A New Approach to Benchmarking and Performance Management

September 25, 2018

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iVantage® HEALTH ANALYTICS

About the Speakers

DAVID C. STENERSON

Vice President of Finance Central Region for OSF HealthCare System in Peoria, Illinois. In addition to his financial responsibilities to improve business performance, David oversees forecasting/budgeting, strategic planning and benchmarking activities for OSF's Central Region.

Dave previously served in senior financial leadership roles in both not-for-profit and for-profit environments and within integrated delivery systems and stand-alone facilities.

LINDA ALBERY, RN, EDD

Senior Vice President with iVantage, Linda has 25 years of broad and diverse experience in healthcare leadership and currently serves as the senior vice president of business development and strategy for iVantage Health Analytics. Previous positions include chief operating officer for a large tertiary hospital in the Midwest, and a clinical, quality and operational consultant with a healthcare advisory firm.

AGENDA

iVantage HEALTH ANALYTICS

AGENDA:

- Introductions
- Essential need for performance improvement in today's environment.
- The case for benchmarking and performance management.
- The OSF journey to performance improvement excellence.

LEARNING OBJECTIVES:

- Understand how the use of benchmarking can create leadership focus and drive employee engagement around performance improvement.
- Learn how OSF created a data driven performance improvement minded culture across clinical, support and operational departments.
- Learn how to help your organization identify the proper approach and necessary infrastructural components associated with sustainable success.

OSF Healthcare Organization Background

OSF HealthCare is a $2.8 billion, faith-based, 13-hospital health care system serving Illinois and the Upper Peninsula of Michigan. Since 1877, OSF has kept its mission strong – to serve people with the greatest care and love.

With over 150 primary care and specialist offices and neuroscience, pediatric, cardiovascular and home care services, OSF patients have access to a variety of hospital and medical services within this integrated delivery system.

iVantage Health Analytics

A Disciplined Approach to Information and Analytics
and the Development of Decision Making Tools

We help hospitals and health systems identify, understand and prioritize opportunities for market, operational, clinical quality and cost management improvement.

Benchmarking and Performance

A benchmarking and performance management tool that helps hospitals and health systems identify, understand and prioritize opportunities for operational, clinical, quality, and cost management improvement.

Strategy and Market Planning

A strategic market planning tool that helps hospital strategists and planners make informed decision through dynamic visualizations of market-based analytics.

Custom Applications

A world class analytic and development team that creates customized solutions and applications for providers and other non-provider segments using the core data and functionality of the core iVantage Health Analytics platform.

Case for Next Generation Benchmarking to Drive Performance Improvement

Healthcare Financial News: Jan 2nd Edition – cost-reduction tops the list of CFO priorities for 2018 with limited confidence in ability to do it.

- **90% think their hospitals should be doing more to leverage financial and operational data to inform strategic decisions.**
- **76% have no tools in place or use cost measurement tools that can't be trusted for accuracy.**
- **56% said their organizations lack access to clean, consistent, and trusted data.**

Healthcarefinancenews.com/news/health-execs-top-5-priorities-2018

Benchmarking is…

Benchmarking is the process of comparing performance against a relevant peer group in order to identify variances and inform performance improvement. It is…

- …an essential piece of the puzzle providing a window into performance in the industry
- …most effective when combined with performance management
- …the foundation for continuous or frequent measurement of performance to targets
- …the basis for identifying and celebrating performance improvement success

Common Responses to Legacy Benchmarking — Resulting in Organizational Inertia and Lack of Action

Implications for Health System Leaders and Their Organizations

The current challenge for healthcare leaders is to find tools that help them see clearly, manage effectively, and achieve sustainable performance improvement in a world of ever-increasing complexity.

Requirements for Addressing the Challenge

1. Rigorously accurate & transparent data for visibility into the organization's performance across all dimensions
2. Methodological rigor that establishes essential trust, understanding and buy-in for the process, tools and results.
3. Prioritized action based on true cost drivers: productivity, utilization, care delivery & management, and clinical quality
4. Ability to move from data to insight to knowledge to action via data sharing & accountability through-out the organization

Driving Sustainable Performance Improvement by Answering the 4 Key Questions of Performance Management

HOW AM I PERFORMING?

Benchmark current performance to set meaningful goals and targets for improvement.

WHERE ARE MY OPPORTUNITIES?

Identify opportunities for operational and clinical improvement through system, facility and departmental comparisons and calculation of performance variance relative to tailored peer groups.

HOW DO I IMPROVE?

With iVantage KnowledgeWeb leverage peer experiences and field tested practices through active knowledge management of facilitated communities of peers across the country.

AM I MAKING PROGRESS?

Through iVantage Playbook™, create, track and manage initiatives by establishing goals and accountability, report on progress and compile improvement results to document savings and leading practices.

The OSF Journey

THE PERFORMANCE IMPROVEMENT JOURNEY

2012

- Long history of profitability and growth
- Established infrastructure and **commitment to PI**
- Changes in the payor mix, case mix, volume
- Significant **reduction in margin**
- Recognition that significant change is needed to respond to the environment and lead the market
- CEO and Board **commit to taking a new direction** to expand internal cost management competency

PATHWAY

- Leveraging iVantage benchmarking tool to **identify opportunities and inform PI priorities**
- Operational transformation initiative launched to stabilize and **drive meaningful cost savings**
- Clinical data incorporated into PI priorities to improve clinical outcomes and reduce variation

TODAY

- Successful cultural transition to data-driven organization
- Management **welcomes the data** and **embraces the measurement of progress**

What Benchmarking Analysis Revealed

Variance of OSF performance from peer group quantified and prioritized these areas of emphasis:

- **PRODUCTIVITY**
- **SUPPLIES**
- **CLINICAL EFFICIENCY**

- Analysis Showed Variance In…

  …Hours, FTEs, skill mix, pay scale and premium pay.

- Individual departments operating as high labor cost areas were identified and quantified.

OSF Process

Leadership Driven

Start Local

- Utilized local leadership teams to actively explore ways in which data can be used to achieve optimal performance across all departments.
- Established cross-functional collaborative teams to focus on identifying inefficiencies - and most importantly - to collaborate on how to make necessary improvements.

System-Wide Support

- Steering Team
- Project Management Office
- Communication strategy
- Performance Tracking

OSF ACT: Accelerated Clinical and Cost Transformation

Initial Use of Consultant at 3 Largest Facilities

- Goal of independence and self-sustaining improvement

Structured Brainstorming:

- Thousands of ideas based on benchmarks to focus efforts

Risk Rating:

- Rough financial estimate
- Ease/speed of implementation
- Adherence to mission

Senior Leadership Approval for Action

- Balance quality, patient experience, mission adherence, cultural acceptance and physician & staff engagement

Accountability for Action via Implementation Teams

- Departmental actions (i.e. NICU)
- Organizational actions (i.e. supply chain)

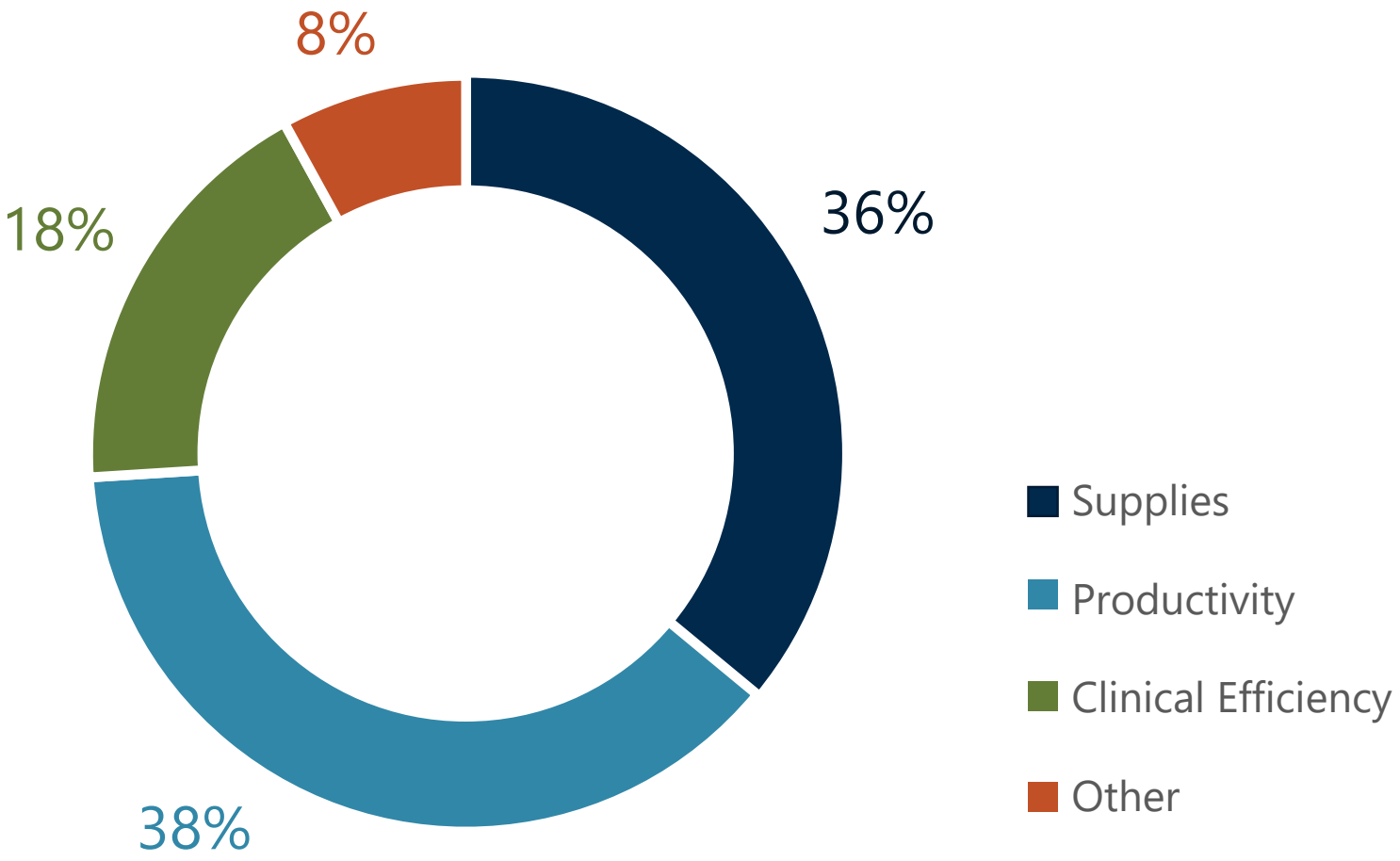
Track Progress of Teams:

Green, Red, Yellow

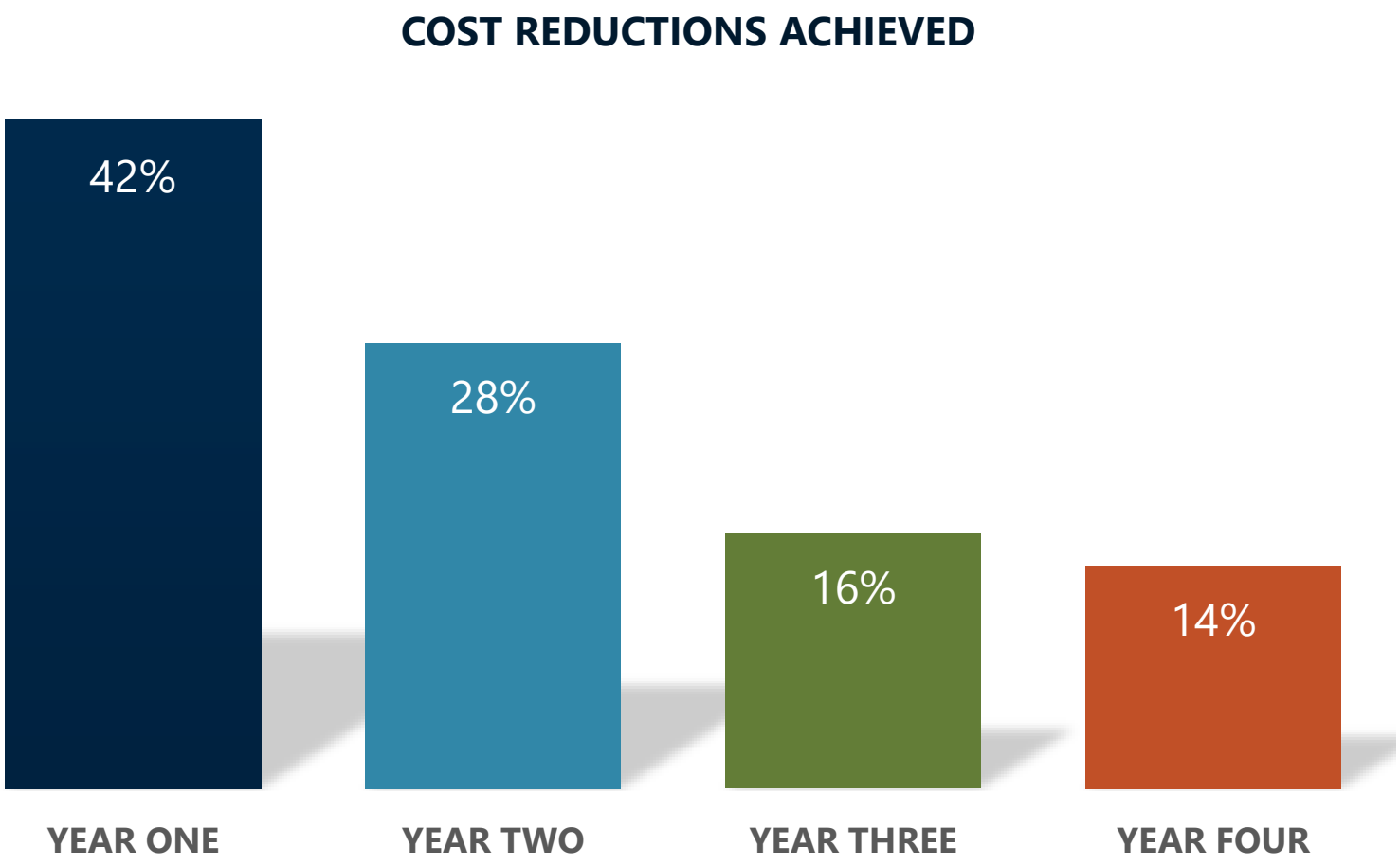
- Barrier removal

Reporting of Results

Improvements Achieved in Key Areas



Four-Year Annualized Cost-Savings $160,000,000



The Results: Meaningful and Lasting Improvement

$160+ MILLION

ANNUALIZED COST REDUCTION ACROSS THE SYSTEM SINCE 2012

Nursing cost/day down

Dietary Services cost/ case down

Environmental services cost/clean down

Laundry & Linen cost/lb. down

RT cost/procedure decreased

Med/Surg supplies cost/ AA improved

ER cost/visit down

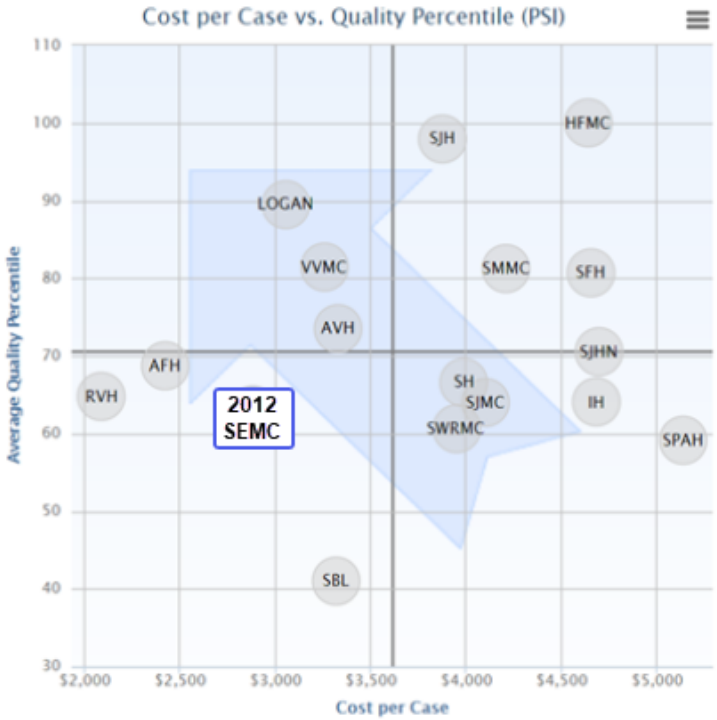
Rehab services: net variance down

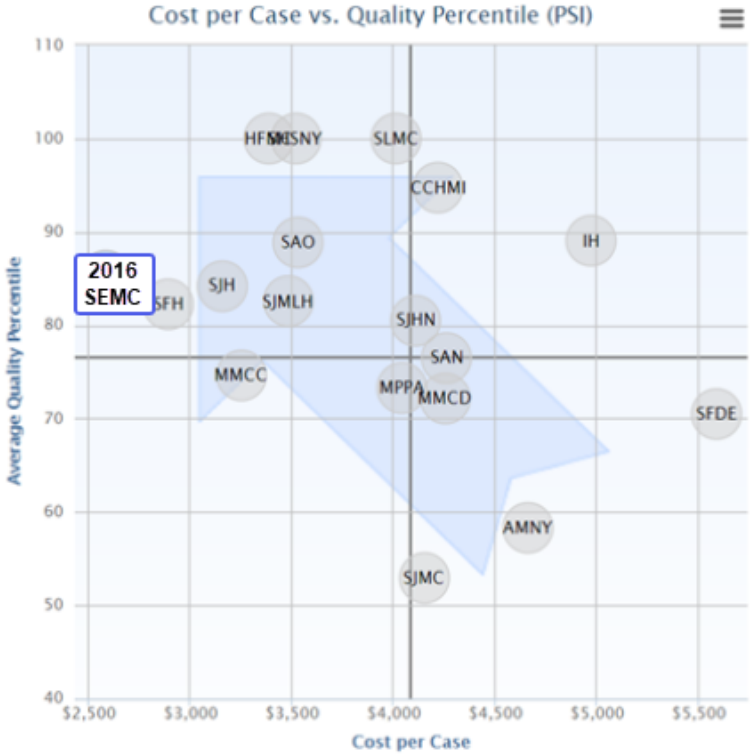
Surgical supplies cost/case improved

Ultrasound cost/ visit down

Achieving Cost Reduction Through the Lens of Value

St. Elizabeth Medical Center (SEMC) has shown a 10% improvement in total cost per case and a 22% improvement in their AHRQ Pt Safety quality scores from 2012-2016.





Journey to the Upper Left Corner Indicates a Reduction in Relative Cost and Improvement in Quality

Labor Costs

OPPORTUNITY IDENTIFICATION:
LABOR PRODUCTIVITY – EXAMINING PREMIUM PAY AND SKILL MIX

PROCESS

- Establish an FTE committee to review replacement positions, relying on benchmarking data to determine if position requests were valid from a financial perspective.
- Identified departments that were operating as high-cost areas
  - Neonatal intensive care unit.
  - Excess length of stay (LOS) in critical care.
- Formed a multi-disciplinary team to look at the factors driving the excessive costs.
- Assessed the overall LOS and created clinical evaluation protocols to determine the levels of care required by patients throughout the stay.
- Opportunity to transfer neonates to intermediate care, requiring fewer staff than intensive care.

RESULT

- Hospital saved $1.5 million in labor while maintaining a high quality of care.

Supply Costs

OPPORTUNITY IDENTIFICATION: SWITCH GPO, STANDARDIZE SUPPLIES ACROSS THE ORGANIZATION, IMPROVE PHARMACEUTICAL ACQUISITION

PROCESS

- Chose new vendors for hundreds of commodity items like surgical gloves and compression stockings.
- Allowed clinical leaders to review the new products to ensure no losses in quality.
- Pursued bulk buys of up to 90 days of products (instead of two to four weeks of supply), for which discounts typically justified extra inventory.
- Moved to 340B discount pricing.
- Switched from intravenous to oral medications, when appropriate.
- Reduced waste by stocking smaller vials of medications.
- Generic substitutions whenever possible – for example, converting to generic bivalirudin saved more than $250,000 in one year.

RESULT

- Annualized savings totaling tens of millions.
- Realized more than $1.1 million in annual savings by reprocessing certain disposable items for re-use.

Functional Transformation

OPPORTUNITY IDENTIFICATION: CLINICAL ENGINEERING

PROCESS

- Functionally transformed department.
- Aggregation/re-negotiation of maintenance contracts.
- Regional deployment of bio-medical technicians and certification training on additional equipment.
- Parts inventory.

RESULT

- Realized more than $1.5 million in annual savings

ACT 2.0 – New Territory (Year 5 and beyond)

OPPORTUNITY IDENTIFICATION: IDEA GENERATION AND BIG PICTURE

PROCESS

- All leaders brainstormed hundreds of ideas with financial/analytic support
- Scoring process: emphasis on alignment with mission, speed to value, implementation complexity and financial impact
- Leadership ratification and project resourcing
- Team formulation, tracking and performance

OSF Five Year Progression: Cultural and Functional Transformation

YEARS 1 & 2:

LOCAL EMPHASIS

- "Low Hanging Fruit"
- Executive alignment
- Linkage to mission and strategic imperatives

YEARS 2 & 3:

FUNCTIONAL TRANSFORMATION

- Standardize and consolidate support services and key clinical services
- Corporate-wide objectives/savings
- Migrate from holding company to operating company

YEARS 4 AND BEYOND:

LEVERAGE SYSTEMS

- Further standardization, even in areas not consolidated
- "Big Initiatives"

ALL YEARS:

CLINICAL EFFICIENCY

- Improving clinical quality and processes thereby driving financial improvement.

EMPLOYEE ENGAGEMENT

- Facilitate communication
- Promote transparency

Lessons Learned:
Essentials for Successful Benchmarking

CREATE "BURNING PLATFORM"

- "Executive alignment
- Linkage to mission and strategic imperatives
- Be sure you have the right tool

ACCESS ACCURATE DATA

- Involve all levels of management for data validation, ensuring full engagement and trust
- Transparently and collaboratively identify, size & prioritize opportunity

ESTABLISH THE RIGHT STRUCTURE

- Establish executive sponsor and define priorities
- Build a data-driven culture of performance improvement

MEASURE AND COMMUNICATE

- Establish benchmark data as measuring stick for progress
- Commit to regular reporting and updates from executive sponsor and team members
- Measure against peers and internal targets

RENEW IDEAS AND PROJECTS

- Collaborate with peers across the industry to tap best practices
- Use the data to create strategic priorities and continually find new opportunities to seize

Effective Benchmark Analytics: Addressing the Most Daunting Performance Challenges

How do I achieve next-level operational, clinical and quality performance?

- Helps leaders set **ambitious but achievable goals** that challenge the organization to move beyond the status quo
- Facilitates **institutional buy-in and trust** by providing accurate and actionable information on cost and quality
- Provides all levels of the organization with **insights into the drivers** of operational, clinical and quality performance

How do I measure and manage performance across a large and growing IDN?

- Identifies variation to help promote greater **operational and clinical consistency** across your expanding network
- Provides **transparency and line-of sight** into performance across all system assets
- Measures the efficiency and effectiveness of the system **shared services model**

How do I deliver data-driven continuous improvement & build organizational capabilities?

- Provides tools to strengthen institutional knowledge and expand access to **industry leading practices**
- Instills rigor, discipline and accountability around the **measuring and reporting of results**
- Empowers managers and clinicians with data and information to help **break through the performance plateau**

Questions?

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