

# **ADVANCED PERFORMANCE IMPROVEMENT IN HEALTH CARE**

## **Principles and Methods**

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# **Dedication**

Dedicated to my family, to my wife, to all those working daily to ensure that we provide the highest quality care to every patient, and to those who teach coming generations the principles and methods needed to make that happen.



# Contents

<b>Preface</b>	<b>xi</b>
<b>Contributor</b>	<b>xv</b>
<b>About the Author</b>	<b>xvii</b>
<b>CHAPTER 1 ■ The Business Case for Quality</b>	<b>1</b>
Mandate for Improvement	7
Value Proposition: How Does Quality Relate to Performance?	8
How Do Organizations Measure the Value Proposition?	11
Measurement Is the Key to Performance Incentives	13
The Marketplace Wins in the End	14
Discussion Questions	15
References	15
Additional Resources	16
Appendix 1.1: CMS Physicians Quality Reporting Initiative ( PQRI) Measures	17
<b>CHAPTER 2 ■ Teams in Healthcare Performance Improvement</b>	<b>35</b>
Teamwork Is Key for Improving Performance	35
Choosing a Project	35
Team Development	38
Application of the Team Approach	40

Steps in Creating Teams	41
Team Selection	48
■ Team Composition 48 ■ Team Selection Criteria 49	
■ Team Size Considerations 49 ■ Core Team Roles 49	
Teamwork Tools	51
■ Brainstorming 51 ■ Nominal Group Technique 53	
■ Brainwriting 54 ■ Benefits and Barriers Exercise (BBE) 55	
■ List Reduction and Multivoting 56	
Discussion Questions	58
Reference	58
Additional Resources	59
<b>CHAPTER 3 ■ Process Tools</b>	<b>61</b>
All Work Consists of Processes	61
What Is the Value Proposition?	62
Process Analysis Toolkit	63
■ Flowcharts: Blueprint in the Quality Improvement Professional's Toolbox 63	
■ Matrices 76 ■ Decision Trees 85 ■ Special Diagrams 93	
Application of Improvement Tools	95
■ Root-Cause Analysis (RCA) 95	
■ Failure Mode and Effects Analysis (FMEA) 101	
Summary	105
Discussion Questions	105
Additional Resources	107
<b>CHAPTER 4 ■ Medical Informatics and Information Resources for Quality Improvement</b>	<b>109</b>
What Is Medical Informatics and Why Is It Important?	109
Types of Measurement Systems	110
■ Structure Measures 112 ■ Process Measures 115	
■ Outcome Measures 123	
Microsystem Data	126
Medical Record Systems	127

■ Electronic Health Record Systems	127
■ Clinical Data for Quality Analysis	128
Analysis Packages	130
Summary	132
Discussion Questions	132
References	133
Additional Resources	134
Appendix 4.1: CAHPS Survey for Pediatric Primary Care	137
Appendix 4.2: Sources for Benchmarking Data and Operational Definitions	159
Appendix 4.3: Resource-Based Relative Value System	171
<b>CHAPTER 5 ■ Essentials of Statistical Thinking and Analysis</b>	<b>173</b>
Art and Science of Statistical Thinking	173
Statistical Process Control Puts Statistical Thinking Into Practice	174
SPC Basics	175
Control Chart: Shewhart's Genius	178
Types of Control Charts	182
■ Steps in Choosing a Control Chart for Attribute Data	183
■ P-Charts 184 ■ NP-Charts 184 ■ U- and C-Charts 186	
Choosing and Using Continuous Variable Charts	189
Limitations of SPC and "Bumps in the Road"	198
Analysis Packages for SPC	200
Approaches to Refining SPC Analyses	200
Barriers to Implementation of SPC	202
Advanced Statistical Tools	203
■ Establishing Relationships 203 ■ Logarithmic Transformation of Data 211	
■ Design of Experiments 214	
Discussion Questions	224
References	227
Additional Reading	228

<b>CHAPTER 6 ■ Approaches to Improvement: Standardization and Lean Process Management</b>	<b>231</b>
Standardization: Is It Really a “Four-Letter Word”?	231
Principles of Lean Management	232
■ Just in Time 234 ■ Jidoka 238	
Lean Improvement Cycle	240
■ Gaining Senior Management Buy-In 240 ■ Promoting the Approach Among Staff Members 240 ■ Selecting Projects That Demonstrate the Value of Lean 241 ■ Conducting a Kaizen Event 241	
The Lean Toolbox	244
■ Value Stream Mapping 244	
Application of Standardization: Clinical Practice Guidelines	254
■ Evolution of CPGs 254 ■ CPG Development and Maintenance Cycle 258 ■ Challenges in CPG Implementation 268	
Summary	271
Discussion Questions	271
References	273
Additional Reading	273
Lean Glossary and Concepts	276
<b>CHAPTER 7 ■ Six Sigma: Principles and Applications in Health Care</b>	<b>287</b>
Six Sigma: Tool for Process Effectiveness	287
History of Six Sigma	287
Basics of Six Sigma: Statistical Background	289
Six Sigma Metrics	297
Six Sigma Improvement Model (SSIM)	298
Voices of Six Sigma	301
Gauge Repeatability and Reproducibility	303
DMAIC: The Six Sigma Improvement Model	305
■ Define Phase 305 ■ Measure Phase 308 ■ Analyze Phase 310 ■ Improve Phase 312 ■ Control Phase 319	
Design For Six Sigma: Starting Right	321
■ Define and Measure Phases 322 ■ Analyze Phase 322 ■ Design Phase 324 ■ Verify Phase 324 ■ DMADV’s Value 324	



Discussion Questions	325
References	326
Additional Resources	326
Six Sigma Glossary	326
<b>CHAPTER 8 ■ Alignment and Integration of Performance Improvement Systems: The Malcolm Baldrige National Quality Award</b>	<b>343</b>
History and Background	343
Baldrige Organizational Structure	344
Baldrige Award Process	345
Baldrige Core Values	352
■ Visionary Leadership 353 ■ Patient-Focused Excellence 353	
■ Organizational and Personal Learning 355 ■ Valuing Work Force Members and Partners 356 ■ Agility 357 ■ Focus on the Future 358 ■ Managing for Innovation 359 ■ Management by Fact 359 ■ Societal Responsibility and Community Health 361 ■ Focus on Results and Creating Value 362	
■ Systems Perspective 363	
Baldrige Criteria: Basis for Evaluation	363
■ Criteria Are Nonprescriptive 364 ■ Criteria Are Adapted to Health Care 364 ■ Criteria Promote a Systems Perspective 365	
■ Criteria Have 18 Performance-Oriented Requirements 365	
Structure of a Baldrige Application	370
■ Understanding the Current State: Organizational Profile 370	
■ Leadership (Category 1, 120 points) 374 ■ Strategic Planning (Category 2, 85 points) 377 ■ Customer Focus (Category 3) 380	
■ Measurement, Analysis, and Knowledge Management (Category 4) 382	
■ Work Force Focus (Category 5) 386 ■ Process Management (Category 6) 389 ■ Results (Category 7) 393	
Healthcare Recipients 2002–2008	397
Conducting a Self-Assessment	402
Summary	403
Discussion Questions	404
Reference	404
Baldrige Award Glossary	404
<b>Index</b>	<b>419</b>



# Preface

Quality health care has become a worldwide goal. Societies around the world have become increasingly intent on actualizing the value proposition in health care, and the science of healthcare quality is advancing rapidly. But we still face stiff headwinds. The percent of the U.S. economy allocated to health care is large and continues to grow, ergo:

- Healthcare spending in the United States in 2008 rose to \$2.4 trillion (16% of Gross Domestic Product), with projections of \$3.1 trillion in 2012 and \$4.3 trillion by 2016.<sup>1</sup> By 2017, healthcare expenditures are projected to reach 20% of GDP. In comparison, the Organisation for Economic Cooperation and Development (OECD) reports that healthcare spending accounted for 10.9% of the GDP in Switzerland, 10.7% in Germany, 9.7% in Canada, and 9.5% in France.<sup>2</sup>
- Spending on health care was 4.3 times the amount spent on national defense in 2004. Nearly 46 million Americans are uninsured, but the United States spends more on health care than other industrialized nations that provide universal health coverage to all their citizens.<sup>3</sup>

These facts, combined with the current economic challenges caused by a worldwide recession, have created perfect conditions for change. The bridge is burning with flames nipping at our heels, and the healthcare delivery system now faces the crucial decision of effecting substantive change or watch as the system is wrested from our hands to be managed by those who may have a much narrower perspective (i.e., cost savings) rather than ensuring adequate resources to improve the quality, as well as the cost, of care. W. Edwards Deming, one of the pantheons of quality in the United States and many other countries, stated: “It is not necessary to change. Survival is not mandatory.” The U.S. automobile industry has learned this lesson convincingly, having shrunk from world domination to be surpassed by the Japanese powerhouse Toyota and to see two of the three major automakers fall financially to bankruptcy. The healthcare delivery system faces a similar fate as consumers become savvier about healthcare costs and quality measurement.

The need to reduce costs and improve quality over the next few years has become the mantra for the healthcare industry, and the magnitude of the task will require an “all hands on deck” approach. My goal in writing this book is to provide healthcare leaders, clinicians, and executives with the knowledge and tools to guide meaningful change and to provide a “deep dive” into the culture and technology of quality that is needed to achieve the goals that society is setting for us in the next decade and beyond. Not only must we face the reality that the growth in expenditures is unsustainable, but societal expectations of quality and safety are peaking at the same time. My question to my colleagues in the industry is simple: If other industries can do it, why can’t we? Air safety is at an all-time high, reaching six sigma levels, even if baggage handling isn’t quite there yet. If someone can get on an airplane—a complex machine requiring hundreds or thousands of people to manufacture and maintain—and reasonably expect to travel from one location to another and arrive unharmed, why can’t we in health care provide the same assurance? The answer, of course, is that we can. If for some reason a healthcare organization or provider can’t reach those levels of safety, society, through Medicare, Medicaid, and other payers, is saying “We won’t pay you anymore.” Additionally, these “never events” will ultimately be the source of weeding out the poor quality and inefficient players in the marketplace and replacing them with those who can deliver on the value proposition.

An old maxim states that health care, like politics, is local. However, health care is gradually seeing the same pressure that brought the U.S. automobile industry to its knees through what Tom Friedman artfully describes as a “flattening” of the world.<sup>4</sup> His perceptive recognition of the effects of technology and travel on a number of industries is resonating in health care as medical tourism, which describes the increasingly common practice of individuals in the United States who travel to other countries for medical care that matches the safety and quality in the United States but usually costs from 75% to 90% less than in the United States. Technologies like “teleradiology,” in which a digitized radiograph is sent to radiologists at a different site—even a different country—for interpretation, have intervened in traditional healthcare delivery models to insert competition in a traditionally noncompetitive marketplace. The response to these innovations has been mixed, but they are being adopted at an increasing pace, requiring physicians and healthcare organizations to adapt rapidly. Companies like Nighthawk Radiology Services (NHWK–NASDAQ) have leveraged these new techniques to develop innovative business models that compete with traditional models of care and create financial returns that make them attractive to investors. In short, globalization of health care is becoming a major force that necessitates not only innovation but also agility.

Another important trend in health care is the increasingly blurry lines between the services rendered by providers. The trend toward broadening the scope of practice of nonphysician providers has created alarm in some medical and surgical specialties, but the era of the advance practice nurse and other competent practitioners has arrived. These care providers will assume responsibility for many medical and surgical

modalities that once were the province of physicians, requiring adaptation of the system to this new reality. Although some professional societies have tried to resist this evolution to a more efficient and openly competitive system, such opposition has been ineffectual. The U.S. public is voting with its pocketbook and demanding a more systematic approach to care that leverages all talent in the medical community.

The forces impinging on health care are undeniable, and change is in the offing. Leading change is the challenge of true leaders, and this book is designed to support those efforts by providing readers with an intensive information resource to support innovation and transformative systems for developing truly competitive and sustainable healthcare entities that deliver the value proposition that satisfies society's demands. Developing the leaders of today and tomorrow must be our greatest undertaking, and the book you hold in your hands is a contribution to making that happen.

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## About the Author

Dr. Donald E. Lighter completed his board certification in pediatrics in 1978 and practiced in private and university settings for nearly 30 years. Presently, he serves as the Vice President for Quality at WellCare Health Plans in Tampa, where he is responsible for performance improvement activities for the Medicare and Medicaid health plans in multiple states. Before this position, Dr. Lighter was the Chief Quality Officer for the Shriners Hospitals for Children, a 22-hospital system, and he worked in the areas of medical staff performance and compensation, leadership training, and medical affairs strategic planning.

In addition to those positions, Dr. Lighter has also served in the following capacities:

- Medical Director, Quality Management, Blue Cross Blue Shield of Tennessee (commercial, Medicare lines)
- Physician Advisor, MidSouth Foundation for Medical Care (Medicare managed care and quality improvement)
- Medical Director, External Quality Review Organization, TennCare (Tennessee Medicaid managed care)
- Medical Director, University of Tennessee Health Plan (Medicaid managed care)
- Medical Director, Heritage National Health Plan (commercial managed care)
- Senior Examiner, Malcolm Baldrige National Quality Award

In addition to these medical leadership positions, Dr. Lighter has served as professor and a member of the core faculty for the Physicians' Executive MBA program at the University of Tennessee and has coauthored a widely used textbook on healthcare quality improvement, *Principles and Methods of Quality Management in Health Care*, now in its second edition. Over the course of his career Dr. Lighter has led the formation of two IPAs and three HMOs as well as the development of a physician–hospital organization of university physicians. He has also served as a consultant to the Board

of the American Academy of Pediatrics on medical informatics and has received the Academy's highest award for his work in medical information systems.

Dr. Lighter and his wife, Sally, an attorney, reside in Knoxville, Tennessee, and have four children and five grandchildren.