SYNTELLIS

6 Steps to Healthcare Performance Improvement Through Peer Comparisons

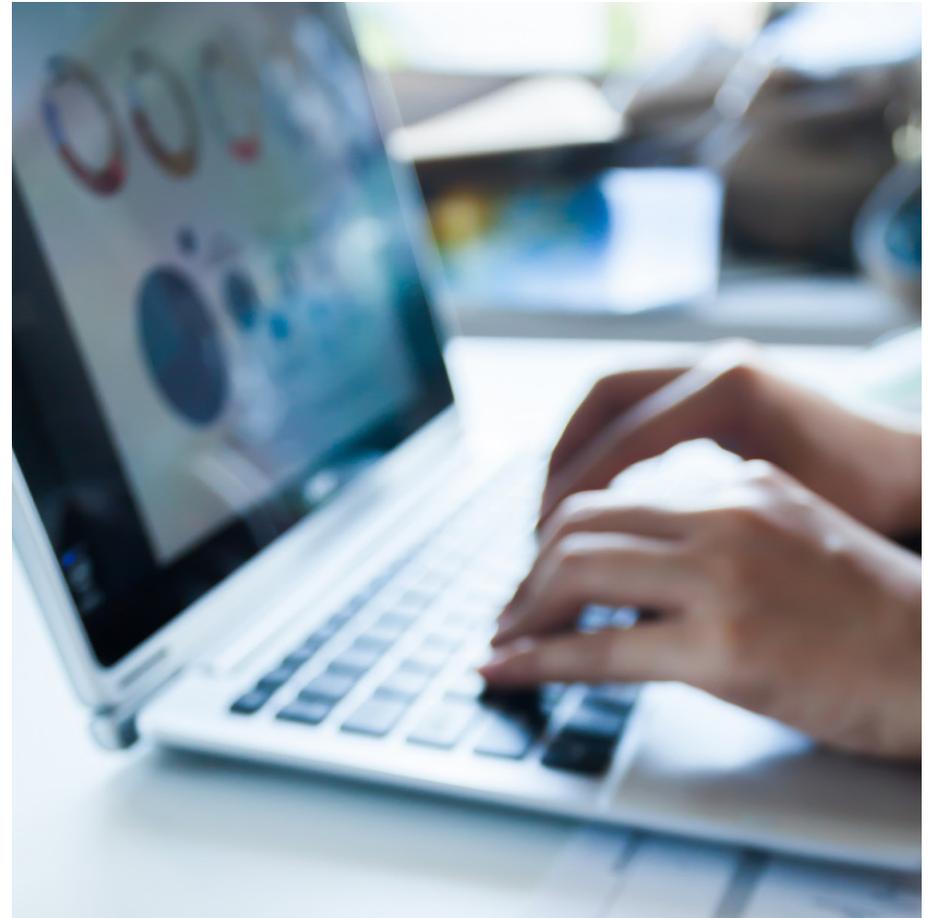**Successful use of comparative analytics requires high-quality data, technology, and cultural shifts**

Prioritizing Financial Recovery

As healthcare organizations prioritize financial recovery in the wake of the coronavirus crisis, understanding where your hospital stacks up against local and regional competitors and facilities of similar size is key to developing an actionable healthcare performance improvement plan.

Comparing your hospital to similar organizations can be helpful in several ways, including:

- Demonstrating that your hospital isn't alone in experiencing certain challenges or changes

- Benchmarking your hospital's progress and performance against the market

- Guiding decision-making regarding staffing, facility, and financial needs

The Right Data, the Right Questions

To reap the benefits of benchmarking and identify areas for improvement, healthcare leaders must not only access the right data, but also be able to analyze it and place it into context. Healthcare performance improvement begins when leaders dig into comparative data and ask the right questions. Key questions could include:

- How do our adjusted discharges compare to others in our region? Have we adjusted goals and plans to reflect market realities? Which service lines contribute most to discharges?

- Are our emergency department (ED) staffing levels appropriate for our geographic area? If ED visits increase in our area, are we adequately prepared? What might additional activity in the ED mean — is it good or bad for our organization?

- Can we adjust operating room (OR) plans to better accommodate market demands for smaller facilities? What strategies can help us reduce losses at larger facilities and maximize throughput at smaller ones?

Understanding how the local market and similar organizations perform — and comparing your hospital to that data — can guide decision-making and equip your organization for a long and successful future.

Successfully incorporating comparative analytics into existing processes to monitor financial performance and discover improvement opportunities requires high-quality data, robust and integrated software, and cultural shifts. Follow these six steps to achieve value through the effective use of comparative analytics.

1. Determine primary and supporting metrics that serve the organization's objectives

2. Identify how and where to locate required inputs

3. Create or adopt a common taxonomy that enables comparison to internal and external peers

4. Agree to common key volume measurements

5. Incorporate software tools to support a rigorous approach to comparative analytics

6. Nurture a management culture that supports improvement initiatives based on comparative analytics results

1 Determine primary and supporting metrics that serve the organization's objectives

There are hundreds, if not thousands, of healthcare metrics that an organization can track, but less is more when it comes to measuring operational and financial performance. It's important to determine which metrics best support the organization. For example, labor cost per key volume may be the primary metric to support a labor cost-reduction initiative, while worked hours per unit and premium pay as a percentage of worked hours per unit would be examples of supporting metrics.

Comparative Analysis in Action

A 250-bed hospital in the Midwest used comparative analysis to improve productivity per equivalent patient day by 12% in its surgical ICU compared to the previous year, resulting in savings of **$1.13 million**.

2   Identify how and where to locate required inputs

Identify data sources for finance, statistics, volume, and payroll data, and locate the data required to generate key and supporting metrics. To gain the most value from comparative reports, you must gather, process, and distribute them on a timely basis. Each source should be capable of providing monthly data and analyses (Figure 1).

Figure 1

3 Create or adopt a common taxonomy that enables comparison to internal and external peers

Internal comparison is made possible by comparing functions within the organization against one another.

To conduct external comparisons, you must have access to a source of peer data, typically accessed through subscriptions. To ensure you generate accurate comparisons, all peer data sources should have a common finance, payroll, and statistic taxonomy. Select external peers based on shared characteristics, such as region, state, hospital type, and bed size.

Comparative Analysis in Action

During the peak of COVID-19, while other hospitals in the region struggled to manage their total expense, a 150-bed hospital in the Midwest used comparative analysis in the emergency department to lower its total expense per visit 10% compared to the previous year, resulting in a savings of **$1.07 million**.

4 Agree to common key volume measurements

Utilization measurements are a key source of performance comparison, and common volume definitions across organizations ensure fair and accurate comparisons. If, for instance, a department in your hospital counts all billed items toward its monthly volume activity and peers only count billed procedures, your department volume will be inflated compared with peers, and all volume-related metrics will be understated, leading to improper performance measurement.

Comparative Analysis in Action

A 250-bed hospital in the West used comparative analysis in the medical ICU to decrease total expense per equivalent patient day by 12% compared to the previous year, resulting in savings of **$1.15 million**.

5 Incorporate software tools to support a rigorous approach to comparative analytics

Robust software systems can warehouse and process data to generate interactive, easily understood management team reports that facilitate actionable decision-making. The data presentation should support analyses of the root cause(s) of performance problems and quick identification of potential healthcare performance improvement measures via data-rich graphical tools (Figure 2).
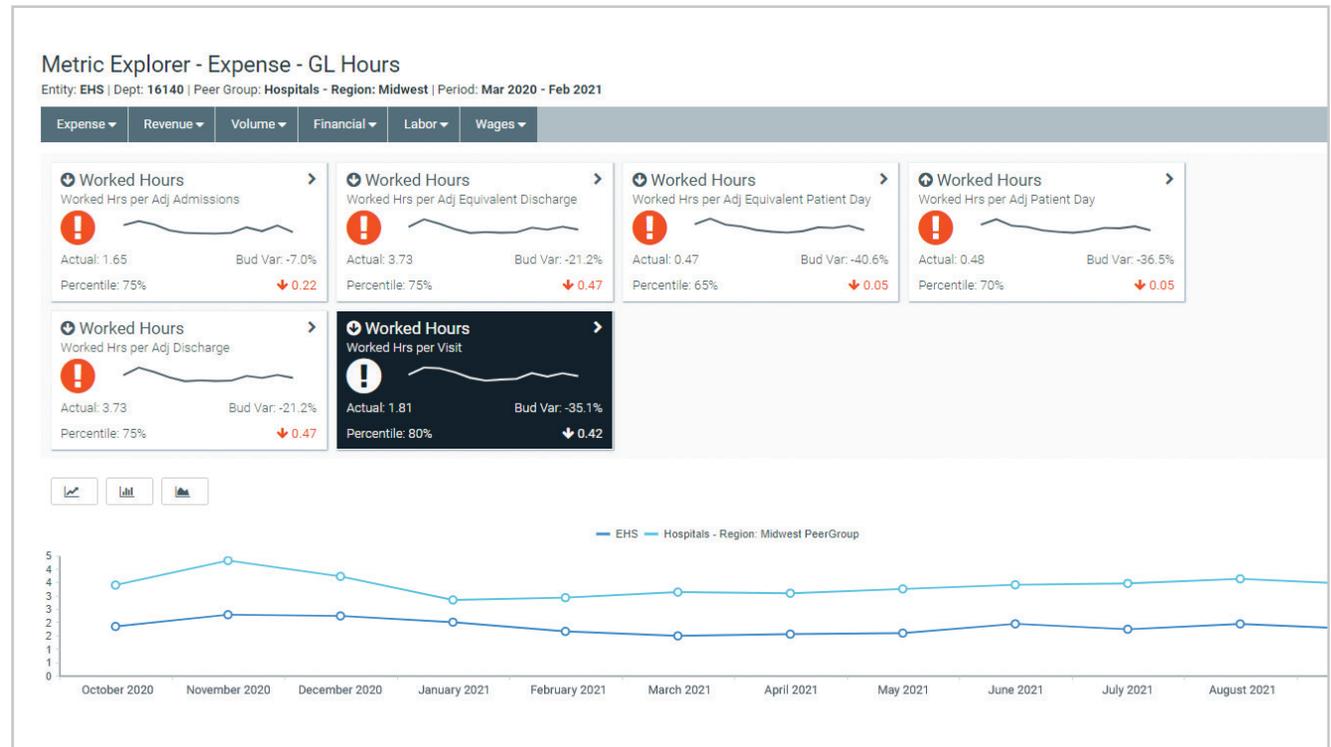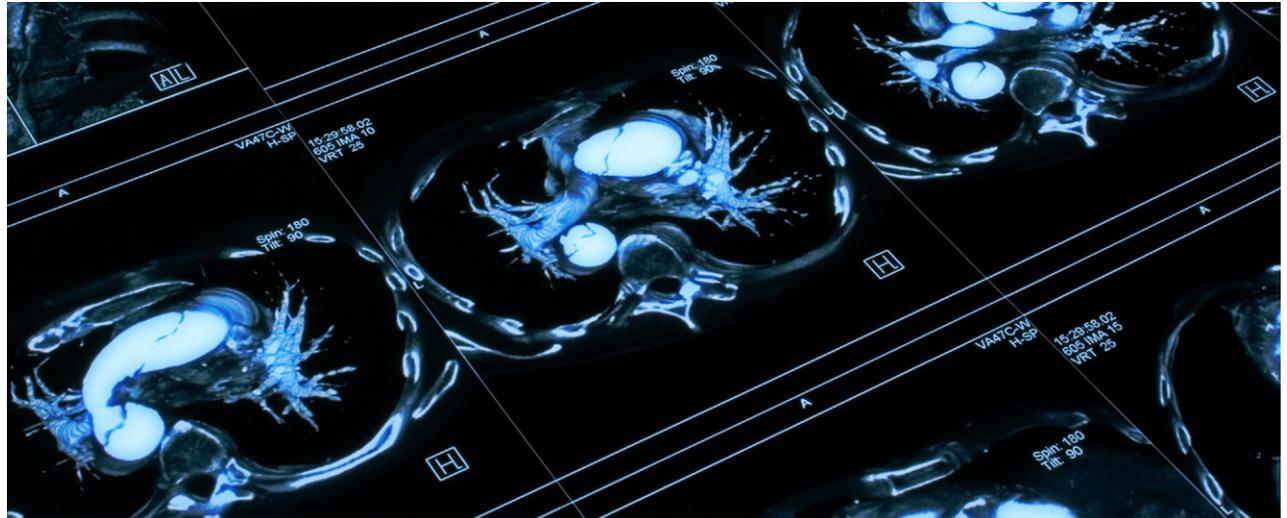

Figure 2

6 Nurture a management culture that supports improvement initiatives based on comparative analytics results

Once you execute the first five steps, you will begin to see multiple cost reduction and performance opportunities. Healthcare leaders should identify high-priority initiatives based on that data and establish key performance indicators to communicate financial goals.

At the same time, leadership must nurture a culture committed to identifying, modeling, and prioritizing performance improvement initiatives at all levels of the organization. Leaders must then direct resources to areas that will produce the most impact. Consistent use of high-quality comparative analytics will enable the best return from healthcare performance improvement initiatives.

Comparative Analysis in Action

A 500-plus-bed hospital in the South was considering promoting or expanding its cardiac imaging department. It used comparative analysis to determine what a successful cardiac imaging department looks like in terms of staffing, expenses, revenue, margins, and volumes. It then based its forecast and business case on this real market information, generating leadership confidence and buy-in and removing investment risk. The strategic planning department pointed to the comparative analysis to defend its successful recommendation to invest.

Harness New Perspectives

Acquiring and using high-quality data, tools, and processes that drive better decision-making and track improvement progress across transformation areas are essential capabilities for today's hospitals and health systems. By integrating comparative analytics into your processes, you can gain new perspectives about potential and necessary organizational improvements, along with clear insights into the actions that will provide the most substantial and rapid return on effort.

About Axiom Comparative Analytics

Axiom™ Comparative Analytics leverages the most accurate hospital and physician benchmarking data to help your healthcare organization quickly identify where your greatest cost savings opportunities exist so you can pursue initiatives to improve operational and financial performance.

Syntellis IQ, a unique data science engine, aggregates the data that fuels Comparative Analytics. Syntellis IQ features state-of-the-art machine learning techniques that automatically normalize and integrate your internal data with external data, streamlining comparisons of financial data. Uniform data classification provides access to metrics and measures across any peer group you select. External data includes financial, payroll, and labor utilization metrics from 500-plus unique departments across more than 1,000 hospitals, including data at the system, region, location, and department level — all updated monthly.

Real-time data drawn from more than 135,000 physicians from over 10,000 practices and 139 specialty categories can be broken down by individual physician, non-provider staff, job code, pay type, and account levels.

To see Comparative Analytics in action, request a demonstration at **www.syntellis.com/healthcare/get-a-demo**.

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About Syntellis

Syntellis Performance Solutions, previously Kaufman Hall Software, provides innovative enterprise performance management software, data and analytics solutions for healthcare organizations. Our solutions include enterprise planning, cost and decision support, and financial and clinical analytics tools to elevate organizational performance and transform vision into reality. With over 2,800 organizations and 450,000 users relying on our Axiom and Connected Analytics software combined with No. 1 rankings from Black Book Research and HFMA Peer Review designation for 6 consecutive years, our proven industry expertise helps healthcare providers acquire insights, accelerate decisions and advance their business plans. For more information, please visit **www.syntellis.com**