

Using Sg2 Analytics to Bolster Your Baldrige Journey

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Health Care Criteria for Performance Excellence: Exploring the Baldrige Framework

Health care's rapid adoption of the Baldrige Health Care Criteria is a key indicator of the relevance and effectiveness of the Baldrige approach and the health care industry's evolution and maturity. Baldrige's mission is to promote performance excellence and to share best practices. Significant synergy exists between the Baldrige framework and the growth and performance management systems offered through Sg2's EDGE and INSIGHT analytics. Our clients are effectively using these tools to achieve leading results and drive sustainable change.

The suggestions presented in this document address some of the areas that organizations often struggle to describe and address successfully when deploying performance improvement initiatives within the Baldrige framework and while completing the application for the Baldrige Performance Excellence Program. They underscore the usefulness of Sg2 INSIGHT and EDGE analytics in addressing Baldrige criteria as just one advantage of these Sg2 business tools.

Each section details a specific Baldrige criterion and the Sg2 metrics and other tool(s) best positioned to address it. Integrating and linking a system's processes and results represents one of the most challenging aspects of deploying an effective performance excellence system and addressing the criteria. This document addresses and highlights category-specific requirements and offers useful tips for creating linkages across categories. For a comprehensive understanding of the Baldrige framework and application process, organizations can access a copy of the Health Care Criteria for Performance Excellence guidelines online at <http://www.nist.gov/baldrige/publications/criteria.cfm>.

INSIGHT Into the Baldrige Framework

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Category 1: Leadership

1.1a(3). How do senior leaders create a sustainable organization, specifically an environment for organizational performance improvement?

Useful Tip: Elaborate on “sustainable organization,” which is one that is capable of addressing current organizational needs and developing the strategy and agility to prepare for the future business and market environment.

- Highlight the use of the **Sg2 Value Index™** and focus on its ability to incorporate performance metrics across the care continuum: potentially avoidable admissions, adjusted direct cost per case, length of stay (LOS) index and 30-day readmissions. Discuss the advantage in being able to synthesize performance in these areas into a single score that functions as a clinical equivalent of a bond rating. Highlight the ability of the metrics to help the leadership team balance current requirements and future needs. For example:
 - **Adjusted direct cost per case, mortality rate, hospital-acquired conditions (HACs) and length of stay** are used to address current organizational needs.
 - The **30-day readmissions rate** is used to focus the organization on optimally transitioning patients through their recovery and rehabilitation. For progressive organizations this is a critical short-term metric due to emerging financial penalties for readmissions. It can be used to engage care delivery partners in the post-acute environment.
 - The rate of **potentially avoidable admissions** is a key metric to prepare organizations for the future business and market environment. It positions organizations to take on increased responsibility for effectively managing patients across the entire episode of care.
- Describe how the organization is using the Sg2 Value Index as a leading performance methodology to evaluate the effectiveness of the clinical enterprise. Highlight the **leading practice metrics and benchmarks** that are core to this Sg2 tool, and the Value Index’s ability to integrate metrics across the continuum of care to help optimize care today and build toward future health care requirements. Sample approaches that some organizations use include:
 - Annual analysis of performance and clear identification of improvement opportunities at the senior leadership team level
 - Systematic process to review performance monthly during senior leadership team meetings
 - Review of Sg2 Value Index performance with the board

Useful Tip: Show data on Value Index performance in Section 7.1b, highlighting how you assess the level of your performance through peer-based benchmarks and leading practice levels; trending and integration of metrics across pre-acute, acute and post-acute settings; and integration across clinical, operational and financial metrics.

1.1b(1). How do senior leaders communicate with and engage the entire workforce?

- Focus on how you make results accessible to the whole organization and how you communicate these results monthly across the clinical enterprise. Highlight how the **Sg2 Value Index** enables you to calculate and evaluate performance at the organizational level, across key clinical areas and key diseases. Focus your description on the following areas:
 - Aggregate up: Ability to evaluate how/whether activities across the organization have a measurable impact for the whole clinical enterprise
 - Drill down: Ability to cascade methodology across clinical service areas to ensure visibility, accountability, and ongoing tracking and reporting across the organization
 - Create a common measurement and strategic platform: Ability to utilize common language and methodology to ensure consistency

1.1b(2). How do senior leaders create a focus on action?

- Describe how you utilize the **Sg2 Value Index** as well as specific INSIGHT metrics (ie, **HACs, adjusted mortality**) to identify and prioritize opportunities and to deploy action plans that focus on the criterion's emphasis on efforts that are "balancing VALUE for patients and other stakeholders."

1.2a(2). How do you evaluate the performance of your senior leaders?

- Several Sg2 INSIGHT clients have added the **Sg2 Value Index** and other Sg2 INSIGHT metrics to senior leadership team and corporate key performance indicators (KPIs) and are using these metrics for board reporting. Describe how your organization systematically utilizes Sg2's growth and performance analytics and integrates them with other senior leadership performance evaluation initiatives.

Category 2: Strategic Planning

2.1. Strategy Development

- Describe how your organization uses **Sg2's System of CARE** (Clinical Alignment and Resource Effectiveness) approach to understand your current operating footprint and identify gaps based on current performance and future market requirements. Describe Sg2's System of CARE approach and segmentation methodology (**2.1a(1)**).

Useful Tip: Also use the System of CARE approach to describe how you listen to and learn from customers and patients and link this to Category 3.

- Highlight how Sg2 INSIGHT analytics are integrated into the strategic planning process to identify performance gaps. Focus on how your organization uses the **Sg2 Value Index** to consider and balance the needs of all key stakeholders (payers, employers, patients) (**2.1b(2)**).

2.2a. Action Plan Development and Deployment

- Describe the role Sg2's INSIGHT metrics play in helping your organization identify and prioritize opportunities. Potential areas to highlight include:
 - Use of **peer-based comparisons** and **leading practice metrics** to identify performance gaps
 - Consultation with Sg2's industry experts to identify optimal goals and implementation timelines
 - Process to prioritize and stage initiatives by using INSIGHT metrics to balance future care delivery model redesign initiatives with current reimbursement and financial realities
- Describe the frequency and process of integrating these approaches into the planning cycle. Focus on annual comprehensive reviews, prioritization, and strategy development and deployment. Highlight the monthly data updates to track progress on key metrics. Describe the use of integrated metrics via **Sg2's Value Index** to ensure balance across clinical, operational and financial metrics and to anticipate and minimize unwanted performance improvement "side effects" (ie, reduce staffing cost and prevent LOS increase; reduce LOS and prevent 30-day readmission increase).

2.2a(5). What are your key performance measures or indicators for tracking the achievement and effectiveness of your action plans?

- Focus on tracking market performance and focusing on "smart growth" via the **Sg2 Growth Index™**. Explain the Growth Index methodology, which enables the organization to focus on growth that is clinically appropriate (right patient, right time, right setting), sustainable and financially favorable. Highlight how the Growth Index provides a methodology that helps the organization quantify and ensure that current growth is consistent with future care delivery requirements and is not based on cases that are considered potentially avoidable and/or readmissions.

Useful Tip: Show Growth Index trending and case mix based on favorable vs unfavorable cases in Section 7.5a(2). Highlight the integration of metrics and common methodology across strategic planning and projections (2.2b); leadership's ability to create a sustainable organization (1.1a(3)); measurement, analysis and improvement initiatives (4.1a); and results (Category 7).

2.2b. Performance Projections

- Use **Sg2's Impact of Change® (IoC)** model to develop a local 10-year forecast of demand for services across inpatient and outpatient settings. Describe how the IoC is a comprehensive forecasting methodology examining the cumulative effects and interdependencies of key factors driving current and future utilization. Explain how you use this forecasting tool to support service line development, innovation adoption, facility design and planning for patients' experiences across the entire outpatient and inpatient care continuum. Also highlight that the IoC incorporates historical utilization and future market factors to provide a comprehensive, accurate forecast. Key impact factors include **population demographics, epidemiology, payment factors, economic and policy changes, innovation and technology**, and **System of CARE evolution** to account for shifts in care settings and changes in potentially avoidable admissions and readmissions.

Useful Tip: Explain that the IoC's disease-based forecasting methodology provides a comprehensive picture of how patients will access the System of CARE, including both inpatient and outpatient services, based on the prevalence of disease. The common disease methodology ensures integration with the INSIGHT Clinical Performance Management System to create a common platform for strategy implementation, deployment and measurement.

Category 3: Customer Focus

3.2a(3). Patient and Stakeholder Segmentation

- Describe how you use and integrate **Sg2's patient type methodology** (available for drill-down and analysis in both INSIGHT and EDGE analytics), which segments patients into 1 of 4 categories based on their primary disease. Segments are based on the complexity and urgency of care required, the length of the episode of care, utilization patterns, patient behavior, access requirements and consumerism. Clinical, operational and financial data come into play for each of the 4 patient types:
 - Elective patient
 - Occasional patient
 - Perpetual patient
 - Complex critical patient
- Present examples of how your organization uses the characteristics, utilization patterns and care requirements of each patient type to effectively evaluate current capabilities, identify care delivery gaps, and develop strategic plans to meet current and future patient needs by category. Highlight how data segmented by patient type are used to inform strategic priorities and to track progress toward these goals.

Useful Tip: Show patient type segmentation data from **EDGE System reports** or **INSIGHT Physician and Diagnosis Drill-Down Analysis tool** in Section 7.2a(2). These data can show how your organization identifies System of CARE gaps as well as integration across categories.

Category 4:

Measurement, Analysis and Knowledge Management

4.1a. Performance Measurement

- Describe Sg2's INSIGHT analytics as leading practice, future-focused metrics that complement your organization-specific analysis to enable your organization to improve performance today with an eye toward future reform, payment and reimbursement changes (**4.1a(1)**). Core to INSIGHT is the **Sg2 Value Index**, a methodology that evaluates an organization's level of clinical integration across the continuum of care. By tracking key metrics and benchmarking performance against peer hospitals in a national database, INSIGHT identifies specific areas of improvement and provides monthly reports to help mitigate financial risk and ensure measurable change.
- Describe Sg2's comparative database of national hospitals and leading practice metrics used to measure and manage an organization's overall clinical performance (**4.1a(2)**). Scores are derived using key metrics that span the **System of CARE** and serve as leading indicators of future performance. Each month, INSIGHT provides updated Value Index scores and **24-month trending analysis**. Highlight how each organization's performance is evaluated within a similar peer group to most accurately quantify and evaluate the current level of performance, identify the performance gap and facilitate meaningful goal setting. Sg2's INSIGHT System uses a segmentation methodology that is based on hospital characteristics, such as bed size, teaching status and location, and is informed by health system-specific elements utilized to deliver clinical care. This methodology provides meaningful peer-to-peer comparisons and allows for the attenuation of data-driven performance goals.

4.1b. Performance Analysis and Review

- Describe how Sg2's clinical and analytics experts act as partners in the process of data analysis, review and evaluation. Describe the annual process in which Sg2's experts analyze and interpret your organization's specific data, bringing an outside and national perspective. Highlight the review Sg2 provides of your organization's data and improvement opportunities as well as the roundtable discussion with your organization's clinical, process improvement and strategic teams to identify opportunities, discuss goals and document initiatives.
- Describe the use of the **Sg2 Value Index** as an approach to monitor performance across multiple metrics and concurrently track progress. The Value Index can measure performance across clinical, operational and financial parameters to enable your organization to identify and respond rapidly to changes in both your organizational needs and your operating environment.
- Describe the collaborative approach between your team and Sg2 to train the organization (leadership team, performance improvement teams, service line leaders and data analysts) on future market trends, INSIGHT metric methodology, report interpretation and drill-down tool utilization.

4.1c(1). How do you use performance review findings to share lessons learned and best practices across organizational units and work processes?

- Highlight the use and the distribution of **Sg2's Improvement Guides**, which translate processes deployed by leading practice organizations into step-by-step guides to enable teams to accelerate deployment of performance improvement initiatives.
- Describe how your organization uses and distributes monthly summary and benchmark reports across the leadership team and throughout the organization. Detail how your organization uses **Sg2's Physician and Diagnosis Drill-Down Analysis tool** to mine data, identify the root cause of specific performance levels, and inform process prioritization and deployment.

Category 5: Workforce Focus

Useful Tip: It is critically important to clearly identify in the organizational profile whether your physician workforce is considered a customer, a partner or part of the workforce. Subsequently, address the alignment, integration and communication with physicians in the appropriate category. There is no right or wrong answer; it's simply what's most important for your organization. For the purposes of this discussion, physician-specific engagement is highlighted in Category 5.

5.2a. Workforce Performance

- **INSIGHT summary reports** and the **Physician and Diagnosis Drill-Down Analysis tool** provide a systematic process for sharing performance data with physicians. INSIGHT analytics and the **Sg2 Value Index** align measures from Categories 1 and 2 with physician workforce and staff by cascading the metrics from the leadership view to the service line, disease and physician levels.
- Describe how you have achieved physician alignment due to your focus on Sg2 metrics for **potentially avoidable admissions or readmissions**. Many organizations use Sg2's INSIGHT analysis to evaluate their level of performance, identify disease-specific improvement opportunities, and track market and physician variation. If applicable, focus on a disease-specific example in which you were able to optimize care delivery by working with physicians on these metrics. This will enable you to show yourself as a market leader able to work with physicians to optimize clinical care despite a lag in appropriate financial incentives. Specific steps described might include:
 - Analysis of potentially avoidable admission rate and comparison to leading practice benchmarks
 - Evaluation of historical trends
 - Analysis of key diseases driving performance and comparison to benchmarks to identify greatest areas of opportunity
 - Analysis of variation by physician to identify strong performers and those with an opportunity for improvement in order to segment physicians and engage them in process redesign
 - Evaluation of geographical variation of patient origin with potentially avoidable admissions to identify physician offices that have the largest ability to impact and drive change
 - Deployment of a disease-specific pilot with a subset of physicians and potential collaboration with a local employer or payer to develop the competencies to optimally manage a disease and patient population across the care continuum. Current INSIGHT clients have focused mainly on congestive heart failure and/or primary joint replacement pilots.

Useful Tip: Any pilot of the type noted above should be described in detail because it highlights the organization's ability to work with key stakeholders and partners and to position its workforce for future care delivery models.

5.2c. Workforce and Leader Development

- Highlight the physician activities and education you offer, including participation in **Sg2 University's physician-specific curriculum** (ie, the Essential Skills for Physician Leaders course series and the Sg2 Physician Management Institute).

Category 6: Operations Focus

6.2a(1). How do you design and innovate your work processes to meet all key requirements?

- Focus on your use of **Sg2's disease-based methodology**, which evaluates performance at the disease level rather than based on payment mechanism, to deploy initiatives specific to clinical conditions across the care continuum. Describe how this disease-based approach enables your organization to bridge the inpatient and outpatient environments, facilitates meaningful conversation and engagement of physicians, and focuses the organization on patients and their conditions. Sg2's disease-based methodology is the core analytical platform for both the INSIGHT and EDGE products and creates an effective linkage between organizational strategy and clinical performance.

Useful Tip: Create a linkage to stakeholder engagement in Category 5 and strategy development and deployment in Category 2.

6.2b(3). How do you manage your supply chain?

- Describe the use of Sg2 INSIGHT's analysis of the top 10 diagnosis-related groups with the highest cost reduction opportunity to identify and prioritize areas on which to focus cost control efforts. The prioritization is based on an algorithm that identifies opportunity based on volumes, cost above peer benchmarks, cost variation across physicians, and future revenue opportunity at risk.
- Describe the use of **Sg2's Orthopedics Joint Replacement and Spine Implant Cost calculators** to evaluate supplier performance, identify variation in cost and quality by supplier and physician, and benchmark cost and utilization.

Category 7: Results

This category should be viewed as an extension of the process/deployment categories and should highlight the effectiveness of your processes. There are many ways to approach this category. Regardless of the approach you choose, make sure to address levels, trends, comparisons and integration. **Sg2 INSIGHT** was designed with these requirements in mind and can be used very effectively to meet these criteria.

- **Levels:** Describe the 5 levels of benchmarking used within Sg2's INSIGHT analytics:
 - Top Performers – top 10th percentile
 - Strong Performers – top 25th percentile
 - Standard Performer – 50th percentile
 - Lagging Performers – bottom 25th percentile
 - Distressed Performers – bottom 10th percentile
- **Trends:**
 - Describe the 24-month view of historical data for every performance metric. Explain why 24 months of historical data are most relevant in health care and for your organization based on your planning cycles, market dynamics and the changing health care landscape.

Useful Tip: To ensure a balanced perspective, not all examiners evaluating your application will have a health care background. Therefore, a brief explanation of a consistent time period for trends is important.

- Describe the frequency of the data collection and the aggregation of data for decision making. Sg2's INSIGHT System updates data on a monthly basis to correspond to the frequency of data reporting for senior leadership teams and service line management meetings. Data are aggregated by quarter to minimize random variation due to smaller volumes that occurs when drill-down is conducted at the service line or disease level. The most recent quarter and month are displayed and analyzed to provide visibility regarding current performance levels.
- **Comparisons:** Describe **Sg2's segmentation methodology** to ensure comparisons with other organizations that are providing similar services and have the same operating footprint. Sg2 INSIGHT uses a segmentation methodology based on hospital characteristics, such as bed size, teaching status and location. It is informed by system-specific elements used to deliver clinical care. This methodology provides meaningful peer-to-peer comparisons and allows for the attenuation of data-driven performance comparisons and goals.

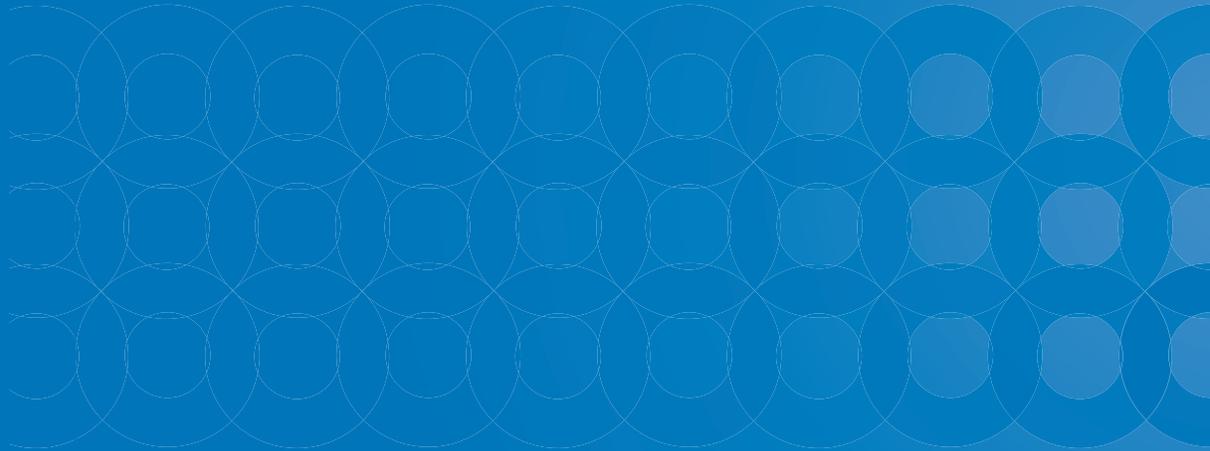
■ **Integration:**

- Highlight the **Sg2 Value Index** and the synthesis of performance metrics into a single score to ensure sustainable improvement.

Useful Tip: Use the Value Index at the enterprise, service line and disease levels as a consistent set of metrics that integrates organizational performance across several categories: senior leadership's focus on creating a sustainable organization and its focus on communication and organizational performance (Category 1); strategy development process and strategy implementation (Category 2); customer/workforce engagement (Categories 3 and 5); measurement, analysis and improvement (Category 4); and results (Sections 7.1 and 7.4).

- Highlight the disease-based methodology (**Sg2's CARE Families and CARE Groups**) and the integration of that methodology into strategic planning metrics (**forecasting and the Growth Index**) within both performance metrics (**INSIGHT metrics**) and within staff and physician communication. Display disease-based methodology results in Sections 7.1, 7.2, 7.4 and 7.5.
- Highlight results based on patient type segmentation to demonstrate the organization's alignment of its key patient segments. Display patient type results in Sections 7.1a and/or 7.2.

Integrating and linking a system's processes and results represent one of the most challenging aspects of deploying an effective performance excellence system and addressing the criteria. While this document offers a step-by-step breakdown of how Sg2's analytics and tools apply to certain Baldrige criteria, organizations should consider creating an additional table to organize and consolidate their information and enable Baldrige examiners to see their performance linkages. Consider placing such a summary table within the Strategy or Information Analysis Categories, and reference it in the other relevant categories.



Anticipate the Impact of Change

Sg2's analytics-based health care expertise helps hospitals and health systems integrate, prioritize and drive growth and performance across the continuum of care. Over 1,200 organizations around the world rely on Sg2's analytics, intelligence, consulting and educational services.

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