

Governing High Performance Organizations: No Place for Passivity



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Annual Conference

Why Are We Discussing Quality and Safety Today?

A Few Things Affecting Safety and Quality

- 32 Million more patients
- Judicial challenges to ACA
- Pressures from employers, consumers, Medicare, and Medicaid to lower costs
- \$\$\$ to shift from volume to value and outcomes

A Few Things Affecting Safety and Quality

- Move from independent to integrated medical staff
- Massive wave of mergers and acquisitions
- Greater transparency
- Competing on quality and cost
- Bundled payments

A Few Things Affecting Safety and Quality

- Bundled payments (again)
- Readmission rate payment
- Chronic care management
- Physician performance data
- Hospital-acquired conditions tied to payments and public reporting
- Creation of ACOs

What are the Board's Key Fiduciary Responsibilities?



Once Upon a Time...

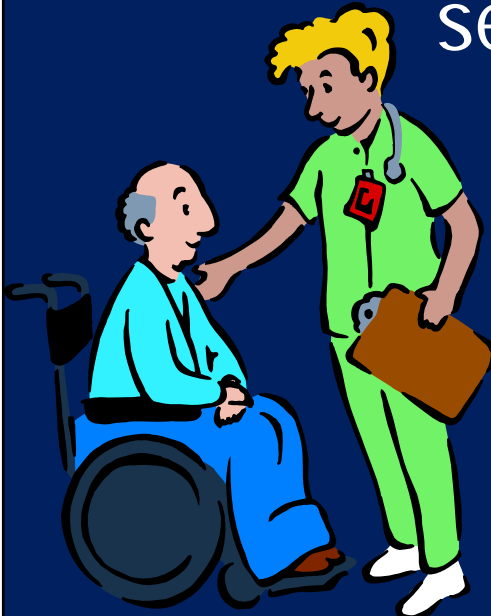
About Silver Cross Hospital

- Founded in 1895 as a 33-bed not-for-profit hospital
- Currently 300+ bed acute care facility
- Medical staff of more than 400 physicians representing over 50 specialties
- Employs over 1,600 people
- Has more than 500 volunteers
- Distinguished Level II Trauma Center



Creed

We are dedicated to meeting the needs of the people we serve. We promise to care for you with competence and compassion, by providing quality services with a personal touch.



Vision

Silver Cross Hospital and Medical Centers will become a world-class community health care provider.

We will achieve our vision by:

Partnering with our fellow employees, medical staff, and community to deliver superior quality care

Effectively managing our costs

Providing exceptional customer service and improving the health of our community

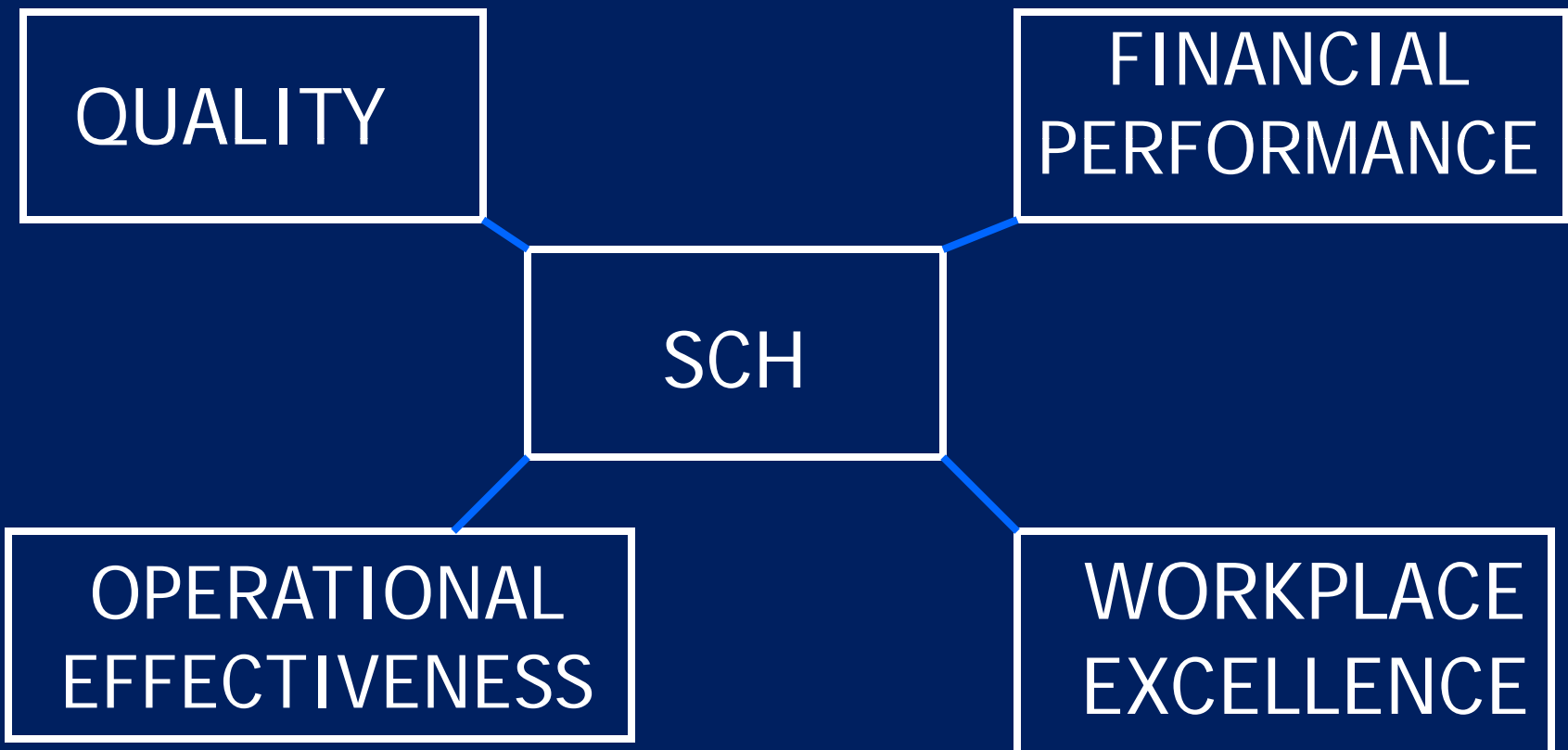


Paul Pawlak
President

Core Values

- **Service** – serving beyond expectation
- **Integrity** – consistently exhibiting appropriate behavior
- **Leadership** – taking initiative
- **Virtue** – treating others as you would have them treat you
- **Excellence** – providing quality that exceeds standards
- **Responsibility** – we are accountable for our actions

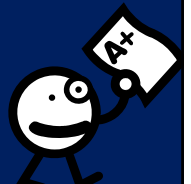
The Balanced Scorecard



Balanced Scorecard: QUALITY

Patient Satisfaction

- Inpatient
- Outpatient
- ER
- Same day surgery
- Physician satisfaction





Balanced Scorecard: QUALITY

Clinical Outcomes

- Mortality rate
- Inpatient falls/1,000 patient days
- Prophylactic antibiotics for surgery pts.
- Unscheduled readmissions in 15 days
- Pneumonia patients receiving antibiotics within four hours of arrival



Clinical Quality

	Benchmark	Preference	Worse than Expected	As Expected	Better than Expected
			★	★ ★	★ ★ ★
Complication Index (AHRQ)- All Payors (20 Measures)	Solucient	Lower	≤0.64	0.59	0.56≥
Unscheduled Related Medicaid/Care Home Health Readmission Rate	CMS / Oasis	Lower	≥12.5	11.9	≤11.5
Pneumonia Core Measure Composite (7 Measures)	CMS/ 4P4	Higher	≤92.4	93.3	≥96.9
Surgical Core Measure Composite (9 Measures)	CMS/ JCAHO	Higher	≤94.1	95.6	≥96.1
Overall Inpatient Mortality (All Payors)	Solucient	Lower	0.81	0.66	≥0.62
Heart Failure Core Measure Composite (4 Measures)	CMS/ 4P4	Higher	96.5	99.4	≥99.6







Balanced Scorecard: OPERATIONAL EFFECTIVENESS

Outcomes

- ED turnaround times
- ED patients seen by MD in 30 minutes
- Medicare ALOS
- FTEs/adjusted occupied beds



Operational Effectiveness

	Benchmark	Preferred	Worse than Expected 	 As Expected 	 Better than Expected  
Average Monthly ED Visits	Internal	Higher	≤4,692	4,742	4,914
Average Monthly Inpatient Admissions (Newborns Excluded)	Internal	Higher	≤1,453	1,467	≥1,478
Medicare Length of Stay Days	Solucient	Lower	4.53	4.4	4.32≥
FTEs per Adjusted Occupied Bed	Solucient	Lower	3.77	3.73 – 3.67	3.66≥




Balanced Scorecard: FINANCIAL METRICS

Outcomes

- Operating margin
- Cost per case
- Surgical cases/month
- Cardiology cases/month



Financial Effectiveness

	Benchmark	Preferred	Worse than Expected 	As Expected 	Better than Expected 
Annual Operating Income Variance From Budget	Budget	Higher	≤(\$600,000)	\$4,000	≥\$300,000
Average Monthly Surgical Procedure Volume (Inpatient and Outpatient)	Internal	Higher	1,113	1,146	≥1,154
Days Cash on Hand	Internal External	Higher	170	179	185
Days in AR	Internal External	Lower	60	55	50

Balanced Scorecard: WORKPLACE EFFECTIVENESS

Outcomes

- Annualized turnover rate
- First year turnover rate
- Hospital agency use
- Employee injury claims



Workplace Effectiveness

	Benchmark	Preference	Worse than Expected	As Expected	Better than Expected
			★	★ ★	★ ★ ★
Overall Hospital Turnover Annualized (Regular & Registry)	MCHC	Lower	>14.0	13.5	8.2
Overall Registered Nurse Turnover Annualized (Regular & Registry)	MCHC	Lower	>15	14.5	2.1



Performance Improvement

- Silver Cross Hospital was named as one of the nation's top performance improvement leader hospitals by Solucient.
- Silver Cross was recognized for organization-wide performance improvement across critical measures at a faster rate than other U.S. hospitals between 1997-2001.
- These measures include:
 - Quality of care
 - Operational efficiency
 - Financial performance



Solucient's Top 100 Hospitals 2005, 2006, 2007, 2008, 2009 AND 2010 !!!!!

- Silver Cross Hospital was named as one of the nation's top 100 Hospitals
- The first time a large, community, Illinois hospital received this recognition for six consecutive years



Source: "Announcing Solucient's 100 Top Hospitals®: Performance Improvement Leaders." www.100tophospitals.com

www.BestOnBoard.org

How Did Silver Cross Do It?

Defined what was key to success:

1. Clinical Outcomes
2. Patient Satisfaction
3. Employee Engagement
4. Cost Control

How Did Silver Cross Do It?

Designed tool to measure and communicate results:

1. The Balanced Scorecard
2. Committees of executives, staff and board members work together
3. Results go to board, medical staff and employees minimally once a quarter

How Did Silver Cross Do It?

The strategic plan guided the process:

1. Dynamic strategic planning process with heavy board involvement
2. Set of goals weighted and tied to executive compensation and bonuses
3. Strengthening an expert and stable executive team
4. Adopting “best practices” for the BOD

How Did Silver Cross Do It?

Drove cultural change:

1. "If you can measure it, you can move it"
2. "SCH the way YOU should be treated"
3. Educated and empowered employees
4. Rewarded achievement and action
5. Creating new premier partnerships

What's Changing?

Creation of a “Guiding Coalition”

- Resulted from a board retreat
- Charged with making recommendations regarding health care reform
- Two board members, four executives and 12 physicians

Physician Members of the “Guiding Coalition”

- Representatives from primary care, specialty care and hospital-based
- Selected by chief of the medical staff and administration
- Engaged and cares about SCH
- Willing to be a leader
- Willing to commit time

Focus of the “Guiding Coalition”

- Changes needed to succeed under the new rules
- IT needs
- Preparation for shared savings contract
- Criteria for ACO participation

Hospital-Acquired Metrics

Silver Cross FY 2010

- Foreign Object 0
- Air Embolism 0
- Blood incompatibility 0
- Stage III & IV ulcers 0
- Falls & trauma 41.1
- Catheter UTIs 37.1
- Glycemic control 13.7

National

- Foreign Object 8.4
- Air Embolism .3
- Blood Incompatibility .1
- Stage III & IV ulcers 16.6
- Falls & trauma 75.9
- Catheter UTIs 26.0
- Glycemic Control 5.1

Days Since Last Never Event

■ Surgical Event	335
■ Care Management	1,486
■ Environment Event	2,021
■ Criminal Event	3,760
■ Product and Devices	None

A Compact Is...

A written agreement
between trusting parties

Boards Improve Quality

Research and practice indicate that boards drive improved quality by:

- establishing a board quality and safety committee
- ensuring quality and safety are on every board agenda
- identifying quality and safety measures to monitor performance

Boards Improve Quality

- Setting aggressive goals for performance improvement
- Incorporate quality and safety performance improvement into employees' performance evaluation and compensation
- Ensure that the organization's quality and safety performance continues to improve

Decision-Driven Organizations

- Bain study of 57 reorgs 2000-2006 found that fewer than 1/3 produced any meaningful improvement in performance
- Structure will produce better performance if it improves the organization's ability to make and execute decisions faster than the competition

In Summary

- High-performance organizations (HPOs) are led by a board and executive staff who are clear about authority, accountability goals, and decision making
- HPOs define key metrics and design a system to communicate them
- HPOs empower their employees to make good decisions quickly

In Summary

- HPOs measure early and often and communicate results far and wide
- HPOs are dedicated to meeting and exceeding goals through shared values with stakeholders
- HPOs prioritize goals and tie rewards to performance outcomes
- HPOs educate, educate, educate!

How Is Your Board Doing?

Great Boards Actualize Their Commitment to Safety and Quality By:

- A board quality and safety committee
- Quality and safety on every agenda
- Identifying and tracking three to five key metrics
- Rewarding improvement
- Reporting to their stakeholders

Is the board actively engaged in strategic visioning, planning and oversight?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

Is the board organized for efficient education, deliberation and decision making?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

Can our scorecard move to capturing the right information for today's challenges?

- 1) Excellent Capability
- 2) Average Capability
- 3) Needs Improvement

Does our board culture encourage challenging questions and rigorous agenda management?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

Do we have a process that encourages board engagement in quality, patient safety, and performance improvement?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

Do we have the mechanisms and measures to ensure that our core values are incorporated into our evolving structures?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

Do we have a board succession planning process to ensure that we recruit for new core competencies?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

Do we have a dynamic board education plan and process to keep directors educated on health care reform?

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

When Compared to “Best Practices in Governance” our Board’s Performance Is...

- 1) Excellent Performance
- 2) Average Performance
- 3) Needs Improvement

When You're Through Changing..... You're Through



Questions???



Contact Information

Consulting & Educational Services:

- Board & Medical Staff Education
- Leadership Development Programs
- Balanced Scorecard Design
- Recruitment & Retention
- Nurse Manager Training Courses
- Staffing Effectiveness
- Quality Management
- Custom Projects

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