

Internal Data Needs Regarding Performance-Based Pay

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Human capital is the collective value of capabilities, knowledge, skills, life experiences, and motivation of an organization's workforce (Mathis et al., 2020). Pay structures may be created for various types or categories of jobs such as hourly, salaried, technical, sales, and management. Determination of pay structures are based on the nature, culture, and structure of an organization. Employee benefits and compensation play a crucial role in attracting, motivating, and retaining high performing talent (Ibrahim, 2023). Staffing costs have long been confirmed as the costliest resource in organizational operations in healthcare. Human resources are a significant asset to organizations and employee satisfaction will heavily impact the organization (Paknejad Rizi et al. 2022). Pay structures can positively or negatively affect work culture and employee performance. The healthcare industry is seeing a shift in reimbursement model from payer sources in alignment with value-based care.

Home and community-based services are no exception to the value-based care model. As nurse leaders scramble to operate with less staff, potential reimbursement cuts, increased costs of all materials and contract services required for operations, and increased turnover due to declines in job satisfaction, the need to contain human capital costs have never been greater. One of the areas of focus impacting operational bottom-line is to explore new payment models while also attempting to improve job satisfaction and decrease turnover.

Extrinsic rewards, or pay, are used to compensate, and show employees they are valued, encouraging increased feelings of competence and self-determination thereby increasing intrinsic motivation (Neck et al., 2024). Performance-based pay models provide an alternative compensation strategy compared to traditional hourly or salaried methods of payment. According to Lucifora and Origo (2015), performance-related pay should be used when it is difficult to measure individual performance. And the use of such a model should reduce monitoring costs while increasing workers' efforts. Neck et al. (2024) identified two types of performance-based

pay: individual level and team/organizational level models. Individual level focuses on incentivizing the individual based on performance whereas organizational level models focus on compensating the entire organization based on performance, a “split your tips” type of procedure. The goals of performance-based pay focus on increasing and balancing productivity across teams using extrinsic motivation to entice employees to meet thresholds based on productivity metrics and benchmarks.

The literature is ambiguous and unclear regarding internal data findings surrounding the evaluation and measurement of metrics of performance-based payment structures. Increased productivity is evidenced in two distinct ways: work longer or work harder. DeVaro (2021) identified that there is a lot of evidence to show performance pay increases workers’ output. However, performance-based pay also motivates workers to take greater risks by working longer or harder, leading to adverse health consequences and potential for health-related absenteeism, subsequently decreasing productivity. Further, if performance pay induces higher frequency of injuries related to employees being motivated to work too fast or to the point of exhaustion, the potential for increased health insurance costs and Worker’s Compensation claims would affect bottom line, but not data on labor productivity, potentially overlooking true cost (DeVaro & Heywood, 2017). Attention paid to productivity must also be paid to the overall quality and safety of performance as well. Decreases in patient safety, publicly reported quality outcomes, and other performance indicators will have a negative impact on overall fiscal health that performance-based pay may project to offer.

PICO Question:

In patient-facing clinicians, specifically registered nurses in home and community-based settings such as home health or hospice, can a performance-based payment model, which defines daily visit frequency expectations for clinicians in alignment with FTE status result in more consistent salary cost, decreased overtime, and improved job satisfaction compared to an hourly-based model per fiscal year?

Internal Data

Evidence-based decision making in healthcare utilizes the integration of best research evidence with clinician expertise in the field (generating internal evidence) and other experiences; patient preferences and values; and cultural context when making decisions about programs, practices, or policies (Melnik & Fineout, 2023). Utilizing internal data allows feasibility questions regarding research outcomes to be evaluated in relation to the current environment. Internal data findings can be gathered from a variety of sources including finance, human resources, and quality management departments. Examples of internal evidence that would be beneficial to the presented PICO question regarding performance-based pay in home and community-based settings are displayed in Table 1. Methods of data collection including employee satisfaction, retention, costs, patient satisfaction, and budget management are all pertinent to this question. By quantifying and analyzing the metrics, the organization can evaluate the efficacy and validity of implementing a new pay model for patient-facing clinicians, specifically registered nurses, in home and community-based settings. Data analysis will aid in the decision-making process.

Gallup pulse surveys are typically performed and analyzed annually. The data made available through the pulse survey will include employee engagement, job satisfaction, and attrition intent metrics that will be appropriately factored into the collection and analyzation process. It is necessary to evaluate the impact the payment model change will have on nurses' job satisfaction and engagement levels. According to Gallup (2023), employee engagement is a foundational component to workplace outcomes. Neck et al. (2024) defined employee engagement as an employee's connection with the organization and a passion for one's job. Job satisfaction, then, is defined by the degree to which an individual feels positive or negative about a job. Attrition intent, or intent to leave, is described as the strength of one's desire to exit an organization.

Human resources retention and attrition intent rates and metrics will also provide insight into organizational culture and outcomes of newly implemented payment modes. By comparing

before and after rates, this will reveal whether the model has had an impact on retaining RNs in the organization. In addition, turnover rates should be evaluated and compared under both pay models. Turnover is defined by Mathis et al., (2020) as the process by which employees leave an organization and must be replaced. Similarly, turnover rates provide insight into whether the payment model change affects the turnover rate and cost to the organization, which can be very costly.

Additional human resource metrics warranting comparison include annual cost analysis including the costs of lost wages due to illness, cost of wages, including overtime under the current and projected pay model. This will aid in quantifying the cost of both payment models. Cost of wages per RN full-time equivalent (FTE) should be readily available through human resource technology. The incidence of annual illness-related absences per RN should be monitored and compared under the current pay model and compare it to the rate one-year after implementing the new pay structure. Assessing illness-related absences will assist in monitoring the effect of payment structure on employee health and well-being. Factoring in such data will assist with capturing absence related losses that would not be reflected in productivity-based calculations as illness, PTO, and leave time are considered non-productive time.

Quality improvement (QI) projects are practical and are often focused on a specific problem identified in a local context (Polit & Beck, 2021). The QI process can also involve an ongoing interdisciplinary collaboration to improve systems and processes, with the goals of reducing waste, increasing efficiency, and increasing satisfaction. The U. S. Centers for Medicare and Medicaid Services (CMS) requires monitoring and reporting of internal quality data to ensure best practices and clinical outcomes are achieved. Publicly reported data scores provide information on patient and family satisfaction and are regarded as an indicator of the quality of care provided. Comparing scores before and one year after a payment mode change will assist in monitoring effects on patient and family satisfaction.

Staffing to budget compliance is a raw metric used to focus on the ability to consistently meet patient needs in alignment with budget projections under both payment models. Comparison will monitor the financial impact and budget management efficiency of both models. Again, this data should be readily available and automated through human resource and finance technologies. Cost is calculated using a complex set of data and figures, both nominal and qualitative in nature and all cost-related factors should be considered in the productivity-based payment model decision.

Table 1.

Internal Data

Data Needs	Special Considerations	Source
Gallup Pulse Survey	Utilize before and after assessment values for employee engagement, job satisfaction, and attrition intent scores of RNs to evaluate effects of pay model.	Annual Gallup Pulse Survey Human Resources
Retention Rates for RNs	Calculate the percentage of RNs who remain in the organization one year after the implementation of the new payment model compared with traditional payment model.	Human Resources
Turnover Rates for RNs	Calculate the turnover rate of RNs who in the organization one year after the implementation of the new payment model compared with traditional payment model.	Human Resources
Illness-Related Absences RNs	Calculate the rate of annual illness-related absences per RN under the traditional pay model and one-year after implementation of the new pay model.	Human Resources
CMS Publicly Reported Scores	Compare CMS reported scores including overall patient/family satisfaction, likelihood to recommend your agency percentage, and comparisons to state and national benchmark scores.	CMS Publicly Reported CAHPS Survey and PEPPER Report.

Annual Cost Analysis	Calculate the annual cost of wages for each RN FTE under the current and new models, including overtime. Consider all costs including wages, absences, turnover, retention, etc.	Human Resources and Finance Department
Staffing Budget Compliance	Calculate staffing favorable/unfavorable to budget under both models.	Human Resources and Finance Department

External Data

Evidence-based decision making involves healthcare and health decisions that are based on the integration of the best research evidence with expertise in the field and other experiences; patient preferences and values; and cultural context (Melnik & Fineout-Overholt, 2023). The evidence is collected using both internal and external data sources and evaluated. External data sources are those that are obtained from outside the organization and contribute to investigating possible change. Reviewing previously evidenced findings that are relevant and timely to the PICO question are critical in assisting decision-making as they comprise the evidence-based findings. Using previously documented evidence to guide decision-making is more timely, resourceful, and cost-efficient, while leaving some of the trial and possible error to other entities and researchers.

For this project, evidence was sourced using CINAHL Complete, Academic Search Premier, and MEDLINE databases. Search criteria were related to effects of pay for performance models on job satisfaction knowing the implications of job satisfaction on patient care. According to Polit and Beck (2021), an important early task is to identify keywords that will be used in your database research. Keywords are traditionally taken from the main research variables and should use synonyms that may be likened to your search. Boolean operators can assist in expanding or narrowing a search by including AND, OR, and NOT as connectors in your search. Table 2 outlines the keywords, databases, and results of findings generated with each database. The benefit to utilizing expanding and narrowing methods will assist in identifying the best available external data sources to evidence your question. Table 3 below outlines the five strongest research articles

identified and the information they offer.

Table 2

External Data

	CINAHL Complete	Academic Search Premier	MEDLINE
Productivity in Healthcare	85	626	76
Hourly-Based Pay Model	332	6,963	30
Performance-Based Pay	36	579	60
Job Satisfaction	5	3	296
1 and 2	823	7,091	66
1 and 3	5,195	30,135	4,688
1 and 4	5,178	696	4,674
1 and 2 and 3	823	7,707	66
1 and 2 and 4	825	7,173	46
1 and 2 and 3 and 4	863	7,782	46

Table 3

Matrix Grid

Full APA Reference Citation	Research Purpose	Study Design	Sample (Setting)	Data Collection/ Measures	Analysis/ Outcomes	Strength s/Limitations	Joanna Briggs Level of Evidence	Study Quality
Chen, C. (2018). “A little is better than zero” or “Pay enough or don’t pay	To examine how the size of performa nce payment affects employee	Empiric al Cross- Section al Quantit ative Study	Retrospe ctive pooled survey data.	Data statistics taken from the U.S. General Social Survey from	Regression analysis used.	Utilizing previousl y reported data without context limits the	Level 4	High Quality

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Kuvaas, B., Buch, R., Marylene , G., Dysvik, A., & Forest, J. (2016).	To investiga te the relations hip between pay for performa nce	Longitu dinal study over 2 years.	Electro nic survey of approxi mately 700 salespe ople in	Of the initial 700 that received the survey, 322 complete d the 2-	Data collected was analyzed and the findings were compress ed using	The pre- establish ed correlati on between turnover intent and	Level 4	High Quality
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Smithey Fulmer, I., & Shaw, J. D. (2018). Person- based difference in pay reactions: A compensa tion- activation theory and integrativ e conceptua l review. <i>American Psycholo gical Associati on</i> , <i>103</i> (9), 939-958. https://doi .org/10.1 037/ap10	To synthesiz e and reinterpr et existing research on person- based reactions to pay character istics, includin g sorting, incentive /motivati onal effects, and effects on collectiv e pay system reactions and unit/orga nizationa	Integral concept ual review of previou s studies.	Previou sly conduct ed research was synthesi zed and categori zed to develop a theory. The literatur e was then reviewe d through a compen sation- activati on theory lens.	Reinterp retation of previousl y complete research and synthesiz ing results using a newly develope d theory.	Identified robust positive relationsh ips between financial incentives and performa nce quantity and quality, but relatively modest relationsh ips with other aspects of pay system design and other outcomes .	Compen sation- activatio n theory holds promise for informin g both research on the effects of individu al differenc es on workplac e outcome and research on the effective ness of compens ation systems. One major gap in		

000310	l outcome. To refine compens ation- activatio n theory and advancin g the study of compens ation as it affects individu al and organizat ional outcome.				literature is the lack of a compreh ensive framewo rk or taxonom y of pay situation features or dimensio ns. Limited understa nding of systemat ic variabilit y in employe es' reactions to pay		
Van Bogart, P., Peremans , L., Van Heusden, D., Verspuy, M.,	To retest and confirm two structura l equation models explorin	A mixed method study.	Data was collecte d using cross- sectiona l survey design in two	A deep understa nding of various associati ons and impacts on studied	Cross- sectional study design provides some limitatio ns that could be	Level 2	High Quality

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Zborowsk a, A., Gurowiec , P. J., Mlynarsk a, & A., Uchmano wicz, I. (2021). Factors affecting occupatio nal burnout among nurses including job satisfactio n, life	To evaluate factors affecting occupati onal burnout among nurses, includin g job satisfacti on, life satisfacti on, and dispositi onal optimis m.	A cross- sectiona l study.	A survey was conduct ed with 625 particip ants with a mean age of 49.47 years between January and Decemb er 2018.	Voluntar y survey complete d with 625 nurses: 604 females, 21 males. Half of the responde rs had a bachelor 's degree, while only 25% had	Emotiona l Exhaustio n (EE) was significan tly greater in responder s with medium live satisfactio n. EE was also greater in pessimist s and those with	Limitatio ns for this study involved geograph ical, limiting generaliz ability. The cross- sectional design limited design variables that may have further	Level 3	High Quality

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Synthesis of Literature

Staffing costs have long been established as the highest level of cost affecting healthcare systems. Unsurprisingly, research findings surrounding prospective pay models and their impact on patient experience and job satisfaction are broad. With current emphasis placed on cost-containment and quality patient experiences, and the value-based purchasing reimbursement model, the pressure on healthcare systems and administrators to respond is high. What has been surprising is the lack of research on pay models and job satisfaction in American health systems. Due to the limitation of findings in American geographies, many of the research items available related to European countries. The studies utilized, however, were published in American journals.

One of the most evident factors regarding compensation and job satisfaction in related settings depended on the employee understanding how pay structures were designed and why they

are paid the way they are. It is not blatantly evident that having a pay for performance model was beneficial as much as knowing the “why” and “how” behind any pay model and what individually motivates employees to succeed. Motivation is defined by Neck et al. (2024) as the force from within individuals that stimulates and drives them to achieve goals. Pay for performance can be effective in promoting job satisfaction so long as the incentive is significant enough to drive motivation and be attainable. The research does not support a pay for performance model alone assisting in the level of motivation of your “low-hanging fruit”, but may assist in improving job satisfaction, thereby improving engagement and productivity. Whether or not the model is successful is largely due to individual needs.

Conclusion

In conclusion, the research findings were limited in relation to the original PICO question. As a result of the limited research information available, a recommendation for additional research involving different pay systems and the effects they have on job satisfaction in patient-facing home and community-based registered nurses persists. Although there is research available detailing pay structures in alignment with FTE status and the overall impact on salary expenditures, including overtime costs, there is limited data surrounding impact on job satisfaction compared to an hourly-based model per fiscal year? Other factors to consider in future research includes the dynamics of providing direct patient care in the post-pandemic era and their effects on job satisfaction and pay expectations.

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