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PRESENTATION AGENDA

• Why you should measure performance
• Productivity Discussions
  o Types of Benchmarks
  o What is an Internally Validated Benchmark (IVB)?
  o Benefits of using IVB’s
• Creating an Operations Dashboard
• Using IVB’s and your Operations Dashboard to improve performance
Why Measure?

You cannot manage, what you cannot measure – Peter Drucker

When you read this quote, immediately you should know it is true. If you cannot measure something and know the results you cannot get better at it, and in fact may get worse without realizing it.

- Ever gain 5lbs without realizing it?
- How hard would it be to improve your running time or golf game if you never kept score?
- How would you improve your credit score if you didn’t know it?
Why Measure?

In any business if you cannot measure every part of your business, you cannot grow it.

Most of us routinely track metrics such as:

- Patient Volumes
- Non-Labor Expense
- Revenue Trends
- Quality Metrics
- Labor Expense
- Patient Experience

To gauge how we are doing, we may even measure them against a benchmark, often set by an external measure (ex. MGMA, HFMA, Premier) or an internal goal (Department A goal to match Department B Performance)
In any business if you cannot measure every part of your business, you cannot grow it.

But do you measure the precision as well as the accuracy?

Can you tell how consistently you are meeting your target or are you just averaging out? (Ex. If your current performance is 100, does your department perform at a range of 99-101 or is it alternating 50/100?)

We are going to show you how using your own data can help you identify variation within your organization, identify trends across the organization, at the local level and within cohorts.
As we learned with Drucker’s first quote, you cannot manage or “do things right” for your practice if you are not measuring it.

There is a second step, once you know what to do, do you know the right time to do things? Can you calculate the impact of each intervention?

- When to focus on revenue
- When to focus on expense reduction
- When to focus on labor reduction

More often than not, we see leaders immediately focus on labor reduction, which can harm your practice if you are trying to grow it, particularly if you have not changed the underlying workflows.
**Productivity:** pro-duc-tiv-i-ty “A measure of efficiency of a person, process or machine at converting inputs into useful, valuable outputs”

**THERE ARE 2 APPROACHES TO IMPROVING PRODUCTIVITY:** OPERATIONAL & ASPIRATIONAL. They share few goals, but both are required to achieve and sustain great outcomes.

“**Operational productivity**”: how we do what we already do more efficiently with less variability or with high-reliability
- Uses Internally Validated Benchmarks (IVB)

”**Aspirational productivity**”: how do we go beyond our historical capacity and/or replicate what other organizations are doing
- Relies on External Benchmarks
How effective are your productivity discussions with physicians and staff?

Is there tension?

Do you benchmark them only using external measures? Are they accepted? Do they respond with claims that they are “different”?

Do they feel threatened or feel like you are trying to “squeeze them”? Or that you don’t understand what they do?

Do you feel like giving up?
The reason these discussions are not fun, is because:

Every Physician, Every Office, Every Department, Every Hospital is DIFFERENT!

And should be recognized as such!

All practices have:
• Different physical layouts,
• Different levels of acuity/care,
• Different staffing mixes based upon the unique type of care provided,
• Different vacancy burdens based on local market conditions,
• Different levels of technology,
• Different payor-based revenue pressures,
• Different service line structures,
• Different levels of physician employment & alignment,
• Different levels of access to part-time labor,
• Different skill levels of staff . . . and most importantly . . .
• Different outcomes generated.
Now remember the goals of productivity:

- To increase organizational capacity (throughput, capacity, flow, reduced-cycle-times)
- To reduce the cost-per-output of existing operations (time, money, resources)
- To create consistency in performance and outcomes (reducing variability)
- To create a “burning platform” for innovation and re-design (the burning platform for change)

If in an effort to improve productivity, we focus on comparing our organization, physicians & employees to others, which experience proves creates friction, we end up with the opposite result.
External vs. Internally Validated Benchmarks

- External benchmarks have value but can create friction, they:
  - Compare you to other organizations - however no two organizations are alike
  - Can fail to identify opportunities for improvement in high performing areas - Being great doesn’t mean you cannot improve
  - Can underestimate opportunities in low performing areas and fail to provide a roadmap to change

- Internal benchmarks foster *frictionless change*
  - Measure your organization against its own historical performance – *“Your Best You”*
  - Provides *unimpeachable data*
  - Allows an organization to move quickly from data analysis to implementing change, setting *achievable targets* for continuous improvement
Create an Operations Dashboard that allows you multiple views

Track, trend and Identify variation in:

- Volume
- Revenue
- Labor Expense
- Non-Labor Expense
- Quality Outcomes

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<td>• Pinpoint Amplitude of Need and Focus Resources on Areas of Greatest Need</td>
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<td>• Compare Best Practices Across the System and Create Practice Sharing</td>
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<td>• View Gaps at an Organizational level by cost and hour opportunity</td>
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Putting Your Dashboard into Action

Many practices utilize a P&L to monitor the financial health of their practice, however if you only review an organizational level P&L you are missing the ability to identify areas of opportunity.

Reviewing your data in a dashboard format with views at the department, service line and provider levels; where you can easily spot trends that makes it easier to take action.

As you put together your dashboard and identify trends, calculate the gaps based off the variation at the department level. Small changes over time add up to big savings!
Turn data into action

Look for root causes and contributing factors of productivity variability in process, skill mix and pay practices.

Implement project plans that tackle the root of the problem and sustain.
Look for Common Patterns Such as:

- Forced or Reversed Productivity
- High Sustained Variability
- Declining Productivity
- Rising Premium Pay
- Seasonal Volume Swings
- Rising or Non-Evenly Distributed Non-Productive Pay (which often causes rising labor costs)
- Skill Mix Flexing Patterns
- Growth in Call Back Pay
- Call and Call Back Pay not in Alignment
A pattern that emerges when there is a significant surge over consecutive months with a corresponding dip in volumes.

**Case Study:** Creation of a “Teacher Model” role for Respiratory Therapy for a client in the south that had very significant “bowl dips” during the summer months. This solution had a $120k annual return.
Data to Information

Rising Premium

A pattern that emerges when there is a significant increase in premium pay over multiple pay periods.

Case Study: An ambulatory pediatric clinic had its own x-ray on site but was underutilized (averaging 10 studies a day) and staffed 5 days/60 hours a week by 2 FTE’s. An adjacent imaging site which operated separately had a backlog of cases but relied heavily on premium pay. By reallocating the equipment and staff to the pediatric clinic, the organization was able expand operating hours to 7 days a week, reduce staffing costs and increase revenue by changing their billing structure.

Saving Time and Resources through Performance Improvement and Productivity
A pattern that emerges when there is a significant increase in call pay without use of call back.

**Case Study:** A client had a pattern of increasing call pay, when investigated it was determined that as census rose, they were not “calling back” the staff who were on call, but rather asking staff onsite to stay, resulting in OT. In addition the reason for the call was a defensive move in case staff were pulled from their unit. By restructuring the call schedules and addressing reasons for staff being pulled, the organization was able to save about $1.1M in labor costs.
Flexing Opportunities

A cohort’s staffing no longer matches to reported volumes for category RN

One of your cohorts (types of staff) has been working in a pattern contrary to changes in reported volume. This could be due to one of the following reasons:
1. Their work has nothing to do with the volumes being reported (consider removing them from the analysis or separating them into their own dept with unique volumes)
2. Your volume measure needs to be updated to reflect their actual work.
3. For some reason, staffing for this cohort is not aligning with volumes and a strategy needs to be developed to remediate.

A pattern that emerges when staffing patterns do not match volume fluctuations.

Case Study: Creation of a variable workforce pool, by implementing a “Super Tech” role for Security that previously required 3 separate roles to staff reducing their spend by $100k. In addition, they identified a support opportunity for the “close watch” patients that reduced the organization’s nursing spend by $250k+ while allowing the Security department to add staff.
• **IVB** - Gather the last 2 years of your data and identify trends – evaluate skill mix, pay practices

• **Identify Gaps** - Perform a deep dive analysis, what was your best performance, what was your worst? Where are you trending now?

• **Reduce Variability** - Redesign current state workflows, are they patient centric?

• **Real Time Data Monitoring** - You cannot manage what you cannot measure
Data to Information

Saving Time and Resources through Performance Improvement and Productivity

26 PAY PERIODS OF PRODUCTIVITY DATA (Cost/Adj Volume & Hours/Adj Volume)

Worst Productivity

Worst outliers removed

Best Productivity

Best outliers removed

NEXT BEST AVERAGED

This is your current performance

This is your productivity GAP

MIDDLE 20 AVERAGED

This is your target

MEASURING PERFORMANCE
Data to Information

Saving Time and Resources through Performance Improvement and Productivity

• Top Opportunities for Departments by Cost
• Top Opportunities by Root Cause
• Top Opportunities by Cohort (Ex. All Nursing Departments)
Saving Time and Resources through Performance Improvement and Productivity

- Pinpoint Amplitude of Need and Focus Resources on Areas of Greatest Need
- Develop an Engine of Continuous Improvement for Each Facility to Drive Value
- Compare Best Practices Across the System and Create Practice Sharing
Have Productive Conversations About Productivity!

The plan’s manageable expectations offer early success, which serves as motivation to stick with it.

Medicine has adopted the use of “internal benchmarks” for example recent studies have shown that it is easier to quit smoking by gradually reducing your usage. This is based on one’s own personal habits.

The most successful weight loss program works because it sets goals based off YOU.
Thank You!

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If you would like assistance working on improving care efficiencies, optimizing workflow and reducing labor expenses without cutting staff, please contact me for a free analysis of your organization.