making process improvement ‘stick’

There are five traits common to healthcare organizations that develop process improvement initiatives that successfully sustain gains.

Once again, health systems are investing heavily in process improvements. The latest push aims to curb costs to help hospitals survive in a market environment that increasingly demands greater efficiency in the delivery of care. Market drivers—including cost pressures associated with payment reform and the information boom—will demand a 20 to 40 percent improvement in overall efficiency. The multipronged approach required for such change will include performance improvement, clinical transformation, scale and integration, and asset rationalization. Such organizational changes will facilitate the ongoing shift from episodic to value-based care.

In a March 2014 report to Congress, the Medicare Payment Advisory Commission identified three common traits of healthcare organizations with poor financial performance that were closing or on the brink of closure:

- Low occupancy
- High readmissions
- Poor patient satisfaction

Although this finding underscores the critical nature of process improvement, it is also clear that we’ve been here before, and our efforts to sustain process improvement gains over the long term never seem to stick.

Why is it that so many process improvement tools—like reengineering and continuous quality improvement—that have worked so well in other industries struggle to take hold in health care? Many process improvement efforts in health care appear to achieve strong initial results. Such initiatives might start with a big kickoff by the CEO to stir employee enthusiasm, but four years later, there tends to be little evidence to show whether goals were achieved, indicating a loss of momentum.

AT A GLANCE

To sustain gains from a process improvement initiative, healthcare organizations should:

- Explain to staff why a process improvement initiative is needed.
- Encourage leaders within the organization to champion the process improvement, and tie their evaluations to its outcomes.
- Ensure that both leaders and employees have the skills to help sustain the sought-after process improvements.

There are five traits common to healthcare organizations that develop process improvement initiatives that successfully sustain gains.
The repeated failure to sustain process improvements in health care makes it more difficult to engage leaders, employees, and providers the next time a new initiative is introduced. They experience change fatigue. This is particularly true of physicians, who play a critical role in ensuring a health system’s ability to compete under value-based care.

Nonetheless, some organizations are able to sustain the gains and make process improvement “stick.” In our experience, these organizations share five traits in common.

A Connection to the “Why”

Although it seems obvious to tell people why an organization is changing a process, much more frequently, such conversations tend to focus only, or predominantly, on what is changing. Unlike workers in industries such as manufacturing, however, individuals who work in health care are intrinsically motivated and so are more invested in understanding the “why” of change. Nurses and physicians, in particular, need to understand why a new methodology improves clinical outcomes for patients or ensures a better work environment in which to practice medicine.

One of the ways leaders in healthcare organizations that are able to sustain improvements address these needs, and communicate mutual expectations more clearly, is by moving to a more objective performance appraisal system. By more fairly rewarding high performers who align with in organizational priorities, such a system better enables these organizations to sustain their missions. These organizations understand the importance of connecting to hearts and minds before asking for behavioral change.

Change is unsettling. It creates pushback unless there is compelling evidence that the new best practice will advance the organization’s mission to provide high-quality care for patients, even if it creates extra steps or inconvenience. When organizations can show that a new process will result in fewer infections or improved outcomes for stroke patients, providers’ values will compel them to be receptive to the new process. This dynamic also is true for financial stewardship. By explaining to employees why dramatic cost reduction is necessary to enable the organization to remain solvent and sustain its mission to save lives, financial managers can improve provider and employee engagement.

At UConn Health, an integrated academic health center with 5,000 employees and 500 unionized physicians in Farmington, Conn., Anne Diamond, the CEO of the organization’s flagship hospital,
debuted a comparative effectiveness committee in 2012. The committee’s goal is to empower physicians to decide the best care for patients, while standardizing equipment and supplies for substantial cost savings. Every surgical specialty is represented, and all surgeon members receive one vote, as do administration and nursing. Representatives from procurement and contracting also attend.

“If a surgeon wants an expensive piece of new equipment, the surgeon will present evidence-based literature on why the item will improve clinical quality and safety at a committee meeting for focused discussion and a vote by peers on whether to pilot or adopt it,” Diamond says. “By allowing physicians to build consensus on clinical quality and taking the mystery out of what things cost, outstanding financials have followed.”

In year one, UConn Health saved approximately $1 million, which included standardization on hips, knees, and other high-cost implants through consolidation and price caps without eliminating choice. In year two, the organization saved $485,000 on implants, including spinal and mesh implants and prostheses for total hip arthroplasty. In 2014, the organization is on track to save $900,000 on biologics, spinal implants, total joints, custom packs, and its green initiative to reprocess reusable instruments.

“New surgeons come in with personal preferences,” Diamond says. “So we set expectations early about how this peer-review process works. What physicians want are the best resources to do their jobs well. By hardwiring a process where they are empowered to make those decisions, the organization also wins.”

**Process Improvement as Part of an Organizational Framework**

When a process improvement is identified, it cannot be a stand-alone process. Organizations that are able to sustain performance improvement demonstrate evidence-based leadership that provides an execution framework for consistently reducing costs, improving clinical quality, and enhancing the patient experience, much as adherence to evidence-based medicine delivers better clinical outcomes for patients.

Evidence-based leadershipSM reduces operational variability through three broad, consecutive steps:

> Identifying and cascading organization goals or desired outcomes
> Identifying and hardwiring necessary leadership behaviors
> Selecting necessary processes and technology

A 2012 study by Johns Hopkins found that patients injured with head trauma on the weekend were 14 percent more likely to die than those injured on a weekday and found the “weekend effect” also applied to heart attack, stroke, and aneurism care (Schneider, E.B., et al., “Beating the Weekend Trend: Increased Mortality in Older Adult Traumatic Brain Injury (TBI) Patients Admitted on Weekends,” *Journal of Surgical Research*, October 2012).

Beginning with the desired organizational or departmental outcomes, assigning objective

**SAMPLE REVENUE CYCLE MANAGEMENT GOAL: CASH COLLECTIONS**

**Aligned to Organizational Operating Margin Goal**

Goal: Meet or exceed YTD cash collections at 101 percent of the prior month’s net total (less bad debt).

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performance metrics (i.e., goals that are aligned and cascaded for accountability), and closing skill gaps with prescriptive training sustains any process improvement.

Generally, the healthcare industry is very capable of identifying processes that need improving. For instance, it has readily identified the need for new IT to improve up-front collections. However, the industry frequently fails to realize promised gains because it doesn’t effectively maximize necessary behaviors for success. For instance, if hand-washing is identified as a mandatory behavior, how do organizations ensure all clinical staff consistently wash their hands? Validation is the key. If organizations don’t validate, they may assume they have consistent behavior and waste financial resources by investing in additional processes and technologies. Meanwhile, what is needed is consistent execution to see results. Compliance conserves resources.

Achieving a “lean” organization is not the job of one individual or department. Rather, that goal is achieved by creating a culture in which leaders feel safe to raise questions about areas of opportunity. Although culture and alignment are foundational to success, many organizations neglect those aspects in favor of a narrow focus on implementation of lean tools and tactics.

“Strong leadership is critical, but it’s only one piece of great performance for our patients,” says Scott Buchalter, MD, a pulmonologist and quality education officer for UAB Medicine, a regional not-for-profit academic medical center with six hospitals in Birmingham, Ala. “You may get some wins with low-hanging fruit for some breakthrough projects, but you’ll never sustain the gains or move to the next level to achieve continuous incremental improvements over time without quality improvement knowledge and skills among staff.”

UAB Medicine instituted a quality academy and partnered with the School of Health Professions at UAB. Now in its second semester, the academy aims to eventually develop a critical mass of improvement champions by moving physician, nurse, and administrative leaders with oversight responsibilities through its core semester-long curriculum on continuous process improvement. Although small teams initially learn the methods and focus on applying them on breakthrough projects, the real value occurs post-training, Buchalter says.

“These individuals are teaching and cascading the quality improvement methods they’ve learned to teams on their units,” Buchalter says. “It’s really about spreading expertise widely and deeply for incremental improvement with eventual 100 percent participation and accountability.”

Organizational Objectives Tied to Leader Performance Evaluations

If we identify a process to improve outcomes but do not hold leaders accountable, we imply that alignment with organizational objectives is a matter of choice. In organizations that can sustain success in process improvements, individuals do not receive strong performance reviews without demonstrating such alignment.

Weight a goal at 10 percent of a performance evaluation, and you create awareness; weight it at 20 percent, and you create focus. To create urgency, you need to weight it at 30 percent.

Imagine, for example, that a hospital is working with a supplier to identify a new system for surgical supplies estimated to save $1.4 million over 12 months. A savings of $835,000 is budgeted conservatively in year one while the process and new technology are implemented. Using evidence-based leadership as part of this process would require a first step of aligning the director of surgery’s performance evaluation with the desired outcome. Because it is an urgent organizational priority, the goal is weighted at 30 percent of the leader’s evaluation. Performance metrics of 1 to 5 are assigned so that exceeding the savings goal results in a better evaluation and underperformance results in a poor evaluation.
Leaders with the Skills to Meet Performance Expectations

The next—and most frequently missing—trait required to make process improvement stick is having leaders who possess all of the skills needed for success. Leaders need to be able to identify these skills. Perhaps strengthened communication skills are needed to better cascade information. Perhaps the leader needs to improve his or her ability to have difficult conversations with individual reporters who are not meeting expectations. In such an instance, the leader needs to document clear expectations and low performance as part of an “up or out” approach.

Foundational leadership skills are required enterprise-wide. These skills frequently include understanding how to manage change, run effective meetings, manage financial resources, answer tough questions without creating a blame culture, understand the external environment, think critically, and select and develop talent. Imagine a leader who scores poorly on “communication” on an employee attitude survey. How can that leader engage employees in consistently executing the new process improvement if the leader is not trained to effectively communicate why, what, and how?

In organizational assessments we conduct with healthcare organizations nationwide, leaders are asked to predict what results their organizations would see over the next five years if there were no changes in processes, cost structure, efficiencies, and patient care volume. Typically, more than 30 percent of leaders predict their organizations will perform the same or better. There is a gap in their understanding about the urgency of the need for change due to the external operating environment. A leader requires skill in explaining the “why” and “how” of the changing operating environment to create a burning platform for change.

From 2010 to 2013, we surveyed 35,633 leaders (senior leaders, directors, managers, and supervisors) in 700 healthcare organizations in 44 states to identify barriers to process improvement in an increasingly challenging operating environment. A key finding was highlighted in answers to the question, “How well does your current leader training prepare you to lead for success in the organization today?” Forty-five percent of respondents rated training effectiveness as fair, poor, or very poor on a five-point scale. How can leaders excel in an increasingly challenging operating environment with inadequate training?

When many leaders have strong leadership skills, the organization builds bench strength for efficiently managing the change process, integrating it into daily activities, and managing high-performing individuals across the organization to sustain a culture of high performance.

In one innovative arrangement for building leadership skills, five federally qualified health centers (FQHCs) partnered in 2011 to share training resources to improve operational performance and health outcomes. The goal was to remain financially viable in the face of changes in payer mix and rapid growth due to the Affordable Care Act. Leadership training has included best practices around selecting and deselecting talent—two organizations replaced half their executive teams as a result. Other best practices focused on conflict resolution, team building, targeted goal setting, and tracking through actionable monthly “flash reports” or dashboards to track trends and ROI. Even though four of the FQHCs compete for market share in Miami, they have a shared commitment to put community health first. When becoming a medical home was announced as a federal FQHC requirement, the partnership put together a task force to reduce patient wait times and improve access.

“We each want patients to be satisfied, employees to be engaged for lower turnover, and higher clinical quality,” says Annie Neasman, president and CEO of Miami-based Jessie Trice Community Health, one of the FQHC Collaborative members. “It’s truly been a win-win for all of us.”

Since the start of the partnership, employee turnover has decreased and operating margins have improved at each site.
**Employees Equipped with Future-Ready Skills**

Organizations that enjoy success in sustaining process improvement understand what their employees require to excel in a fast-paced, changing operating environment.

When Community Health Network (CHN) in Indianapolis decided to move preauthorizations to a centralized financial clearance model, it invested heavily in educational resources. That effort ensured staff had the unique clinical and process knowledge needed to make preauthorization decisions.

“You can’t just flip a switch,” says Charlie Meadows, vice president, revenue cycle, CHN. “We trained staff around the process, the technology, and shared the current process compared to best practices.”

Steele Memorial Medical Center, a critical access hospital in Salmon, Idaho (one of the most remote hospitals in the lower 48 states), has used continuous leadership and staff training to drive an 8.4 percent operating margin in 2013, which exceeded its goal by 6.4 percent. Such training also is credited with reducing total FTE turnover by 25.9 percent in 2012 and an additional 10 percent in 2013. This year, staff training has focused on teaching employees how to increase the quality of patient interactions to improve patient satisfaction and loyalty. The hospital uses a standardized introduction that “manages up” the individual’s training and experience and reduces patients’ anxiety by clarifying for them what to expect with a procedure.

By asking C-suite executives, board members, and hospital auxiliary members to role-play the patient in practice sessions, the leadership team has signaled the organization’s commitment to get it right with every patient every time. That approach also has created buy-in from the board to hold staff accountable during their hospital visits. Leaders introduced the concept by first explaining why it was a best practice in delivering quality care. Stephanie Orr, chief nursing officer, validated employee practice sessions by observing staff and providing feedback to them and later to managers, who used a competency checklist to rate effectiveness.

“We need 100 percent of staff to understand and demonstrate competency,” Orr says. “By involving senior leadership and validating this new skill, we communicated this is no ‘flavor of the month’ initiative.”

**The Prime Ingredient: Building a Culture of High Performance**

Although much has changed in health care, some constants remain. Those who work in health care have great passion, fortitude, and a willingness to learn. Usually, these characteristics are paired with a desire to have purpose, worthwhile work, and the ability to make a difference. Process improvement is lengthy and requires an organizational culture of alignment, collaboration, and empowerment through training and development to feed employees’ natural enthusiasm, sustain gains, and continue reaching higher.

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**About the author**

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