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
• 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
### Structure – The BSC Itself

#### Providence Medical Center

**Community & Customers**

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>2008</th>
<th>2007</th>
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<tr>
<td>Range</td>
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<tr>
<td>Provide Excellent Service to Our Patients</td>
<td></td>
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<tr>
<td>Patient Survey: How would you rate this hospital? (1-10)</td>
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<tr>
<td>Rating</td>
<td>Greater than 8.5</td>
<td>Below</td>
<td>Rating</td>
<td>Greater than 8.5</td>
<td>Below</td>
<td>Rating</td>
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<tr>
<td>Patient Survey: How often did the staff treat you with courtesy and respect? (1-10)</td>
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<tr>
<td>Grow Our Hospital Services</td>
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<tr>
<td>Obstetrical Admissions</td>
<td>Greater than 11 Admits</td>
<td>Below</td>
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<td>Rating</td>
</tr>
<tr>
<td>Surgical Admissions</td>
<td>Greater than 100 Admits</td>
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<td>Rating</td>
<td>Greater than 100 Admits</td>
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<td>Rating</td>
</tr>
<tr>
<td>General Admissions</td>
<td>Greater than 190 Admits</td>
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<td>Rating</td>
<td>Greater than 190 Admits</td>
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<td>Rating</td>
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<td>Improve Our Relationship with the Medical Staff</td>
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<td>Physician Survey: Average of all 11 questions</td>
<td>Greater than 3.6</td>
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#### Butler County Health Care Center Balanced Scorecard Board Report

**Finance Indicators**

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<tr>
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<th>Trend</th>
<th>Target</th>
<th>Actual</th>
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<tbody>
<tr>
<td>Operating Profit Margin</td>
<td>2.0%</td>
<td>1.0%</td>
<td>Down</td>
<td>5%</td>
<td>3.0%</td>
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<tr>
<td>Days Cash on Hand</td>
<td>45</td>
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<td>200 Days</td>
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<tr>
<td>Gross Revenue Increase</td>
<td>3%</td>
<td>2%</td>
<td>Up</td>
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<tr>
<td>Cost Per Patient Day</td>
<td>1300</td>
<td>1250</td>
<td>Below</td>
<td>1400</td>
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**Community and Customer Indicators**

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<tr>
<td>Increase Use of Outpatient Services</td>
<td>5%</td>
<td>7%</td>
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<td>10%</td>
<td>7%</td>
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<tr>
<td>Increase Visibility of Our Services</td>
<td>5%</td>
<td>7%</td>
<td>Up</td>
<td>10%</td>
<td>7%</td>
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<tr>
<td>Customer Service Excellence</td>
<td>5%</td>
<td>7%</td>
<td>Up</td>
<td>10%</td>
<td>7%</td>
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<tr>
<td>Medical Staff Collaboration</td>
<td>5%</td>
<td>7%</td>
<td>Up</td>
<td>10%</td>
<td>7%</td>
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**Internal Operations Indicators**

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<tbody>
<tr>
<td>Deliver Timely and Effective Care</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
<td>95%</td>
<td>95%</td>
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<tr>
<td>Acute Myocardial Infarction</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
<td>95%</td>
<td>95%</td>
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<tr>
<td>Pneumonia</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
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<td>95%</td>
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<tr>
<td>Surgical Infections</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
<td>95%</td>
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<tr>
<td>Heart Failure</td>
<td>600%</td>
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<td>95%</td>
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<td>Medication Error Reporting</td>
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<td>Patient Falls</td>
<td>6.0</td>
<td>1.0</td>
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**People and Staff Indicators**

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<th>Target</th>
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</thead>
<tbody>
<tr>
<td>Staff Satisfaction Index</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
<td>85%</td>
<td>75%</td>
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<tr>
<td>Staff Turnover Rate</td>
<td>6.0%</td>
<td>1.0%</td>
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<td>2%</td>
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<tr>
<td>Culture of Teamwork Index</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
<td>85%</td>
<td>75%</td>
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<tr>
<td>Supporting Professional Development</td>
<td>600%</td>
<td>100%</td>
<td>Down</td>
<td>85%</td>
<td>75%</td>
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</table>
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

1. Executive Leadership
   - Mobilization
   - Governance Process
   - Strategic Management

2. Translating the Strategy to Operational Terms
   - Strategy Maps
   - Balanced Scorecards

3. Aligning the Organization to the Strategy
   - Department Level Scorecards
   - Synergy Between Departments

4. Making Strategy Everyone’s Job
   - Strategic Awareness
   - Personal (Employee) Scorecards

5. Making Strategy a Continuous Process
   - Link Budgets and Strategy
   - Strategic Learning
   - Analytics and Information Systems

Formulate → Navigate → Execute → Communicate → Formulate
5 Tips for Long Lasting Success

1. Engaged leadership
2. Communication.
4. Accountability.
5. Incorporate into management process

Bonus – Keep it simple!!
For More Information:

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