



Rural Hospital Performance Improvement in Nebraska

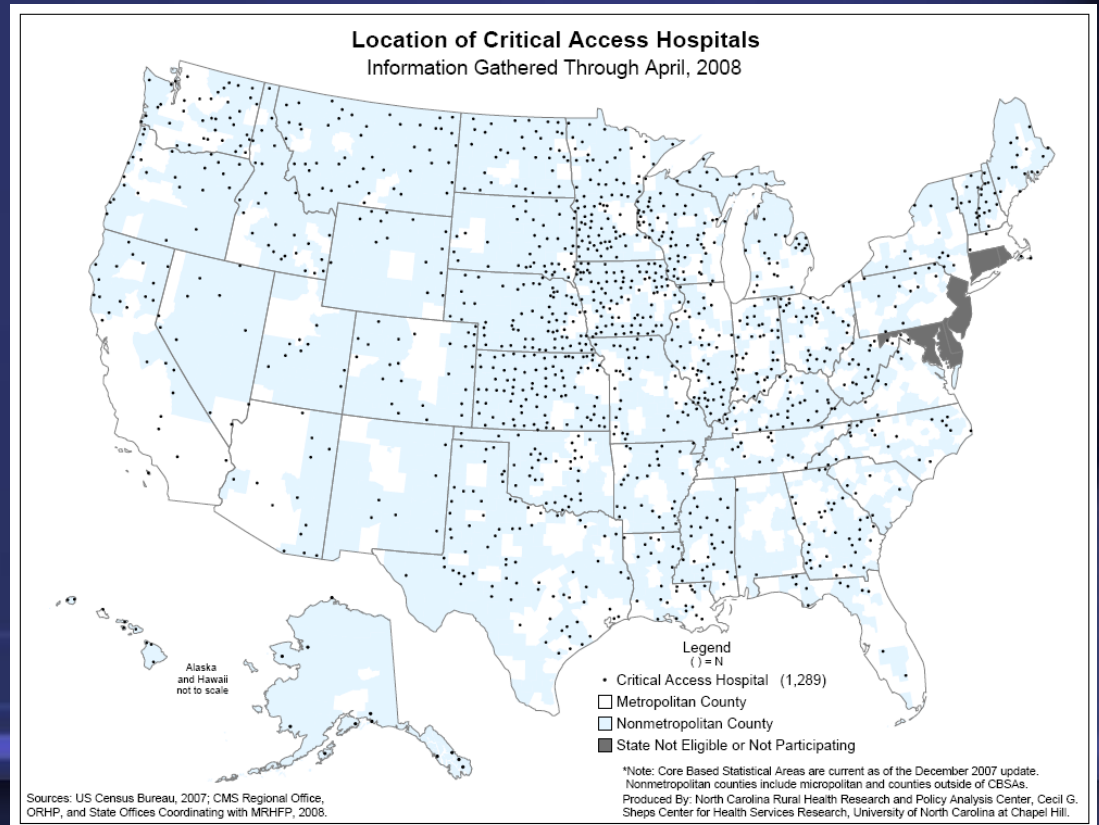
Using the Balanced Scorecard

Today's Presentation

- Overview of Nebraska's Efforts
- Model Used in Nebraska
- Successes, Pit Falls and Lessons Learned
- Next Steps

Nebraska?

65 CAHs – 5th in the Nation



Nebraska Statewide Model

- **Funding Provided Through** - National Hospital Rural Hospital Flexibility Grant Program
- **Technical assistance** to implement the BSC can be obtained through the Nebraska Office of Rural Health and Nebraska Hospital Association

Nebraska Statewide Model

- Build Capacity within the State
- Build a framework for change management not a benchmarking system
- Build a Learning Community
- KISS Principle – Keep it Simple!

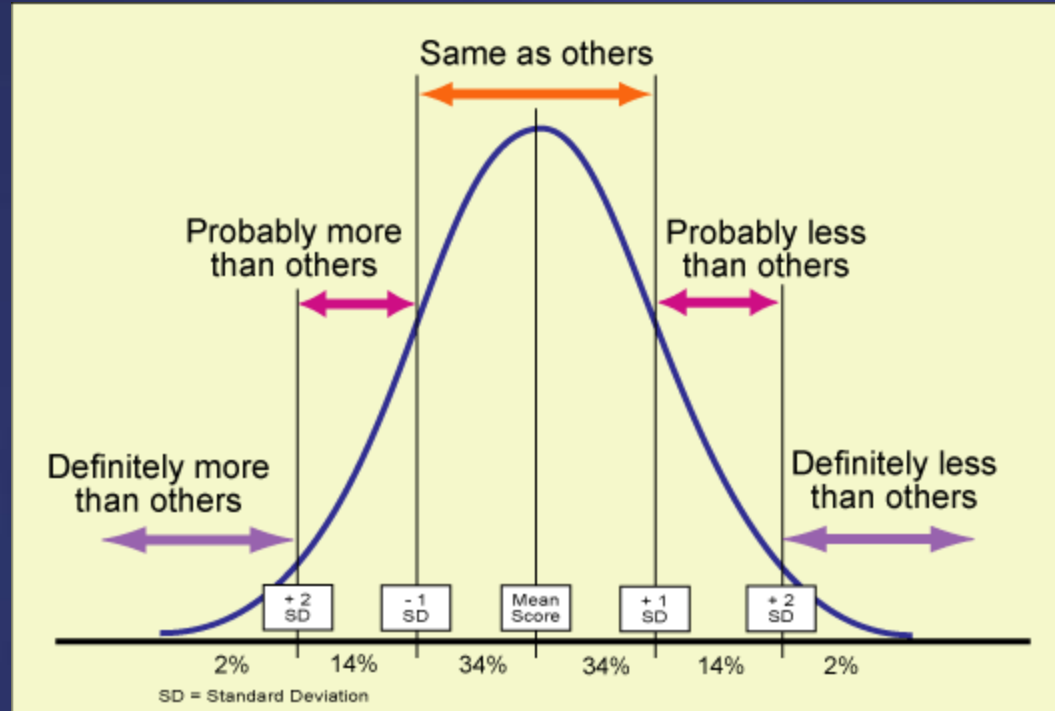
What's Happening in Nebraska?

- Nebraska one of the leaders in the nation – in the number of CAHs using the balanced scorecard concept
- 29 Critical Access Hospitals have implemented or are currently implementing the balanced scorecard concept
 - 2003 – 2 Pilot Sites (w/Stroudwater)
 - 2004 – 10 CAHs
 - 2005 – 8 CAHs
 - 2006 – 5 CAHs
 - 2007 – 2 CAHs
 - 2008 – 2 CAHs

29 Total

Results of BSC Implementation

Our
Results?
Very much
a “Bell
Curve
Distribution”



Model Used in Nebraska

- **Process – Implementation**
- **Structure – The BSC Itself**
- **Culture – Organizational Change**

Process – Implementation

- Why a Balanced Scorecard?
(A clear rationale is critical for communication, education, and guiding BSC evolution)
- Executive Sponsorship
- The BSC Implementation Team - A Strong BSC Champion
- Training, Education, and Communication
- The Strategy Map
- Developing Performance Objectives and Measures
- Finalizing Measures and Developing Cause and Effect Linkages
- Setting Targets and Prioritizing Initiatives
- Reporting Balanced Scorecard Results
- Cascading the Balanced Scorecard to Build Organizational Alignment

Process – Implementation

- Linking the BSC to Management Processes:
 - ◆ Using the balanced scorecard to strategically allocate resources
 - ◆ Linking Rewards to Performance - Balanced Scorecard and Compensation
- Maintaining the Balanced Scorecard - Making the BSC Part of the Organization

Structure – The BSC Itself

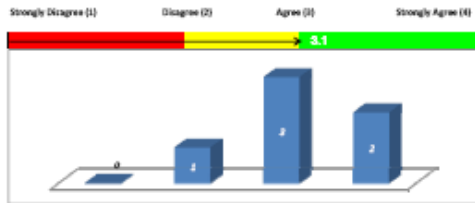


Butler County Health Care Center
Medical Staff Survey Results
July 2008

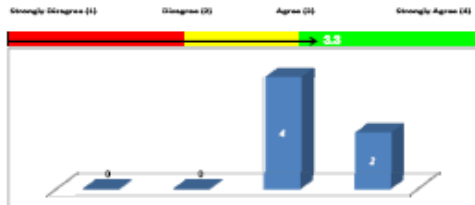
Helping People to Achieve and Maintain Good Health

Medical Staff Satisfaction Survey Summary

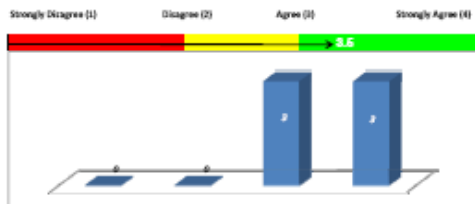
1. I have confidence in this hospital's administration team



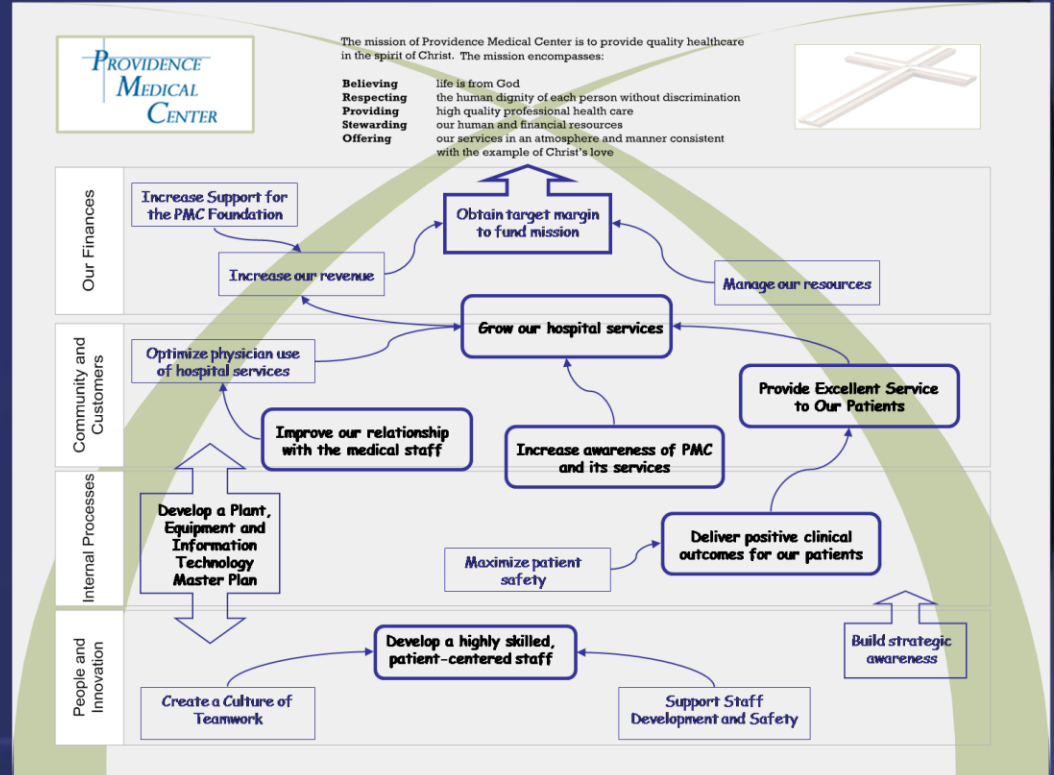
2. It is easy for physicians to refer patients to this organization



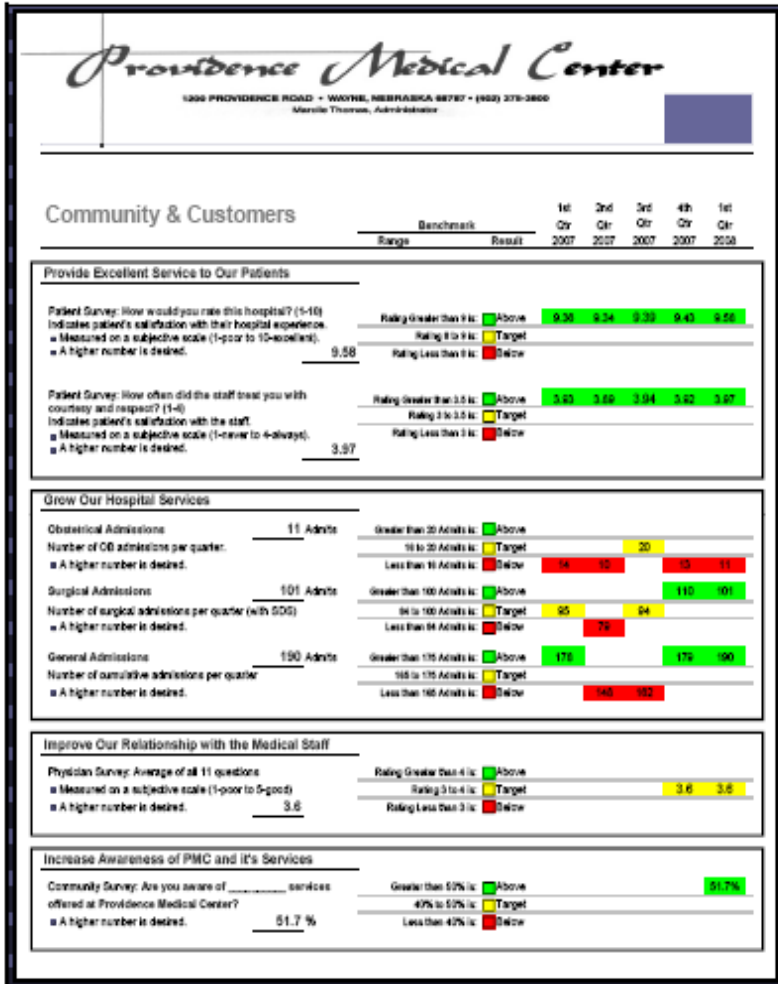
3. Patients I have referred to this organization have received services in a timely manner



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Structure – The BSC Itself



Butler County Health Care Center Balanced Scorecard Board Report

Current Quarter (Oct-Dec 2007) and Prior Quarter (Jun-Sept 2006)

Finance Indicators

Indicator	Near	Current	Trend	Target
Operating Profit Margin Measures the surplus (profit) of operating revenues compared to operating expenses. Higher values indicate stronger financial performance.	2.0%	1.0%	↓	5%
Days Cash on Hand Measures the number of days cash is available to the hospital based on the hospital's daily operating expenses. Higher (positive) value reflects stronger financial position.	45	40	↓	200 Days
Gross Revenue Increase Measures the percentage growth in Gross Patient Revenue relative to a prior period. Higher values indicate stronger growth.	3%	2%	↓	7%
Cost Per Patient Day Measures the average cost of an adjusted patient day. Lower values reflect a more cost effective program relative to peer facilities.	1300	1250	↓	1400

Community and Customers Indicators

Indicator	Near	Current	Trend	Target
Increase Use of Outpatient Services Measures the number of growth in selected outpatient services. Higher values indicate higher utilization of outpatient services.	5%	7%	↑	10%
Increase Visibility of Our Services Measures the awareness/perception of the community of the hospital's services. Higher value indicates greater awareness and/or positive perception.	5%	7%	↑	50%
Customer Service Excellence Measures the satisfaction of patient respondents (DS, CP and SP). Higher values indicate greater patient satisfaction.	5%	7%	↑	95%
Medical Staff Collaboration Measures the satisfaction and collaboration with the medical staff. Higher value indicates greater collaboration.	5%	7%	↑	75%

Internal Operations Indicators

Indicator	Near	Current	Trend	Target
Deliver Timely and Effective Care Measures the satisfaction of patient respondents from the ER. Higher value indicates greater patient satisfaction.	600%	100%	↓	95%
Acute Myocardial Infarction Measures the percentage of patients who receive Aspirin at arrival. Higher values reflect closer adherence to clinical best practices.	600%	100%	↓	95%
Pneumonia Measures the percentage of patients who receive Antibiotic at arrival. Higher values reflect closer adherence to clinical best practices.	600%	100%	↓	95%
Surgical Infections Measures the percentage of patients meeting ACS eligible measures for the Surgical Care Improvement Project (SCIP) topic area.	600%	100%	↓	95%
Heart Failure Measures the percentage of patients who receive Beta Blocker at arrival. Higher values reflect closer adherence to clinical best practices.	600%	100%	↓	95%
Medication Error Reporting Measures medical staff and clinical staff respondent willingness to report medical errors. Higher values indicate greater willingness to report.	6.0	1.0	↓	1%
Patient Falls Measures the number of patient falls per 1,000 patient days. Higher value indicates greater number of patient falls.	6.0	1.0	↓	2.5

People and Staff Indicators

Indicator	Near	Current	Trend	Target
Staff Satisfaction Index Measures the loyalty of clinical and non-clinical staff respondents. Higher values reflect a stronger sense of pride in the organization.	600%	100%	↓	85%
Staff Turnover Rate Measures the percentage of nurses terminated for any reason. Higher values indicate a higher number of nurses leaving the organization.	6.0%	1.0%	↓	2%
Culture of Teamwork Index Measures the engagement of clinical and non-clinical staff respondents. Higher values reflect a greater sense of teamwork and collaboration.	600%	100%	↓	85%
Supporting Professional Development Measures the hospital's commitment for staff training/education and professional development. Higher values reflect a greater sense of professional development.	600%	100%	↓	85%

Culture – Organizational Change

- **The system strategy map and balanced scorecard allowed leadership to proactively define the culture they were seeking.**
- **The scorecard became a driver for open and transparent communication.**
- **The balanced scorecard strengthened accountability.**
- **The balanced scorecard produced a healthier attitude toward improvement.**
- **The balanced scorecard helped ensure that everyone in the organization understood the keys to success.**

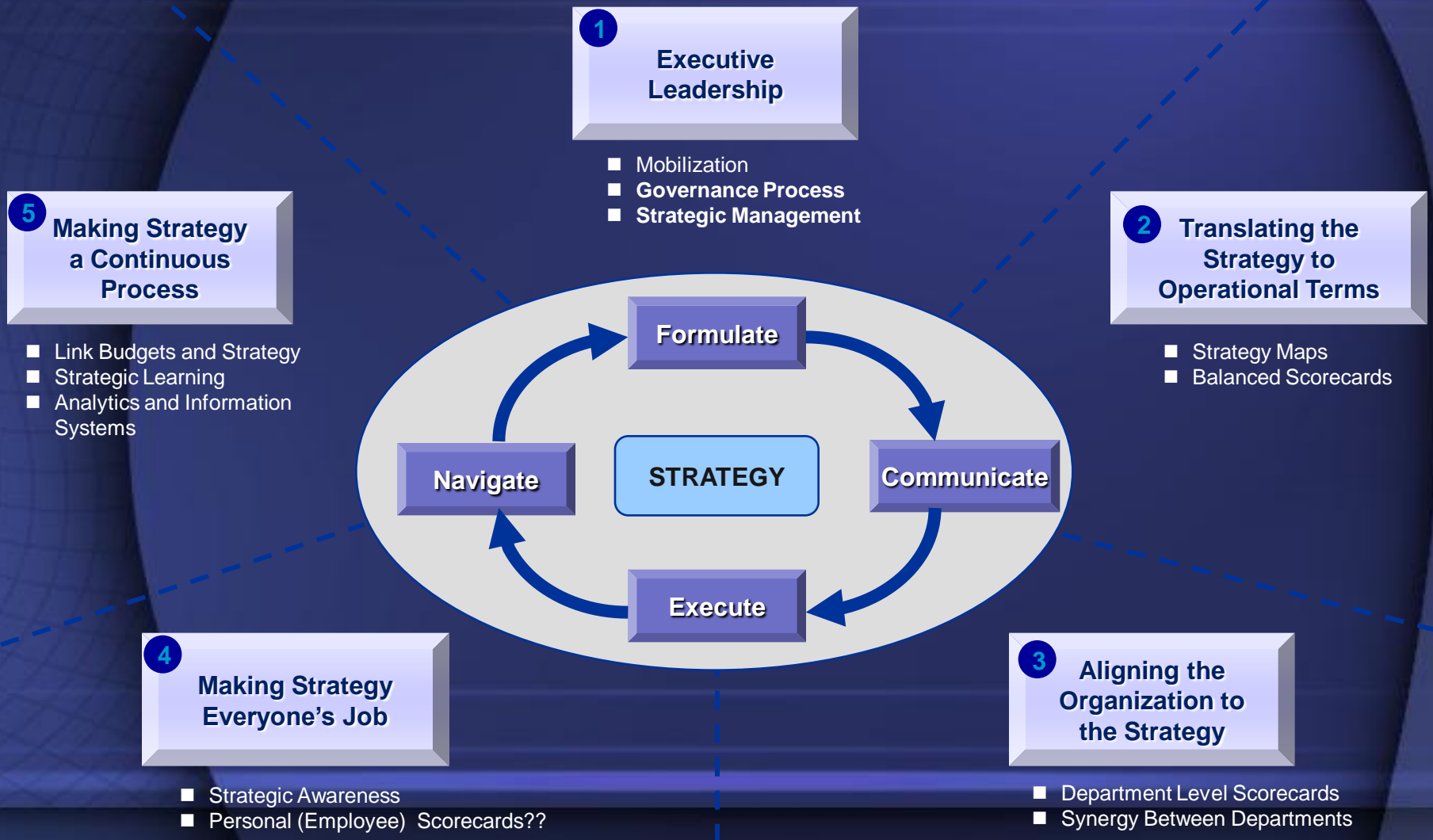
Common BSC Implementation Challenges

- Mission, vision and strategies poorly defined or understood, and not actionable
- Strategies and goals not linked to performance drivers, outcome measures, individual goals, and incentives
- Budget and planning processes that are not linked
- Treating performance measures as an “end”, rather than a “means”
- Performance targets set too high or too low
- Feedback that is tactical, rather than strategic
- Lack of meaningful employee involvement

Best Practices

- The hospital scorecard contains 24 or fewer measures.
- Targets and alarms are defined for each measure, and actual results are presented as red/yellow/green (or a similar metaphor).
- The scorecard contains not just green measures but a high number of red and yellow measures.
- Measures presented as red are seen as opportunities (this is also a cultural issue).
- The scorecard is 1 (at most 2 pages), includes relevant information, and uses color.
- Use the right technology for your situation. Beginners should use Excel, but those with larger cascading initiatives should consider balanced scorecard-specific technology (home grown or off the shelf).
- Combine the scorecard with existing data collection initiatives—do not create a separate process and tool.
- If possible, include key initiatives and qualitative comments on your scorecard.

Next Steps? *The Ultimate Goal is to Become a Strategy Focused Organization*



5 Tips for Long Lasting Success.....

- 1. Engaged leadership***
- 2. Communication.***
- 3. Seeing red.***
- 4. Accountability.***
- 5. Incorporate into management process***

Bonus – Keep it simple!!

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