

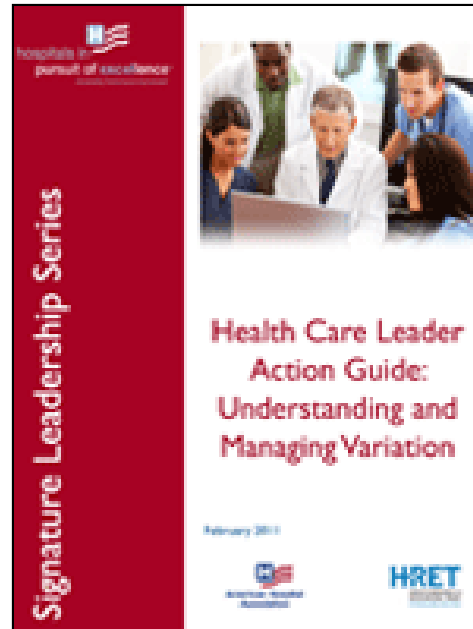
# Health Care Leader Action Guide: Understanding and Managing Variation

February 2011



TRANSFORMING HEALTH CARE THROUGH RESEARCH AND EDUCATION



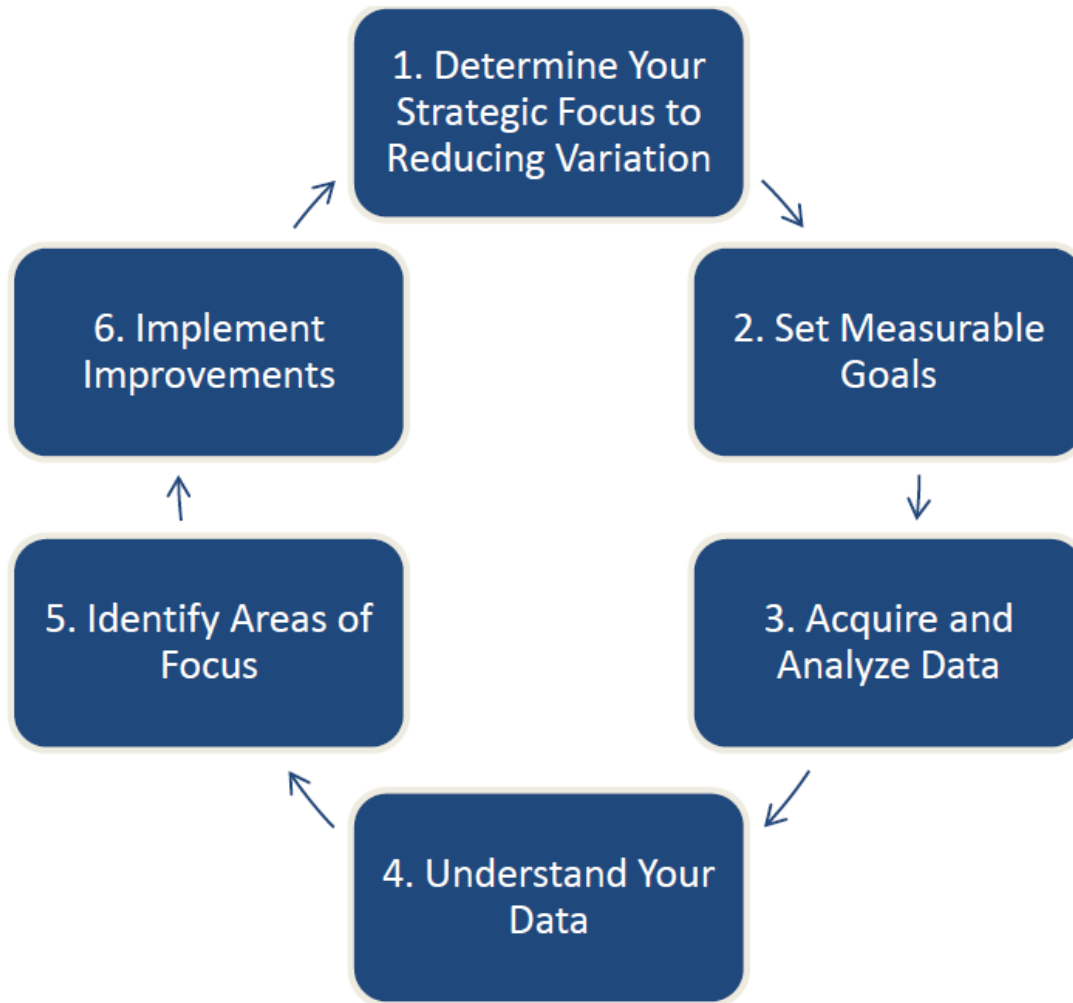


*Health Care Leader Action Guide: Understanding and Managing Variation.* Health Research & Educational Trust, Chicago, IL. February 2011. Accessed at [www.hret.org/variation](http://www.hret.org/variation).

# Implementation Strategies to Reduce Disparities

In the January 2011 report of the AHA Task Force on Variation in Health Care Spending, the American Hospital Association issued a “bold call to action on the piece of variation that legitimately belongs to hospital organizations, while recognizing that other stakeholders must do the same...Hospitals, in conjunction with physicians, other clinicians, and other care partners, must be aggressive and start to reduce the variation that is within their control; collaborate with other parts of the health care system, insurers, and employers to address inappropriate variation across the care continuum; and provide leadership in bringing together other stakeholders to deal with broader societal issues that affect health behavior and health status.”

# Steps to Understanding and Managing Variation



# Determine Your Strategic Focus to Reducing Variation

- Potential strategic considerations include:
  - Reducing operational costs
  - Standardizing use of medical supplies
  - Strengthening shared decision-making and patient involvement
  - Improving patient safety
  - Improving patient satisfaction
  - Reducing spending for the population
  - Preparing to accept financial risk

# Set Measurable Goals

Area of Focus	Your Performance (Examples)	Performance Across Your Organization Across Time (by unit, by hospital, by service line, by physician)	Comparative Performance (compared to your average, your top performance, national average, state average, top national performance)	Your Goal (how much by when)
% of diabetics with HbA1c tests in the last 12 months	88.0%	Physician group 1 = 86.0% Physician group 2 = 89.0 % Physician group 3 = 89.0%	93% - State average 93.7%- National 90 <sup>th</sup> percentile 89.0% - National average	National 90 <sup>th</sup> percentile by year-end
Hospice days in the last 6 months of life	8.3 days	Hospital A = 8.1 days Hospital B = 10.2 days	State = 7.9 days National = 12.5 days 10 <sup>th</sup> percentile = 18.1 days	National average within 2 years
% of low back pain patients receiving an MRI without a trial of medical therapy first	35.0%	Physician 1 = 30.0% Physician 2 = 40.0% Physician 3 = 35.0 %	30.1% State average 32.7% National average	25.0% by year-end
Etc.	Etc.	Etc.	Etc.	Etc.

Example of template populated with sample data

# Acquire and Analyze Data

- Collect data from internal systems that provide reliable and consistent information - be sure that physician and other clinical leaders have confidence in the data systems selected
- Focus on a few critical metrics—those most relevant to the operational or clinical process that you wish to improve—to avoid “analysis paralysis”
- Use multiple sources for data collection, including service line or unit reports, discharge records, and/or reports that track compliance to established care paths
- Partnering with your local employers or payers may provide additional avenues for collecting and using all-payer data

# Acquire and Analyze Data

- Sample analyses
  - How has utilization varied over time?
  - How does utilization vary across different locations in the system and/or units within the hospital?
  - How does utilization vary by physician within the hospital or system?
- Variation should be explained using summary statistics (e.g., counts and frequency distributions, averages, standard deviations) and displayed using an appropriate format (e.g., tables, charts, bullets).
- Summary statistics should be viewed in context of reference points, such as the range or limits that leaders agree is acceptable.

# Understand Your Data

- Looking Within
  - Examine your organization's own data across time and organizational units
  - Compare yourself to best performance internally and track trends over time
  - Allows hospital leaders to make comparisons on “apples-to-apples” basis and generate greater acceptance and buy-in

# Understand Your Data

- Looking Externally
  - Provides opportunity to set objectives
  - Many resources available for external benchmarking, e.g., Dartmouth Atlas of Health Care, commercially available databases and tools maintained by health care alliances
  - Be sure to select external metrics that appropriately reflect organizational goals
  - Ensure that data sets are comparable so that observations cannot be dismissed on basis of differences in patient populations
    - Use severity-adjusted data (be sure to understand exactly how adjustment is made) or multiple metrics as appropriate

# Identify Areas of Focus

- Carefully choose a specific area(s) to assess in order to achieve focus that can drive decision-making
  - Remember that intent is to determine what variation is acceptable and what is not, and to develop an action plan to make any needed changes
- Considerations for where to start
  - Highest volume services
  - Areas with greatest financial impact in terms of revenue or cost
  - Areas most likely to result in avoidable injury to patients
  - Areas identified as high priorities to organization

# Identify Areas of Focus

- Greatest areas of utilization variation:
  - Hospital readmissions
  - Appropriateness of admissions and diagnostic and treatment procedures
  - Emergency room
  - Intensive care unit
  - Home health
  - Obstetrics
  - Imaging
  - Surgical procedures
  - End-of-life care

# Implement Improvements

- Examples of specific interventions:
  - Engaging clinicians with feedback of data
  - Standardizing operational processes using quality improvement interventions, e.g., Lean, Toyota Production System, Six Sigma, Plan-Do-Study-Act
  - Implementing evidence-based clinical guidelines
  - Emphasizing appropriateness criteria
- Creating a culture dedicated to improving performance and reducing unwarranted variation

# Important Considerations

- Communication
  - Have improvement initiatives been given sufficient visibility within the organization?
  - Are communications frequent, relevant, and compelling?
  - Is the right amount and type of data being shared with the right parties?

# Important Considerations (contd.)

- Consensus
  - Is there adequate buy-in among senior leaders?
  - Is there adequate buy-in among mid-level managers and clinical staff?
  - Have efforts been made to develop buy-in at the point-of-care?
  - Has utilization management and reduction of unnecessary treatment become part of everyone's job, or are those efforts isolated to a few managers?

# Important Considerations (contd.)

- Leadership
  - Is there sufficient leadership to drive improvement?
  - Do internal decision-making processes support change and innovation?
  - Once decisions are made on behalf of the organization, will all levels of management and staff work to support improvement?

# Important Considerations (contd.)

- Accountability
  - Have improvement initiatives been tied to performance metrics?
  - Will senior leaders of key areas be evaluated on their ability to drive improvement?
- Timelines
  - Is the organization's leadership in agreement on the timeline for improvement? Have milestones been identified?
  - Does the organization recognize several levels of targets, i.e., short-term goals/targets, medium-term, and long-term?

# Important Considerations (contd.)

- Micro-centers for Change
  - Are there relatively self-contained locations or service areas that can serve as models or demonstration sites?
  - Does a selected micro-center for improvement have enough commonality that the lessons learned can be translated to the rest of the organization?

# Important Considerations (contd.)

- Utilization Improvement Officers
  - Are there a sufficient number of utilization experts throughout the organization who can act as resources?
  - Have training programs been developed to maintain the focus and drive for improvement?
- Overarching Guidelines
  - Has the organization adopted the appropriate CMS, AHRQ, or other guidelines related to utilization?
  - Is the organization looking three to five years ahead to maintain a leading position in the industry?

SOURCE: Numerof & Associates, Inc. “Managing Complex Projects.”

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