

Value-Based Strategic Planning Guide

2017 Rural Hospital Value-Based Strategy Summit

August 18, 2017



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This guide is prepared by:

[2017 Rural Hospital Value-Based Strategy Summit Panelists](#)

And



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PREFACE

The 2017 Rural Hospital Value-Based Strategy Summit was convened by The [National Rural Health Resource Center \(The Center\)](#) in cooperation with the Health Resources and Services Administration's (HRSA) [Federal Office of Rural Health Policy \(FORHP\)](#). Together, The Center and the FORHP work collaboratively through the [Technical Assistance Service Center \(TASC\)](#) and the [Small Rural Hospital Transition \(SRHT\) Project](#) to support both critical access hospitals (CAHs) and small rural perspective payment systems (PPS) facilities. The TASC and SRHT Project provide rural hospitals and networks, and Medicare Rural Hospital Flexibility (Flex) Programs and State Offices of Rural Health (SORH) with tools, resources, as well as educational trainings and materials to assist leaders and providers in transitioning to value-based models (VBM). The examples and templates provided in this guide are designed to help rural hospital and network leaders and providers to develop and execute effective strategic plans that focus on value-based strategies. These templates also assist state Flex Programs and SORH in supporting their hospitals and networks by outlining a systems approach to planning and referencing available resources.

The information presented in this guide provides the reader / user with general guidance. The materials do not constitute, and should not be treated as, professional advice regarding the use of any particular technique or the consequences associated with any technique. Every effort has been made to assure the accuracy of these materials. The Center and the authors do not assume responsibility for any individual's reliance upon the written or oral information provided in this guide. Readers and users should independently verify all statements made before applying them to a particular situation, and should independently determine the correctness of any particular planning technique before recommending the technique to a hospital or network or implementing it on an organization's behalf.

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2017 RURAL VALUE-BASED STRATEGIC SUMMIT

Introduction

Rural hospital and network leaders often struggle to develop and implement meaningful strategic plans, especially in the transition to value-based models (VBM). Subsequently, leaders find that linking strategic objectives to a strategic plan and connecting it to a measurement systems for ongoing monitoring to determine progress overtime is even more difficult. Because of the complexity, it can be even more difficult to effectively execute plans and apply high-level strategies and best practice recommendations, especially if the initiatives and actions are not in a structured format. These challenges, along with the complexity of organizational structures and processes, the industry-wide mandate for rapid change, as well as a lack of specialized planning expertise in rural hospitals and networks further limits effective implementation of strategic plans. A recent state-wide assessment of rural hospital leaders in Montana, published in 2017, revealed that lack of "meaningful strategic planning" was one of the five biggest barriers to positioning their hospital for the future.¹ According to the Wharton School at the University of Pennsylvania, "lack of expertise in execution can have serious consequences. The gap between expectation and performance is a failure to execute the organization's strategy effectively."²

From informational interviews with rural hospital and network leaders, The Center recognized the need for 'ready to use' Strategy Map and Balanced Scorecard (BSC) templates that rural hospital and network leaders and providers can easily adopt to their organizations. Given the time constraints on hospital leadership and the complexity of developing a systems approach to planning, the need for Strategy Map and BSC templates that contain key transition to value strategies along with valid, rural relevant and reliable metrics was identified from 2016 Summits. Therefore, the 2017 Value-based Strategic Summit was held to collate the findings and recommendations from the 2016 Summits, and to develop templates that would support rural leaders in planning and executing strategic initiatives. The 2017 Summit templates provided in this document build upon the knowledge gained from the 2015 Population Health Summit, as well as the [2016 Financial Leadership](#) and [Rural Provider Leadership Summits](#).

¹ Montana Hospital Association and Future Sync International. Presented January 2017. CAH Leadership Readiness Assessment Gap Analysis

² The Wharton School, University of Pennsylvania; [Three Reasons Why Good Strategies Fail: Execution, Execution](#); August 10, 2005

Summit Purpose and Goals

With the support of the [Federal Office of Rural Health Policy \(FORHP\)](#), the [National Rural Health Resource Center \(The Center\)](#) convened the 2017 Rural Hospital Value-Based Strategy Summit to develop Strategy Map and BSC templates to assist rural hospital and network leaders in applying strategies that will help them navigate changes in the new health care environment. The templates are designed specifically for small rural hospitals and networks to enable leaders to efficiently develop and execute a strategic plan that positions their organizations for VBM and prepare for population health. The Strategy Map and BSC templates are developed to assist leaders with incorporating the most important set of strategies identified from the 2017 Value-Based Summit. Leaders should use these templates along with the recommended resources to:

- Develop and execute a strategy plan to transition to value-based systems;
- Apply a systems approach to their strategic planning process;
- Apply key strategies that focus on value and quality;
- Implement best practice examples to improve operational efficiencies; and
- Prepare for population health.

The overall goal is to provide leaders with easy to adapt templates that improve organizational planning and strengthen actionable steps toward population health, as well as guide leaders in operationalizing key strategies that enable hospitals and networks to effectively transition to VBM.

The 2017 Summit Panelists

The 2017 summit panelists consisted of chief executive officers (CEOs) from top performing critical access hospitals (CAHs) and small rural perspective payment systems (PPS) facilities that were selected for SRHT Projects, as well as nationally recognized rural hospital and network leaders associated with state Medicare Rural Hospital Flexibility (Flex) Programs, State Offices of Rural Health (SORH) and state hospital associations. Other hospital and network field experts included representatives from the Flex Monitoring Team and Rural Health Value, as well as subject matter experts in rural hospital finance, operations, quality and community health. The Center is grateful to the 2017 summit panelists for their input that guided the development of this template, their engagement in the process, and their

commitment to excellence. In addition, we greatly appreciate the 2016 summit panelists for their hard work to initiate the development project and for the reports that outline these key strategies. Refer to [Appendix B](#) for a contact list of the 2017 summit panelists.

VALUE OF THE RURAL HOSPITAL AND NETWORK

ACOs and Shared Savings (SS) plans will continue to drive the health care industry towards value. To ensure that rural hospitals and networks continue to evolve with the industry towards population health and remain competitive in the market, rural providers must learn to define, measure, demonstrate and promote the value of their services to their community, and to local and regional partners. Demonstrating value can be challenging for small rural hospitals, particularly CAHs. According to Rural Health Value, small rural hospitals should consider partners as customers. Partners may be, for example, local and regional providers and member affiliates within an ACO. RHV suggests that small rural hospitals must understand their partners' interests and motivation to quantify their value to them, as well as other stakeholders such as the community at large.³ In general, rural leaders and providers should consider how patients and their families define value first.

Value and Quality: It is Here to Stay

For nearly ten years, The Institute for Healthcare Improvement (IHI) vision for the Triple Aim has fundamentally changed the health care system, and continues to support the evolution to population health. The Triple Aim focuses on value and quality. Specifically, the approach optimizes health system performance by improving the patient experience of care, including quality and satisfaction; improving the health of populations; and reducing the per capita cost of health care.⁴ “The concept of the Triple Aim is now widely used because of IHI’s work with many organizations and also because of the adoption of the Triple Aim as part of the national strategy for U.S.

³ Rural Health Value; [Demonstrating Critical Access Hospital Value: A Guide to Potential Partnerships](#); 2017

⁴ Institute for Healthcare Improvement. [The IHI Triple Aim Initiative \[webpage\]](#).

health care”.⁵ In January 2015, the Department of Health and Human Services (HHS) announced its “*Better Care, Smarter Spending, Healthier People*” initiative to pay providers for value and not volume”.⁶ Since then, the Centers for Medicare and Medicaid Services (CMS) and other insurance carriers have aggressively developed new payment methods that incentivize providers to keep their patient populations healthy while phasing out volume-based fee-for-service (FFS) payment models. As of the end of the first quarter of 2017, there were 923 active public and private ACOs across the United States, covering more than 32 million lives. The increase of 2.2 million covered lives in the past year means that more than 10 percent of the U.S. population is now covered by an accountable care contract. Moreover, bipartisan agreement supports reform in health care payment to improve value in care delivery.”⁷ Through the Centers for Medicare and Medicaid Innovation (CMMI), HHS continues to develop and test innovative health care payment and delivery models such as ACO and other types of alternative payment models (APM) that improve quality and drives value within the health care systems.^{8,9,10}

What Is Value?

Value may be defined in various ways, but the health care industry has generally accepted that value is equal to improved quality and patient satisfaction, as well as reduction in costs and utilization. ¹¹

Value = Improved quality and patient satisfaction
Relative to health care utilization and costs

⁵ Whittington JW, Nolan K, Lewis N, Torres T. [Pursuing the Triple Aim: The first seven years.](#) *Milbank Quarterly*. 2015;93(2):263-300.

⁶ CMS (2015). [Better Care. Smarter Spending. Healthier People: Paying Providers for Value, Not Volume \[fact sheet\].](#)

⁷ Muhlestein, D., Saunders, R., and McClellan, M.; [Growth Of ACOs And Alternative Payment Models In 2017](#); Healthcare Affairs Blog. June 28, 2017

⁸ CMS (2016). [Better Care. Smarter Spending. Healthier People: Improving Quality and Paying for What Works \[press release\].](#)

⁹ CMS (2015). [Better Care, Smarter Spending, Healthier People: Improving Our Health Care Delivery System \[press release\].](#)

¹⁰ CMS. [The CMS Innovation Center](#)

¹¹ Naylor M.; [The Transitional Care Model: Translating Research into Practice and Policy](#) 2011 Agency for Healthcare Research and Quality National Conference Presentation; September 19, 2011

The Agency for Healthcare Research and Quality (AHRQ), defines value is as a measure of stakeholder utility (subjective preference by a group or individual) for a particular combination of quality and cost of care or performance output.”¹². In a recent article by Healthcare Affairs, it was stated that “the value of any good rests in the eye of its consumers. In health care, value is defined by how patients perceive it, rather than by how much they actually pay for the services they receive.”¹³ This trend will continue, and grow stronger, as the industry transitions to population health payment systems.

How Should Value Be Measured?

IHI suggests that leaders and providers identify and balance measures to improve clinical quality during cost-savings improvement initiatives. As illustrated in IHI’s Quality Metrix Advisor, leaders and providers should use quality improvement measures, but focus on patient experience metrics for strategy objectives that promote health and reduce harm. When focusing on efficiency improvements, IHI recommends using quality measures that target systems and processes. For other activities that reduces costs, and impact clinical quality and patient experience, leaders and providers should be innovative to develop and adopt quality measures (see **Figure 1** below).¹⁴ IHI also states that “standardizing processes, enhancing efficiency, and optimizing capacity across care delivery systems are all essential in driving value”.¹⁵ In addition, measures that show reductions in over utilization of services should be considered to further demonstrate value. Evidence of reduced utilization may be helpful to show value, especially as the industry moves with the development of integrated systems that focus on community care coordination.¹⁶

As the industry moves towards population health, hospital and network leaders will need to consider measures that tie to each of the three Triple Aim prongs. IHI developed a “Menu of Triple Aim Outcome Measures’ to

¹²Agency for Healthcare Research and Quality; [Future Directions for the National Healthcare Quality and Disparities Reports](#) (webpage)

¹³ Balch, A., and Lakdawalla, D., [The Case For Patient-Centered Assessment Of Value](#); Healthcare Affairs Blog. May 8, 2017

¹⁴ [Quality Metrix Advisor Tool](#); Institute for Healthcare Improvement, Cambridge, Massachusetts, 2017

¹⁵ Duncan J, Mate K. [New Payment Models Drive Value](#). Healthcare Executive. 2016 Nov;31(6):64-66

¹⁶ Berwick DM. [Avoiding Overuse: The Next Quality Frontier](#). The Lancet. 2017 Jan 8.

assist leaders and providers in developing appropriate metrics for 1) population health, 2) patient experience, and 3) per capita cost (see **Figure 2** below). IHI recommendations are rural relevant as the measures include mortality rates, HCAHPS scores, total cost per member per month, as well as hospital ED utilization rates and costs.¹⁷

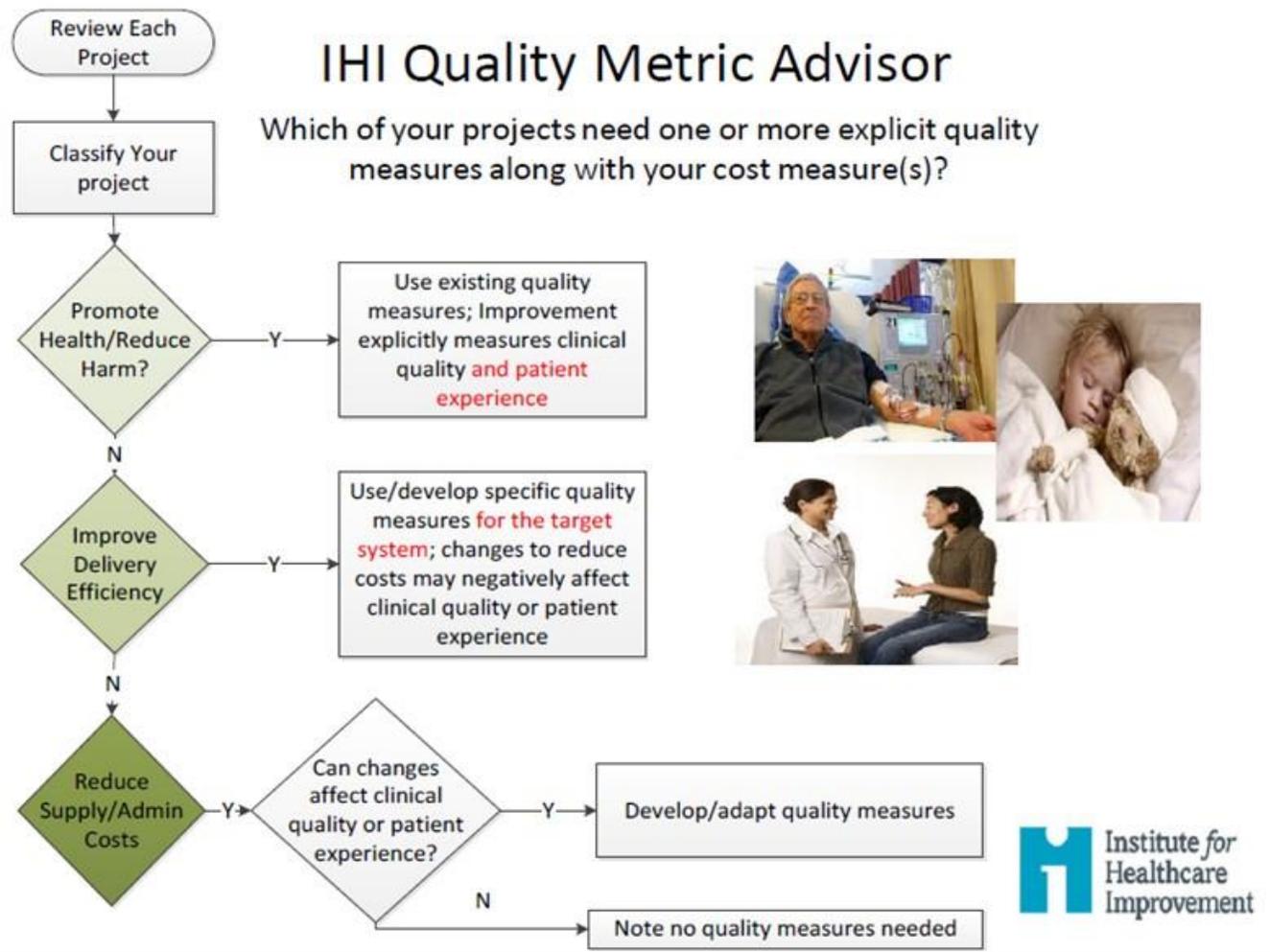
Since measurement is evolving along with the development of a population based payment system, specific metrics are not quite defined at this point that clearly states, 'what is value'. Therefore, it is essential for rural hospital and network leaders to be forward-thinking and adopt progressive measures in their BSC to demonstrate value. It is equally important for rural hospitals and networks to use multiple measures to collectively illustrate how value is provided through quality-focused, patient-centric care to their communities.

Demonstrate Value: Application Of The Strategy Map and Balanced Scorecard

Value is emphasized through the transition to value strategies, illustrated in the strategy map and promoted in the four BSC themes. Demonstrating value is a key strategy for leaders to consider when developing a strategy map and BSC. Hospital and network leaders should use quality measures and patient satisfaction scores along with financial and operational indicators that are associated with financial performance and operational efficiency to demonstrate value throughout the organization. The BSC determines the organization's current value and establish targets for its future desired level of value. More importantly, value should be demonstrated in all four BSC themes to reflect the three prongs of the Triple Aim. The results of the BSC tracking measures should collectively summarize value by determining the extent to which the hospital or network provides quality care, attains patient satisfaction, engages patients and families, reduces costs and over utilization, as well as helps to improve the health status of their communities.

¹⁷ Stiefel M, Nolan K. [A Guide to Measuring the Triple Aim: Population Health, Experience of Care, and Per Capita Cost](#). IHI Innovation Series white paper. Cambridge, Massachusetts: Institute for Healthcare Improvement; 2012.

Figure 1: IHI Quality Metric Advisor^{18*}



*Figure 1 obtained from Institute for Healthcare Improvement

¹⁸ [Quality Metric Advisor Tool](#); Institute for Healthcare Improvement, Cambridge, Massachusetts, 2017. Figure obtained from IHI

Figure 2: Menu of Triple Aim Outcome Measures^{19*}

| Dimension of the IHI Triple Aim | Outcome Measures |
|--|---|
| Population Health | <p>Health Outcomes:</p> <ul style="list-style-type: none"> • Mortality: Years of potential life lost; life expectancy; standardized mortality ratio • Health and Functional Status: Single-question assessment (e.g., from CDC HRQOL-4) or multi-domain assessment (e.g., VR-12, PROMIS Global-10) • Healthy Life Expectancy (HLE): Combines life expectancy and health status into a single measure, reflecting remaining years of life in good health |
| Population Health | <p>Disease Burden:</p> <p>Incidence (yearly rate of onset, average age of onset) and/or prevalence of major chronic conditions</p> |
| Population Health | <p>Behavioral and Physiological Factors:</p> <ul style="list-style-type: none"> • Behavioral factors include smoking, alcohol consumption, physical activity, and diet • Physiological factors include blood pressure, body mass index (BMI), cholesterol, and blood glucose <p>(Possible measure: A composite health risk assessment [HRA] score)</p> |
| Experience of Care | <p>Standard questions from patient surveys, for example:</p> <ul style="list-style-type: none"> • Global questions from Consumer Assessment of Healthcare Providers and Systems (CAHPS) or How's Your Health surveys • Likelihood to recommend |
| Experience of Care | <p>Set of measures based on key dimensions (e.g., Institute of Medicine's six aims for improvement: safe, effective, timely, efficient, equitable, and patient-centered)</p> |
| Per Capita Cost | <p>Total cost per member of the population per month</p> |
| Per Capita Cost | <p>Hospital and emergency department (ED) utilization rate and/or cost</p> |

*Figure 2 obtained from Institute for Healthcare Improvement

¹⁹ Stiefel M, Nolan K. [A Guide to Measuring the Triple Aim: Population Health, Experience of Care, and Per Capita Cost](#). IHI Innovation Series white paper. Cambridge, Massachusetts: Institute for Healthcare Improvement; 2012.

HOW WERE THE STRATEGY MAP AND BALANCED SCORECARD TEMPLATES DEVELOPED?

The strategic planning process has historically been challenging for rural hospitals because most lack internal planning resources and often have the inability to access to expertise and templates to develop and manage their strategies. Financial, quality and population health information, once collected, enables rural hospitals to identify needs and priorities. Strategies to address the needs often lack clearly defined metrics and target levels, as well as dedicated staff that are responsible for tracking, monitoring and reporting t measurable outcomes. For this reason, strategic planning templates are needed that are customizable for small rural hospitals and networks. Other strategy resources are needed and referenced here in this guide, to that help leaders to develop, manage, measure and implement their strategic plans.

Strategies Applied to The Performance Excellence (PE) Blueprint

The 2017 Summit identified and aggregated Rural Hospital Value-Based Strategies and actions that build upon the findings and recommendations developed in the 2016 Summit reports. The 2016 Summit reports are developed based on the [Performance Excellence \(PE\) Blueprint](#).²⁰ The PE Blueprint is the foundation for the 2017 Summit Strategy Map and BSC templates.

The 2017 Summit templates applies the strategies to the PE Blueprint, Strategy Map and BSC to help leaders effectively develop and execute a strategic plan that positions their hospitals and networks for future value-based payment systems. These strategies are summarized in a check list below and illustrated in **Figure 3**. The figure shows the strategies applied to the seven PE Blueprint categories to demonstrate the importance of a systems approach to ensure critical areas such as leadership development, workforce and community are included in the planning process.

The PE Blueprint is designed specifically to assist rural hospitals and networks leaders in developing an effective strategic plan. It is a modified version of the [Baldrige Framework for health care](#), which is now considered to be the gold standard for performance improvement and planning. The approach is systematic to help hospitals and networks to achieve

²⁰ National Rural Health Resource Center; [Critical Access Hospital Blueprint for Performance Excellence](#)

performance excellence. It also assists leaders in considering crucial elements, which are essential during this rapidly changing health care environment. Refer to [Appendix C](#) for more information about the PE Blueprint.

Rural Hospital Transition to Value Strategy Check List

The key transition strategies identified and summarized through the 2016 and 2017 Summits are listed here as a check list. They are also illustrated in the seven PE Blueprint categories in **Figure 3** below.

Strategic Planning

- Create a shared vision of value and understand the role rural hospitals and providers play in the transition to VBM

Leadership

- Invest in provider and hospital leadership development programs that include board of directors, managers and clinical staff
- Identify opportunities to collaborate with other providers and organizations to build interdependence such as affiliations to support VBM

Customers: Patients, Partners and Community

- Develop collaborative relationships and connect community resources to address patient needs
- Tell your story to community and staff to promote quality of care and market services
- Advocate for policy and regulatory changes

Workforce

- Engage and educate managers and front-line staff on VBM and emphasize team-based care to support patient-centered services
- Educate, partner and align with physicians, and other local and regional primary care providers
- Assess culture to obtain feedback on needs, development, improvement and employee recognition

Results: Impact and Outcomes

- Collect and share rural relevant data with providers, hospital leaders and staff
- Document hospital outcomes and demonstrate value of services to providers, staff and community

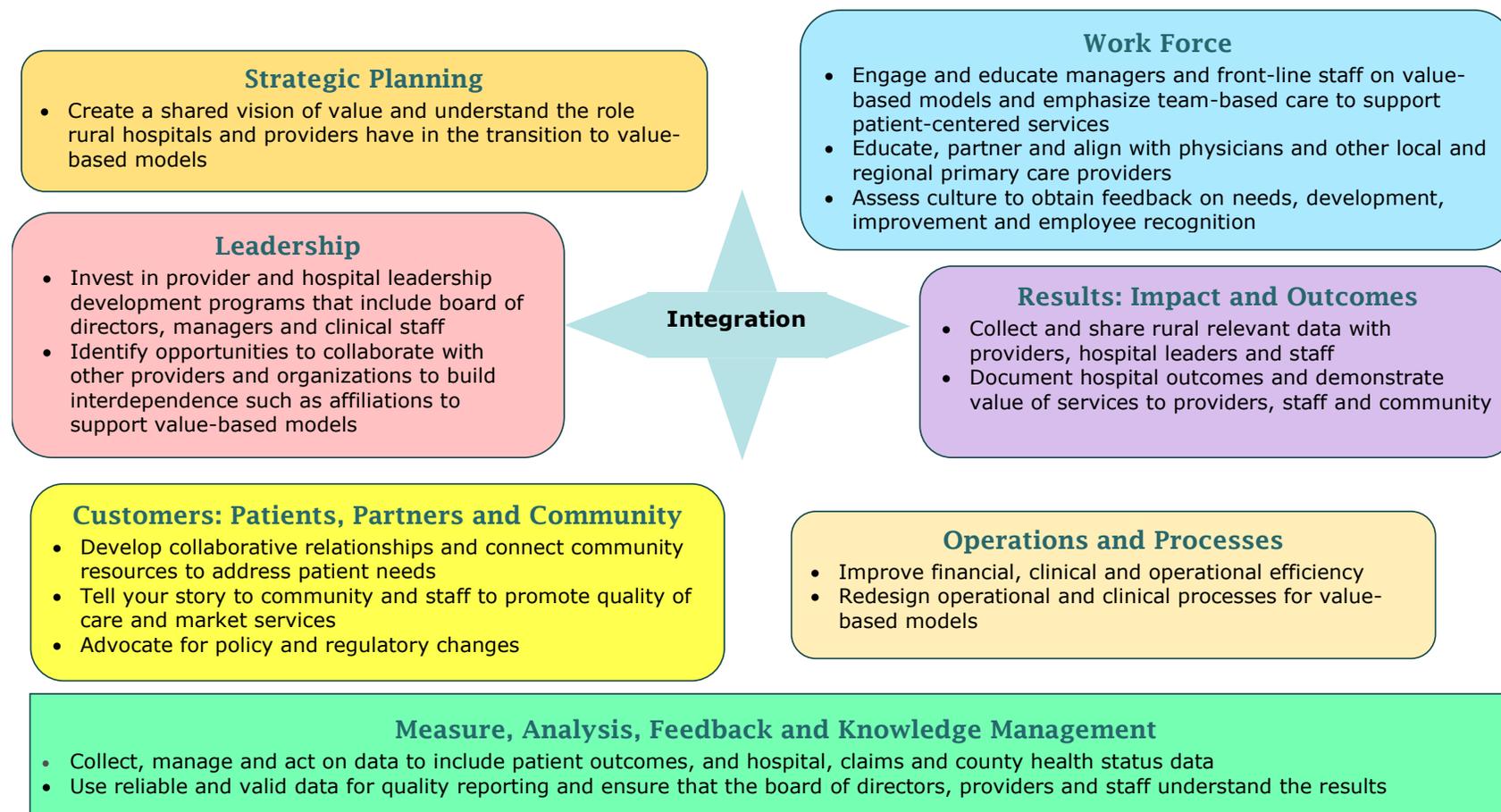
Operations and Processes

- Improve financial, clinical and operational efficiency
- Redesign operational and clinical processes for VBM

Measurement, Analysis, Feedback and Knowledge Management

- Collect, manage and act on data to include patient outcomes, and hospital, claims and county health status data
- Use reliable and valid data for quality reporting and ensure that the board of directors, providers and staff understand the results

Figure 3: Rural Hospital Transition To Value Strategies Applied to Performance Excellence (PE) Blueprint²¹



²¹ National Rural Health Resource Center and Stratis Health; [Critical Access Hospital Blueprint for Performance Excellence; June 2013](#)

Strategies Applied to The Strategy Map and Balanced Scorecard

The Strategy Map and Balanced Scorecard enables leaders to put the strategic plan into action, and thus, is tied to the PE Blueprint. “The Strategy Map visually communicates how value is created by the organization. It is a simple graphic that shows a logical, cause-and-effect connection between strategic objectives.”²² As a result, the Strategy Map is the key to successfully executing a strategic plan because it communicates objectives to achieve organization-wide understanding. The Strategy Map is a communication tool that:

- Graphically depicts the organization’s strategy;
- Illustrates how the strategies relate to one another; and
- Frames key concepts of the organization’s strategic plan into a guide that directs the BSC and its actions to operationalize the strategies.

“The Balanced Scorecard (BSC) was originally developed by Dr. Robert Kaplan of Harvard Business School and Dr. David Norton as a framework for measuring organizational performance using a more balanced set of performance measures.”²³ It has been used by both large and small hospitals to drive performance and has proven to be a successful tool in assisting hospitals in meeting their strategic objectives. The BSC provides a systematic approach for hospitals to collect, track and monitor information about strategies overtime to determine if progress is being made in achieving their strategic objectives. The BSC links the hospital’s mission (its purpose), vision (what the hospital aspires for) and core values (what the hospital believes in) through four strategic themes:²⁴

- Learning and growth;
- Internal processes;
- Patients, partners and community; and
- Financial (financial perspective has been expanded in this tool to include value).

These themes connect hospital-wide operations through strategic objectives. Objectives define what the hospital must achieve to support its mission. The BSC includes initiatives (action steps) that move the hospital from high-level strategies to actionable items that improve performance. Measures are defined for each strategic objective to provide a mechanism for determining

²² The Balanced Scorecard Institute; [BSC Terminology: Strategy Mapping](#)

²³ The Balanced Scorecard Institute; [The Balanced Scorecard Basics](#)

²⁴ The Balanced Scorecard Institute; [The Balanced Scorecard Basics](#)

actual progress overtime, as well as to drive the overall performance of the organization. Strategic objectives are tracked and monitored with financial, operational and quality indicators that are appropriate for the organization. Leaders must determine the appropriate measures for their objectives, which may be different from other facilities. Leaders must also define a specific target level for each indicator. The target level sets the desired level of performance for the organization and the internal benchmark that helps the facility to evaluate if they achieved its goals. Based on the comparative results between the actual performance level versus the target level, leaders can determine if they exceeded, met or missed their goal for that strategic objective. From the interpretation of the results, initiatives are reviewed and action steps maybe re-directed to improve the performance of a particular strategic objective. By tying action steps (initiatives) to the strategic objectives, the organization operationalizes its strategic plan through a balanced systems perspective that is represented through the four strategic themes. Refer to the Table 1 below and Appendix D for more detailed information on performance measures and target Levels.

The Value-based Strategy Map and Balanced Scorecard (BSC) are modeled on Kaplan and Norton's framework. Various examples of hospital Strategy Maps and BSCs along with educational trainings and PowerPoint presentations on the subject were reviewed to develop the templates to ensure the documents are representative of the health care industry. The value-based Strategy Map and BSC below focus on value and population health and are pre-loaded with key transition strategies and actions identified from the 2016 and 2017 Summits. Additional strategies from SRHT Project reports also are included as examples in the Strategy Map. The value-based Strategy Map and BSC are examples for rural hospital and network leaders and providers to model.

HOW SHOULD THESE TEMPLATES BE USED?

Ready to Use Templates

The [Strategy Map](#) and [BSC](#) templates are provided as separate downloadable Microsoft Word documents.²⁵ The templates are ready to use and are designed to allow hospital and network leaders to incorporate and expand their organization's strategic plans to provide a framework that supports population health preparedness. The templates are developed with the following characteristics to meet the needs of rural leaders and providers.

- Easy to use, adopt and navigate;
- Easy to communicate to board of directors, medical staff and front-line staff; and
- Easy to implement at the department level to further align actions that support organization-wide initiatives.

While these templates are structured to assist hospital and network leaders with creating value within their organizations, they are flexible to allow organizations to include their own strategic initiatives. The templates include 'how to' guidance and links to recommended actions, measures, data sources, as well as available resources to support the execution and implementation phases.

The templates can be easily edited since they are provided here in a Microsoft Word compatible format. Thus, leaders and providers can easily manipulate the templates to fit the needs of their hospitals and networks. For example, the Strategy Map can be edited to include or exclude key transition strategies and the BSC can be tailored by subdividing the grids into two smaller grids for action planning and reporting. Refer to [Appendix D](#) for an example of how the BSC template can be revised to fit the organization's need. The format shown in Appendix D allows leaders to use the dashboard for reporting purposes.

Strategy Map and BSC Template Adoption Steps

Hospital and network leaders and providers should apply these templates in a systematic approach as outlined below to develop, execute and manage an effective strategic plan.

²⁵ Note: Strategy Map and Balanced Scorecard are developed in legal size paper (8.5 x 14)

1. Prepare for a strategic planning process through evaluations and self-assessments. Before initiating a strategic planning process, leaders should complete the following two short self-assessments. These assessments provide leaders with valuable feedback about the organization to support effective strategic planning that will further prepare their organizations for VBM. It is important to note that the Strategic Map and corresponding BSC should be reviewed and revised annually and updated along with the strategic plan.

[Self-assessment for Transition Planning](#) assists leaders in determining the organization's current capacity in each of the PE Blueprint categories to gain a better understanding opportunities for performance improvement, as well as growth and development.

[Population Health Portal](#) helps leaders to navigate the journey towards improved population health by accessing readiness.

2. Follow the [PE Blueprint](#) to initiate a comprehensive planning process that outlines a systems approach to development and includes critical success factors for each of the seven categories. Application of the key strategies along with the critical success factors is essential for leaders to consider when planning how to position their hospitals and networks for the future.
3. Review the [Rural Hospital Transition To Value Strategy Check List \(check List\)](#) in the section above to ensure that the planning process considers key strategies identified from the 2017 Value-based Summit. Consider at least one key strategy per PE Blueprint category to ensure that the planning process represents a systematic approach to support the development and execution of an effective strategic plan.
4. Download and use the [Strategy Map Template](#) to develop a tailored communication tool to illustrate and guide the organization's strategic plan. Refer to the Transition To Value Strategy Map below as an example.
 - a. From the Check List, identify the transition to value strategies that the organization will incorporate in their Strategy Map.
 - b. The selected transition to value strategies should remain in the downloadable MS Word template and be used to create a specific

Strategy Map for the organization. The non-selected strategies should be removed to allow the organization to tailor the template to fit their strategic plan.

- c. Incorporate the organizations' specific strategies into the Strategy Map template and merge with the chosen transition to value strategies identified from the Check List.
5. Download and adapt the [BSC Template](#) to merge the organization's specific strategies and initiatives (actionable items) with the transition to value strategies and action steps. Refer to the Transition To Value BSC below as an example.
- a. Apply the transition to value strategies from the Strategy Map to the blank BSC MS Word template
 - b. Consider the actions that are provided in the BSC example below to support the transition to value strategies and apply them to the organization's BSC as key initiatives.
 - c. Establish measures for each strategic objective. Select measures that demonstrate the value of the organization and consider the recommendations on value in the above section ([Value of the Hospital and Network](#)). Refer to [Table 1](#) below for examples of commonly used measures and data sources to ensure indicators are appropriate for the organization.
 - d. Define the target level for each measure. The target level is the organization's pre-determined, quantified value for each indicator - it is the desired performance level for each measure. The desired performance level is required for the organization to achieve that strategy objective. Refer to [Table 1](#) below for generally referenced target levels and review for appropriateness for the organization's strategies.
 - e. Define how frequent each measure should be reported, and assign that measure to a team member who will be responsible for collecting, tracking and reporting it.
 - f. Monitor performance improvement and progress by tracking and reporting actual performance levels for each measure. Progress and achievement is determined for each objective by comparing the actual performance level of the measure to the established

target level. Each result should be evaluated to determine if the organization has exceeded, met or missed the intended goal.

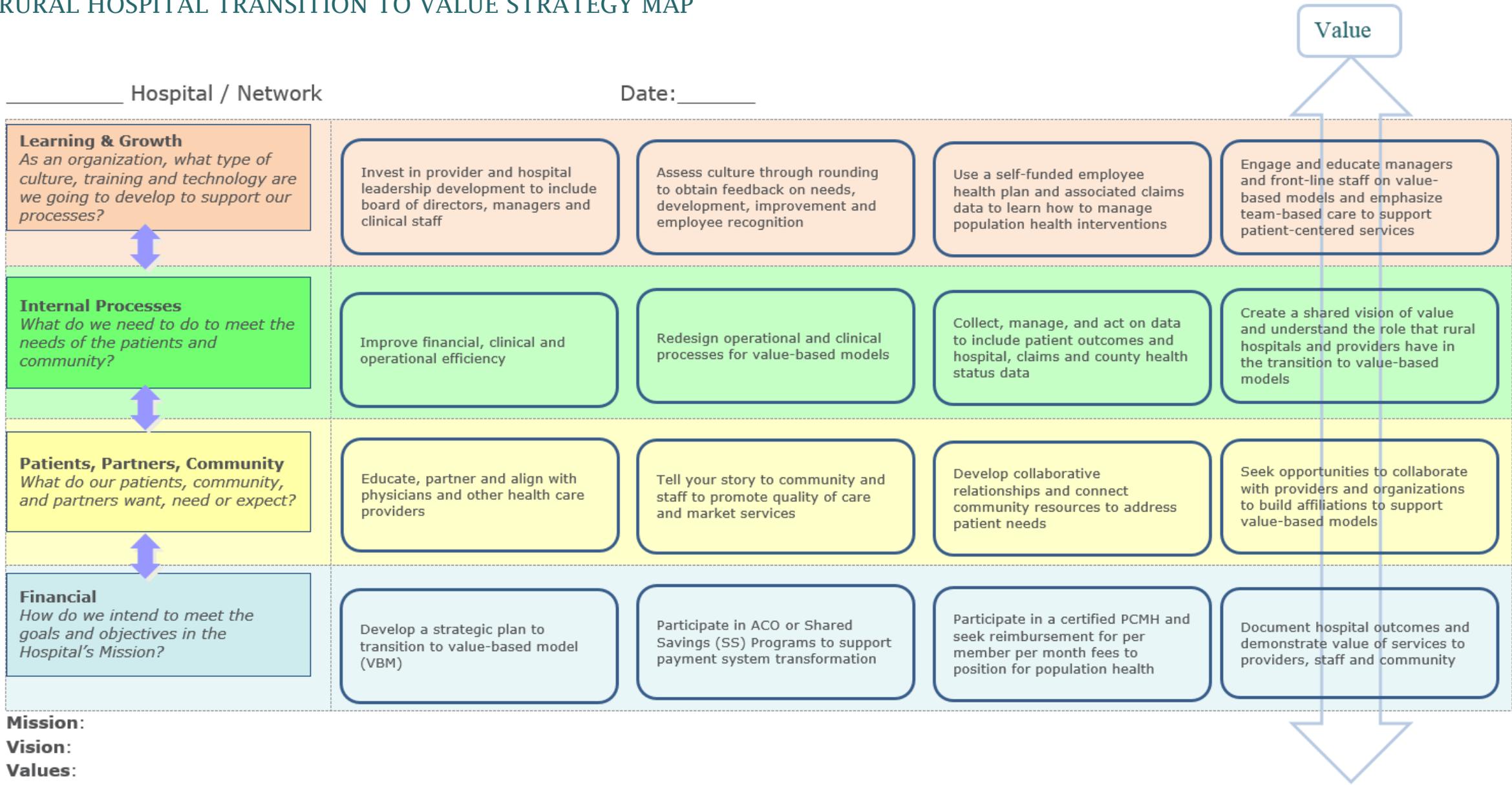
- g.** Report results in a color-coded format to clarify the messaging about the achievement of the organization’s strategies and direct the urgency for corrective action, if needed. The recommended colors and codes are provided with the BSC and shown in **Chart 1**. The chart may be adjusted to include minimally accepted variance based on the organization’s needs and goals.

Chart 1: Color Coded Chart for Target Levels

| | | | |
|-----------------------|---------------------|---------------------------------------|---|
| Exceeds Target | Meets Target | Caution: Slightly Below Target | Risk: Significantly Below Target |
|-----------------------|---------------------|---------------------------------------|---|

- h.** Trend results in a graph to show variances to the target levels. A trending graph indicates the increase and decrease in changes overtime to emphasize the progress and outcomes, which helps the organization to determine next action steps. If possible, utilize statistical control charts to better understand causes in variation in target levels. Control chares are particularly helpful in distinguishing causes in variation such as commonly experienced issues versus special one-time events that impact target levels. Trend analysis is not required, but recommended for best practice.
 - i.** Tailor the BSC for the board of director reports to promote quality and further build a quality focused, performance excellence, culture. Use the format identified in Appendix D to report results and outcomes to the board and key stakeholders.
- 6.** Review the successful [rural hospital and network examples](#) that are provided by the Summit Panelists to determine how the strategies may be applied and used to support the transition to a value-based model and prepare for population health.
- 7.** Use the best practice tools and resources in [Appendix A](#) to support the strategic planning process and to improve performance.

RURAL HOSPITAL TRANSITION TO VALUE STRATEGY MAP



RURAL HOSPITAL TRANSITION TO VALUE BALANCED SCORECARD

| Learning and Growth | | | | | | | | | | | |
|---|---|---|---|--|---|---------|--------|--------|--------|-------------|---|
| What skills, training and technology needs to be improved to support key processes? What training, resources and support do staff need to work effectively? | | | | | | | | | | | |
| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | Measure: What indicator is required to track and monitor the objective? | Target: For each indicator, what performance level is required to achieve the objective? | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| Helpful hint: start with action verb Example: Develop internal capacity for population health management | Example: Engage staff to build a greater understanding of the future of health care Build staff's ability to use data analysis to 'hotspot' to high-risk populations within service area | Example: Employee satisfaction levels Employee Training participation rate | Example: On a 5.0 Likert scale, obtain 4.0 or greater Target 90% of employees that participate in trainings on quarterly basis | Example: Manager A Manager B | Example: Assess employ Satisfaction levels Annually Assess employee participation rates on quarterly | | | | | 4.5 | |
| Invest in provider and hospital leadership development to include board of directors, managers and clinical staff | Key Actions: Identify framework for organizational change Develop and implement training | | | | | | | | | | |

Learning and Growth

What skills, training and technology needs to be improved to support key processes? What training, resources and support do staff need to work effectively?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | | |
|--|--|--|---|-----|------|--|--|--------|--------|--------|--------|-------------|
| | | Measure: What indicator is required to track and monitor the objective? | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | | | | | | | | | | | |
| | module for board of director education Additional Actions: Develop and implement a provider training guidance with provider-to provider approach to include coaching and rounding Provide team based leadership education, rather than discipline based, to support team based care capacity building. | | | | | | | | | | | |
| Assess culture on needs, development, improvement and employee recognition | Key Actions: Obtain employee feedback on regular | | | | | | | | | | | |

Learning and Growth

What skills, training and technology needs to be improved to support key processes? What training, resources and support do staff need to work effectively?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|--|---|--|---|--|--|---------|--------|--------|--------|-------------|---|
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | Measure: What indicator is required to track and monitor the objective? | Target: For each indicator, what performance level is required to achieve the objective? | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| | basis and update on progress toward goals Through rounding and feedback, connect strategies to address multiple priorities such as linking departments to hospital-wide initiatives Change culture by implementing care management best practices such as hourly rounding, bed side reporting | | | | | | | | | | |
| Engage and educate managers and front-line staff on VBM and emphasize team | Key Actions: Educate staff based on what is needed to | | | | | | | | | | |

Learning and Growth

What skills, training and technology needs to be improved to support key processes? What training, resources and support do staff need to work effectively?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|--|---|--|---|--|--|---------|--------|--------|--------|-------------|---|
| | | Measure: What indicator is required to track and monitor the objective? | Target: For each indicator, what performance level is required to achieve the objective? | | | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | | | | | | |
| based care to support patient-centered services | support employee capacity building | | | | | | | | | | |

| | | | |
|---------------|--------------|------------------------|-----------------------------------|
| Exceed Target | Meets Target | Caution – Below Target | Risk – Significantly Below Target |
|---------------|--------------|------------------------|-----------------------------------|

Internal Processes

What do we need to do to meet the customers' needs? What clinical and business processes are needed to exceed customer expectations?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|--|--|---|--|--|------|--|--|--------|--------|--------|--------|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | | | | | | | | | | |
| Example: Improve access to primary care and preventive care services to position the hospital for population health management | Example: Develop a Patient-centered Medical Home (PCMH) and become certified to position hospital to obtain per member per month case management fees from third-party payors Develop ED navigation program to redirect non-emergent patients to PCMH | Example: Percent of wellness visits ED admission rates - acute and observation | Example: Target 95% wellness visits Target best practice for ED admission rates for acute and observation at 8% - 10% with higher level of acuity, following review of ED transfers for | Manager D for Wellness Manager E for ED admission rates | | | | | | | |

Internal Processes

What do we need to do to meet the customers' needs? What clinical and business processes are needed to exceed customer expectations?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | | |
|--|---|---|---|-----|------|--|--|--------|--------|--------|--------|-------------|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. |
| | | | appropriateness | | | | | | | | | |
| Improve financial, clinical and operational efficiency | <p>Key Actions: Maximize and optimize EHR</p> <p>Engage in revenue cycle analysis</p> <p>Additional Actions: Provide financial and billing tool to ensure operational competency Promote patient portal</p> | | | | | | | | | | | |
| Redesign operational and clinical processes for VBM | <p>Key Actions: Implement chronic care management and wellness, integrated behavioral health (IBH) and assign appropriate</p> | | | | | | | | | | | |

Internal Processes

What do we need to do to meet the customers' needs? What clinical and business processes are needed to exceed customer expectations?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | | |
|---|--|---|---|-----|------|--|--|--------|--------|--------|--------|-------------|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. |
| | <p>codes for chronic conditions</p> <p>Drive operational efficiencies redesign through feedback from frontline staff</p> | | | | | | | | | | | |
| Collect, manage, and act on data to include patient outcomes and hospital, claims and county health status data | <p>Key Actions: Educate board members, medical and hospital staff about the data and result, and explain why they should be gathered to demonstrate value.</p> <p>Post the data in easy to read formats to facilitate discussions and build a greater understanding</p> | | | | | | | | | | | |

Internal Processes

What do we need to do to meet the customers' needs? What clinical and business processes are needed to exceed customer expectations?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|---|---|---|---|-----|------|--|--|--------|--------|--------|--------|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 |
| Create a shared vision of value and understand the role rural hospitals and providers have in the transition to VBM | <p>Key Actions: Implement a broad-based community CHNA (community health need assessment) to support community health planning and the organization's strategic planning processes as on ongoing initiatives</p> <p>Additional Actions: Align the organization's strategic plan with CHNA results and finding</p> | | | | | | | | | | |

| | | | |
|---------------|--------------|------------------------|-----------------------------------|
| Exceed Target | Meets Target | Caution – Below Target | Risk – Significantly Below Target |
|---------------|--------------|------------------------|-----------------------------------|

Patients, Partners and Community

What do patients, families and community want, need and expect from services? How can we enhance customer satisfaction and build patient loyalty?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|--|--|---|---|---|---|--|--|--------|--------|-------------|---|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| Example: Provide patient-centric care that builds the communities loyalty to become the provider of choice | Example: Build and promote a quality-focused culture of excellence throughout the organization through patient and family engagement | Example: HCAHPS scores (Hospital Consumer Assessment of Healthcare Providers and Systems): <i>Rate Hospital 9 or 10 and Willing to Recommend Hospital</i> | Example: Target: 80% for <i>Rate Hospital</i> and <i>Would Recommend</i> National Average: 72% | Example: Manager C | Example: Quarterly | | | | | | |
| Educate, partner and align with physicians and | Key Actions: Capture and share data with providers, leaders and staff | | | | | | | | | | |

Patients, Partners and Community

What do patients, families and community want, need and expect from services? How can we enhance customer satisfaction and build patient loyalty?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | Trend: Show graph to indicate change over time | |
|---|--|---|---|-----|------|--|--------|--------|--------|--------|---|-------------|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | | Annual Avg. |
| other health care providers | | | | | | | | | | | | |
| Tell your story to community and staff to promote quality of care and market services | <p>Key Actions: Promote swing bed program to providers and community, and demonstrate the value of the service provides to patients</p> <p>Quantify and demonstrate the hospital or network's value to potential partners by applying the concepts presented in Demonstrating Critical Access Hospital Value: A Guide to Potential Partnerships</p> | | | | | | | | | | | |

Patients, Partners and Community

What do patients, families and community want, need and expect from services? How can we enhance customer satisfaction and build patient loyalty?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|--|--|---|---|--|--|---------|--------|--------|--------|-------------|---|
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| | Additional Actions: Publicize quality initiatives, HCAHPS scores(Hospital Consumer Assessment of Healthcare Providers and Systems) and awards, and use digital billboard to inform community of services and achievements | | | | | | | | | | |
| Develop collaborative relationships and connect community resources to address patient needs | Key Actions: Identify key populations by analyzing community health data and use utilization data to prioritize strategies with local partnerships Host community town hall meetings and use social medial to build relations | | | | | | | | | | |

Patients, Partners and Community

What do patients, families and community want, need and expect from services? How can we enhance customer satisfaction and build patient loyalty?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | Trend: Show graph to indicate change over time |
|---|--|---|---|---|------|--|--------|--------|--------|--------|---|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | | | Responsible: Team member to track and report measure. | | | | | | | |
| | Additional Actions: Identify and collaborate with traditional and non-traditional health partners within the community Participate in community strategic planning and local governance to leverage efforts | | | | | | | | | | |
| Seek opportunities to collaborate with providers and organizations to build affiliations to support VBM | Key Actions: Approach referral centers for collaborative opportunities in patient care and quality improvement to share information and leverage financial opportunities available through affiliation. | | | | | | | | | | |

Patients, Partners and Community

What do patients, families and community want, need and expect from services? How can we enhance customer satisfaction and build patient loyalty?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | Trend: Show graph to indicate change over time |
|---|---|---|---|---|---|---------|--------|--------|--------|-------------|---|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | | | | | | |
| | Work with insurers to develop a self-insured product with incentives to promote a healthier workforce and community | | | | | | | | | | |

| | | | |
|---------------|--------------|------------------------|-----------------------------------|
| Exceed Target | Meets Target | Caution – Below Target | Risk – Significantly Below Target |
|---------------|--------------|------------------------|-----------------------------------|

Financial

How do we intend to meet the goals in our mission statement? What are the financial resources needed to fulfill our mission?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|---|--|--|---|---|---|--|--|--------|--------|-------------|---|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| Example: Demonstrate value of organization | Example: Demonstrate high-quality of care to payers, providers, staff and community Incentivize and align with physicians to increase panel size by working with them to re-engineer compensation plans that pay for performance while emphasizing quality of care and patient experience | Example: Readmission Rate Days cash on hand Operating margin | Example: Target readmission rate at or below national <or state> level. National readmission rate is 15.6%, according to CMS Hospital Compare website Target at or above U.S. median for DCOH of 76 days | Example: Nursing leadership CEO | Example: | | | | | | |

Financial

How do we intend to meet the goals in our mission statement? What are the financial resources needed to fulfill our mission?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|--|---|---|---|--|--|---------|--------|--------|--------|-------------|---|
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions are needed to achieve objective? | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trend: Show graph to indicate change over time |
| | | | Target U.S. median operating margin of 1.79% or above | | | | | | | | |
| Participate in an ACO to position hospital for population health | Key Action: Complete the Critical Access Hospital Financial Pro Forma for Cost Reimbursement to determine long-term financial projections and the Critical Access Hospital Financial Pro Forma for Shared Savings to assess the financial implications of joining a SS Program or ACO | | | | | | | | | | |

Financial

How do we intend to meet the goals in our mission statement? What are the financial resources needed to fulfill our mission?

| What | Action Plan | How Refer to Table 1 | | Who | When | Results | | | | | |
|---|--|---|---|-----|------|--|--|--------|--------|--------|--------|
| | | Measure: What indicator is required to track and monitor the objective | Target: For each indicator, what performance level is required to achieve the objective? | | | Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 |
| Develop a strategic plan to transition to VBM | <p>Obtain commitment of board and leadership to allocate resources</p> <p>Identify consultant to conduct environmental scan and facilitate planning and develop report</p> <p>Establish measures and communication to implement strategic plan</p> | | | | | | | | | | |

| | | | |
|---------------|--------------|------------------------|-----------------------------------|
| Exceed Target | Meets Target | Caution – Below Target | Risk – Significantly Below Target |
|---------------|--------------|------------------------|-----------------------------------|

PERFORMANCE MEASURES, TARGET LEVELS AND DATA RESOURCES

Table 1 below provides suggested performance improvement areas that tie to the BSC and the key strategies. Examples of commonly used measures and generally referenced target levels based on best practices and benchmarks, where applicable, are included. Measures must have defined target levels for determining actual progress. Targets are the desired performance levels that are established by the organization for comparing the current to the desired value. This desired level drives performance improvement process. Suggested data sources are provided for leaders to reference to ensure measures and target levels are appropriate for their organization and strategies. The last column in Table 1 provides suggestions that leaders can undertake to support better measurement.

It is important to note that this list is limited and represents only the most commonly used metrics. Suggested target levels for key metrics are obtained from the SRHT Project reports and are based on best practices and benchmarks. Leaders and providers should consider their strategic objectives along with their organization’s capacity to gather pertinent information and obtain available benchmarking data to determine the most appropriate measure and target level for each objective.

Table 1: Performance Measures, Target Levels and Data Resources

| Balanced Scorecard Theme | Areas for Performance Improvement Opportunities | Common Measures and Target Levels ²⁶²⁷ | Data Sources | Steps to Support Measurement |
|--------------------------|---|--|---|---|
| Learning and Growth | Physician and staff engagement Staff education and capacity building Leadership and board development Management training Recruitment and retention | Staff turnover rate Employee satisfaction levels Physician satisfaction levels Employee and physician satisfaction survey return rate Physician retention rate Percent of employees completing annual trainings | American Hospital Association American Medical Association American Nurses Association Medical Group Management Association Association AHRQ: Hospital Survey on Patient Safety Culture HR employee records | Develop a board of directors' educational program: <ul style="list-style-type: none"> • Set education goal (how many and who is responsible) • Assess knowledge gaps • Assign knowledge page area to board member to teach their peers • Teach improvement in knowledge cure • Board of director orientation for new members <p>To build a performance assess culture:</p> <ul style="list-style-type: none"> • Design survey tool to gain feedback • Establish process to evaluate feedback • Set time frames for frequency to gather feedback |

²⁶ Referenced best practice levels obtained from [Small Rural Hospital Transition \(SRHT\) Project](#) 2016 – 2017 hospital reports

²⁷ 2015 US median level referenced from [CAH Finance 101 Manual, updated 2017](#)

| Balanced Scorecard Theme | Areas for Performance Improvement Opportunities | Common Measures and Target Levels ²⁶²⁷ | Data Sources | Steps to Support Measurement |
|--------------------------|---|---|--|---|
| | | | | <ul style="list-style-type: none"> • Teach routine feedback process to communicate back to employees • Caught in the act program / service recovery (an example of employee recognition program) |
| Internal Processes | Care management Clinical and operational processes Revenue cycle processes Business office processes | Length of Stay (LOS) Core quality measures (target at least at or above state or national average) Medicare Beneficiary Quality Improvement Project (MBQIP) measures (target at least at or above state or national average) Value-Based Purchasing Measures MIPS Quality Scores Percent of wellness visits Percent of appropriate patients receiving chronic care management (CCM) Percent of patients placed in appropriate level of | CMS Quality Payment Program MBQIP: Frequently Asked Questions Hospital Compare AHRQ: Types of Quality Measures AHRQ: Understanding Data Sources AHRQ: Quality Measure Tools & Resources AHRQ: Selecting Quality and Resource Use Measures: A Decision Guide for Community Quality Collaboratives | Review CMS for MACRA Quality Payment Program ; physicians must select one of two paths to value Work with the American Hospital Association's (AHA) Hospital Engagement Network (HEN) project for assistance in data collection and management process and outcome improvement to develop a robust digital data initiative |

| Balanced Scorecard Theme | Areas for Performance Improvement Opportunities | Common Measures and Target Levels ²⁶²⁷ | Data Sources | Steps to Support Measurement |
|--------------------------|---|---|--------------|------------------------------|
| | | <p>care assignment on admission</p> <p>Average daily swing bed census (target best practice level of ADC of 4 or more patients)</p> <p>ED admission rates - acute and observation (target best practice level of 8% - 10%, following review of ED transfers for appropriateness)</p> <p>Revenue cycle key performance indicators such as:</p> <ul style="list-style-type: none"> • Cash collected and cash percentage of net revenue • In-house and discharged not-final-billed receivables • Cost to collect • Denials as a fraction of gross charges • Percent of clean claims • Point of service collections as a fraction of goal | | |

| Balanced Scorecard Theme | Areas for Performance Improvement Opportunities | Common Measures and Target Levels ²⁶²⁷ | Data Sources | Steps to Support Measurement |
|----------------------------------|---|---|---|--|
| | | Other care management, utilization review and discharge planning indicators available on the Transition Toolkit Quality Improvement webpage | | |
| Patients, Partners and Community | Patient and family engagement Patient satisfaction Transition of Care Community Engagement | HCAHPS (target at least at or above state or national average) Physician Compare Length of Stay (LOS) Readmission rates Percentage of people receiving preventive services (by service) | CMS Hospital Compare Flex Monitoring Team: State-level Quality, Financial and Community Engagement Data CDC Community Health Status Indicators CDC Behavioral Risk Factor Surveillance Systems (BRFSS) CDC Prevalence Data & Data Analysis Tools County Health Rankings and Roadmap | Measure frequency of communication and determine impact. Consistently track disseminated information to community, and hospital and medical staff. Gather feedback to determine if the information is valuable Use Institute for Healthcare Improvement's (IHI) Plan, Do, Act, Study (PDAS) framework to determine effectiveness |
| Financial and Value | Financial performance to include profitability, liquidity and solvency Cost effectiveness | Days in net accounts receivable (AR) (target best practice level of 45) | Financial Risk Management CAH Finance 101 Manual, updated | |

| Balanced Scorecard Theme | Areas for Performance Improvement Opportunities | Common Measures and Target Levels ²⁶²⁷ | Data Sources | Steps to Support Measurement |
|--------------------------|---|--|---|------------------------------|
| | Revenue cycle performance Operational efficiency | days or less; U.S. median 52) Days in gross AR (target best practice level of 45 days or less; U.S. median 50) Days cash on hand (target U.S. median of 76 days or above) Average Payment Period (target best-practice level of 35 days or less) Total margin (target U.S. median of 3.09% or above) Operating margin (target U.S. median of 1.79% or above) Debt service coverage (target at least U.S. median 2.89 or above) Salaries to net patient revenue (target U.S. median of 44.7% or below) Medicare inpatient payer mix (target at U.S. median 73% or less) Average age of plant (years) | 2017 (contains 2015 US medians) Best Practice Concepts in Revenue Cycle Management (contains Healthcare Financial Management Association (HFMA) recommended Key performance indicators (KPI) and definitions by processes: management, patient access, revenue, claims, and action checklist for each. HFMA Map Keys CAH Financial Indicators Reports (CAHFIR) Data Summary Reports for comparing indicator medians by state Critical Access Hospital Measurement and Performance | |

| Balanced Scorecard Theme | Areas for Performance Improvement Opportunities | Common Measures and Target Levels ²⁶²⁷ | Data Sources | Steps to Support Measurement |
|--------------------------|---|---|--|------------------------------|
| | | <p>Long-term debt to capitalization</p> <p>Bad Debt as a percentage of gross revenue (target best practice level of less than 10% as a percentage of gross revenue)</p> | <p>Assessment Systems (CAHMPAS).</p> <p>More KPIs and references available through:</p> <p>Financial and Operational Strategies</p> <p>Revenue Cycle Management and Business Office (BO) Processes</p> | |

RURAL HOSPITAL AND NETWORK EXAMPLES

Success Stories and Lessons Learned Shared by Summit Panelists

Tom Nordwick, Chief Executive Officer, Uvalde Memorial Hospital

- **Tell Your Story:** Completed a community impact statement as a hospital when reviewing option to convert to CAH. It helped demonstrate that the hospital wouldn't be less of a hospital by converting. The CHNA and economic impact statement was shared with the community, board of directors and staff to ensure service pre-and post. Concern about 25 bed limit and had to explain observation vs. inpatient. Demonstrated value of CAH for sustainability, financially for bottom-line revenue.

Elizabeth Cobb, Vice President of Health Policy, Kentucky Hospital Association

- **Tell Your Story:** Affiliations and growth of hospital systems occurring – began two years ago. Looked at government relationships (administration and state government), advocacy – education for message, systems leadership impact on association as well as board, bring in expertise for communication, data (growing it to serve members). Created detailed reports to show use of state hospital association services, education, advocacy and ROI.

John Gale, Research Associate, Flex Monitoring Team

- **Seek opportunities to collaborate with other providers and organizations:** Example of a CAH in Vermont who looked at initiatives for the whole community. Lent support to smaller agencies for initiatives for grants. Overcame mistrust. CAH has looked at it as: *Supply resources and give away credit.*

Gina Bruener, Flex Coordinator, MT Hospital Association

- **Improve financial, clinical and operational efficiency:** Revenue Cycle management training with front line staff. For example, to make impact in claim denials, change the process to support nurses in off hours.

- **CHNA:** State public health working on accreditation at local level by counties. State was trying to align CHNA of hospital and local public health. Used a different process with interviews rather than survey done by outside vendor. Increased knowledge of services in hospital and Public Health. Increased promotion of hospital services/surveys by public health.

Karla Weng, Senior Program Manager, Stratis Health

- **Rural Health Value profiles (map to strategies):** The Rural Health Value team profiles activities of selected rural health care innovators summarizing exciting, and potentially replicable, innovations in rural health care. More than a dozen [rural innovation profiles](#) can be found on the website.

Gregory Wolf, Principal, Stroudwater Associates

- **Redesign operational processes for value such as care management:** Consider new models such as Vermont hospital that is owned by an FQHC (Federally Qualified Health Center); the 21st Century Cures Act allows for demonstrations for tweener hospitals and telehealth expansion

Lisa Davis, Director, Pennsylvania Office of Rural Health

- **Develop relationships and connect community resources to address patient needs:** Fulton County Medical Center, a CAH, is using SORH's Pennsylvania Rural Population Health portal for 12 counties. Identified six priorities to address with a community collaboration of 20+ people. Leading cause of morbidity and mortality was lung cancer. Determined that they needed to implement free low-dose CAT scan screening services to employees at risk for lung cancer. Expanded service to community.

Michael Coyle, Chief Executive Officer, Coteau des Prairies Health Care Systems

- **Improve financial, clinical and operational efficiency:** Bringing in others for *a checkup from the neck up*. Use outside eyes to provide assessments. The SRHT project provided billing, coding,

physician leadership and marketing recommendations. Utilize your peers for sharing knowledge.

- **Advocate:** Get involved in discussions for Indiana Health Systems (IHS), Medicaid at state and federal level. Local board member is a legislator and that has helped with nurse practitioner scope.
- **Tell your story:** Be loud
- **Improve financial, clinical and operational efficiency:** Find alternative revenue streams – form Rural Health Clinics when CAHs own the clinic. Form provider based clinic for specialists too.
- **Educate and partner with physicians and other primary care providers** - Make difficult decisions – sometimes you must fire long time physicians.

Rebecca D. Bradley, Principal, Affiliated Enterprise Solutions

- **Advocacy:** Internal toolkit developed by working with consultants and CAHs to move to value. Independents looking at systems – illustrate and demonstrate value to systems and CAHs.

Gregory J. Was, Chief Executive Officer, White Mountain Regional Medical Center

- **Tell Your Story:** Through SRHT consultations, we identified actions. Move from being the best kept secret to promote swing bed to ortho surgeons; utilized electronic billboard to promote services; targeted swing bed program development; hired swing bed coordinator and promoted program; changed name of swing bed to 'rehabilitation' program and marketed locally through word of mouth for short length of stay (LOS) and better quality of care.

David Pearson, President, Chief Executive Officer, Texas Organization of Rural and Community Hospitals (TORCH)

- **Assess Culture:** Bad culture eats strategy if leadership is a deficit. TORCH provides a service that entails a culture and a communication assessment for CAHs. Produce a communication map for informal and external – how culture is influenced in the CAH. Overviews of program, results and case studies.

Appendix A: Resources

Strategic and Community Health Planning Resources

- [Transition Toolkit: Strategic Planning](#) for systems approach planning tools to develop and execute effective strategic plans
- [Self-assessment for Transition Planning](#) available to identify performance improvement opportunities and areas for growth and development
- [Rural Health Value \(RHV\)](#) for resources on rural health transformation
- [Population Health Portal Readiness Assessment](#) for resources and educational modules to support population health planning
- [Transition Toolkit: Leadership: Board, Employee and Community Engagement](#) to engage board, staff and community and support the development and implementation of strategies that high-performing hospitals utilize to deliver patient-centered care
- [Rural Health Information Hub \(RHIHub\) Evidence-Based Toolkits for Rural Community Health](#) for step-by-step guides to effective community health planning to include resources and examples that are drawn from evidence-based and promising programs

Performance Improvement Resources

- [Transition Toolkit: Financial and Operational Strategies](#) for best practice tools and key performance indicators (KPI) to increase operational efficiencies and improve financial stability, and resources to minimize risk or optimize benefit relative to VBM
- [Transition Toolkit: Revenue Cycle Management \(RCM\) and Business Office \(BO\) Best Practice](#) tools and KPI to improve RCM performance and BO processes
- [Transition Toolkit: Quality Improvement](#) for best practice tools on care management, HCAHPS, and patient and family engagement
- [Quality Improvement Implementation Guide and Toolkit for CAHs](#) offers strategies and resources to help CAH staff organize and support efforts to implement best practices for quality improvement

- [Transition Toolkit: Physician and Provider Engagement and Alignment](#) resources support participation in Accountable Care Organizations (ACO) and Shared Saving (SS) Programs

Rural Health Value Innovation Profiles

Strategies: Improve financial, clinical and operational efficiency; Collect, manage, and act on data to include patient outcomes and hospital, claims and county health status data

Profile: [Global Budget Process as an Alternative Payment Model:](#) McCready Health regularly monitors and adjusts fees to achieve budget goals within Maryland’s all-payer hospital rate-setting system.

Strategies: Develop collaborative relationships and connect community resources to address patient needs

Profile: [Health Outside Hospital Walls:](#) Chadron Community Hospital and Health Services, Chadron, Nebraska, offers healthy living options and fills health services gaps within the community—expanding care beyond the treatment and recovery of individuals to include a focus on overall population health

Strategies: Tell your story to community and staff to promote quality of care and market services; Seek opportunities to collaborate with providers and organizations to build affiliations to support value-based models

Profile: [Proactively Pursuing Value-Based Payment:](#) Summit Pacific Medical Center, a CAH in Elma, Washington is proactively advancing value-based care and approaching payers for value-based payment contracts. This Rural Health Value Profile highlights their five-prong approach to developing value-based capacity

Strategies: Seek opportunities to collaborate with providers and organizations to build affiliations to support value-based models; Redesign operational and clinical processes for value-based models

Profile: [Rural Accountable Care Organization Care Coordination:](#)

MaineHealth, a not-for-profit, integrated, healthcare delivery network, established the MaineHealth Accountable Care Organization (MHACO) to engage the Centers for Medicare & Medicaid Services and other payers in various ACO contracts

Strategies: Seek opportunities to collaborate with providers and organizations to build affiliations to support value-based models

Profile: [Proactive System Affiliation:](#) Three small rural hospitals formed an alliance in order to establish a mutually beneficial affiliation with a large regional medical center while remaining locally owned and controlled

Strategies: Seek opportunities to collaborate with providers and organizations to build affiliations to support value-based models; Redesign operational and clinical processes for value-based models

Profile: [Rural Hospital Community Outreach:](#) The Richland Parish Hospital Pre-Diabetes Program is a health screening and follow-up model that was designed to prevent or delay early onset diabetes. Evaluation after three years showed a "statistically significant association" between program participation and reduced rates of progression from pre-diabetes to true diabetes

Strategies: Seek opportunities to collaborate with providers and organizations to build affiliations to support value-based models

Profile: [Using Community Connectors to Improve Access:](#) The Community Connector Program aims to increase access to home and community-based services by creating alternatives to institutionalized living and improving the quality of life for elderly and adults with physical disabilities while maintaining or decreasing costs.

Strategies: Improve financial, clinical and operational efficiency

Profile: [Rural Hospital System Transformation:](#) Using the Lean methodology, the hospitals in the Mercy Health Network are leveraging their

resources to drive change. Their goals are to do more with less, have the right resources in the right place at the right time for every caregiver, decrease costs, and increase quality of care and patient safety.

Appendix B: 2017 Value-Based Summit Panelists

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Appendix C: Performance Excellence (PE) Blueprint

The [Performance Excellence \(PE\) Blueprint](#) assists rural health care providers and leaders in mapping strategies using a systems approach to planning. The tool provides leaders with a methodology to ensure that they prepare for changes in the care delivery and payment systems from an organizational perspective. The PE Blueprint outlines seven categories for rural providers to consider when developing a strategic plan. The seven categories include the following.

- Leadership
- Strategic planning
- Customers: Patients, Partners, and Community
- Workforce
- Impact and outcomes
- Processes for improved
- Measurement, feedback and knowledge management

The seven categories in the Blueprint are not separate, but rather are interdependent. Success or failure in one will have an impact, either positively or negatively, on the others. **Figure 4** below illustrates how the seven components are intertwined to impact the quality of care, financial performance and overall operations.

The PE Blueprint provides rural hospital leaders a framework to effectively coordinate and manage various activities that will be necessary to successfully transition to an integrated health delivery systems of the future. The PE Blueprint enables organizations to measure predicted outcomes since it includes a feedback mechanism that is outcome oriented. Results in all seven categories are measured regularly, and the information is fed back to hospital leaders for ongoing improvement. Rural hospitals generally are not short of information; rather they have so much information that they often struggle to sort the important strategic information from the less important. The PE Blueprint helps to sort the hospital information to answer the questions: 1) Are we making progress toward this important goal, and 2) what can we do now to improve the performance of any strategy that is producing results that are below target levels?

Appendix D: Example of How the BSC Template May be Divided for Reporting

| Learning and Growth | | | |
|---|---|--|---|
| What skills, training and technology needs to be improved to support key processes? What training, resources and support do staff need to work effectively? | | | |
| What | Action Plan | How | |
| Strategic Objective: What is the strategy to achieve? | Initiative(s): What actions needed to achieve objective? | Measure: What indicator is required to track and monitor the objective? | Target Level: For each indicator, what performance level is required to achieve the objective? |
| | | | |
| | | | |

| Learning and Growth | | | | | | | |
|---|--|---------|--------|--------|--------|-------------|---|
| What skills, training and technology needs to be improved to support key processes? What training, resources and support do staff need to work effectively? | | | | | | | |
| Who | When | Results | | | | | |
| Responsible: Team member to track and report measure. | Frequency: How often to report measure? | Qtr. 1 | Qtr. 2 | Qtr. 3 | Qtr. 4 | Annual Avg. | Trending: Include graph to indicate trending of measure overtime. This column not required, but recommended. |
| | | | | | | | |
| | | | | | | | |

Appendix E: Balanced Scorecard Glossary

Strategic objectives – Key activities under each BSC theme that the organizations must achieve to meet its goal and to support its mission

Initiatives – Also known as action steps. Actionable items that direct how the hospital will achieve the strategic objective.

Measures – Industry accepted financial, operational, clinical quality and indicators that are used to track and monitor progress in achieving strategic objectives. Measures are used to determine outcomes of activities and provides decision-making information for next action steps, which drives performance improvements.

Target level – A specific value defined by the organization for each measure against which the actual performance level is compared to in order to determine achievement. Acts as an internally established benchmark for comparing if strategic objectives have been exceeded, met or missed by the actions taken.