The Power of Metrics

By Rob Borchert, CPAM & Tim Borchert, CPAT
Altarum Institute: Revenue Cycle Management Practice

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We have all heard the statements: “Don’t know what it is until you measure it!” or “Will benchmarking enhance our operations?” or “Don’t know how big or small it is until you quantify it?”

There are numerous statements that reflect the way we understand an element in a process and probably some type of measurement to determine its importance. The term “metric” is somewhat new in our healthcare library since it can be interpreted in slightly different ways depending on the circumstance. The basic definition of “metric” from the Webster Dictionary is “a standard of measurement.” Simple and clear; yet powerful.

The use of metrics has been applied in almost every situation of life where the measurement of something becomes valuable to either the individual or a group; and many times to both. Without too much effort, we are sure you can identify a scenario in life where metrics are a driving force for success; here are a few to get you started:

Sports: Although we don’t use the term metrics in many sports, the standard of measurement has become a driving force for the individual and for the sports fans as well. Baseball has such standards as: number of home runs; number of stolen bases; earned run average; games won vs. games lost, etc. Hockey leads you to the Stanley Cup. We are all aware of “March Madness” for college basketball. we could go on but you get the picture.

Life: Yes, even in life there are standards of measurement that are ‘metrics’. Ever hear of “keeping up with the Jones’!” We have created these metrics, good or bad, to drive individuals to success. Probably one of the greatest examples of individuals who are driven by metrics are those who participate in the “Weight Watchers” program. Personal goals are set and dieters receive advice and support from a larger peer group. Everyone cheers at each other’s successes, and valuable information is shared for others to accomplish their desired weight loss. While some members eventually give up; others stay and succeed to the point of being coaches for other members.

Work: There are many jobs that have metrics or standards already set. For example, assembly line workers have standards to meet; sales positions have goals to achieve; and most businesses have criterion they must realize in order to stay in business. If metrics are established in a manner that breeds both internal competition that motivates individuals and accomplishes the goals of the group, they can be a very powerful influence.

In the healthcare environment of the revenue cycle, we have established metrics in a number of different departments. When the concept was originally introduced, many consultants served as advisors on how to establish measure metrics. In fact, this may be how your metrics were initially established. Personally, we think metrics are a good thing and can be effective if the understanding of the individual and the group is to
work together to not only achieve the standard but surpass it. We have helped many revenue cycle areas to establish metrics and have monitored the process of striving to meet the standard. However, we have also seen that once the metric has been met, it acts like a leach around the activity and everyone either unwilling or unable to move forward. The secret behind a powerful metric is to establish a meaningful and reachable standard; and once met, adjust the metric further to achieve even higher levels of success.

In using some examples from the revenue cycle, let’s look at pre-registration. Let’s say the metric is that 95% of all scheduled patients are to be pre-registered. Good metric! Now, the first question is, “Who established it?” What participation did the staff performing this function have in setting this goal? Do they understand the metric and all of its side effects? This kind of metric is both meaningful and reachable. Now, examine it further. We might assume the understanding of the staff is that my goal is totally dependent on others. If others don’t schedule a patient – I can’t pre-register them. It is also the kind of metric that if the staff had no real input, once they reach 95%, there is no driving force to reach 97% or even 100%. People in all areas tend to “relax” once the metric is met and they miss the opportunity and challenge to enhance the metric. One idea to enhance the pre-registration process is to include the clinical areas regarding their metric on scheduling patients; also, when the patient is scheduled, put them in immediate contact with the pre-registration staff to complete the data collection, and combine scheduling and pre-registration together wherever possible. Finally, send out surveys with specific questions on the quality of service in the scheduling and pre-registration process.

Another example of an area of the revenue cycle where metrics need to be understood for purposes of standard enhancement is payment posting. This area is usually overlooked because of the increase in electronic payment posting. Electronic payment posting is a good thing but this may tend to under-value the role of the payment posting staff. It is typically the metric of posting 100% of all receipts the same day they are received. This is an “OK” metric, but where are the incentives to improve? Where are the opportunities to enhance the process if it is already at 100%? Again, payment posters are totally dependent on the information they receive and their mindset – if not involved in the discussion of goal setting and ways of enhancement – may be to finish posting the daily payments by noon…and then what do they do? Often times, payment posters will be assigned additional duties but usually not to address the ways of enhancing their metric. How about sitting down with them and brainstorming some ideas! Is there value in assessing the electronic payments for mismatches and ways of reducing them? Is there a metric connected with payment posting regarding the “level” of dollars in the ‘unapplied’ cash account? How many days are given to clean up the ‘unapplied’ account? Is that a measurement? If there are points of service where cash is collected during the day, and then posted the next day by the posters, can the posters make ‘runs’ during the day to collect this cash and checks so they can be posted that day rather then the next day?

Metrics are a beneficial way to understand a process and establish a reasonable standard as to its completion. The power of metrics is when there is recognition of the people performing the process and
including their input into the discussion of the process. Involving the staff in helps to recognize the importance of the process and identifies gaps in the current process. Additionally, they can offer enhancements at the initial point of setting metrics. The strength of metrics is when individuals in a group both compete as an individual and also works as a team to enhance the process and adjust the metric. This truly helps with new staff becoming part of the group and being trained to enhance a metric. This is also helpful when the group can identify an enhancement possibility and bring it to their supervisors/managers with the reasons for the enhancement – be it equipment or process flow.

It is frustrating to find people – and even CFOs – who are indifferent toward an enhancement once they have achieved the metric. For example, if a facility is at 50 days in accounts receivable and that is a metric considered “good” by industry standards based on the size of the facility, is there any incentive to work at changing it to 45 days. The CFO is happy at 50; the staff is not getting ‘watched’ because they are at the metric and everything moves along to stay at that level. The question is why? There is no power in metrics if there is no presence to surpass the metric and proudly maintain that changed behavior with expectation for even better improvement.

If each area, where metrics are established, attempted to improve their measurement by one day or one dollar or whatever and it was noticed and then became constant, what change would happen in your facility? Maybe one day would be too low for being noticed! But we worked at a facility where a one day reduction of backlog in medical records created an increase in cash flow of $1,000,000 dollars. That was noticeable! Another example is where payment posting changed some of their internal processing and discovered that their unapplied cash account was reduced by $300,000 a day. Change does not have to be big; change just needs some recognition for support and maintenance.

Finally, do you have signs or posters to make visible displays of metrics? Visual aids really help! A bar graph to show daily collections; a line graph to show the daily unapplied cash; a two color chart to show scheduled patients and pre-registered patients; a pie chart to show level of backlog in medical records, etc. And if you do, is the current metric shown? Remember, you don’t know how to get there unless you know where you are going!