Integrating the Baldrige Business Model in Healthcare:

*Our Journey To Performance Excellence*

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Saint Luke’s Hospital, Kansas City, Missouri

The Quality Colloquium
August 22 – 25, 2004
Saint Luke’s Hospital

Where We Came From…

• Founded in 1882
• Reverend Henry David Jardine
• Articles of Agreement – dated October 3, 1882
• Charity care was an important aspect of the agreement
• New hospital was designated a teaching institution
Saint Luke’s Hospital

Who We Are Today…

- 582 beds
- 3186 employees
- 500 physicians
- Not for profit
- Tertiary care referral
- Protestant Episcopal Church
- Primary teaching hospital – UMKC School of Medicine
- Level I Trauma Center
- Centers of Excellence
- Level III Neonatal care
Saint Luke’s Hospital

Mission

Committed to the highest levels of excellence in providing health services to all patients in a caring environment…dedicated to medical research and education.
Saint Luke’s Hospital
What We Stand For...

Our Core Values

• Quality/Excellence
• Customer Focus
• Resource Management
• Team Work

122 Years
Serving Kansas City
and the Region
Baldrige Business Model
Rationale
Why Pursue Baldrige?
...Because It’s Logical!

Leadership
Strategic Planning
Focus on Patients, Other Customers, and Markets
Measurement, Analysis, and Knowledge Management
Staff Focus
Process Management

ORGANIZATIONAL PERFORMANCE RESULTS
Criteria Provide a Framework for Organizational Activity

- Tailored to each organization
- Emphasizes strong leadership in an empowered work environment
- Drives continuous improvement
- Focused on results

Inpatient Test per Discharge  Net Days Accounts Receivable  Radiology Turnaround Time
Saint Luke’s Hospital
SLH Leadership for Performance Excellence Model

Balanced Scorecard Perspectives

- **Vision**
- **Mission**
- **Core Values**
- **Strategy**

Strategic Focus Areas
- Level 1 Processes
  - Manage Financial Performance
  - Manage Customers
  - Manage Growth and Development
  - Manage Clinical and Administrative Quality
  - Manage People

- **Customer Satisfaction**
- **Growth & Development**
- **Clinical & Administrative Quality**
- **People**

Commitment to Excellence Assessment Model
- Leadership
- Strategic Planning
- Patient/Customer Focus
- Measurement and Knowledge Management
  - **Process Management**
  - Results Focus
- Performance Improvement & Innovation
- Knowledge Sharing

90-Day Action Plans
- 90-Day Action Plans

- Level II, III, IV Process Improvement Plans

- Individual Development Plans
# Saint Luke’s Hospital

## Physicians as Partners

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Department</th>
<th>Contact</th>
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<tbody>
<tr>
<td><strong>President</strong></td>
<td>Ann Warner, MD</td>
<td>Customer Satisfaction</td>
<td>Kevin Thorpe (VP)</td>
</tr>
<tr>
<td><strong>President Elect</strong></td>
<td>Michael Borkon, MD</td>
<td>Growth and Development</td>
<td>George Hayes (COO)</td>
</tr>
<tr>
<td><strong>Vice President</strong></td>
<td>Mark Bernhardt, MD</td>
<td>People</td>
<td>Dawn Murphy (VP)</td>
</tr>
<tr>
<td><strong>Secretary/Treasurer</strong></td>
<td>Fred Plapp, MD</td>
<td>Financial</td>
<td>Jama Johnson (CFO)</td>
</tr>
<tr>
<td><strong>Immediate Past President</strong></td>
<td>Peter Holt, MD</td>
<td>Clinical and Admin Quality</td>
<td>Mary Ellen Doyle (CNO) and Mark McPhee, MD (VP)</td>
</tr>
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</table>
Saint Luke’s Hospital
Performance Measurement

Balanced Scorecard

• Primary measurement tool
• 5 perspectives
• Key measures linked to strategy
• Scoring criteria set by statistical methods and benchmarks
• Tracks overall organization performance
• Provides organizational alignment
Saint Luke’s Hospital
Performance Measurement

Saint Luke’s Hospital
Growth and Development Perspective
Highlights, Next Actions, Trends
3rd Quarter 2003

QUARTERLY HIGHLIGHTS

- The Community Market Share measure met goal for the 3rd quarter.
- Certificate of Need granted for the Novaris Radiosurgery System.
- Continued implementation of H*Works initiatives to increase surgical case volume/throughput.
- Listening sessions for input on design of “New Saint Luke’s” continuing.
- Rush Memorial Hospital accepted Laboratory Services proposal for reference lab services.
- Saint Luke’s South Primary Care is now referring patients to the Sleep Disorders Center.
- Deployment of “Day Before Discharge” discharge planning is continuing. Goal is to improve throughput and capacity.

NEXT ACTIONS

- Finalize operational/location issues associated with Novaris Radiosurgery System.
- Facilitate discussions with select physician specialties impacted most by malpractice situation to evaluate alternatives to mitigate that impact.
- Continue listening sessions for the “New Saint Luke’s”.
- Formulate agreement with Ray County Hospital to perform sleep studies there.
- Work with Medical Staff leadership to identify solutions to the increasing number of unassigned patients in the ED.
- Investigate possibility of CV surgeons performing PDA ligations on neonates.
- Continue deployment of Medical Staff Development Plan.
- Develop business plan/model for plastic surgery/wound care services.
Saint Luke’s Hospital

90-Day Action Plans

• Making it “real” for leaders...
  – Operating Margin
  – Patient Safety Index
  – Inpatient Satisfaction
  – Revenue Growth
  – Retention
Saint Luke’s Hospital

BSC Departmental Report Form

- One BSC measure from each perspective is selected (Strategic Focus Area – SFA)
- Managers develop department 90-day action plans for each SFA
- Provides alignment of Hospital strategic plan at the department level
- Provides focus for managers
- Results reported monthly and trended over time
### Saint Luke’s Hospital
#### Performance Analysis
##### BSC Departmental Report Form

<table>
<thead>
<tr>
<th>Legend</th>
<th>DEEP BLUE</th>
<th>LIGHT BLUE</th>
<th>GREEN</th>
<th>YELLOW</th>
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<tr>
<td></td>
<td>Stretch Target 10</td>
<td>Stretch 9.8</td>
<td>Goal 1</td>
<td>Moderate Risk</td>
<td>Risk</td>
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<td></td>
<td>Outstanding</td>
<td>Exceeds Expectation</td>
<td>Meets Expectation</td>
<td>6,5,4</td>
<td>3,2,1</td>
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<th>BSC Measure</th>
<th>Jan</th>
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<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
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<td>Customer Satisfaction - Overall Sat: OP</td>
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<td>Customer Satisfaction - Overall Sat: OP</td>
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<td>Clinical &amp; Admin. Quality - Patient Safety Index</td>
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**Year 2003**
Performance Management Cycle

- **Planning** – goal setting at start of the year
- **Coaching** – through the year
- **Review** – at the end of the year, with merit increase awarded
Shared Behaviors:
“What is expected of me as an employee of Saint Luke’s Health System?”

Job Specific Accountabilities:
“What am I accountable for because of the job I hold?”

Personal Commitments:
“What goals will I commit to for the coming year based on my own individual talents?”
Alignment of Strategy with the Performance Management Process (PMP)

- Assure financial stability by SLH departments and services collectively achieving operating margin goal.
  - **Department Director Personal Commitment:**
    Assure financial stability of East 3 by meeting budgeted gross revenue and maintaining supplies, salaries and other expenses within 2003 budget. Measured with the monthly flex budget report.
  - **Registered Nurse I Personal Commitment:**
    Achieve 100% accuracy on charge entry and documentation measured by quarterly unit audits
Saint Luke’s Hospital

**Determination of Key Health Care Delivery Processes**

- PI Model used to design, manage and improve
- **Key Requirements** are driven by customers and operational needs
- **Key Measures** are driven by customers and organizational requirements
  - Includes both *in-process* and *outcome* measures
## Key Health Care Processes

<table>
<thead>
<tr>
<th>Health Care Processes</th>
<th>Key Requirements</th>
<th>Key Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Admitting</strong></td>
<td>• Timeliness</td>
<td>• Wait Times</td>
</tr>
<tr>
<td>• Scheduling</td>
<td>• Accuracy</td>
<td>• Admission Audit Results</td>
</tr>
<tr>
<td>• Precertification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Registration</td>
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</table>
### Key Health Care Processes

<table>
<thead>
<tr>
<th>Health Care Processes</th>
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<th>Key Measures</th>
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</thead>
<tbody>
<tr>
<td>Multidisciplinary Care</td>
<td>Timeliness</td>
<td>• Infection rates</td>
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<td></td>
<td>Accuracy</td>
<td>• Medication errors</td>
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<tr>
<td></td>
<td>Reliability</td>
<td>• Mislabeled/unlabeled specimens</td>
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<tr>
<td></td>
<td>Access</td>
<td>• 7&lt;sup&gt;th&lt;/sup&gt; Scope of Work clinical outcomes</td>
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<td></td>
<td>Responsiveness</td>
<td>• Unplanned returns</td>
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<td></td>
<td>Empathy</td>
<td>• Medical staff clinical indicators</td>
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<td></td>
<td>Competence</td>
<td>• Cost per day</td>
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<td></td>
<td></td>
<td>• Length of stay</td>
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<tr>
<td></td>
<td></td>
<td>• Potentially avoidable days</td>
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<tr>
<td></td>
<td></td>
<td>• JCAHO Core Measures</td>
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</table>

- Initial assessment
- Planning
- Intervention
- Evaluation
- Modification
- Resolution
## Key Health Care Processes

<table>
<thead>
<tr>
<th>Health Care Processes</th>
<th>Key Requirements</th>
<th>Key Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Care support services</strong></td>
<td>• Timeliness</td>
<td>• Turnaround times</td>
</tr>
<tr>
<td>• Laboratory</td>
<td>• Accuracy</td>
<td>• Stockout rates</td>
</tr>
<tr>
<td>• Radiology</td>
<td>• Competency</td>
<td>• Nutrition assessment</td>
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<tr>
<td>• Pharmacy</td>
<td>• Appropriateness</td>
<td>• Discrepancy rates</td>
</tr>
<tr>
<td>• Nutrition</td>
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<td>• QA measures</td>
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</tbody>
</table>
Saint Luke’s Hospital

Business/Support Processes

- Education
- Research
- Supplier Management
- Revenue Cycle Management
- Physician Partnering
- Human Resource Management
- Facilities Management
- Health Information Management
- Hotel Services Management
## Support Processes (example)

<table>
<thead>
<tr>
<th>Support Processes</th>
<th>Key Requirements</th>
<th>Key Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician partnering</td>
<td>Physician participation</td>
<td>Admitting physician ratio</td>
</tr>
<tr>
<td></td>
<td>Improved productivity</td>
<td>Variable cost per case</td>
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<tr>
<td></td>
<td>Ease of access</td>
<td>IP tests/discharge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Physician satisfaction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PCP referral</td>
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</table>
## Support Processes (example)

<table>
<thead>
<tr>
<th>Support Processes</th>
<th>Key Requirements</th>
<th>Key Measures</th>
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</thead>
<tbody>
<tr>
<td>• Revenue cycle management</td>
<td>• Cost</td>
<td>• Cash collections to target</td>
</tr>
<tr>
<td></td>
<td>• Quality</td>
<td>• Charge process audit</td>
</tr>
<tr>
<td></td>
<td>• Timeliness</td>
<td>• Net days in Accounts Receivable</td>
</tr>
<tr>
<td></td>
<td>• Efficiency</td>
<td>• Discharges not final billed</td>
</tr>
<tr>
<td></td>
<td>• Patient friendly billing team</td>
<td>• Accounts per collector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Calls received vs statements sent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Customer satisfaction</td>
</tr>
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</table>
Achieving Strategic Alignment Throughout the SLHS

Saint Luke’s Health System

Saint Luke’s Hospital

Process Scorecards

Department Units

Individual Employees
Why Process Level Scorecards?

- Recognition that all work is a process designed to meet customers’ needs
- Do we really understand how well our processes are working?
- Serves to link daily operations, in-process measures and BSC outcomes measures
- Used by process owners to monitor overall process performance
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Why Process Scorecards?

• MQA and Baldrige feedback:
  – SLH focus is on continuous improvement
  – Processes are not well-defined, documented and identified in many areas
  – Better definition of processes and better measurement of processes can yield even greater improvement opportunities
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Relationships

Organizational Scorecard

Process Scorecard

Provides Inputs

Enables Drill Down Into Processes
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Relationships

- **Organizational Scorecard**
  - Is focused on key performance indicators
  - Enables determination of organizational health
  - Enables focus on improving in key areas

- **Process Scorecard**
  - Defines the activities within processes and handoffs
  - In-process measures identify key control data points
  - Enables drill-down to areas affecting performance
  - Outcomes of processes feed the Organizational Scorecard
  - Becomes the foundation for process improvement activities
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Level 1 Processes

- Perform Financial Management
- Satisfy Customers
- Enhance Growth and Development
- Provide Clinical and Administrative Services
- Manage Human Resources
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Level 2 Processes: *Manage Human Resources*

- Hire staff
- Orient new employees
- Train staff
- Develop staff
- Motivate staff
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**Level 3 Processes: Motivate Staff**

- Segment employees
- Determine employee satisfaction
- **Recognize employees**
- Provide and administer benefits and compensation
- Provide a safe work environment
## Saint Luke’s Hospital

### Process Scorecard – Results

#### Performance Level

**Process:** Employee Recognition  
**Senior Leader:**  
**Dawn Murphy**  
**September, 2003**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>BSC Retention</strong></td>
<td></td>
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</tr>
<tr>
<td>Job</td>
<td>&gt; or = 61.6</td>
<td>67.3 - 67.2</td>
</tr>
<tr>
<td>Supervisor</td>
<td>&gt; or = 70.6</td>
<td>59.9 - 70.5</td>
</tr>
<tr>
<td>Commun</td>
<td>&gt; or = 55.3</td>
<td>54.6 - 55.2</td>
</tr>
<tr>
<td>Benefits</td>
<td>&gt; or = 72.5</td>
<td>60.8 - 66.6</td>
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<tr>
<td><strong>Stay Interview Results</strong></td>
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<tr>
<td><strong>Employee Recognition Programs survey results</strong></td>
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<tr>
<td>Angel</td>
<td>4.4</td>
<td>4.1 - 4.5</td>
</tr>
<tr>
<td>Teamwork</td>
<td>4.3</td>
<td>3.6 - 4.0</td>
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<tr>
<td>EOM</td>
<td>4.7</td>
<td>3.1 - 3.5</td>
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<tr>
<td>Nursing</td>
<td>3.9</td>
<td></td>
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<tr>
<td>Tool Kit</td>
<td>3.6</td>
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<tr>
<td><strong>Employee participation in Recognition programs</strong></td>
<td></td>
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<tr>
<td><strong>Employee sat :”I am recognized for my work.”</strong></td>
<td>299</td>
<td>310 - 309</td>
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<tr>
<td><strong>Benefits:</strong></td>
<td>60.7</td>
<td>49.0 - 54.8</td>
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<tr>
<td><strong>Risk:</strong></td>
<td>3.2</td>
<td>&lt; or = 48.9</td>
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</table>

**Scoring Criteria (2003):**

- **DEEP BLUE**
  - Stretch Target 10
  - Outstanding

- **LIGHT BLUE**
  - Stretch Target 9.8
  - Exceeds Expectation

- **GREEN**
  - Goal 7
  - Meets Expectation

- **YELLOW**
  - Moderate 6,5,4
  - Needs Improvement

- **RED**
  - Risk 3,2,1
  - Immediate Action

**Notes:**

- BSC Retention: 89.8% > or = 86.9%  
- Stay Interview Results: 61.6% > or = 67.3%
- Employee recognition program results:
  - Angel: 4.4
  - Teamwork: 4.3
  - EOM: 4.7
  - Nursing: 3.9
  - Tool Kit: 3.6
- Employee participation: 299
- Employee sat: 68.2%
## Saint Luke’s Hospital
### Process Scorecard – Results

<table>
<thead>
<tr>
<th>Process: Managing Suppliers and Partners</th>
<th>Senior Leader: Howard Mann</th>
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<tr>
<td><strong>Performance Level 3rd Quarter 2003</strong></td>
<td><strong>Sponsor:</strong></td>
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<tr>
<td><strong>DEEP BLUE Stretch Target 10 Outstanding</strong></td>
<td><strong>LIGHT BLUE Stretch 9.8 Exceeds Expectation</strong></td>
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<td><strong>GREEN Goal 7 Meets Expectation</strong></td>
<td><strong>YELLOW Moderate 6.5 Needs Improvement</strong></td>
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<td><strong>RED Risk 3.2 Immediate Action</strong></td>
<td><strong>Scored on Scorecard</strong></td>
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<tbody>
<tr>
<td>Supply Cost per Case Mix Index Adjusted Patient Discharge</td>
<td>$1,577* &lt; $1121</td>
<td>$1122 - $1260</td>
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<tr>
<td>Timely Delivery (unadjusted)</td>
<td>83.4% &gt;86.1%</td>
<td>84.1%-86.0%</td>
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<tr>
<td>Invoice Accuracy</td>
<td>91.5% &gt;97.1%</td>
<td>97.0%-95.7%</td>
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<tr>
<td>Electronic Orders</td>
<td>87.1% &gt;92.0%</td>
<td>89.4%-91.9%</td>
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<tr>
<td>Approval Process</td>
<td>81.8% &gt;90.7%</td>
<td>87.6%-90.6%</td>
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<tr>
<td>Customer Satisfaction</td>
<td>79.5% &gt;96.0%</td>
<td>82.9%-95.9%</td>
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</table>
So, Has the Baldrige Management Model Made a Difference?
Baldrige Business Model
Organizational Rewards

• **Improved Financial Performance**

Days Cash on Hand

- **SLH**
- **A Bond**

Baldrige Business Model
Organizational Rewards

- Improved Customer Satisfaction

Patient Satisfaction

- IP
- OP
- ED

BETTER
Baldrige Business Model
Organizational Rewards

- Sustained High Levels of Consumer Perception

NRC Perception Rankings vs. Top Competitors

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Overall Quality</th>
<th>Best Doctors</th>
<th>Best Nurses</th>
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<tr>
<td>SLH</td>
<td>1</td>
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<tr>
<td>B</td>
<td>2</td>
<td>2</td>
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<td>G</td>
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<td>16</td>
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</table>
Saint Luke’s Hospital
Profitable Market Share

BETTER
Baldrige Business Model
Organizational Rewards

- Improved Clinical Outcomes

Patients Receiving tPA Following Ischemic Stroke
Baldrige Business Model
Organizational Rewards

- High Levels of Employee Satisfaction

Employee Satisfaction

![Bar Chart](chart.png)

High employee satisfaction and organizational rewards are shown through the years, with a significant increase in overall satisfaction from 1999 to 2003.
Baldrige Business Model
Organizational Rewards

- High Employee Retention

SLH Retention

1998 1999 2000 2001 2002 2003

%
Baldrige Business Model
Organizational Rewards

- Improved Productivity

Human Capital Value Added

$\text{K}

1998 1999 2000 2001 2002 2003

SLH
Saratoga Institute

BETTER
Saint Luke’s Hospital
Sustaining Performance Excellence

Lessons Learned

- Leadership drives and sustains the process
- Leadership at all levels is important
- More difficult to change the culture than to learn the tools
- Valuable team building experience
- Trust is extremely important
Lessons Learned

- There are no “quick fixes”
- Must always focus on the customer
- Should never be satisfied with the present level of quality
- Decisions must be driven by data and compared to “best”
- Employees make it happen!
Baldrige Business Model

Next Steps

• Study our feedback report
• Celebrate our strengths
• Prioritize our OFIs
• Use feedback to improve
• Continue to share what we’ve learned
• Continue to learn from others
Baldrige Business Model

The Value

- Feedback, Feedback, Feedback!
- Criteria is the Best Way to Get Better, Faster
- Enhanced Our Internal Pride
- Positions Us Ahead of Our Competition
- Recognized as an Industry Leader
- Raises Healthcare Industry to Higher Levels of Performance
Saint Luke’s Hospital
Our People Make the Difference
They Are Our Competitive Advantage!
Thank You
For Your Attention

Are There Any Questions?