How Evidence Based Accountability Drives Quality and Profitability

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In this churning and evolving healthcare environment, there are more challenges than ever before. Healthcare leaders and staff are responsible for more lives at a time when the healthcare industry faces soaring costs, falling reimbursement rates, rigorous standards of quality, workforce shortages and more informed patients. While some kind of reform will be enacted, the "must" for care providers will continue to be to execute clinical efficiencies that control cost while delivering patient-centered excellence. No matter how "reform" is presented in its final composition, we are still responsible for a successful delivery of care.

There is a relationship between clinical quality and profitability, and more efficient clinical delivery has become a critical component of the care we deliver, and subsequently of the healthcare revenue cycle. As we seek to maximize profitability in the face of the current economic and market challenges, the truth is there is significant financial potential hidden in clinical gaps. It appears as redundancy, re-work, readmissions, unclear instructions, hospital-acquired infections, falls, medical errors, scheduling conflicts, wrong-site procedures, and medically unnecessary delays.

Financial leaders are aware that the majority of hospital processes are clinical—and they veil incremental, yet potentially significant contributions to the bottom line. With increased transparency and aggressive financial incentives, healthcare organizations are being held accountable to rigorous standards of "Always" and "Never," and consequently, every step in a clinical pathway is subject to scrutiny. Generally, controllable costs embedded in the multitude of steps in a clinical process have escaped thorough examination. Yet through this new lens, the gaps present themselves as glaring opportunities for cost savings and growing the bottom line.

Why Is This Important?

Financial healthcare leaders may not view refining incremental clinical "tasks" to be as important as perhaps a new surgical robot or highly-salaried staff neurologist. Administrative process improvements admittedly have helped create operational efficiency and saved dollars. However, the largest and most sustainable cost savings lie in clinical efficiencies, with the cumulative impact on revenue proving profound. Healthcare leaders must learn that it's often the simple things, done consistently and done well, that can be the biggest driver of improved quality and revenue.

Consider hand hygiene. This is purportedly a non-negotiable for healthcare workers, and a critical component of delivering care. Yet more than 2 million people a year acquire an infection during their hospital stay. Most experts agree that 90% of those can be avoided if hospitals improve hand hygiene (Src: It's Just That Simple, HHN, 6/09). We know, in turn, that the additional cost to treat each HAI equals $8,548. The average loss to a hospital is $5,351 per case, which accounts for 63% of IP net operating losses (2007 Healthcare Business Market Research Handbook). The overall estimated annual cost for the healthcare industry is $30 billion. (GAO, Health-Care-Associated Infections in Hospitals, 3/09).

The most poignant statistic, however, is that 5.82% of patients die as a result of an HCI (Public Health Reports, Healthcare-Associated Infections and Deaths in US Hospitals, 2002, 2007).
It truly is "just that simple." Washing your hands mean lowered rates of hospital acquired infections. so more patients recovery quickly and without complications, more lives are saved, while impacting the bottom line. This simple clinical process is so important that many hospitals, including Johns Hopkins, are creating internal marketing campaigns to hard-wire the behavior with caregivers.

Proof Positive

Freeman Health System in Joplin, Missouri, is a 404-bed, three-hospital system providing comprehensive healthcare and behavioral health services to an area that includes more than 450,000 from Missouri, Arkansas, Oklahoma, and Kansas. In one short year, their Intensive Care Unit successfully deployed a program to decrease the incidence of Ventilator Acquired Pneumonia (VAP).

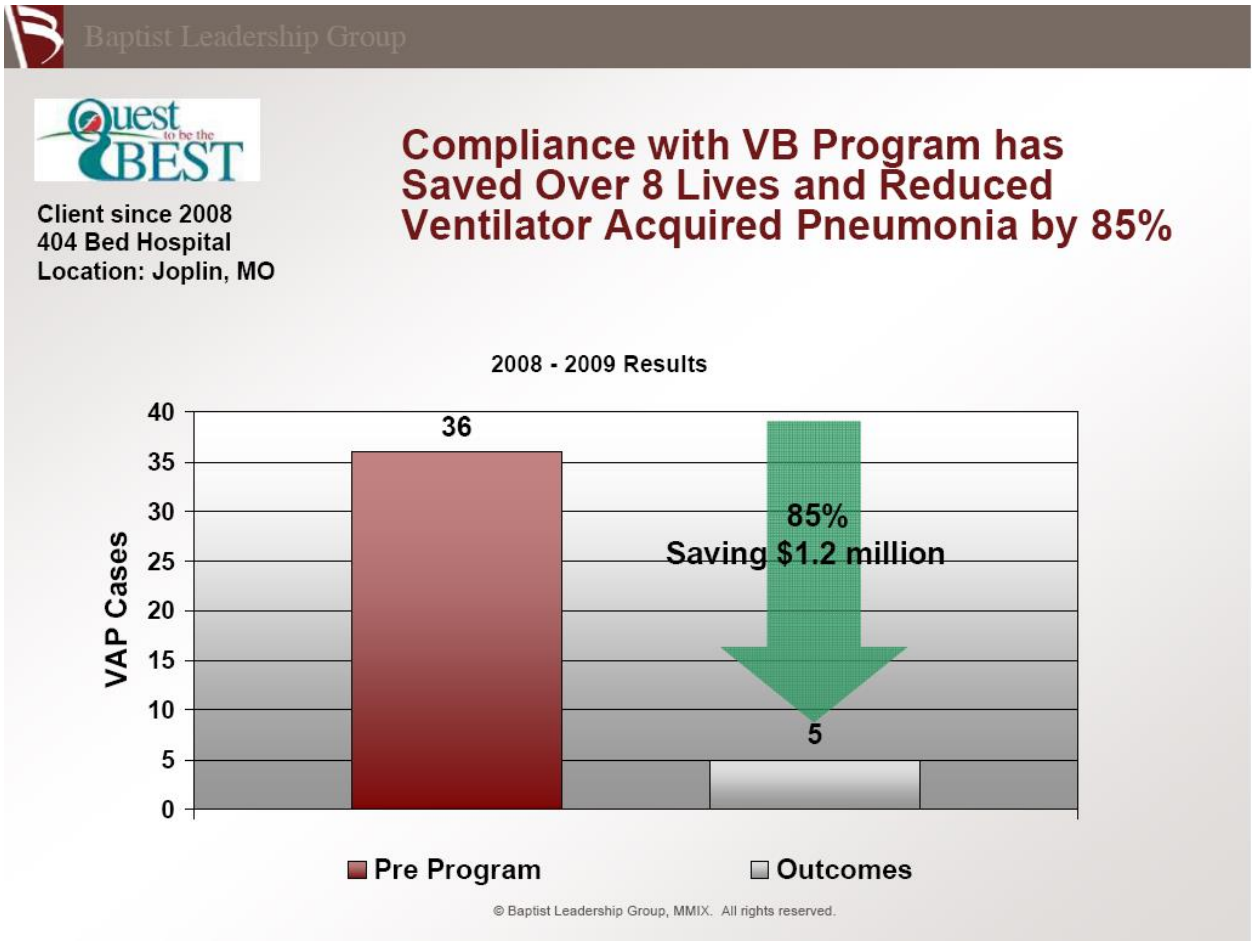
At Freeman, they implemented a host of new Initiatives to create open communication between leaders and staff, collaborate with all resources available, and increasing individual staff accountability and proactivity. The initiatives included:

- A new Unit Council was created to identify, prioritize, and address areas for improvement in the unit
- Staff created and presented educational efforts to address VAP and other areas for improvement
- Aggressively re-created sedation protocol in order to minimize use of sedation
- Education was presented regarding detrimental effects of over-sedation
- Created sedation level documentation with clarified documentation expectations
- Developed, educated and instituted a Progressive Mobility Protocol
- Implemented consistent focused leadership rounding
- Daily compliance reporting for SQI vent bundle including specific patient/nurse information
- Sedation Vacation procedure definitions developed in policy
- Consistently occurring individual staff accountability regarding Vent Bundle compliance implemented with consequences for non-compliance
- Implemented respiratory and nursing communication expectations regarding breathing trail and sedation vacation.
- Vent Bundle as applied to Tracheotomy patients defined in policy
- Intensivist and Nursing Peer review of any VAP occurs monthly with focus on improving care and processes

As a result, while in 2008 there were 36 VAP's, current incidence of VAP is at 5, and continues to trend in a downward manner. This is equivalent to 8 lives saved.

According to the MMWR Recomm Rep. 2004, the additional costs per episode of VAP is $40,000. Based on this, Freeman's decrease from 36 cases last year (total additional costs are approximately $1.4 million) to five this year (total additional costs are approximately $200,000) has resulted in an estimated savings of $1.2 million in VAP associated costs and increased length of stay. The big win, of course, is the 8 lives saved.

Nine years ago here at Baptist Health Care (BHC) in Pensacola, Florida, the average decubitus ratio was 9.0 percent per average daily census. Our efforts to curtail the incidence of decubiti (now a "Never" event), helped reduce that rate to 4.5 percent per average daily census in 2005. But 4.5 percent was still too high. Over the next year we continued a relentless focus on eliminating the incidence of decubiti altogether, and reduced the rate even further to 2.3 percent. For BHC, that adds up to $756,000 annually. And although we have sustained that savings each year since, we think we can do even better.



How Did We Do It?

At Baptist, we have experienced first-hand how evidence-based accountability has created a line of site to quality outcomes, increased patient satisfaction, and employee engagement. Our tools hold people accountable for what they do and how they do it. The result is that patients get better quicker with fewer complications, and the impact on profitability is dramatic. For Baptist, market share has increased 3 percentage points.

We discovered unexpected hidden tasks related to quality that have had a direct impact on our bottom line. One of they key tactics that healthcare leaders and staff utilize is rounding. While we all agree that rounding is not a new concept, and has been used effectively for years to meet the needs of the patient, what we have begun to understand is that rounding is critical to delivering patient centered care and driving quality outcomes. Rounding helps the leader and staff be proactive by assessing patient needs, the levels of service being delivered, and then developing action plans to change results.

Providence Hood River Memorial is a rural, critical access hospital. They studied their patient fall rate and found that they were tracking 6.1 falls per 1,000 patient days. With falls constituting $15,418 per case, on average, to hospitals - a significant expense for which the hospital will not be reimbursed, the need to reduce falls is critical. When Providence reduced their fall rate to less than 1.0 per 1000 patient days, they put $350,000 back into their operations within a year. Industry-wide, we see that when hourly rounding is implemented, falls decrease by 60% over one year (AJN, Effects of Nursing Rounds on Patients' Call Light Use, Satisfaction and Safety, 9/06). The savings to the bottom line cannot be ignored.

Another case in point. Baptist's largest hospital is community-based and provides a significant amount of uncompensated care, in the emergency room. Many patients come to our emergency room and leave without being seen. Frequently they will return, and their illness or injury is more advanced or exacerbated. It is then more costly to treat, and more demanding on our staff. For underinsured or uninsured patients, the implication was clear. We realized that it was better for our patients—and more cost effective—if we kept people in the first time they came to us.

Frequent, purposeful rounding has helped us reduce our "left without being seen" rate from 4.5 percent to 2.4 percent (even as our emergency room volume has increased 12 percent) by creating various touch points in the emergency room waiting areas. This is a triple win. First, reduction in the left without being seen category contributes at least $1.7 million dollars in gross revenue to the bottom line. Second, we're growing volume. And third, we continue our legacy and commitment to providing the community access to needed emergency services.

At BHC's Gulf Breeze Hospital, we have maintained patient satisfaction scores in the high ninetieth percentile for well over a decade. Purposeful rounding has provided a key tactic to drive these results. We know that high patient-satisfaction scores, which are now openly available to the market, are a key driver of the perception of quality and customer service for hospitals. Empowered healthcare consumers, and often their physicians, are accessing this data to make care decisions. In high-performing hospitals, the employees' ability to impact the patient experience, quality outcomes and the bottom line are publicly acknowledged highlights, and in this case, have resulted in market leader status.

Quality follows Accountability

The most important contribution to discovering new ways to cost effectively service patients lies in evidence-based accountability. Early on in the BHC journey, we made a tough and dramatic shift from being tolerant to being accountable. From critical clinical tasks being optional to non-negotiable. From "we vs. they" thinking to aligned teamwork. Rigorous accountability – starting with our leaders – has resulted in our successes in elevating quality scores and improving clinical outcomes.

We did this by understanding organizational goals and translating them into meaningful targets for departments and staff. When leader and staff goals are aligned, and measurable results are linked to improved patient outcomes, there is a quantifiable contribution to the patient-centered experience – including safety, quality, cost-savings and the overall core business of the organization.

One result is sustaining both the clinical and financial outcomes. BHC has received the Malcolm Baldrige award, "Best Practice" recognition from the Health Care Advisory Board, 22 National Summit Awards from Press Ganey, and sustained 12-years of excellence above the 90th percentile for patient satisfaction. VHA Southeast's 2008 Hospital Quality Score Report named Baptist Gulf Breeze first and Baptist Pensacola sixth among the 50 participating hospitals in this benchmark group.
In 2009, in the midst of a national economic meltdown and flat patient volumes, we posted our best financial performance ever.

Our own journey has given us the unique ability to help others with a similar mission. For example, Baptist Leadership Group has partnered with Monongahela Valley Hospital to develop organizational, leader, and staff alignment and accountability, in order to create a high performing hospital.

In August of 2006, Mon Valley CEO Lou Panza stated, "We will strive to establish MVH as the hospital of choice for our community by distinguishing MVH as a leader in quality health care and quality customer service. We will step up the pace of our efforts to provide excellent clinical outcomes, cost-effective care and recruiting, developing and retaining the best people."

In 24 short months, they achieved tremendous results in alignment with their accountability framework. They went from the 10th to 75th Percentile in employee service performance, and from the 24th to 99th

Percentile in patient satisfaction. Even more remarkable, they have sustained these performance metrics above the 90th percentile for last five quarters.

The key to Mon Valley's success was creating a commitment to accountability with clarity and a balanced approach at the heart of their work. Mon Valley embarked on their journey to create a changed culture with a commitment to patient centered excellence, systems of accountability to achieve and sustain organizational goals, and a methodology to recruit and retain great employees.

By listening carefully to leaders and staff, being open to creative solutions, collaborating with all resources available, being extremely proactive, and increasing individual leader and staff accountability, their journey has proven to have a profound, lasting and sustainable outcome the organization.

Mon Valley, in turn, also experienced tremendous financial results including growth of their physician base to 200 medical staff- enabling Mon Valley to preserve A3 stable bond rating with Moody's, a positive operating margin, growth in market share, favorable contract negotiations, and a 2.5 percent growth in net patient revenue.

The Bottom Line

Research studies have documented the pervasiveness of preventable adverse events, and researchers continue to establish the link between communication and litigation, with failed communication representing the most common cause of malpractice lawsuits. In a study by Lerman and Kobernick, they found that 15% of unscheduled readmissions could have been avoided by providing better information to patients. | (Src: Qual Saf Health Care, Unscheduled Returns to the ED: an outcome of medical errors?, (15) 2006). 60% of medical and 56% of surgical safety incidents are related to poor communication, and we know that the *entire* patient experience is determined by the level of positive interpersonal communication – from pre registration to discharge.

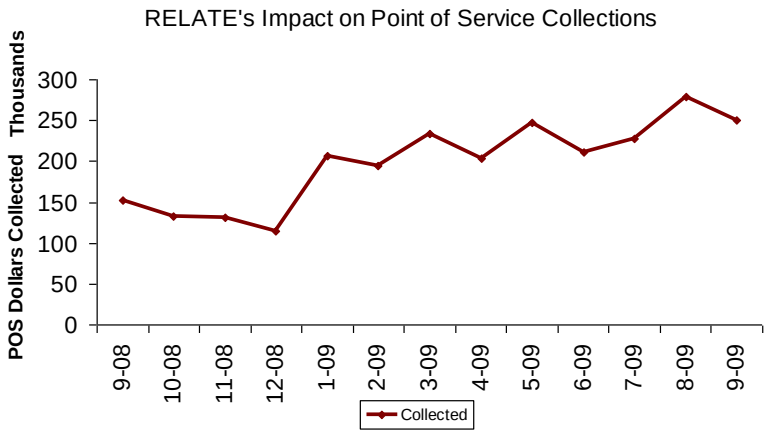
Healthcare professionals must evolve how we speak and interact with patients and families as a means to reduce preventable adverse events, improve quality outcomes and increase patients' perceptions of care. At Baptist Healthcare, our focused efforts have helped us thrive in the midst of a litigious environment. Our claims severity has decreased 70 percent from $74,000 per case to $20,000 per case. Additionally, our confidence in our quality care and patient communications has enabled us to absorb additional risk with our liability insurers, which decreased our umbrella premium from over $1 million to $500,000.

Our research on the challenges and opportunities for patient communication to reduce preventable adverse events, improve quality outcomes and increase patients' perceptions of care resulted in our newest tool. RELATE ***R****eassure,* ***E****xplain,* ***L****isten,* ***A****nswer,* ***T****ake action and* ***E****xpress appreciation* – assures consistent, meaningful, two-way dialogue with patients and their families at every touch point during their hospital experience. It impacts every aspect of the care continuum.

Improved communication also impacts the bottom line. In the current economic climate, healthcare organizations are searching for ways to improve operating cash flow, collections, Medicare and Medicaid eligibility, and overall financial health by reducing bad debt. One way to improve financial performance is through more effective point-of-service collections with patients. At Baptist, RELATE has been deployed with registration staff that use it to create an emotional connection through a two-way dialogue with patient. The goal is improved collection rates while still delivering an excellent experience.

Since deployment, point-of-sale collections at Baptist has improved an average of $100,000 per month and 150% above goal, while patient satisfaction has risen from 35-percentile points to the 98th percentile. Significant results were achieved through better communication and accountability for

defined processes. We didn't need a new technology system, but rather a consistent methodology throughout the health system every time, every patient, every encounter.



Conclusion

A recent national survey by McKinsey showed that more than ever before in the history of our industry, patients want choices. They want to have a voice and a say in where they go for care, who is their doctor, where they go for treatment, what hospital they end up in. Consequently they have a very powerful voice, which is only going to increase as they take on more and more of the cost of the care they receive. And baby boomers are coming into the market in huge numbers both as patients, and as advocates for their aging parents. And all of us are paying for more healthcare than ever before.

Can evidence-based accountability and the tools and tactics that drive behavioral consistency and execution leverage these seismic changes in our industry? The answer is yes. Amidst all of the changes – from healthcare reform to more empowered and informed healthcare consumers, the care we deliver isn't changing. What is changing is expectations, and evidence-based accountability manages the expectations, identifies the gaps, and provides the framework for alignment, consistency and execution to create a high performing organization that delivers patient centered excellence.

Clearly, clinical outcomes impact financial success. In our "no excuses" environment, implementing purposeful rounding or enhanced patient communication has not been at the convenience of staff, but rather the requirement of world-class patient care for better quality outcomes. As a result of more rigorous, evidence-based accountability, and the tools and tactics that accompany this approach, we have been able to track clinical tasks more closely. The fact that these basic steps to improve quality and save lives will also save millions of dollars annually is worth a closer look.

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[1] Advisory Board, "Nursing's cost savings discovery: The prevention imperative" (2009).
[2] S. F. Jencks, M. V. Williams, and E. A. Coleman, "Rehospitalizations among Patients in the Medicare Fee-for-Service Program," The New England Journal of Medicine, Vol. 360 (2009), pp. 1418–1428.