



Residency Transition to Practice Programs for Nurses

Making the Case

Introduction

This section describes tools and recommendations for developing the business case for a residency TTP program for newly graduated nurses or nurses moving to a new specialty. It includes a discussion of 1) The Changing Landscape for New Nurses, 2) Organizational Needs Assessment, and a 3) Sample Business Plan for a Residency Program.

The Changing Landscape for New Nurses

Prior to electronic NCLEX exams, 3-6 months passed between the date the new graduate took the licensing exam, learned the results of the exam and then obtained their license to practice as a Registered Nurse. This lag time created an opportunity for hospitals to fill vacant positions by hiring new graduates in a limited “graduate nurse” role that was supported by informal “residency programs.” The residency safely supported the transition of graduate nurses to their role as fully licensed RNs and created valuable employees. Employers provided oversight of graduate nurse’s work, and the graduate nurse received transitional support working with a staff of experienced RNs who were eager to teach, demonstrate, observe, evaluate and provide feedback. The residency grounded the new nurse’s judgment and skills, and provided experience in a safe practice environment. Changes in current licensing examination processes that accompanied the NCLEX have eliminated that lag time. While it has resulted in a more rapid licensing of new graduates, as an unintended consequence, it also resulted in the loss of residency programs as a supportive transitional period for the new graduate.

The loss of informal residency programs has led to issues that have impacted finances, staff morale, perception of organizational quality, and new RN retention rates. In 2014, new RN turnover rates were 17% in the first year and 34% in year two of employment. High turnover rates of new nurses contribute to what is known as *churn* - constant changes in RN staff. Churn creates uneven skill levels and performance, scheduling and supervisory challenges, and is linked to higher rates of adverse patient outcomes. Churn is also expensive for organizations. In 2017, NSI Nursing Solutions, Inc., a nurse staffing agency, reported that turnover costs per bedside RN were as high as \$59,000, costing hospitals nearly \$8 million. They estimate that a 1% change in RN turnover costs the average hospital \$410,000. In 2010, Trepanier found that new RN turnover cost hospitals over \$70,000/ RN. In a detailed economic analysis, Sylvestre et. al. found that, based on a conservative average turnover cost of \$41,000/ RN (in 2013 dollars), the net savings of a residency program was over \$700/ new RN once costs for starting, and maintaining a residency program were subtracted. With an established program, they estimated the savings to be just under \$1,500/ new RN. In addition, they found that turnover rates in hospitals with residency programs were 15.5% compared to 27% in programs without a residency.

The indirect costs of continually hiring, orienting and then losing RNs throughout the year creates a significant financial burden to an employer, higher risk for compromised quality, staff dissatisfaction, as well as physician/provider dissatisfaction. Every lost RN threatens to compromise quality of care while that position is unfilled, staffed with nurses working overtime, or with temporary/traveler staff. Staff who experience constant turnover can become demoralized and exhausted from the additional workload of repeated orientation responsibilities, evaluation of new RN competencies, working extra hours covering unfilled positions and the emotional work of developing new relationships with their work team. Admitting physicians often question the quality of care in an institution with unstable staffing and the dissatisfaction that drives it. Communication

problems that arise from staff churn increase the risk of error – putting patients, staff and the organization at risk. It affects medication management, care coordination, client satisfaction and negatively impacts staff health and wellness. The reduction in quality care from high turnover also puts the organization at risk for penalties for financial reimbursement. It is such an important measure of quality that the Centers for Medicare and Medicaid Services (CMS) tracks RN stability in long-term-care facilities.

This has prompted some organizations to advocate for a “cost-effectiveness” analysis in which the qualitative benefits of a given program are assumed and compared against other approaches to the problem. For example, measures of quality of work life and employee satisfaction are difficult to apply a dollar value to, yet have been found to be associated with an organization’s reputation and ability to attract quality employees. In this case, the value of a nurse residency is assumed and measured against not providing a supportive transitional program. This approach looks at a nurse residency program as an investment in the organization’s employees recognizing the value of human capital as a compelling organizational asset.

The combination of these factors has prompted many health care organizations to relook at formal residency programs to provide a more supportive transition for nurses. The residency TTP program aims to improve retention rates, promote a smooth transition to practice and reduce risk for healthcare organizations. Research evidence from residency TTP programs across the U.S. have demonstrated that they ensure a safe, developmental transition for nurses and create a positive financial impact for employers over time by reducing turnover and staff “churn.”

In fact, improving the retention of nurse residents promotes:

- Workplace stability
- Staff enthusiasm
- Transfer of institutional knowledge as retiring nurses precept nurse residents
- Retention of current institutional knowledge and skills

Residency TTP programs offer the nurse residents

- Orientation to the organizational culture including:
 - Organizational vision, philosophy, policies, procedures
 - Essential safety training
 - Role orientation
 - Benefits and supports
- Preceptor support
- Effective progression of nurse residents along the novice-to-expert continuum

Residency programs are a long-term investment in an organization’s strength and in the nursing profession’s future. Residency programs serve the interests of the employing organization by promoting safe practice and reasonable retention. They serve the interests of the new RN by grounding them in basic knowledge, strengthening their skills competency, and self-confidence as a professional nurse. Residency programs serve unit staff by orienting the nurses to the organization’s culture, mores, policies, procedures, processes and expectations.

Organizational Needs Assessment

Creating a residency TTP program requires thoughtful planning to ensure success. Gather organizational data to create a business case for a Residency TTP Program.

1. Data

Data collection provides a foundation for justifying, monitoring and evaluating a residency TTP program. The following data points are useful for making the case with the organization as well as continued monitoring and reporting on its success.

- a) Turnover rates (i.e. % or #)
 - a. Current RN staff
 - b. Current nurse residents
 - c. Age profile of current nursing staff by unit and predicted retirements
- b) Recruitment
 - a. Time-to-hire data for nurse staff (length of time positions remain open)
 - b. Vacancy rate for nurse staff, by unit
 - c. Sources of nurse hires
 - d. The HR costs of nurse recruitment
- c) Total nurse compensation cost
 - a. average annual salary of nurses including benefits, payroll taxes, etc. for a 1.0 position
 - b. Cost for agency and/or traveler nurse
 - c. Current orientation costs
- d) Reputation of the organization in the community
 - a. As an employer for nurses
 - b. Regarding the quality of care provided
 - c. Relationship with the nursing schools in the area
 - d. Reputation among current nursing staff as an employer
 - i. Employee satisfaction data
 - e. Reputation among physician providers regarding quality of nursing care
- e) Resources for creating a residency program
 - a. Residency Coordinator job description
 - i. Potential candidates internally
 - b. Capacity required to develop, deliver and evaluate a residency program
 - i. Internally
 - ii. External (e.g. community partners)
 - c. Summary of current literature on residency programs
 - i. Licensed nurses in Washington State have access to nursing literature through HEAL-WA.org
- f) Internal readiness assessments
 - a. Organization data on quality outcomes, particularly Nurse-Sensitive Indicators
 - i. See National Database for Nursing Quality Indicators (NDNQI) at ANA
 - b. Current orientation outcomes and participant evaluation
 - c. Nursing managers' assessment of nurse resident readiness for practice
 - d. Labor partners interest in residency TTP programs
 - e. Organization's ability to meet accreditation standards
- g) Competitors approach to residency
 - a. Potential for partnership in the community
- h) Desired outcomes from a residency program

Sample Business Plan for a Residency Program

Objective:

To create a residency program for nurse residents that smooths the transition between student nurse and the nurse changing specialty areas. The literature on new residency programs describes substantial savings to the organization in direct and indirect costs by promoting safe practice and reasonable retention. They serve the interests of the nurse by grounding them in basic knowledge, strengthening their skills competency, and orienting them to the organization's culture, mores, policies, procedures, processes and expectations. Residency TTP programs are a long-term investment in an organization's strength.

Data: (make the case by organizing the data collected above and reporting it to organizational leaders).

1. Annual expenses for travelers and agency nurse's for past 3 years
 - a. Hourly expense
 - b. Internal staff costs to schedule, manage (i.e. some proportion of your staffing or supervisory expenses), and orient
2. Comparison of average organizational nurse compensation (salary, benefits, cost to employer) and cost for agency/traveler
 - a. Annual side-by-side comparison of salary, benefits, other costs
 - b. Annual turnover (leaving the organization, not transferring within the organization) and its cost to organization
 - c. Ability of internal staff to precept, orient and mentor other new employees
 - d. Extra costs for overtime to cover unfilled positions
3. Costs to recruit internal staff
 - a. HR recruitment and advertising
 - b. Supervisory costs to interview
 - c. Orientation costs
4. Investment in residency TTP program
 - a. Portion of general staff costs invested in implementing residency TTP program
 - i. i.e. Coordinator, instructors, preceptors
 - b. Curriculum development, copying, food, supplies
 - c. Compensation cost/nurse resident for total time of the program
 - d. External consultants
 - e. Gifts, awards, etc.
 - f. Compensation of nurse residents
 - i. Classroom time
 - ii. Reduced workload
5. Organizational
 - a. Staff satisfaction
 - b. Organizational culture assessment
 - i. SHEP
 - ii. HEDIS

iii. Magnet and Pathways to Excellence metrics

Demonstrating Return on Investment

1. Savings related to residency TTP program - This is a critical element to demonstrate the long-term savings of NOT paying agency/travelers when you replace them with internal staff. If your expense to hire and orient via residency is, for example, \$10,000, but the employee stays 3 years, what are the net savings of NOT paying agency/traveler expenses etc.? Present this as an investment strategy. Even including the residency program cost in the total compensation for an internal employee should still demonstrate that it's less expensive over time to hire, orient, and retain your own staff.
 - a. Cost Savings
 - i. Reduced use of agency/traveler staff
 - ii. Reduced recruitment
 - iii. Improved retention
2. Professionalism of staff - Evidence of staff motivation to engage in activities impact patient outcomes.
 - a. Stability in implementing organizational policy and procedure
 - b. Participation in quality initiatives
 - c. Investment in the organization mission
 - d. Reputation in the community
 - i. Perception of working conditions
 - ii. Quality of care
 - iii. Recruitment and retention

The data need to be collected and monitored on an annual basis, with the nurse resident's tenure being monitored during the program and after completion. Costs of the program are offset by savings by decreased costs turnover over time and reduced use agency/traveler/or overtime paid.

Less tangible yet invaluable benefits

1. Improved succession planning to identify and mentor clinical and administrative leaders for the future
2. External marketing by satisfied staff, to promote organization/institution.
3. Ability to recruit the best staff due to a reputation of being an organization that invests in nurse resident (Word-of-mouth still is the most effective recruitment tool).
4. Limiting orientation burden on internal staff by improving retention
5. Positive impact on internal staff of being selected as mentors for nurse residents fostering growth of future organizational leaders
6. Positive impact on physicians and providers through working with a consistent cadre of staff building trust in organizational competence

Summary

Implementing a residency TTP program for nurse residents benefits the nurse resident, current staff, and the organization and builds trust in the quality of care as perceived by key stakeholders. The cost of a residency TTP program is often recovered by savings realized by recruiting and retaining staff as long-term employees. Nurse Managers can use the guidance in this tool to make the case for a robust residency TTP program using data identified in an organizational needs assessment.