals are the most commonly known healthcare facility. Acute care implies that a client in the hospital has a serious condition that needs to be closely monitored by healthcare professionals, particularly nurses. Acute care facilities admit clients for short periods of time, usually only a matter of a few days. Clients are often very sick and need a great deal of nursing care. Box 3-1 summarizes services that are commonly found in acute care facilities.

Intensive Care Units

Intensive care units (**ICUs**) that care for the critically ill are found in acute care facilities. ICUs may specialize in medical, surgical, respiratory, coronary, burn, neonatal, and pediatric care areas. ICUs provide care for clients by specially trained nurses, generally registered nurses (RNs). Many ICUs use high-tech equipment and health status monitors.

BOX 3-1 Services Commonly Found in an Acute Care Facility

- Administration
- Admitting and Discharge
- Ambulatory Care/Outpatient Surgery
- Dietary
- Emergency Care
- Home Health
- Intensive Care Unit
- Laboratory
- Medical Unit
- Neonatal
- Obstetrics/Gynecology
- Pediatrics
- Physical Therapy
- Radiology
- Respiratory Therapy
- Surgical Unit
- Telemetry Unit
- Transitional Care/Step-Down Units

Subacute Care Facilities

Many hospitals have areas that are classified as *subacute care* or *step-down* units. A person may move to a subacute unit when the level of acuity of care has decreased. However, the client is not considered ready for discharge. A client may be transferred from an ICU to a step-down unit before being discharged from the hospital.

Outpatient Care Centers

Most general hospitals provide "same-day" surgery, also known as *outpatient* or *ambulatory care centers.* In the past, nearly all surgical procedures required hospital admission. Economic issues forced the increase of surgeries performed on an outpatient basis. The client can return home the same day to recuperate. Outpatient treatment centers

have become very popular because they save the client time and money. Day-surgery centers built by physician groups often compete with an acute care facility's outpatient department.

NCLEX *Alert* PrepU

Clinical scenarios describe care in different types of healthcare environments such as acute care, long-term care, rehabilitative care, or home-based hospice. To select the correct option on an NCLEX, you may need to know what type of care is needed and select the agency that will best serve the client.

Specialized Hospitals

Specialized hospitals are facilities that admit only one type of client. Examples include government veteran hospitals, psychiatric, or pediatric hospitals. Specialized hospitals may also have units for medical, surgical, or intensive care. Other types of specialized hospitals include facilities for the developmentally or mentally disabled. Some facilities care for specific conditions, such as head and spinal cord injuries or substance abuse.

Although its primary function is to provide healthcare, the hospital performs other functions. For example, your clinical facility has the added role of education, and many large hospitals, particularly those affiliated with a university, also play an important role in research.

With acute care facilities sending individuals home earlier to recover from surgery or illness, the need for home healthcare has increased. In some cases, nursing care is available 24 hours a day in the home. However, in most cases, the family and other lay caregivers need to take responsibility for some care. Nurses are vital in teaching individuals how to perform care in the home.

Home Healthcare

Home healthcare may be a service provided by an acute care facility or it may be a service provided by an agency that specializes in home healthcare (Fig. 3-1). Home healthcare focuses on the return of health

using a recuperative environment that is familiar to the client. Services in the home often include intravenous medications, respiratory care, and wound care. Visits by the nurse may be one or more times per day, weekly, or monthly, as prescribed by the healthcare provider. The family or a significant other is often the main caregiver, with the nurse assisting using assessment/data-gathering skills, specialized training (e.g., in diabetes), or follow-up care (e.g., wound care). Nurses provide the specialized knowledge to treat diseases and disorders, or postoperative therapies.

Key Concept

Many individuals prefer to be cared for at home. Home care is also less expensive than hospitalization. Individuals often have family or friends who can assist in their care. Home health nursing and hospice care have greatly enhanced the quality of healthcare available in the home.

FIGURE 3-1 Taking time to teach clients about their medication and treatment program promotes interest and cooperation. Older adults who are actively involved in learning about their medication and treatment program and the expected effects may be more likely to adhere to the therapeutic regimen. (Smeltzer et al., 2010.)

SPECIAL CONSIDERATIONS **Lifespan**

The frail or confused elderly may have difficulty managing at home without assistance. Nurses, discharge planners, and primary care providers work as a team to provide safe and adequate

care to those individuals living at home. Home health agencies and social services can assist in discharge planning and make arrangements for home care or public health nursing visits.

Hospice

Hospice care specializes in the care of the terminally ill. This service also may be part of the services available from an acute care facility or a separate private agency. Hospice care and home care share a similar nursing objective: taking care of a client in a home environment versus a traditional hospital setting. However, they are two different specialty areas of care. Hospice care focuses on the transition from life to death and works with the client, family, and significant others.

Respite Care

Healthcare services have recognized the need for **respite care**. Respite care provides part-time supervision of clients who have chronic conditions. Family or friends who are the primary caregivers for children and adults with serious, chronic medical conditions or mental illness need respite care. The client may be taken to a facility for part of the day. The client receives supervised care and has an opportunity for socialization outside the home. The caregiver has a chance to be relieved of the exhausting and constant responsibility and stress of caring for someone 24 hours a day.

Telehealth

Telehealth is a service that has developed a specific setting in healthcare due to the ongoing growth of the Internet, webcams, economic needs, and isolated locations of clients. The term telehealth refers to the ability to access a nurse or physician via telephone or computer audio/video link. Nurses can communicate and assist clients in numerous ways using distance communication modes. Frequent contact with clients helps to increase medication compliance and helps healthcare providers recognize potential problems before they become acute problems. Thus, unscheduled visits to the physician, the

emergency room, and rehospitalization are decreased. Physicians use telehealth to contact other physicians or specialty facilities. Rural communities find the immediate contact with physician specialists a great asset in client care. This concept is discussed in more detail later in Chapters 98 and 102.

Extended Care Facilities

Some facilities admit clients for longer periods of time than is common in acute care hospitals. These ECFs include nursing homes, inpatient rehabilitation centers, inpatient treatment centers for chemical dependency, and facilities for chronic mental healthcare. Some facilities are attached to a general hospital; others are free-standing. More emphasis is being placed on returning people to their homes or other community-based living facilities as quickly as possible. Thus, the population in long-term care facilities is changing.

The federal government divides nursing homes into two categories: a skilled nursing facility (SNF) or an intermediate care facility. The **SNF** provides 24-hour nursing care under the supervision of an RN. The intermediate care facility (**ICF**) provides 24-hour service from nursing assistants under the supervision of an LPN/LVN, with an RN as a consultant. Many rules and regulations apply to nursing homes. The employment opportunities for nurses continue to grow in this area.

Community Health Services

Community health services provide care for individuals and families within a specific area, such as a neighborhood, a small town, or a rural county. The costs of in-hospital medical care, along with governmental limits and regulations, have forced many people to be cared for in the community, rather than in a hospital.

One type of community health service is the public health service. Public health departments offer immunizations, well-baby checks, and treatment for specific diseases, such as tuberculosis or sexually transmitted diseases (STDs). Community health clinics offer low-cost healthcare services to the public. Prenatal and pediatric care, diabetic

care, and general medical-surgical ambulatory care services may be offered by community health clinics. Chapter 7 discusses community health and community-based health services in more detail.

Independent living facilities may provide care for a small number of individuals in a house located in a community neighborhood. These facilities provide a stable, home-like environment for mentally challenged individuals, while still providing some degree of supervision.

Healthcare in School and Industry

Most school systems provide some healthcare services for students, particularly those with disabilities. A nurse may be on duty full time, or divide time among several schools. In addition to assisting ill children or children in emergencies, the nurse provides preventive care by performing regular assessments, teaching, screening for common disorders, supervising the administration of immunizations and medications, and providing health counseling.

Children with special physical challenges receive more intensive nursing care, sometimes on a one-to-one basis. To provide total healthcare to students with challenges, some school systems provide comprehensive clinics as part of the educational facilities.

Industries in which machinery is operated usually employ a nurse for health promotion and interventions. Teaching is part of the nurse's responsibility, and prevention of accidents is a major goal. The industrial nurse often serves as liaison between the industry and the Occupational Safety and Health Administration (**OSHA**). OSHA is discussed in Chapter 7.

QUALITY ASSURANCE

Quality of care has become a major issue for both consumers and providers of healthcare. **Quality assurance** (**QA**) is defined as a pledge to the public that healthcare services will provide optimal achievable goals and maintain standard excellence in the services rendered.

Hospital Accreditation

Just as your nursing program can be accredited, a hospital or other healthcare facility also can be accredited. Accreditation implies that the facility has met rigid, minimal standards of service to the client and the community. The agency that assigns this recognition to hospitals is called **The Joint Commission** (formerly known as the Joint Commission for Accreditation of Healthcare Organizations or JCAHO). Other facilities have similar accreditation processes.

The Joint Commission has established rigid standards for an ongoing QA program in hospitals, as well as for community health centers, home care agencies, and various levels of ECFs. The Joint Commission requires objective and systematic monitoring and evaluation of the quality and appropriateness of client care. The QA procedure requires healthcare facilities to identify what they mean by "quality" and to define their evaluation methods.

NCLEX *Alert* PrepU

When reading an NCLEX question, look for the option that suggests the best possible action. Do not confuse the best NCLEX response with an action or shortcut that you might have witnessed while working in a similar situation. Correct nursing options should consider the safety of a situation, the quality of care, and the priorities of nursing care.

Components of Quality Care

Quality management requires that healthcare services be well planned and delivered in a manner that ensures good care. Adequate staff and support services, such as nursing care, must be available.

Quality control and QA focus on delivery of care. The process of care is important, as is the outcome. *Process* relates to how care is given. *Outcome* relates to the result, which is also known as **outcome-based care**.

Nurse accountability, which involves the delivery and accurate documentation of quality care, is vital. Healthcare facilities and agencies have contiguous (or continuous) quality improvement (**CQI**) committees

that monitor the quality of ongoing care.

Standards for Quality Assurance

Each healthcare facility establishes individual standards of quality to guide the nursing staff in providing care. In general, these standards include:

- *Standards of nursing practice:* Procedures used in the delivery of care, the hospital policy book, textbooks, and other references. Sometimes the term *nursing protocol* is used. Standards of nursing practice focus on the caregiver, the nurse, and on the nursing process (see Unit 6).
- *Standards of client/patient care:* Activities determined by client expectations or by personal standards of care. What did the client expect? How well did nursing care meet the client's expectations? Standards of client care focus on the recipient of care, the client. The client participates in developing the nursing care plan. (The "case manager" is responsible for making sure the client's care is planned and carried out appropriately.)
- *Standards of performance:* How well the nurse performs, as compared with a job description. How well you meet standards of performance as a nursing student will change as you progress through the program. As you become more experienced, you will be expected to provide more complex nursing care.

The *nursing audit* committee or CQI committee evaluates care given to clients. *Peer review* allows nurses to constructively critique each other.

Client Representatives or Advocates

Many hospitals have initiated the position of client (patient) representative, advocate, liaison, or ombudsperson. This person's role is to act as consumer advocate. As an advocate, the ombudsperson assists the client and family by resolving concerns or problems. The goal is to focus on client care, needs, and concerns, not the problems that may be encountered during the hospital admission.

Client representatives often help clients and their families find needed

services. They listen and answer questions. Representatives can help families find housing, restaurants, parking, child care, or chaplain services. During hospitalization, clients have the right to contact their representatives if they have a problem or concern. Each individual is informed about and receives a copy of the Patient's Bill of Rights. In preparation for discharge, the advocate can make sure the family knows where to purchase needed supplies and medications. The nursing *case manager* has overall responsibility for the client's care. The *advocate* assists as needed.

ORGANIZATION AND OWNERSHIP OF HEALTHCARE FACILITIES

Hospital Organization

Hospitals are almost always governed by a board of directors or trustees, or in the case of a university hospital, by a board of regents. This board appoints the administrators of the hospital. The hospital administrator in turn develops an organizational structure. Box 3-2 lists some of the numerous administrative individuals who are necessary in a modern healthcare facility.

It is important that the student and future employee learn the administrative structure of each healthcare facility. All facilities follow a **chain-of-command** or organizational reporting system. It is critical that the nurse use the appropriate system for communication (i.e., chain-of-command) with peers and supervisors.

Key Concept

While you are in your nursing program, your chain-of-command begins with your instructor. Problems, concerns, or issues should first be directed to your immediate supervisor (instructor). Each program will have a designated chain-of-command for students to follow.

BOX 3-2 Administrative Individuals in a

Healthcare Facility

Each healthcare facility requires numerous trained individuals working together. The *chain-of-command* binds the hospital team members into organized units.

- Chief Executive Officer
- Medical Staff and Services
- Nursing Staff and Services
- Financial Officer
- Quality Assurance
- Engineering and Maintenance
- Environmental Services
- Safety Officer
- Medical Records
- Purchasing
- Dietitian
- Human Resources
- Billing and Accounts
- Infection Control
- Education

Teamwork is a critical component of healthcare. To provide care, members of the healthcare team collaborate in their assessments, planning, and delivery of care. Team members communicate with one another and with clients so that services are neither duplicated nor omitted. Their goal is to help clients maintain wellness. When they find problems, team members focus their energies on restoring clients to health. As a nurse or a nursing student, you are part of the team providing healthcare.

Hospital Ownership and Funding

In addition to types of clients served, healthcare facilities are classified in relation to ownership and funding structure. These lines are becoming blurred, as mergers occur between various types of hospitals.

Governmental Ownership

Governmental, public, or official hospitals are nonprofit organizations that are owned and operated by local, state, or federal units of government. These governmental agencies are also called *official* hospitals. Box 3-3 provides some examples.

Private Ownership

Private or voluntary hospitals are owned and operated by individuals or by groups, such as churches, labor unions, and fraternal organizations. These hospitals may be established as for-profit or not-for-profit organizations.

For-Profit Versus Not-for-Profit. A further classification of hospitals relates to distribution of their profits:

- *Proprietary, investor-owned,* or *for-profit* hospitals are those in which profits are returned to shareholders. Very few such hospitals exist today. Many nursing homes, however, fall into this category.
- *Not-for-profit* hospitals constitute the majority of all hospitals. In the not-for-profit hospital, profits are returned to the funding agency, and are used for improvements to the facility, added equipment, and other related costs.

BOX 3-3 Types of Ownership of Healthcare Facilities

Profit Oriented—Proprietary

- Individual
- Partnership
- Corporation

Nonprofit—Voluntary

- Church associated (e.g., Loma Linda University Medical Center)
- Private-school associated
- Foundation associated (e.g., Shriner's Hospitals)

Nonprofit—Government

- Federal (e.g., Veterans Administration, active duty military hospitals)
- State (e.g., university hospital)
- County (e.g., city or county hospital)
- City (e.g., city or county hospital)
- City-County (e.g., city or county hospital)

FINANCING HEALTHCARE

The costs of healthcare continue to be a concern. Various programs and legislation, such as the Affordable Care Act, have evolved to address this issue. Societal, legal, and ethical issues influence the costs of healthcare (see Chapter 4). Healthcare expenses include not only the salaries of healthcare office and clinical personnel, but also the ability to sustain the economics of supplies for the institution plus the need to pay for diagnostic and treatment resource technologies. Personal health choices, such as diet, tobacco use, or high-risk lifestyles, affect individual, family, and societal use of healthcare funds. Therefore, the nurse should consider the concept that healthcare for the 21st century must include the following priorities:

- Primary care services for medically underserved populations, especially those in rural or economically depressed areas
- Mobile services available in low-population areas, such as visits from mobile mammography, magnetic resonance imaging, or computed tomography scan units
- Multi-institutional systems for the coordination or consolidation of expensive or specialized health services (e.g., obstetrics; pediatrics; intensive care; radiation therapy)
- Development of institutions on a geographically integrated basis to prevent excessive duplication of services
- Multi-institutional arrangements for sharing support services (e.g., purchasing)
- Uniform cost accounting, simplified reimbursement, and utilization reporting systems
- Improved financial management procedures

- Cooperation and/or mergers of hospitals and other healthcare facilities
- Case management to oversee the administration and cost of healthcare services
- Improvements in the quality and ongoing quality assessment of healthcare
- Promotion of the nursing profession as a career
- Use of advanced practice nurses as independent providers, in collaboration with physicians
- Training and increased use of assistants to physicians
- Use of complementary care methods, such as acupuncture and herbal medicine
- Additional and early services for pregnant women and at-risk children
- Group medical practices, HMOs, and other organized systems of healthcare delivery
- Special healthcare screenings, immunizations, walk-in clinics, feeding programs, and other services—for the homeless, recent immigrants, and other high-risk populations
- Improved identification, screening, treatment, and management of the chronically chemically dependent population
- Disease prevention, including studies of nutritional and environmental factors and provision of preventive healthcare services
- Community-based care and services, rather than institutionalization, for populations such as the chronically and persistently mentally ill and the profoundly mentally retarded
- Mainstreaming school-aged children with physical, emotional, and mental challenges; provision of healthcare to these children as needed
- Consideration of cultural differences in the planning and delivery of healthcare
- Effective methods of educating the public concerning proper healthcare and the effective use of available services
- Additional research and development of medications and treatments for devastating diseases, such as AIDS

Insurance and Healthcare

Healthcare coverage can be purchased by an individual or specific

groups. Within the Health Insurance Marketplace, the Affordable Care Insurance Act provides a variety of insurance plans. Policies can be purchased according to a person's unique needs (e.g., young family, senior, single individual, or a group of employees). Plans typically include various premiums, deductibles, co-payments, and out-of-pocket expenses. Table 3-1 compares general features of the main types of healthcare available in the United States.

Individual Private Insurance

An individual or a family can purchase private health insurance. Its cost tends to be higher than group insurance. Individual policies can be obtained via the Health Insurance Marketplace or through a variety of health insurance companies or health insurance agencies. A person's policy can be designed around the individual's needs. For example, a younger, healthy person may elect to purchase a policy with a higher deductible than an older individual with chronic disorders.

Group Insurance

Group insurance offers coverage for people who belong to a certain group. Many companies, institutions, and fraternal organizations offer members group insurance benefits. The Affordable Care Act provides employers with criteria and provisions for an employee's group healthcare insurance. Group policies generally have standardized premiums and deductibles.

TABLE 3-1 Comparison of Three Types of Healthcare Plans[a]

	TRADITIONAL INSURANCE OR FEE FOR SERVICE	HMO MANAGED CARE	PPO MANAGED CARE
Choice of primary healthcare providers (e.g., physicians, hospitals)	Personal selection of any healthcare provider (e.g., physician, nurse practitioner, hospital)	Selection of healthcare provider within HMO network Use of healthcare provider outside of network is at member's own expense	Selection of healthcare provider within PPO network Use of healthcare provider outside of network is partially paid, but at a higher expense
Choice of specialists	Personal selection of specialist Some insurance policies may require preapproval for physician or procedure	HMO primary physician approves specialist Use of specialist or procedures outside of network is at member's own expense	Selection of specialist within PPO network Use of specialist or procedure outside of network may be partially paid, but at a higher expense
Additional costs (out-of-pocket costs)	Possible annual deductible Co-pay ranges widely. Possible co-pay responsibility of 20% of costs; limit on co-pay costs may apply. Routine visits may not be covered	Co-pay for each visit and for prescription drugs Co-pay ranges widely Sometimes co-pay for hospital and emergency room visits (may be higher than office visit co-pay)	Co-pay for each visit and for prescription drugs Co-pay ranges widely For use of provider outside of PPO network, member pays a deductible and then the plan may pay a percentage of the costs

[a]Healthcare plans are available for individuals or for specific groups. This table provides generalizations concerning some basic types of services.

Fee for Service Plans

In a *fee for service* plan for either individual or group insurance, coverage is available for medical bills, hospitalization, and other related services, such as surgery or laboratory tests. Fee for service plans are the most traditional type of coverage. People may purchase coverage only for themselves, or they may purchase family coverage for members of the immediate family.

Many plans also offer insurance that pays a set amount if a person becomes unable to work due to illness or injury, known as long-term disability insurance.

Health Maintenance Organizations

HMOs offer health services for a fixed monthly charge called a *premium.* Members prepay for healthcare services generally through payroll deductions, governmental agencies (e.g., Medicare, Medicaid), or individual monthly fees. The fee or premium paid in advance to the HMO is called the **capitation fee** (also referred to as *capitated payment*). Members must use a physician within the HMO network. The physician uses medical services and specialty referrals that are provided by the HMO. Some HMOs have contracted healthcare facilities for their members.

Each plan will also have some type of additional financial obligation or predetermined **co-pay** that is charged to the client at the time of each visit. Typical services provided to the client by the HMO are listed in Box 3-4.

Some HMOs provide dental and optical services as well as medical and surgical services. The provider is responsible for managing the client in the most appropriate and cost-effective manner, to achieve desired outcomes.

Just as with any individual plan, HMO members can elect to go to any physician or seek any medical service that is not part of the HMO network. However, the HMO will generally not pay for this service unless it is preapproved by the administrators of the plan. Emergency room visits may be approved at the time of the client's need.

BOX 3-4 Typical Services of a Managed Care System

Services provided vary from plan to plan, and not all services may be available. Some services may be available at additional costs.

- Dental examinations and routine care
- Diabetic care
- Family planning and birth control
- Health education (e.g., antismoking, substance abuse)
- Home healthcare
- Hospice care
- Immunizations
- Inpatient medical and surgical care
- Laboratory and x-ray services
- Long-term care
- Prenatal, labor and delivery, and childbirth care
- Prescription drugs
- Routine checkup
- Speech, hearing, and vision examinations
- Urgent care
- Well-child care

Features and Services of Most HMOs Include:

- *Group practice:* Several physicians and specialists practice together.
- *Prepayment:* A person or company pays a certain amount in advance (capitation fee) and then is entitled to whatever care is needed. Sometimes, the client pays a small added cost (co-pay) as well.
- *Prevention:* The emphasis is on preventing disease, rather than treating it after it develops.
- *Treatment:* When diseases or disorders occur, they are treated, but the HMO makes decisions as to the type of treatment.

Some states require that employees in large organizations be given a choice between group insurance and HMO membership.

Some employers have initiated **incentive programs** to encourage employees to practice healthy habits. Employers reward employees for smoking cessation, weight loss, and regular physical examinations. Employees are encouraged to be seen in an urgent care center for routine illnesses rather than the emergency room. Usually the co-pay is much higher in the emergency room if urgent care was available at the same time.

Preferred Provider Organizations

Similar to HMOs, preferred provider organizations (**PPOs**) are used to deliver healthcare within a "managed" system. PPOs are made up of groups of healthcare practitioners who contract with the PPO to provide services. PPOs refer clients among their groups, and they usually require that their clients receive healthcare services from a member of that group, unless a special exception is made.

PPO members may use any of the services of the PPO, or they can elect to go outside of the PPO network for service. However, the cost of the service outside of the PPO network is generally higher. For example, a PPO may pay 90% of the cost of a visit to a PPO physician but only 70% of the cost to a physician who is not a PPO-contracted physician.

Point of Service Plans

A point of service (**POS**) plan is similar to HMO and PPO plans, in that

they are all types of managed care. The POS plan also contracts with physicians and other healthcare providers. The client is “managed” by a primary care doctor within the network of POS providers. In this plan, a client may seek care outside of the POS network but will pay a larger share of the healthcare costs. The percentage of cost outside of the POS varies. Often, the lines that define an HMO, PPO, and POS are indistinguishable.

Medicare

Medicare is a federal health insurance program that is available to most people 65 years of age and older, some people with disabilities younger than 65, and people with end-stage renal disease. Criteria for eligibility exist. Medicare consists of two parts: Part A, which is used for care in hospitals, SNFs, hospice care, and some home healthcare, and Part B, which helps pay for physicians’ services, outpatient hospital care, and some medical services not covered by Part A. Various prescription benefits are available, which may be called Part D. Seniors, their spouses, and their families are encouraged to obtain a thorough understanding of the types of Medicare insurance and prescription coverage. Medicare is also available to younger people receiving Social Security Disability Insurance (**SSDI**) payments. SSDI is a type of insurance program for employees who have become unable to work. SSDI is administered by the Social Security Administration (SSA). Both employees and employers pay into the SSDI fund, and it is reflected in the FICA tax on payroll deduction forms.

SSDI is not the same program as workers’ compensation. To be qualified to receive SSDI, employees must be totally incapacitated from gainful employment for at least a year. Workers’ compensation benefits may pay for partial disabilities, and the benefits may be for a shorter period of time (Physicians’ Disability Services and PDS Disability Facts, 2005).

Medicaid

Medicaid is a joint effort of federal and state governments. The federal government has set up guidelines for Medicaid, but individual states design their own programs. Regulations, eligibility requirements, and benefits vary among the 50 states. The Affordable Care Act contains

provisions that can assist individuals who qualify. Generally, qualifications for Medicaid are based on income level. In addition to those who meet the criteria of low income, certain other groups may also receive Medicaid. For example, people over the age of 65, families and children, pregnant women, and people with disabilities can receive Medicaid. States are ensured access to preventive healthcare (prenatal care, immunizations, and health and developmental screening) for women, infants, and children through their Medicaid programs. The program is tax supported; thus, people who receive Medicaid benefits do not pay monthly premiums.

Medicaid pays for inpatient and outpatient services, including physician or advanced practice nurse services; laboratory and x-ray services; and screening, diagnosis, and treatment for children. It also pays for home care services and family planning. Some states support services, such as dental care and eye care, immunization clinics, well-child clinics, and various preventive medicine and rehabilitation programs.

Medicaid-waiver programs, including those for the chronically disabled, older adults, and people with AIDS, facilitate the ability of these participants to remain at home and within the community. Medicaid often waives some of the qualification criteria and regulations for these clients.

People who are eligible for Medicare and Medicaid can supplement one program with the other. Medicaid may pay expenses not covered by Medicare if a person is eligible for both programs.

Key Concept

Both Medicare and Medicaid are undergoing constant changes. These changes tend to be more visible to the public when they occur along with changes in the presidency or legislature. Be aware of the impact of these changes on clients, their families, and healthcare institutions.

Prospective Payment

In 1983, an amendment to the federal Social Security legislation changed the delivery of healthcare. This amendment created a prospective payment system, originally only affecting Medicare

payments, but later adopted by other third-party payers. **Prospective payment** is a reimbursement system in which a predetermined amount is allocated for treating individuals with specific diagnoses.

The type of payment and reimbursement that existed in years past was called *retrospective payment*. This system reimbursed all actual costs of providing care. Many people felt that these costs were excessive, which contributed to the development of the system of prospective payment.

Diagnosis-Related Groups

Prospective payment is based on categories called diagnosis-related groups (**DRGs**) for hospitals and for home care. The term used in nursing homes and ECFs is resource utilization groups (**RUGs**).

The DRG system of prospective payment is based on medical diagnoses. Under this system, a federal agency has predetermined how much it "should" cost to treat a certain condition in a particular area of the United States. In this system, each client is classified according to the particular diagnosis (e.g., hip surgery, pneumonia, or heart attack). The costs for the client's care are based on federally determined standards for that diagnosis.

The amount paid to the healthcare facility is predetermined and is *without consideration of the actual costs of providing care to the client*. Thus, a hospital treating an individual with a serious illness or surgery will receive the same reimbursement whether the person is hospitalized for 5 days or for 25 days.

Because a preset or *prospective* amount of money is paid for each diagnosis, the healthcare facility loses money if an individual client's care costs more than average. The facility gains money, however, if a client's care costs less than the average.

At the beginning of the 1990s, healthcare in the United States was a big business, and one of the top three industries in the country. Healthcare continues to be a big business, but the emphasis is shifting from inpatient to community-based care. With the implementation of DRGs, facilities must be run cost effectively or they will not survive. Not all states, however, continue to use DRGs. For example, in 1993 New Jersey deregulated, allowing the state to make more decisions itself.

Impact of Changes in Third-Party Payment

The evolving system of healthcare financing in the United States has greatly affected the delivery of healthcare. Changes include:

- Emphasis on wellness, disease prevention, and health promotion
- Greatly decreased length of hospital stays
- Use of hospitals for only the critically ill
- Higher levels of client acuity in nursing homes
- Fewer admissions for in client care
- Sicker people discharged from hospitals, needing more care at home
- Greater responsibility required of caregivers in the home
- Greater need for outpatient care because procedures formerly done in the hospital are done on an outpatient basis
- More community-based care and home care nursing
- More specialized care
- More diversified hospitals that rent medical equipment, provide home care, and have day-surgery centers and ECFs—in addition to providing in client care
- Decentralized administration
- Greater need for cooperation among departments to maximize resources
- Mergers of several hospitals or nursing homes to form a large corporation
- Extensive use of computers for data collection and information processing
- Competition by hospitals for the use of their services involving advertising and marketing
- Competition for client satisfaction
- Loss of some healthcare facilities due to financial competition of healthcare services

COMPLEMENTARY HEALTHCARE

Many people believe that means other than traditional Western medicine can cure diseases and help them to achieve optimum health. These methods and beliefs are known as alternative healthcare or

complementary healthcare. Several such modalities are discussed below. They may be used alone or in conjunction with other therapies. Only qualified practitioners should be used. Some practitioners must be licensed to practice legally.

Chiropractic, Physical, and Occupational Therapy

Chiropractic therapy uses manipulation of the spinal column and joints to treat pain and certain disorders. This therapy is based on the structure and function of the body. Chiropractors believe that the relationships between the spinal column and nervous system are important. Chiropractic adjustments seek to achieve a balance between these systems.

PT and occupational therapy (OT) are forms of rehabilitation after disease or injury. They use exercise, heat, cold, electrical muscle stimulation, splinting, ultraviolet radiation, and massage to improve circulation and to strengthen and retrain muscles. PT is also important in the management of chronic disorders such as arthritis. OT is important in teaching skills that will enable people to return to work, manage their homes, or care for themselves again.

Holistic Healthcare

Holistic healthcare was at the center of many beliefs and practices of ancient civilizations. Holism became accepted in North American healthcare within the last half of the 20th century. Holism is a philosophy that considers the "whole person," or the multidimensional aspects of the human being, to be in need of healthcare.

Holistic healthcare refers to comprehensive and total care of a person by meeting his or her needs in all areas: physical, emotional, social, spiritual, and economic. Rather than defining health in terms of disease, holistic healthcare emphasizes wellness.

Holistic healthcare teaches that individuals can be in control of their own life and health, and that people can largely *determine* the quality of their life. Chapter 5 relates the concepts of holistic healthcare and

wellness to Maslow's Hierarchy of Human Needs.

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The concepts of Maslow's Hierarchy are fundamental components of clinical nursing. They can determine the importance of a nursing care situation. Therefore, it is critical to know these concepts. Often these concepts may answer which action should be taken first (prioritization).

Clients have the right to be actively involved in their own care. Rather than passively following the physician's orders, clients should consider the physician's advice and make informed decisions about care they wish to receive. Clients also have the right to refuse care. Part of your nursing responsibility is to teach clients and to answer their questions. You will also teach clients ways to prevent disease and to improve their health.

Nurses and other healthcare professionals should provide holistic care in a supportive and positive fashion to help clients maintain a self-image as a worthy human being. By sincerely caring about your clients and respecting their ways of life, you can strengthen their feelings of self-respect and dignity.

Herbalists and Vibrational Remedies

Herbalists promote health through the use of herbs and other plants (botanicals). In many cases, the use of herbs is combined with a healthful diet, exercise, and other healthy practices. "Vibrational remedies" include flower essences and homeopathy.

Acupuncture and Acupressure

Acupuncture, a healing method originating from Chinese medicine, is based on *Chi,* which is believed to be the energy of life. Acupuncture views health and its functions as energy balance—and disease as imbalance—in the body. Acupuncture therapy includes the use of very fine needles inserted into specific energy points underneath the skin to balance the body's flow of energy.

The use of this procedure is increasing in Western culture and is becoming more accepted by traditional allopathic medicine. It allows the

body to heal naturally and does not involve the use of drugs, although herbal extracts and vitamins may be used. Acupuncture is often combined with meditation and exercise. It can be used for health promotion, such as weight control or smoking cessation, as well as for healing.

Clients can learn acupressure (external pressure applied to the energy points) for pain and symptom control between acupuncture treatments. PT and chiropractic use many of the same energy and pressure points.

Relaxation and Imagery

Relaxation and imagery are becoming more common in many areas of healthcare. Therapeutic relaxation begins with the client sitting or lying in a comfortable position, with eyes gently closed and the body relaxed. The person breathes deeply and concentrates on systematically and progressively relaxing all the muscles in the body. The person may also visualize relaxing images, such as clouds or colors. Hypnosis and self-hypnosis make use of relaxation techniques.

Imagery involves calling up mental pictures or events, usually after the client completely relaxes. Although the person can use any of the senses, the most common is visual imagery. Imagery is often used in cancer therapy. For example, clients visualize their cells as being big and strong and the cancer as being small and weak, or clients picture the cancer cells being destroyed by their own white blood cells or visualize themselves as being well and whole. Other practitioners teach clients to "love the cancer out of existence." Imagery is also used in pain and spasm control, weight reduction, and smoking cessation.

Meditation

Many religious groups practice meditation, which consists of deep personal thought and breath control. The meditating person can keep his or her eyes open or closed. A word or phrase (mantra) may be repeated to aid concentration. Meditation strives to "clear or still the mind" through the art of "quiet thinking." Those who meditate change their concentration from the external world to the internal world, bringing

mindfulness to oneself. Meditation helps decrease anxiety and enables people to better cope with stress. People can meditate while doing any relaxing activity: sitting, gardening, knitting, or walking.

Therapeutic Touch

Therapeutic touch is a specific noninvasive modality that does not require entering the body or puncturing the skin. Therapeutic touch grew out of the holistic healthcare movement. It is based on the ancient practice of "laying on of hands," although the skilled practitioner never actually touches the client. Therapeutic touch teaches that each person is surrounded by an energy field. This electromagnetic field can be detected by magnetic resonance imaging.

The practitioner first assesses the client's energy with the goal of *restoring harmony*. If the client's energy flow is obstructed, depleted, or disordered, the practitioner tries to unblock and balance the areas of disturbed flow. Therapeutic touch aids relaxation, lowers muscle tension, and may decrease the client's need for medication.

CONSUMER FRAUD

Unlike complementary healthcare methods, which are acceptable modalities used in place of or along with conventional Western methods, many fraudulent healthcare practices and treatments are on the market.

The public spends an estimated $25 billion per year on "sure cures" for every imaginable ailment. The result is that ill people run the risk of delaying vital treatment until it is too late. Cancer, obesity, and arthritis "cures" are the most common subjects of frauds. If fraud is suspected, it should be reported to a reputable agency. The Internet is the most rapidly growing source of fraud. To protect yourself and your clients, be sure that healthcare claims are supported by valid research and consistently trustworthy organizations.

IN PRACTICE

EDUCATING THE CLIENT 3-1 Detecting Frauds

When teaching clients and families about consumer fraud, be sure to address the following concepts:

- Encourage people to develop their consumer awareness. Support groups are available for those who have been victims of fraud and for advocates of consumer rights. Help direct clients and families to such avenues, if appropriate.
- Warn clients and families to suspect products, treatments, or methods with the following advertising claims:
  - "Special formula"
  - Support by unrecognized "healthcare experts" or celebrities
  - Testimonials by those who have used the product ("It really works!!")
  - Attractive refund policy if not "completely satisfied"
  - Discuss with clients their option to consult other qualified healthcare practitioners about their current treatment and prognosis (second opinion).
- Explain to clients that they have rights to information about their health and about any product or treatment measure that they use or are interested in pursuing.

Misleading the public (consumer fraud) is illegal. A great deal of money is at stake, so new schemes continue to develop. Why are so many people taken in by claims for a drug or other magic cure? People who are experiencing pain may be willing to try anything at any cost. Also, the general public often cannot tell the difference between true and false claims. As a nurse, you may be asked for your opinion about a questionable medical practice. Although people must make their own decisions, encourage them to find out all the facts before starting any untested healthcare measure.

STUDENT SYNTHESIS

KEY POINTS

- Many changes in the healthcare system in the 21st century will bring new and unknown challenges for nurses.
- The Affordable Care Act has brought about many changes within the healthcare insurance industry.
- Types of healthcare facilities include hospitals, which now primarily treat people with acute conditions; extended care facilities, where care

is given for a longer time; and community services, which include outpatient care, walk-in care, home healthcare, and care in schools and industries. Employment opportunities for nurses exist in all these areas.

- The Joint Commission establishes quality and appropriate care standards.
- Many hospitals have established the position of client advocate (representative, ombudsperson) to help the client and family adapt to hospitalization.
- Third-party payment has been the method of payment for healthcare in the United States for a number of years. A variety of organizations provide this service.
- Complementary healthcare will play an increasing role in the healthcare delivery system in the United States in the future. Holism is a philosophy that views the "whole person."

CRITICAL THINKING EXERCISES

1. Relate Florence Nightingale's theory of nursing (see Chapter 2) to modalities, such as therapeutic touch, meditation, and imagery.
2. Obtain a copy of a "critical pathway" or detailed nursing care plan from your healthcare facility. Analyze this document and its relationship to holistic healthcare.
3. Evaluate today's healthcare system and project forward about 25 years. How do you envision healthcare delivery? Relate your predictions to at least one theory of nursing, as presented in Chapter 2. Also relate your beliefs to the concept of holistic healthcare.

NCLEX-STYLE REVIEW QUESTIONS

1. A client no longer requires care in the coronary intensive care unit after coronary artery bypass graft surgery. Where should the nurse prepare to transfer the client?
   a. Sub-acute or step-down unit
   b. Skilled care unit
   c. Medical floor
   d. Long-term care

2. The nurse is caring for a terminally ill client that is to be discharged. What referral should the nurse make with the client's and family's approval?
   a. Extended care
   b. Telehealth
   c. Respite care
   d. Hospice

3. A client that is homebound requires long-term intravenous antibiotic therapy. The insurance company refuses to keep the client in the hospital during this treatment regimen. What services would best meet the needs of the client?
   a. Hospice
   b. Respite care
   c. Home healthcare
   d. Telehealth

4. The RN is developing the plan of care for a client with pneumonia. Who should the nurse include in the development of the care plan?
   a. Unit secretary
   b. Dietary
   c. The client
   d. Administration

5. The nurse is concerned about a newly developed policy regarding scheduling on the unit. Who is the appropriate person for the nurse to discuss the concerns with?
   a. The nurse manager
   b. The nurse's peers
   c. The chief nursing officer
   d. The board of directors

CHAPTER RESOURCES

Explore these additional resources to enhance learning for this chapter:

• NCLEX-Style Questions, Web Resources, and other Student Resources on thePoint **http://thePoint.lww.com/Rosdahl11e**

- Chapter 3 in *Workbook for Textbook of Basic Nursing, 11e*
- prepU