Powering Physician Practice Performance: Advanced Measurement and Benchmarking

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As market demands for greater quality, service and value continue to escalate, physician practices must continually reset the performance bar while navigating unprecedented economic and organizational challenges. Significant, ongoing and sustainable practice performance improvement requires a disciplined approach to managing and measuring operational, financial and clinical outcomes. Leaders need clear insight into the practice’s key cost drivers. Leveraging a data-driven approach can help practice leadership determine where to prioritize their improvement efforts and if those changes have been successful. With data more readily available through enterprise electronic medical records (EMRs), improved integration between front- and back-end systems, and advancements in measurement methodologies, benchmarking has become an effective enabler of data-driven practice performance improvement.

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Keeping up with a Rapidly Changing Practice Environment

Unprecedented environmental pressures have resulted in rapid operational and structural change for physician practices:

**Practice Growth, Complexity and Diversity:** Only 30 years ago, most physicians worked in solo or small practices. Today, 45 percent of physicians work in large, often multi-specialty practices of at least 100 members. Ownership models also have changed. More than 30 percent of physicians work directly for a hospital or in practices with partial hospital ownership, compared to 30 years ago, when more than 75 percent of physician practices were independently owned.¹ ²

**Shifting Payment Landscape:** Physician practices continue to face a challenging reimbursement environment and uncertainty regarding future payment policies and mechanisms. Further, with the implementation of MIPS/MACRA, professional fees will be increasingly at-risk or linked to incentives related to quality, safety and effective utilization management.³ Demonstrating quality and value requires practices to commit significant staff and resources to regular reporting of a large and burdensome volume of performance metrics.

**Increased Provider Burden:** Physicians and their teams spend an increasing amount of time on communications, coordination and documentation in response to greater regulatory and reimbursement requirements. Additionally, EMRs in many cases have added unintended complexity to existing workflows, decreasing productivity.⁴ Most concerning, physicians are experiencing unprecedented declines in morale and increased burnout at a time when the demand for ambulatory services is increasing.⁵ In 2016, 54 percent of physicians rated their morale as somewhat or very negative, and just last month, senior leaders of several prominent health systems authored an article on the significance of physician burnout and its deleterious impact on patient safety, quality of care and healthcare costs.⁴ ⁶

**Increased Competition from Non-Traditional Providers:** Services such as retail clinics and telehealth are responding to trends in consumerism demanding enhanced service and lower cost. Today, there are more than 1,800 retail clinics in the United States compared to only 200 clinics 10 years ago.⁷ Practices can no longer expect to keep or attract patients — who are increasingly responsible for their own healthcare costs — without a relentless focus on improving quality and service for their patients.

Many practices are challenged with performance across multiple dimensions: clinical outcomes, cost of care, operational efficiency, patient and family experience, and physician productivity and satisfaction. Addressing these challenges requires (among other things) practices gain a better understanding of their cost structures and how they can reduce expenses while maintaining or improving quality and experience outcomes. This may not just mean expense and staff reductions, but potentially changing existing care models, care teams and workflows to achieve increased revenues per unit of service, decreased expenses per unit of service, and more optimal use of facilities and other resources. Knowing key cost drivers and options for change will be essential insights for practice success in the near future.
The Value of Performance Measurement in Driving Practice Performance

The ability to assess and benchmark current practice performance (internally across different sites and externally against leading practices); identify areas of opportunity improvement; set meaningful targets; create, track and manage initiatives; and engage with others to learn from peer experience, is critical to ongoing performance improvement. Identifying and tracking key metrics helps leadership to 1) identify areas of opportunity and set relevant targets; and 2) after implementation, evaluate if goals are being achieved. Developing a 'scorecard' that highlights the areas where the practice is underperforming can help build the case for change. Similarly, a dashboard that tracks ongoing performance can signal to administrative and clinical leaders that an intervention is needed. While many practices track metrics such as patient satisfaction scores, volumes and revenue on a regular basis, comprehensive monitoring of strategically selected clinical, operational and financial (particularly cost) metrics remains relatively rare.

Comparing your physician enterprise with that of comparable peers can help identify variance and prioritize opportunities for cost reduction and performance improvement. In this example, practice leaders can calculate cost per wRVU or per visit against a peer group’s and view the breakdown of cost, hours, FTE and payor mix by function.
Traditionally, collecting consistent and reliable practice data and translating it into meaningful information by which to set performance goals, drive improvement efforts and monitor progress have been challenging. Difficulties often arise synthesizing the complexities of multiple sites and diverse care delivery models, integrating information from disparate information systems, and functioning with limited analytic resources and capabilities. Despite the implementation of robust EMRs, practice management systems and other information technologies that collect and store seemingly infinite amounts of data, attempts to use data to drive performance improvement have historically been underwhelming. Organizations have lacked effective analytical tools to extract data from the system and leaders have lacked knowledge of what and how to measure. Even as data become more available, efforts to measure performance, and establish and achieve meaningful goals often falter due to a number of obstacles, such as:

- Limited engagement of front line clinicians and staff
- Distrust of information stemming from questionable and potentially inaccurate data sources
- Inability to appropriately define and select metrics
- Insufficient data governance
- Poor communication regarding data, metrics and benchmarks
- Unobtainable or insufficiently robust targets
- Absence of prioritization regarding which metrics to focus on
- Lack of established accountability for achieving targets
- Inadequate competency-building or training regarding how to improve performance
- Failure to turn measurement into action
- Absence or loss of leadership focus and commitment

Raising the Bar: An Integrated, Structured Approach to Data-Driven Performance Improvement

Advanced data collection, enterprise data warehouses and analytic tools are making it easier to access reliable physician practice data and finally provide leadership and clinicians with meaningful performance information to drive outcomes and value. Leading physician enterprises and health systems are beginning to apply a more disciplined approach to practice performance improvement and management, summarized in the following seven key steps:
An integrated and structured approach, powered by well-defined metrics and meaningful targets, can drive physician practice performance improvement. Key success factors for effective utilization of analytics, benchmarking and measurement to drive improvement include:

**Lead the Effort from the Top.** Embedding a disciplined approach to performance management and measurement into the culture of the organization requires unwavering commitment and focus from administrative and physician leaders. It is the job of leadership to effectively communicate the importance of adoption and how practice-level metrics tie to strategic organizational goals. Physician engagement and leadership, in particular, are critical to developing and adopting rigorous measurement, benchmarking and target setting, since physicians are often in a position to most significantly impact performance.

**Engage Key Stakeholders from the Start.** Clinicians and staff who actively participate in developing and implementing new measurement methodologies and tools will be able to stand behind the data and inspire actionable improvement initiatives. A high engagement improvement process ensures that key stakeholders understand the process and its outcomes, and their role in the future success of the practice.
Build Confidence. Sustained focus on data integrity, and a rigorous and transparent process to validate data and reach collaborative agreement on data accuracy and meaningful variation, are essential to build confidence and trust among practice leadership and front-line clinicians. It is important to normalize data in comparative external benchmarking where possible, and to create a transparent mechanism that allows early and easy identification of data inaccuracies and a reliable method for correcting them. Getting the data right is the foundation for the entire improvement effort.

Make Data Accessible and Usable. Clinicians and staff must have ready access to the data they need, built into their regular daily workflows and processes through automation, dashboards, etc. Having accurate data at their fingertips allows physicians and staff to smartly utilize practice resources to optimize patient outcomes and maintain or reduce costs. Ongoing feedback from front-line clinicians and staff will ensure that tools and processes are accessible, meaningful and usable.

Maintain Focus. Too often, organizations deploy significant staff time and resources in the development of a measurement system, only to lose focus when it comes to executing on improvement initiatives or monitoring performance after implementation. Sustainability requires ongoing commitment, diligence and attention from leadership, as well as front-line clinicians and staff.

Create a Culture of Continuous Performance Improvement. Adopt an attitude toward continuous benchmarking and measurement that values sustainable performance over temporary fixes. Accountability for achieving target performance levels, with clear and well-understood protocols for under-performance, must be established. It is important that everyone understands and respects the target-setting process and recognizes that targets link current performance, leading practice benchmarks and organizational strategic imperatives, in order to position the organization for success in an increasingly demanding environment.

Build the Infrastructure to Support Continuous Performance Improvement. While many organizations are able to embrace the concept of ongoing performance improvement, those best able to realize the organization's full potential do so via the development of support systems, structures and resources necessary to sustain momentum. This includes having knowledgeable staff with the critical skills and competencies – project management, facilitation, change management, alignment, training and communication – required to continually move these efforts forward. In addition, actionable data and analytics must be readily available and understood to successfully measure, report, manage and optimize care delivery.

Getting Started

Establishing a culture of performance measurement and accountability requires significant leadership focus and commitment. Leadership must be willing to dedicate resources to gathering data and building tools that translate data into meaningful information that can be used to identify opportunities and monitor performance. Additionally, leaders must be prepared to establish a culture and structure for performance management that drives and facilitates accountability through the organization. Involving physician leaders in metric identification, data scrubbing, target setting and performance review will go a long way toward building alignment around the process and ultimate objectives.
Oftentimes, starting with a few metrics that are well-defined and broadly accepted is an effective approach. Evaluating performance against these metrics can highlight a few ‘quick win’ opportunities in targeted areas that help to build organizational momentum and confidence. Celebrating the ability to ‘move the metrics’ and reach their targets will motivate teams, making them more likely to engage in future change initiatives. Eventually, sustained momentum results in a culture of continuous improvement with the required supporting infrastructure that includes ongoing review of performance, and alignment with strategic priorities and targets, as well as effective mechanisms in place to hold practices accountable for achieving required performance levels.

The ability to leverage internal and external data to drive performance assessment, improvement and sustainability, will be a key indicator of physician practice success and a differentiator in the evolving healthcare marketplace. Effectively implemented, data-driven performance management can jump-start and sustain excellence across all dimensions of practice performance.

**Sources:**


7. Retail Clinics Drive New Health Care Utilization and That is a Good Thing; HealthAffairs; Bachrach D, Frohlich J; May 20, 2016.
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