

Chapter 1

Orientation to the study

1.1 INTRODUCTION

The escalating cost of health care makes it necessary for the nursing profession to take a look at the attitudes and perceptions of nurse managers regarding the containment of costs in hospitals. In the past nurses were concerned with methods of *delivering* health care, that is, attending to the quality of the nursing product, without reference to the business aspects of health care. This role of the nurse manager, which focused mainly on patient care, underwent drastic changes during the 21st century. These days nurse managers are tasked not only with the responsibility of delivering quality patient care, but also simultaneously maintaining fiscal accountability based on sound knowledge of cost containment. Furthermore, nurse managers are expected to disseminate cost awareness information to all categories of nurses.

In their study on controlling health care costs, Zachry, Gilbert and Gragg (1995:49) stated that the nurse manager must have the necessary information to develop strategic financial planning. This statement was endorsed by Koch (1992:48), who perceived that the ever-shrinking health service budgets meant that nurse managers needed to possess substantial financial skills.

1.2 THE NURSE MANAGER AND HEALTH CARE COSTS IN GENERAL

Nursing could be seen as a *product* of the marketplace (Barnum & Kerfoot 1995:173). For any product to develop, the question of cost has to be considered. Hence it is important in health care delivery to determine *how much it costs* to render any health care service. The coupling of nursing management skills with costs is highlighted by a number of authors. In an article on managing transformation in health care delivery in Texas, Issel and Anderson (1996:84) see nurse managers as people who occupy a favourable position to develop the databases necessary to demonstrate what service *nurses* provide, how they influence a specific population's health status and at what cost. Covering the topic of discharge planning and cost containment in California, Houghton (1994:78) states that case management skills must include financial accountability, to ensure the availability and accessibility of health care resources at a reasonable cost.

The emphasis placed on quality health care and the corresponding costs in hospitals requires all nurses to be orientated to hospital cost containment efforts. It is the nurse manager's task to ensure that nurses possess the necessary fiscal awareness in the execution of their duties. The nurse manager, as leader, should master financial and budgeting skills so as to exercise effective financial control, whilst also providing quality health care services. In a study on the economic awareness of nurses and its relationship to budgetary control, Caroselli (1996:292) hypothesised that nurses who worked under a nurse manager who maintained budgetary control had a greater economic awareness and consumed fewer supplies and equipment than nurses who worked under a nurse manager without budgetary control skills. From the above statements the following important facts may be deduced:

- Nurse managers are responsible for a number of financial resources in hospitals. Zachry et al (1995:49) point out that in many cases the nursing division accounts for over half of the hospital's total operating budget.
- Changing financial environments in the health care industry are evidently inevitable. According to Bultema (1995:38), the rapid change and economic uncertainty in the health care industry currently manifests itself as a feeling of "the band tightening around our resources like never before".
- Nurse managers, as leaders in the nursing profession, need to contribute effectively to financial management and to the economic maintenance of hospitals.

1.3 BACKGROUND TO THE STUDY

Nurse managers face the dilemma of maintaining high-quality patient care standards, while simultaneously being forced to cut the costs of services rendered to patients. Research conducted in the United States of America (USA) on the position of the nurse manager reported that all participants identified “solving fiscal problems” to be a common concern in different health care settings. As nursing units need to share in controlling health care costs while maintaining quality patient care, so nurse managers need to be skilled in managing both budgeting and patient care (Sengin & Dreisbach 1995:43-44).

According to Warren and Rozelle (1995:51), hospitals tend to admit only those patients with conditions of a high acuity level in an effort to decrease health care costs. According to Koch (1992:171) acuity level is assessed according to a classification system of patients whose nursing care needs are expressed in terms of nursing care hours to be provided per unit, per week or per month. It would appear that the patients' health may be compromised, as patients whose conditions require less care are of necessity discharged in order to contain costs. Moore (1995:16) points out, moreover, that health services expect consumers to increase their fiscal involvement in care as they seek to control their services. Health care services also expect consumers to become more involved in health care, performing certain tasks themselves which were once done in hospital settings and only by professional staff. As a result consumers often struggle on their own to manage gaps in the health service's irregular care delivery system, by for instance coping at home with patients discharged only a few days after undergoing major surgery.

Warren and Rozelle's (1995:51) approach of comparing quality patient care and cost is further adopted by Sandella (1990:31), who states that in the traditional economic model of health care effective decisions are made by maximising quality and quantity variables within a series of budgeting constraints.

Health care consumers demand effective health care from hospitals. The quality of service that a hospital renders to patients determines its effectiveness and credibility to the community. Poor quality care may result in poor support of a hospital, and as a result less money may be generated by the hospital. The support of the hospital by the patients may

be indicated by the number of patients who visit the hospital within a given period of time (for example, within a week or a month). The more patients who visit the hospital, the more support is indicated by the community. The health care system of the hospital can be seen as a business organisation, in which the health manager's main task is to ensure that consumers of health care (patients), receive quality care from the providers and the supportive services within the hospitals.

The credibility of the health care service depends upon the efficiency of the health services provided within available financial means. The health care institution considers health consumers' satisfaction to be the main objective of its existence. It takes into account any budgetary constraints as well. For example, it would not be cost-effective to use expensive medication to control an adult patient's diabetes, where a corrective diet would succeed in maintaining the patient's blood sugar levels within acceptable limits.

At all levels of health care, nurses form the main users of resources by virtue of their direct links with the patients and because nurses constitute the largest group of health care professionals. Therefore, they need to be cautious about their use of resources and about their selection of items and equipment, in order to contain costs. Care by nurses is rendered on a continuous daily basis, hence nurses use a considerable proportion of health care resources like dressings and medications.

1.3.1 The nurse manager's responsibility in the control of financial resources

For the nurse manager to function effectively, knowledge of the financial aspects of management of the entire hospital is important. The nurse manager's knowledge of essential financial skills should not be limited to the nursing division only. A tunnel vision of financial management would prove to be futile, as nursing in itself is financially intertwined with other divisions of the hospital and/or health care service. The intercommunication of the nursing division with other departments is shown in figure 1.1.

Figure 1.1

Taking into consideration the wide spectrum of communication between the nurse manager and other departments of the hospital, it would seem to be realistic that nurses should be knowledgeable about the budgets of the other departments. Examples would be:

- a discussion of a dietary programme between the nurse manager and the hospital dietitian, who is classified under “other health practitioners” in figure 1.1, on discharge of a hypertensive patient
- awareness by the nurse manager that wastage of wound dressings by the nurses may adversely affect the hospital’s supply department

The nurse manager’s responsibility in the control of financial resources is therefore extended beyond looking solely at the nursing department. Koch (1992:148) lists the following aspects of financial management that a nurse manager needs to master for effective functioning in the work situation:

- financial management
- marketing of services
- economics
- affordable strategic planning
- budgeting procedures

It would seem likely that the demand for health services will always outstrip the supply of resources. The challenge of cost containment will therefore always form a significant part of the performance of the nursing component of a hospital, which uses a large part of the resources in the process of rendering patient care.

The nurse manager, as a leader, needs to be acutely aware of the state of the hospital’s resources, in order to modify the management of the hospital care services to produce the best quality treatment within budgetary constraints and with the available resources.

1.3.2 Involvement of a nurse manager in cost awareness

The nurse manager should be the key figure for creating cost awareness amongst nurses. The nurse manager is accountable for quality of care and for containing costs of health care. Nurse managers are in an ideal position to make an important contribution to cost containment in hospitals. By virtue of their work, they are empowered to ensure that the resources needed are acquired and therefore have an impact on patient care activities. Nurse managers are also in a position to make important decisions regarding finance utilisation, budgeting, budget increments and cuts. They are responsible for the welfare of both personnel and patients. Their decisions, therefore, should be of such a nature that neither of these parties are adversely affected by a lack of resources. They should see to it that while the resources are utilised economically, the levels of patients' health care and staff satisfaction are not compromised.

Increased costs to the hospital system and to patients may result in complex and demanding situations. Patients may not be able to complete their prescribed treatments, because of the high cost of health care services. According to Moore (1995:16), patients may therefore avoid care, delay care, or remain only marginally involved with the health care system. Marginal involvements weaken the impact of treatment protocols, defy the efficiency of redesign, and ultimately increase the nation's health care costs.

1.3.3 Accountability of health care providers for increased running costs of hospitals

In South Africa health care providers (public health servants) are answerable to the health authorities for increments in the running costs of hospitals. Authorities are, in turn, answerable to the state, which allocates the budget to specific hospitals.

Most of the state's funding is generated from taxpayers. In other words, the state's budget comes from the health consumers themselves. Health providers are therefore responsible for looking after the financial interests of the consumers. The tendency of the state in South Africa is to emphasise and support free primary health care (PHC) services, to improve the accessibility of all health care services to the consumers (Makan, McIntyre & Gwala 1996:74).

Such free services may, however, further deplete the financial resources of the country. Therefore health providers have to be conscious of the balance between the budgetary state of the organisation and the standard of care rendered. Kirk (1992:24) points out that there is a need for health care organisations to build high standards of care into their *outcomes*, in order to benefit financially through obtaining increased support from health consumers who are using the health care organisations for treatment.

Previously hospital budgets and finances were handled by hospital administrators. Now high-ranking nurses are responsible for containing budgetary costs. Such fiscal responsibility might be a new experience for many nurse managers and might pose real challenges which need to be addressed. Confidence in handling the hospital budget may only be gained by training the nurse managers in hospital finances.

Dodwell and Lathlean (1989:45) point out that while nurse managers may have some background knowledge of hospital budgeting, only a few ward sisters or senior nurses have been given the responsibility of managing financial budgets. Yet nurses should be the category that is most involved in cost containment, as they use many of these resources, such as supplies and equipment. Guiding the nurses in cost containment is one of the important functions of a nurse manager. The fact that the cost of health care is rapidly increasing results in consumers having perhaps unrealistic expectations of quality of care. The standard of the health service rendered by the nurses is, therefore, measured against the consumers' subjective expectations. Unless the nurses can contain costs, they might, despite the high costs of health care, remain unable to provide the standard of care which will satisfy consumers' expectations.

Health care services should not only be efficient and effective, but should also be cost conscious. Quality care should, therefore, be rendered within reasonable cost and consumer satisfaction levels. Warren and Rozelle (1995:51) agree that quality services should be in line with cost containment. The nurse manager should not lose sight of this fact. The nurse manager may have to redesign the nursing activities performed in the contemporary health care environment to suit relative financial changes and health care demands within the service. Exposing nurse managers and all possible categories of nurses to budgetary and financial controls would enhance their awareness of ways to use the health resources profitably in order to reduce costs while providing services. Reduction

in hospital expenditures could play a major role in boosting the financial status of the Eastern Cape's health services, where a sizeable portion of the budget is spent in hospitals during each financial year.

1.3.4 Outline of the nature of the problem

The nurse manager is involved in making decisions regarding financial expenditure and budgets of the hospital. Large sums of money are spent on hospital maintenance and on running costs. Examples of such hospital expenditures are:

- staff salaries, which make up the bulk of any hospital's budget
- erection of new buildings and maintenance of existing ones
- costs incurred through patient treatment, investigations, food catering, linen supplies, medication, surgical operations, material and health services, and purchasing of prostheses
- maintenance of hospital grounds and general hospital hygiene
- purchase and repair of equipment, some of it very expensive, such as ultrasound machines
- increased length of patients' stay in a hospital
- litigation costs arising from medico-legal errors

In addition to the list there are also situations that indirectly affect the hospital's financial status negatively, including:

- absenteeism of staff and general misuse of state health time by employees
- shrinkage of stock, caused by unauthorised removal of hospital property
- improper or careless use of hospital equipment, resulting in breakages and/or increased maintenance costs
- theft and misuse of and damage to items like wheelchairs
- misuse of telephone services

In the hospitals selected for this study, specific problems have arisen relating to wheelchairs. Although the number of wheelchairs allocated in the budget to these hospitals was sufficient for their use by the relevant patients, problems have arisen during the past few years which have caused major problems for the nurse managers. Whereas these

wheelchairs in the past were kept in a fairly good condition and served their purpose, suddenly a severe shortage became evident. This shortage became a noticeable issue, and was found to be caused by the removal of the *wheels* of these wheelchairs. The continuous removal of the wheels and their replacement placed an additional financial burden on these hospitals. Wheelchairs are also often misused for unintended purposes, for example, for pushing some disabled or weak older people to old-age pension points. (Some enterprising people even generate a small income for themselves by using hospital wheelchairs to cart people from point to point.) After being used for carting people (*not patients*) around, these wheelchairs are also often found in a bad condition and abandoned all over the hospital's premises.

Telephones are essential tools of communication within and outside any hospital. When they are regularly misused by staff members, the following effects are noticed:

- Extremely costly bills are run up which must be paid by the hospital authority, becoming a source of ongoing concern in most hospitals.
- The internal communication system is disrupted, which creates untenable frustrations among staff members, who cannot communicate properly. This can even lead to loss of patients' lives and/or costly litigation issues.
- Members of the public get annoyed as they are unable to contact the nurse/doctor or any other staff member to gain information about a patient's condition.

These types of expenditure represent only some of the cost-escalating aspects of operating a hospital service, with serious negative impacts on cost control. Such expenditure results in financial problems, not only in individual hospitals but in the country's health services as a whole.

The following negative aspects may occur:

- The hospitals may become impoverished by financial losses to such an extent that some nursing care units may have to be closed.
- Lack of funds may result in a scarcity of the resources needed for patient care.

- Lack of proper care may result in complaints about the hospitals from the community and thus lack of support for the hospital by the community members.
- It may not be possible to replace or repair expensive broken machinery used for patient diagnosis and treatment.

Lack of funds in health care services generally, and in hospitals specifically, causes difficulties in maintaining proper standards of care. The inability to render adequate care because of financial restrictions may cause disillusionment and demotivation among the hospital employees. Occasionally the press picks up some of the financial difficulties experienced by health care services in the Eastern Cape and other provinces in South Africa. The *Eastern Province Herald* (1998:15) printed an article on the “shocking” standards at provincial hospitals, where an investigation by a legislative health standing committee revealed: a gross shortage of doctors and nurses at all the Eastern Cape health centres visited by the committee; lack of promotion or upward mobility of personnel; non-recognition of length of service and qualifications of nurses; outdated and broken equipment; dilapidated buildings and unfinished construction work in some centres; lack of health specialists such as physiotherapists; and lack of proper security measures in all hospitals (see Annexure E).

Financial problems may result from such adverse environmental situations, but could also aggravate them. An article in the *Evening Post* reported that the health services of the Eastern Cape owed R346 million in salary advances (Wilson 1998:13). Such reports show that financial problems are indeed serious in the Eastern Cape. (Copies of the abovementioned newspaper reports are attached as Annexure E of the report.) Health services need to exercise real caution in the use of funds and control of costs at all levels, including the nursing services, to be able to continue rendering health care services to the people of the Eastern Cape.

Another report in the *Evening Post* (1999:4) stated that the Eastern Cape Health Department was on the brink of financial collapse (Opinion: “Government must find money for health”). Such press reports emphasise the fact that effective management of costs is important. Indeed, Barnum and Kerfoot (1995:173) state that “today’s ruling principle, whether or not we approve, is that health care is not above price; it is not a value to be delivered at any cost”. Dissatisfied health workers may produce poor-quality patient care,

which further worsens the financial health status of the country. As a result of poor nursing care, patients' periods of hospitalisation might increase, resulting in more costs. Re-admission of discharged patients due to poor quality of initial treatment may be necessary. Cuts in health care budgets are common occurrences which adversely affect health care provision to patients.

As a result of the crisis in the financial status of health care services, caution has to be exercised in expenditure by all health care workers within these institutions. According to Gilbert (1996:21), health care institutions will have to ensure that change is managed in a logical and planned fashion if they are to successfully meet the challenge of doing more and better with less, in an increasingly turbulent environment. This statement also holds true for the financial situation in the selected hospitals in the Port Elizabeth metropole.

1.4 STATEMENT OF THE PROBLEM

With the foregoing in mind, it appears that a problem in cost containment exists in the hospitals in the Eastern Cape in general, and specifically in the selected hospitals of the Port Elizabeth metropole. It would also appear that there is a need to investigate

- the preparation/orientation of the nurse manager regarding cost containment
- attitudes and perceptions of nurse managers regarding staff matters influencing costs
- nurse managers' attitudes and perceptions regarding measures to promote productivity in order to contain costs
- nurse managers' attitudes and perceptions regarding measures to contain and control equipment and supplies
- nurse managers' attitudes and perceptions regarding specific problems in the selected hospitals, such as the misuse of wheelchairs and telephones
- additional cost containment measures perceived as important by nurse managers

1.5 PURPOSE OF THE STUDY

The purpose of the study was to identify attitudes and perceptions of nurse managers

regarding cost containment issues and to develop course outlines which could be used to enlighten nurse managers on the required financial issues.

1.6 SIGNIFICANCE OF THE STUDY

The study was designed to identify the perceptions of nurse managers in the selected hospitals and what their attitudes were towards the cost containment issues addressed in the research instrument. According to Finkler, Kovner, Knickman and Hendrickson (1994:18), nurse managers are beginning to learn what works, and what does not, in terms of reducing shortages and in increasing nurses' level of job satisfaction. The element which has received little focus is the *cost* of implementing such initiatives. These authors further state that hospitals do not know the true cost of implementing projects, and little is known about the benefit/cost implications of various types of initiatives, specifically:

- How much will it cost?
- Will it be worth the cost?

The increasing fiscal accountability means that the nurse manager needs to be assisted to take greater responsibility for planning and defending the hospital units' budgets. The study should help to empower the nurse manager to exercise greater control over hospital costs. The key to powerful cost containment in nurse management is information. Recommendations regarding cost containment, and appropriate course outlines to prepare nurse managers to deal with cost containment issues, will be developed in an attempt to provide some of the required information.

1.7 RESEARCH QUESTIONS

This study was designed to attempt to answer the following research questions:

- How do nurse managers perceive their preparation/orientation towards cost containment?
- What are nurse managers' perceptions and attitudes regarding measures to promote productivity in order to contain costs?
- What are the perceptions and attitudes of nurse managers regarding staff matters which influence cost containment, for example, leaving points of duty, absenteeism and resignations?
- What are nurse managers' attitudes and perceptions regarding measures to contain and control the use, as well as the acquisition, of supplies and equipment?
- What are nurse managers' attitudes and perceptions regarding measures to contain and control problems created by the misuse of wheelchairs and telephones?
- Which general cost containment measures are perceived by nurse managers as being important in addition to those already stated?

1.8 ASSUMPTIONS OF THE STUDY

Assumptions are basic principles that are assumed to be true on the basis of logic and reason without proof or verification (Polit & Hungler 1993:431). The following assumptions served as points of departure for the study:

- Nurse managers are by nature cost-conscious employees.
- Most nurse managers are presently not in a position to make intrinsic cost-effective inputs at meetings of the hospital's top management, partly because of a lack of the required financial and cost containment knowledge, not taught to them in their basic and postbasic courses, and partly because of the lack of sufficient information regarding the hospital's financial status.
- Nurse managers are not sufficiently aware of the implications of employee absenteeism.
- Nurse managers are aware of the relationship between productivity and costs.

1.9 SCOPE OF THE STUDY

This study was based on the perceptions and attitudes of nurse managers regarding cost containment in hospitals. The study was limited to four general hospitals, functioning under the Department of Health of the Port Elizabeth metropole of the Eastern Cape.

These hospitals offer clinical health services to the communities they serve. They also offer basic and postbasic clinical assistance to students allocated periodically to the hospital wards and departments for practical experience.

1.10 DEFINITION OF KEY CONCEPTS

Under this heading the key concepts are defined and explained to clarify terminology used throughout this thesis.

1.10.1 Perception

According to the *Pocket Oxford Dictionary* (1978:656), to exercise perception means to apprehend with the mind, to understand, to observe, using one of the senses.

1.10.2 Nurse manager

Horvath, Secatore, Alpert, Costa, Powers, Stengrevics and Aroian (1994:39) define the unit nurse manager (first level nurse manager) as the one who holds a 24-hour accountability for the units within a health care agency; who is closest to the point of care delivery, and who manages the activities that facilitate delivery of health care services. In this study a nurse manager will be seen as a nurse leader whose responsibilities include cost containment in hospitals. Reference in this study to the nurse manager includes nursing personnel members at the head of the nursing division (top-level managers), and nurse supervisors in wards and departments (first-level and middle-level managers). The term “nurse manager” in this study thus encompasses all three levels/categories of nurse manager. In some instances the term “unit leader/manager” is used and this is synonymous with the first-level manager. In the same way the term “area manager” is synonymous with the middle-level manager. The term “administrative manager” is synonymous with the top-level manager.

1.10.3 Selected hospitals

The term “selected hospitals” in this study refers to the chosen provincial hospitals within the boundaries of the Eastern Cape Province. A hospital is defined in *Stedman’s Medical Dictionary* (1976:656) as an institution responsible for the treatment, care, and cure of the sick and wounded; for the study of disease, and for the training of physicians and nurses. The selected hospitals used for this study are described in Chapter 4.

1.10.4 Cost containment

The dictionary defines the term “cost” as “expenditure; price; worth; charge; or payment” (*Collins Thesaurus* 1993:201). In this study the term “cost” refers to the expenditure incurred in rendering patient care, as well as the general running and maintenance of a hospital. “Containment” is derived from the verb “to contain” which, according to *Longman’s Dictionary of Contemporary English* (1984:236) means “to hold; to have capacity for”. “Cost containment” will, therefore, be used as meaning control of expenditure in a hospital situation. Cost containment includes methods of control of expenditure and prevention of financial wastage.

1.10.5 The Port Elizabeth metropole

The Eastern Cape covers 13,9% of South Africa’s surface. South Africa’s fourth largest metropole, Port Elizabeth/Uitenhage, is situated in this province and employs 2,7% of the country’s labour force (<http://www.ecprov.gov.za/aboutecape/index.html>).

1.10.6 Analysis of variance

In this study “analysis of variance” does *not* refer to the analysis of variance (ANOVA), the statistical test for analysis of variance in a specific set of data. It refers to a monthly financial report, also termed “analysis of variance”, which reflects the variances or differences between the budgeted amounts for items and services, against the amounts spent (Booyens 1996:200). In other words, it refers to the monthly report of expenses and its comparison with the budgeted amounts, for example:

| EXPENSE CODE | EXPENSE CATEGORY | MONTHLY BUDGET | ACTUAL EXPENDITURE | VARIANCE % | "YTD" BUDGET | "YTD" ACTUAL EXPENSES | VARIANCE % |
|--------------|----------------------|----------------|--------------------|-------------------|--------------|-----------------------|--------------------|
| 2014 | Nurses' salaries | 200 000 | 180 000 | (20 000) 90,0% | 800 000 | 700 000 | (100 000) 88,0% |
| 2015 | Non-medical supplies | 20 000 | 19 000 | (1 000) 95,0% | 60 000 | 55 000 | (5 000) 92,0% |
| 2016 | Telephone | 2 500 | 3 000 | (500) 120,0% | 15 000 | 16 000 | (1 500) 110,0% |

1.11 OVERVIEW OF THE STUDY

◆ Chapter 1: Orientation to the study

The topic is introduced. The problems related to the topic are outlined. The research questions are stated. The significance of the study is outlined and definitions of key concepts are provided.

◆ Chapter 2: Literature review

Literature pertaining to the topic is reviewed extensively. The aim of the literature review was to collect as much information as possible as a background on which to base the study of attitudes and perceptions of nurse managers pertaining to cost containment in the selected hospitals.

◆ Chapter 3: Conceptual framework

In this chapter the conceptual framework for contextualising the study is outlined.

◆ Chapter 4: Research methodology

The method in which the research was conducted, and the questionnaire as an instrument for collecting data, are discussed. The content of the questions was directed at identifying

the attitudes and perceptions of the nurse managers regarding cost containment in the selected hospitals.

◆ **Chapter 5: Discussions of research results regarding financial preparation of nurse managers, as well as productivity and personnel issues related to cost containment**

This chapter addresses the results of the analysis of the findings regarding the preparation/ orientation of the nurse manager for financial management, the relationship of productivity to costs and the management of costly personnel issues.

◆ **Chapter 6: Discussion of research results about supplies and equipment, misuse of wheelchairs and telephone services, and additional cost containment measures**

This chapter discusses the results of the analysis of the findings regarding supplies and equipment, misuse of wheelchairs and telephone services and additional cost containment measures.

◆ **Chapter 7: Conclusions , limitations and recommendations**

The study is summed up by means of conclusions and recommendations. Limitations of the study are also addressed in this chapter and suggestions made on course outlines/guidelines for nurse managers on cost containment (as attached in Annexure F), which could, for example, be utilised during in-service training sessions.

1.12 CONCLUSION

This chapter pointed out the necessity of containing health care costs, specifically in this case public hospitals in the Port Elizabeth metropole. Relevant research questions were stated and the field of the study was described. In the next chapter the literature relevant to the topic of cost containment in hospitals will be discussed and applied to cost containment issues affecting nurse managers in selected hospitals within the Port Elizabeth metropole.

