

Healthcare Performance Management Isn't Only for Executives

Improving Operations and Sharing Healthcare Analytics throughout the Enterprise

RESEARCH
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Value in Aligning Performance

Healthcare performance management is a strategy and a set of methodologies and processes for managing the performance of the organization and its doctors, nurses, caregivers and provider network; its purpose is to achieve a common set of patient and business outcomes. Functionally, then, performance management is about aligning day-to-day processes and activities with the goals and objectives of



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the healthcare organization. This makes it of obvious value for several reasons: It communicates to all stakeholders an agreed-upon strategy and helps align all around it. It provides both a framework for measuring processes and outcomes and guidance on taking corrective action as needed. And it increases visibility as well as predictability, two characteristics often lacking in management of an organization's performance.

Many healthcare performance management efforts are begun using reporting and information systems and typically evolve to rely on business intelligence (BI) systems. But while these provide important capabilities for measuring performance, such systems alone are insufficient. That's because most business intelligence processes are historically

focused. In addition, business intelligence typically focuses on individual functions and processes while healthcare performance management more broadly aligns processes with the organization's strategy and goals.

Managing healthcare performance involves integrating the measurements from historical monitoring and analysis systems with planning and forecasting processes and applications. Doing so enables the establishment of key performance indicators (KPIs), which are components of performance management. Healthcare performance management involves setting targets for those KPIs and creating a range of metrics encompassing providers, patients, costs, billings and others and tracking them to be able to regularly measure progress toward targets. Balanced scorecards and strategy maps also are common tools for managing performance at the executive level to determine overall progress toward management objectives.

Beyond the Executive Suite

Since the yardstick used to measure the performance of a healthcare organization is its strategy, performance management often is undertaken by executives first. However, extending its processes and techniques into the departments makes



sense. There is value for a company in letting people know what they are working toward and how they are being measured and evaluated; conversely, confining healthcare performance management to the executive level deprives the entire provider network of feedback and guidance that will enable them to contribute optimally to the healthcare organization's goals and objectives. Our business intelligence and performance management benchmark research found that there is interest in performance management across a large number of healthcare departments and processes. Moreover, our healthcare analytics benchmark research found fewer than half (45%) of organizations are satisfied with the process used to create the analytics they rely on for the metrics and KPIs they need.

While the typical approach of enabling performance management from the top down makes sense in some situations, in some instances performance management can begin within the organization, starting with a set of departmental and



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individual KPIs that are developed with an awareness of the higher-level organizational strategy. Once developed at one level or in one department, the healthcare performance management framework, processes and technology are transferable across the organization.

The tools used for performance management matter. Fewer than half (42%) of the participants in our benchmark research on business intelligence and performance management reported being satisfied with their performance management efforts. Our benchmark research into healthcare analytics found that spreadsheets are used widely (70%) and far more often than other dedicated tools. Spreadsheets are problematic when employed for enterprise tasks that involve multiple users, as they are

inefficient and error-prone, and thus a poor choice for healthcare performance management.

In order to support healthcare performance management effectively across departments and processes, it is necessary first to evaluate the existing measurement processes and tools used to create the KPIs. If a variety of tools are found, consider reducing their number and standardizing those that remain to gain consistency and minimize the specialized skills required for each tool. In fact, our research finds that the two largest points of dissatisfaction with these technologies is that they are too hard to build and maintain (53%) and are inadequate to the tasks at hand (45%). In any case, move away from spreadsheets for healthcare performance management as they can introduce errors and inaccuracies and cause significant delays. Instead, choose dedicated tools designed to support performance management that are easy to use and reliable and will provide the



robust infrastructure and manageability, adaptability and reliability required of enterprise IT initiatives.

Defining the right types of metrics is essential. Develop rich measures such as quality, outcomes and satisfaction rather than just simple aggregates such as treatment efficiency. Effective measures are often expressed as ratios such as patients treated in a given time period with expected outcomes. Consider also KPIs for process efficiency, compliance, risk management, governance and sustainability; all these elements are increasingly important to enterprise strategies.

The structure of each KPI should include a measure and the associated target for the metric expressed as a range. In evaluating and reporting on KPIs, the range will help users understand not only if the value is acceptable but whether it is closer to the low end or the high end of the range, and thus where healthcare performance fits on the scale of excellence. The reporting of KPIs also should indicate the trend vs. prior periods. If a KPI is at the low end of acceptable and is trending downward over time, it could be a cause for concern even though it is good enough at the moment.



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Strategy maps, another essential element of performance management, provide context to these KPIs. They help users understand which healthcare metrics support which organizational objectives and the relationships among KPIs. But note that strategy maps work best when they're periodically revalidated to ensure they are focused properly; ultimately they are only as good as the patient outcome frameworks that are the core of healthcare performance management.

Organizations can derive the most value from performance management by applying it broadly. Identify a champion to promote it across operations and finance to encourage broad adoption, which will maximize the value to the organization. Equipped with the proper KPIs and tools to help construct, manage and report on KPIs, all parts of the organization can understand their performance continuously and how it aligns with the overall strategy.

While healthcare performance management often finds a home in the executive suite and the operations and finance departments, don't restrict your deployments to those functions. Use the information in this research perspective to help your organization understand and apply healthcare performance management across the entire set of patient and provider processes.



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