The Triumvirate

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The Mighty Three

- Board
- Administration
- Clinicians
The Mighty Three
The Mighty Three – Roles

- **Board**
  - Strategy
- **Administration**
  - Operations
- **Clinicians**
  - Health Care
The Mighty Three

- Board
- Administration
- Clinicians
Why Nonprofit Boards Exist

Required by law
- To act on behalf of the public
- To receive no financial gain
- To provide prudent oversight

Fiduciary duty is the highest obligation of loyalty and trust imposed by the law. Boards are to act in the best interests of the hospital, its medical staff, and the citizens of the community.

Source: Personal email from Louis J. Leonatti, Mexico, Missouri
BOD – Job Description

- Set strategic direction; establish the mission, vision and strategy
- Assure effective management
- Build will
- Attend relentlessly to execution
- Achieve quality goals
- Ensure access to ideas
- Represent community interests

Hospital Boards – Culture

- Ensure health care safety/quality is a strategic priority
- Establish policies of transparency
- Develop blame-free environment
- Establish aims for patient safety and quality improvement
- Nurture interdisciplinary and inter-departmental teams
- Expect CEO “Chief Quality Champion”
Hospital Boards – Governance

- Bring physicians and quality leaders to the Board
- Establish an interdisciplinary Board Quality Committee
- Appoint a Performance Improvement Officer (PIO)
- Mandate 25% of all Board meetings devoted to quality
- Allocate resources for ongoing quality improvement training
Hospital Boards – Performance

- Align financial/quality resources
- Explore performance gaps in strategic operations
- Foster evidence-based clinical protocols
- Reward CEO, employees, and physician champions for quality
- Demand dashboard reports on quality targets and outcomes
# Stroudwater Hospital
## Balanced Scorecard Board Report
### Fourth Quarter (Oct-Dec 2007) and Prior Quarter (Jul-Sep 2007)

## Finance

<table>
<thead>
<tr>
<th>Metric</th>
<th>Prior</th>
<th>Current</th>
<th>Trend</th>
<th>Target</th>
<th>Frequency</th>
<th>Trend (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per Adjusted Patient Day</td>
<td>$1,867</td>
<td>$1,777</td>
<td>↓</td>
<td>$950</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Average hospital cost of a patient day where all patient services (IP and OP) are converted to patient day denominations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue increase</td>
<td>2.8%</td>
<td>7.0%</td>
<td>↑</td>
<td>4.0%</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage growth in Net Patient Revenue for a given period compared to the same period in the prior year</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Operating profit margin</td>
<td>7.9%</td>
<td>7.6%</td>
<td>↓</td>
<td>3.0%</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Surplus (deficit) of operating revenues compared to operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual Expenses vs. Budgeted Expenses</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>100%</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage of actual to budgeted expenses</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

## Clinical and Business Processes

<table>
<thead>
<tr>
<th>Topic</th>
<th>Prior</th>
<th>Current</th>
<th>Trend</th>
<th>Target</th>
<th>Frequency</th>
<th>Trend (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI Topic (All or None)</td>
<td>100%</td>
<td>89%</td>
<td>↓</td>
<td>95%</td>
<td>Quarterly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage of patients meeting all eligible measures for the Acute Myocardial Infarction (AMI) topic area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHF Topic (All or None)</td>
<td>50%</td>
<td>100%</td>
<td>↑</td>
<td>95%</td>
<td>Quarterly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage of patients meeting all eligible measures for the Congestive Heart Failure (CHF) area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PN Topic (All or None)</td>
<td>75%</td>
<td>100%</td>
<td>↑</td>
<td>95%</td>
<td>Quarterly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage of patients meeting all eligible measures for the Pneumonia (PN) topic area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCIP Topic (All or None)</td>
<td>80%</td>
<td>85%</td>
<td>↑</td>
<td>95%</td>
<td>Quarterly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage of patients meeting all eligible measures for the Surgical Care Improvement Project (SCIP) topic area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medication error rate</td>
<td>0.3</td>
<td>0.3</td>
<td>↑</td>
<td>4.0</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Number of reported medication errors per 1,000 doses dispensed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hand Hygiene</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>100%</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the percentage of providers who washed hands or used gel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare Associated Infection Rate</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>1.5</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the rate of healthcare associated infections per 1,000 patient days</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Days in Gross Accounts Receivable</td>
<td>61</td>
<td>59</td>
<td>↓</td>
<td>NA</td>
<td>Monthly</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Measures the rate of speed with which the hospital is paid for health care services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physician engagement index</td>
<td>NA</td>
<td>NA</td>
<td>↑</td>
<td>75%</td>
<td>Biannually</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Index of three questions on the biannual medical staff survey dealing with hospital effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Learning and Growth

<table>
<thead>
<tr>
<th>Metric</th>
<th>Prior</th>
<th>Current</th>
<th>Trend</th>
<th>Target</th>
<th>Frequency</th>
<th>Trend (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blame free medical error reporting policy</td>
<td>41%</td>
<td>41%</td>
<td>▲</td>
<td>65%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Measures medical staff and clinical staff respondent willingness to report medical errors, as indicated in biannual staff surveys</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Training Expense per FTE</td>
<td>$14</td>
<td>$12</td>
<td>▼</td>
<td>$35</td>
<td>Monthly</td>
<td></td>
</tr>
<tr>
<td>Dollar amount of external staff training investment in per FTE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff engagement index</td>
<td>52%</td>
<td>52%</td>
<td>▲</td>
<td>75%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Index of three questions on the biannual staff and clinical staff surveys dealing with teamwork and contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Staff loyalty index</td>
<td>60%</td>
<td>60%</td>
<td>▲</td>
<td>75%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Index of three questions on the biannual staff and clinical staff surveys dealing with willingness to recommend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced Scorecard Education</td>
<td>33%</td>
<td>33%</td>
<td>▲</td>
<td>90%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Measures the level of understanding of Balanced Scorecard principles among clinical and non-clinical staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover: Nursing staff</td>
<td>2.4%</td>
<td>1.6%</td>
<td>▼</td>
<td>3.0%</td>
<td>Monthly</td>
<td></td>
</tr>
<tr>
<td>Percentage of nurses separated from the hospital for any reason (includes RN, LPNs and nursing aides)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

## Community and Providers

<table>
<thead>
<tr>
<th>Metric</th>
<th>Prior</th>
<th>Current</th>
<th>Trend</th>
<th>Target</th>
<th>Frequency</th>
<th>Trend (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient satisfaction index</td>
<td>84%</td>
<td>85%</td>
<td>▲</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
</tr>
<tr>
<td>Measures the satisfaction of patient respondents (ED, OP and IP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physician loyalty index</td>
<td>NA</td>
<td>NA</td>
<td>▲</td>
<td>75%</td>
<td>Biannually</td>
<td></td>
</tr>
<tr>
<td>Index of three questions on the biannual medical staff survey related to satisfaction with nursing staff, and willingness to recommend this facility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient access</td>
<td>81%</td>
<td>87%</td>
<td>▲</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
</tr>
<tr>
<td>Measures patient respondent (ED and IP) perception of access to hospital services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient &quot;Courtesay and respect&quot;</td>
<td>93%</td>
<td>93%</td>
<td>▲</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
</tr>
<tr>
<td>Measures patient respondent (ED, OP and IP) perception of staff and clinical staff courtesy and respect</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient engagement index</td>
<td>89%</td>
<td>89%</td>
<td>▲</td>
<td>85%</td>
<td>Quarterly</td>
<td></td>
</tr>
<tr>
<td>Measures the engagement of patient respondents (ED, OP and IP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time to treating provider</td>
<td>45.6</td>
<td>NA</td>
<td>▲</td>
<td>16.0</td>
<td>Monthly</td>
<td></td>
</tr>
<tr>
<td>Measures the speed with which the patient receives care from the treating provider/physician in the Emergency Department</td>
<td></td>
<td></td>
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</tbody>
</table>
The Mighty Three

- Board
- Administration
- Clinicians
Leadership

- Great leaders look into the future and see the organization not as it is... but as it can become.

- Reform will require:
  - Paradox
  - Vision
  - Savvy
  - Perseverance
  - Courage
Leadership Roles

- Attend to culture
- Allocate resources
- Set policy
- Hire the best
- Establish accountabilities
- Begin with behaviors
People and Values
Jim Collin’s Insight

- How much money do we make per dollar of invested capital?
- How effectively do we deliver on our mission and make a distinctive impact, relative to our resources?
- In the social sectors, money is only an input, and not a measure of greatness.
Walk the Mission Talk

- Assess Mission alignment with operations, budget, and the 3 Rs
  - How do day-to-day operations support the Mission?
  - How does the budget prioritize the Mission?
  - How many staff and Board meetings are devoted to Mission?
  - How are employees reinforced, recognized, and rewarded for living the Mission?
Cornerstones of Success

Healthcare Safety/Quality

Patient Experience

Community Health

Financial Stability

Employee Growth
Culture

- Culture is the residue of success.*
- An environment of behaviors and beliefs
- What we do becomes what we believe.

* Edgar Schein, 1999
Inseparable Priorities

Source: Roland A. Grieb, MD, MHSA - Health Care Excel and Premier, Inc.
Non-Linearity

- "No margin, No mission"

- **Balance** will be the success strategy
  - Health care safety/quality
  - Financial stability
  - Patient experience
  - Employee growth

- It’s never about either/or; it’s always about **and/both**
Organizational Behaviors

- Reward, Recognition, Reinforcement, Responsibility.
- Org charts that reflects a PI focus
- Mission?

*The pursuit of excellence through continuous performance improvement*
“While almost every other industry critical to the American economy has undergone some form of systematic, data-supported, quality-improvement process, healthcare is woefully behind the curve.”

*George Halverson*

- We attend to what we measure
- Measurement should be “balanced”
- Measurement requires translation
- Measurement *value* versus *effort*
The goal is move the curve to the right

Source: Greg Wolf, PMI Healthcare
10 Keys to Transformation

1. Define a vision
2. Develop a communication plan
3. Visibly champion
4. Build internal skills
5. Seek early, measurable wins
6. Take a balanced, holistic approach
7. Reach out and learn from others
8. Establish alignment/accountability
9. Create monitoring mechanism
10. Recognize, reward, and celebrate

The Mighty Three

- Board
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- Clinicians
The Enemy

We have met the enemy, and they are ours.

Oliver Hazard Perry

We have met the enemy, and he is us.

Walt Kelly

Clint MacKinney, MD, MS
Strained Relationships

CEO Quotes

- This job would be a helluva lot easier if it weren’t for those damn physicians.
- They’ve got pediatric personalities!
- I’m going to drive that SOB out of town.
- The medical staff meeting will be held at the local hotel – we don’t want blood on our conference room walls.

Or

- I’m blessed by my physicians.
Why bother?

- Provide most medical care
- Deliver intrinsic value
- Knowledgeable and influential
- Powerful potential ally
- Apathy or antagonism will undermine a CEO’s best plans
- Without them, hospitals are expensive hotels!
Herding cats
<table>
<thead>
<tr>
<th><strong>Physician</strong></th>
<th><strong>CEO</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Doer</td>
<td>Planner/designer</td>
</tr>
<tr>
<td>Solution-oriented</td>
<td>Process-oriented</td>
</tr>
<tr>
<td>1:1 interaction</td>
<td>1:N interaction</td>
</tr>
<tr>
<td>Always “on”</td>
<td>Some down-time</td>
</tr>
<tr>
<td>Decision-maker</td>
<td>Delegator</td>
</tr>
<tr>
<td>Autonomous</td>
<td>Collaborative</td>
</tr>
<tr>
<td>Patient advocate</td>
<td>Organization advocate</td>
</tr>
<tr>
<td>Professional ID</td>
<td>Organizational ID</td>
</tr>
<tr>
<td>Immediate gratification</td>
<td>Delayed gratification</td>
</tr>
</tbody>
</table>

Source: Adapted from “The Dual Role Dilemma,” by Michael E. Kurtz, MS

Clint MacKinney, MD, MS
Yesterday’s Promises

- Autonomy
- Protection
- Control

Today’s Imperatives

- Patient safety
- Quality improvement
- Patient satisfaction
- Cost reduction
- Electronic health records
- Physician recruitment
- Team work
- Community health

Differing Views Lead to Mistrust

**CEO view**
I’m concerned about quality of care; docs are only concerned about their income

**Physician view**
I’m concerned about quality of care; CEOs are only concerned about money

**No shared vision!**

The Consequences of Mistrust

- Physicians set up office labs and x-ray
- Hospitals set up urgent care centers

- Mistrust = competition
- Duplication = ↑ costs
- ↓ community confidence
- ↑ patient outmigration
- Develop a philosophy of mutual benefit / shared vision
- Keep the hidden agenda out
- Solicit meaningful physician input early and often, and then act on it
- Engage physicians in balancing business and patient priorities

Competition to Collaboration

- Identify, mentor, and educate physician leaders
- Invest in physician leaders
- Reward physicians in ways they value
- Get to know physicians on a personal level

During times of change, leaders should **triple** their efforts at communication

Peter Drucker

- Ask how, when, and where
- Multiple media, multiple times
- Get out and about (MBWA)
- Focus on interest, not position
- Orient discussion to patient, solution, and scientific method
Meetings

- Invite physician input early
- Involve physicians in strategic and capital planning
- Schedule meetings and select venues appropriately
- Present actionable information, not data
- Delineate next steps
- Always follow-up as promised
Mutual Interest

- Attend a leadership conference together
- Meet regularly one-on-one
- Develop social connections
- Set realistic goals together
- Go for early wins
- Celebrate!
Success Strategies

- Find the shared vision
- Acknowledge our absolute interdependence
- Engage physicians...
  - with patient outcomes
  - by making their lives easier
  - in shared success
Physicians can be astonishing allies

Starts and ends with relationships built on trust

- Trust – engages the mind
- Truth – engages the heart
- Teamwork – realizes the vision
"I think you should be more explicit here in step two."

Clint MacKinney, MD, MS
Healthy People and Places