Rural Hospital Performance Excellence & Baldrige

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Purpose

The National Rural Health Resource Center is a nonprofit organization dedicated to sustaining and improving health care in rural communities. As the nation’s leading technical assistance and knowledge center in rural health, The Center focuses on five core areas:

• Performance Improvement
• Health Information Technology
• Recruitment & Retention
• Community Health Assessments
• Networking
Tahoe Forest Hospital District

Bob Schapper, CEO
Blueprint Sources

- *Remaining Relevant: Rural Hospitals’ Challenge*, Louisiana Hospital Association, 2012
- Rural Policy Research Institute (RUPRI), U of Iowa
- Rural Hospital Performance Improvement Project (RHPI)
- Federal Office of Rural Health Policy (ORHP)
- National Rural Health Association (NRHA)
- 2011 CAH Quality Leadership Summit
- 2012 CAH Financial Leadership Summit
- 2013 CAH Performance Excellence Summit
- 2013 Top 100 CAHs, iVantage Health, 2013 Survey
Quality Leadership Summit 2011
Current Health Care Business Model

Based on volume,
The more you do, the more money you make
It’s Changing!

Triple Aim
- Better health
- Better care
- Lower cost
Future Health Care Business Model Based on Patient Value

Quality + Service

Cost

= Patient Value
The Challenge: Crossing the Shaky Bridge

Source: http://www.flickr.com/photos/67759198@N00/2974261334/sizes/o/in/photostream/
Definition of Framework

“A framework for getting people, processes and resources aligned and moving in the same direction. The ultimate goal is to achieve strategies that benefit the customer and the bottom line and that result in organizational excellence.”

-National Rural Health Resource Center
Top Reasons for Strategic Frameworks

1. Creates an organized process for leading and driving change
2. Creates a culture that supports change
3. Enables a broad-based systems approach
4. Supports quality reporting that drives improvement
5. Opportunity to document where you have been and where you want to be
Top Reasons for Strategic Frameworks and Evaluation

6. Opportunity to know where you are right now and make mid-course corrections

7. Aligns people, processes and resources

8. Links individual department operations to organizational strategy
Baldrige Performance Excellence Framework

A systems based management tool to align focus on quality and performance

A blueprint for rural hospitals
Baldrige Performance Excellence Framework

- Developed in 1987 in response to a crisis in US competitiveness
- $24.6 billion savings on $120 million cost
  - That’s a 200:1 ratio
- Health care added as new criteria in 2002
- 20 million copies downloaded in 2010
Why Use Baldrige?

• 2011 study:
  – 820:1 economic return in terms of cost savings, customer satisfaction, and financial gain (revenue)

• Hospitals using Baldrige are 7 times more likely to be in the Thompson Reuters Top 100 than those that do not use it

Baldrige Award Winners

- Henry Ford Health System (2011)
  - [http://www.youtube.com/watch?v=nn-U11GeCu8&list=PL914FB9D44BF49C14](http://www.youtube.com/watch?v=nn-U11GeCu8&list=PL914FB9D44BF49C14)

- North Mississippi Health Services (2012)
  - [http://www.youtube.com/watch?v=rRgdRP2U-2o&list=PL914FB9D44BF49C14](http://www.youtube.com/watch?v=rRgdRP2U-2o&list=PL914FB9D44BF49C14)

- Schneck Medical Center (2011)
  - [http://www.youtube.com/watch?v=eTePfr0bHxE&list=PL914FB9D44BF49C14](http://www.youtube.com/watch?v=eTePfr0bHxE&list=PL914FB9D44BF49C14)

  - [http://www.anthctoday.org/](http://www.anthctoday.org/)

Source: Performance Excellence Network, [www.performanceexcellencenetwork.org](http://www.performanceexcellencenetwork.org)
A Framework for Excellence

Drivers
- Strategic Planning
- Leadership
- Customer Focus

Core Work
- Workforce Focus
- Operations Management

Results

Measurement, Analysis, and Knowledge Management

Leadership

1. Boards must understand and support
2. Leaders and managers must understand and support
3. Primary care providers must be a part of leadership
4. Strategic planning must be dynamic and ongoing
5. Use a systems framework for planning to ensure a holistic approach
6. The plan must be communicated organization-wide
It’s Complicated!

“Even small health care institutions are complex, barely manageable places. Large health care organizations may be the most complex organizations in human history.”

- Peter Drucker
Strategic Planning

“If you don’t know where you are going, any road will get you there.”

- Lewis Carroll, Author
The Hospital’s Risk of Not Changing

“Healthcare ‘markets’ are now being redefined; shifting from purchasing service units to purchasing quality outcomes. Importantly, quality care is increasingly defined in both personal and population perspectives.”

“This developing redefinition of healthcare needs to be reflected in rural provider strategic planning. It is a great opportunity for rural health.”

Partners, Patient Care Coordination & Communities

7. Measure and publicly report patient satisfaction and excel at customer service

8. Partner with larger systems or rural networks

9. Partner with other types of providers in the service area

10. Engage and educate the community to encourage use of local health and wellness services
Partnerships to Consider

- Other rural hospitals (network)
- Large health systems (telehealth)
- Accountable Care Organizations (ACOs)
- Long-term care and home health providers
- Drug stores
- Mental health
- Business/economic development
- Public health
CAH Formula for Success

Dollars vs. Service Volumes

- **Revenue**
- **Profit Zone**
- **Cost**
- **Loss Zone**
Why Migration Happens

- Physician referrals out of areas
- Negative perception of local hospital
- Lack of knowledge/understanding of local services
- Inconsistent customer service and quality
- Lack of innovative ways to engage the community
Migration Reversal Strategies

• Community health assessment
• Physician/hospital partnerships
• Proactive plan to change community perceptions
• Strategic community alliances
• Customer service programs
• Upgraded marketing/communication tools and messages
Population Health: What Can Rural Hospitals Do Now?

- Initiate a hospital employee wellness program
- Create a community health council
- Hold community meetings
- Do effective community marketing
- Hospital leaders speak at community meeting
- Plan for community care coordination
- Plan for chronic disease management
- Plan for population health data analysis
Performance Management Tools

- Studer Principles and Pillars
- Lean Management
- Balanced Scorecard
Measurement, Feedback, & Knowledge Management

11. Use a strategic framework to manage information and knowledge

12. Evaluate strategic process regularly and share information organization-wide

13. Gather and use data to improve health and safety of patients in the service area
• Hospitals make significant investments in collecting data for regulatory or accreditation purposes, which limits value
• The goal is to push the Effort Curve to the right
Demystifying the BSC

What it is:

1. A way of expressing and measuring your hospital’s strategy
2. A way of linking hospital operations to that strategy
3. A way of monitoring and comparing hospital performance
Demystifying the BSC

What it is NOT:

1. A magic bullet that will automatically “fix” every problem

2. Just another benchmarking project that generates meaningless data

3. Something that will exist without commitment and effort
Understanding the Balanced Scorecard

“A successful Balanced Scorecard program starts with a recognition that it is not a metrics project...

IT’S A CHANGE PROCESS”

Robert Kaplan, Balanced Scorecard Collaborative’s Government Summit, Sept. 2004
## Balanced Scorecard Perspective

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Key Questions</th>
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<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>As financial stakeholders, how do we intend to meet the goals and objectives in our hospital mission statement?</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>As customers of our hospital’s services, what do we want, need, or expect?</td>
</tr>
<tr>
<td><strong>Internal Business Processes</strong></td>
<td>As members of the hospital Staff, what do we need to do to meet the needs of our various customers?</td>
</tr>
<tr>
<td><strong>Learning and Growth</strong></td>
<td>What type of culture, skills, training, and technology are we doing to improve in order to support our key processes?</td>
</tr>
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### Johnson Memorial Health Services

#### FY 2013 Balanced Scorecard

<table>
<thead>
<tr>
<th>#</th>
<th>INDICATORS</th>
<th>GOAL</th>
<th>FQCY</th>
<th>FINDINGS</th>
<th>TRENDING</th>
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<tr>
<td></td>
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</tr>
<tr>
<td><strong>FINANCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Total Margin</td>
<td>≥ 3%</td>
<td>Qtrly</td>
<td>3.12%</td>
<td>8.34%</td>
</tr>
<tr>
<td><strong>SERVICE &amp; COMMUNITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Hospital Meaningful Use Stage 2</td>
<td>Meet 100% of Goals set by HIT Squad</td>
<td>Qtrly</td>
<td>33%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>GROWTH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>eEmergency Usage</td>
<td>≥ 20 Qtr Average</td>
<td>Qtrly</td>
<td>17/Qtr</td>
<td>33/Qtr</td>
</tr>
<tr>
<td><strong>QUALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q</td>
<td>Healthcare Home</td>
<td>Implement 100% to MDH Recommendations</td>
<td>Qtrly</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td><strong>PEOPLE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>Employee Turnover</td>
<td>≤ 8% Annually</td>
<td>Qtrly</td>
<td>.94%</td>
<td>2.35% Qtr</td>
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</table>

<table>
<thead>
<tr>
<th>Exceeded Target</th>
<th>On Target</th>
<th>Caution – Below Target</th>
<th>Risk – Below Target</th>
</tr>
</thead>
</table>
Strategy Map

• A graphical depiction of your strategy
• Shows how the elements of the strategy relate to one another
• The “blue print” of your strategy
• The key to successful Balanced Scorecards
Mission: XYZ Hospital is committed to providing exceptional healthcare as we promote wellness, restore health, and provide comfort to people of all ages and in every stage of life.

Vision: To challenge ourselves to consistently exceed expectations by providing the best healthcare based on a balanced pillar approach encompassing service, quality, finance, people, community, and growth. Through teamwork increased profitability, targeted growth, and strong leadership, we will create a medical center that will be the new standard thus achieving the highest level of satisfaction for customers, providers, and employees.

**Finance**
As financial stakeholders, how do we intend to meet the goals and objectives in the facility's Mission Statement?

- Increase Revenue
- Capture Market Share
- Improve Efficiency

**Service & Community**
As customers of the facility's services, what do we want, need or expect?

- Excellent Customer Service
- Community Wellness

**Growth**
As an organization, what services must we grow to achieve our mission?

- Expansion of Services
- Outpatient Services
- Primary Care Services
- Older Adult Services

**Quality (Processes)**
As members of the facility's staff, what do we need to do to meet the needs of the patients and healthcare community?

- Continuous Performance Improvement
- Inform & Educate Community
- Customer Safety

**People (Infrastructure)**
As an organization, what type of culture, skills, training and technology are we going to develop to support our processes?

- Employer of Choice
- Culture of Excellence
- Progressive Technology

**EXAMPLE HOSPITAL STRATEGY MAP**

- **Mission:** XYZ Hospital is committed to providing exceptional healthcare as we promote wellness, restore health, and provide comfort to people of all ages and in every stage of life.

- **Vision:** To challenge ourselves to consistently exceed expectations by providing the best healthcare based on a balanced pillar approach encompassing service, quality, finance, people, community, and growth. Through teamwork increased profitability, targeted growth, and strong leadership, we will create a medical center that will be the new standard thus achieving the highest level of satisfaction for customers, providers, and employees.
The Map Should Reflect Your “Personality”
Example of Part of a Rural Hospital Strategy Map

**Hospital Mission**

**Financial Perspective**
- Grow revenues from existing market
  - Measure

**Customer Perspective**
- Optimize physician’s use of hospital services
  - Measure
- Improve Patient Satisfaction
  - Measure

**Internal Process Perspective**
- Meet practice needs of medical staff
  - Measure

**Learning & Growth Perspective**
- Support professional development
  - Initiatives
Performance Measurement Statistics:
Patients and Community

Q4 ’01          Year End ’01

Patient satisfaction: % recommend 85.0%        93.0%

% claims denied: medical necessity 9.0%         7.8%

ER/Urgent Care wait times (minutes) 34            36

Unplanned Returns to ER 3.2%                  2.7%
14. Develop a workforce that is change ready and customer / patient focused

15. Have an intense focus on staff development and retention
Studer Principles

- Commit to excellence
- Measure the important things
- Build a culture around excellence
- Create and develop great leaders
Studer Principles

• Focus on employee satisfaction
• Build individual accountability
• Align behaviors with goals and values
• Communicate at all levels
• Recognize and reward success
Efficient Processes

16. Develop efficient business processes and maximize revenue cycle management
17. Continually improve quality and safety processes
18. Use techniques such as Lean to improve both efficiency and quality
Lean Management

Based on the Toyota Production System

• Focus on customer value and waste elimination

• Intradepartmental teams continually improve hospital processes

• Lean is really all about effective problem solving
What Does Lean Buy Us?

Time

Productivity

Capacity
Time Improvement Example

TIME FOR A NASCAR PIT CREW TO CHANGE 4 TIRES AND ADD 22 GALLONS OF GAS

Source: NASCAR, USA Today
Continuous Improvement Cycle

1. Defined Strategies
2. Define Performance Metrics
3. Identify Improvement Opportunities
4. Execute Initiatives
5. Measure and Monitor

Strategy Map
Balanced Scorecard
Assessment
Improvement Initiatives
Monitor Scorecard

Lean

Technology/Infrastructure
Process Management and Quality Reporting

“At best, Electronic Health Records can hardwire quality.”

-Darlene Bainbridge, President, D.D. Bainbridge & Associates, Inc.
Documentation of Value

19. Publically report and communicate outcomes internally and externally

20. Document value in terms of cost, efficiency, quality, satisfaction, and population health
We are in this Together
“Even if you’re on the right track, you’ll get run over if you just sit there.”
-Will Rogers
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