Advanced Benchmarking of Financial and Clinical Results

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Outline

- Why do we benchmark
- Outcomes Monitoring
- Financial Benchmarking

Why is Benchmarking Important

- Medicare Conditions for Coverage
- Accreditation Standards
- Quality and Process Improvement
- Financial Benchmarking

Medicare Conditions for Coverage

- Standards never use the term "Benchmarking"
- Implications are clear
- § 416.43 Conditions for coverage—Quality assessment and performance improvement
- *"Standard: Program scope* . (1) The program must include, but not be limited to, an ongoing program that demonstrates measurable improvement in patient health outcomes, and improves patient safety by using quality indicators or performance measures associated with improved health outcomes and by the identification and reduction of medical errors."

Medicare Conditions for Coverage (Continued)

- *"Standard: Program data* . (1) The program must incorporate quality indicator data, including patient care and other relevant data regarding services furnished in the ASC"

Accreditation Standards

- AAAHC
- JCAHO

AAAHC Standards

Chapter 5 – Quality Management and Improvement

"The Organization's quality improvement program must included participation in external performance benchmarking activities…"

- Selected measures
- Systematic Collection
- Validation
- Measurement of Changes (Tracking and Trending)
- Demonstration of Improvement
- Standards-Based

AAAHC Standards

- Results of the Benchmarking activities must be integrated into your Quality Improvement activities
- Results must be reported to the Governing Body and throughout the organization

JCAHO Standards

Performance Improvement (PI)

PI.02.01.01 – "The organization compiles and analyzes data."

5. "The organization compares data with external sources, when available"

Quality and Process Improvement

- Comparing your organization against others encourages "best practices" approach to Quality Improvement
- Identifies opportunities that might not be obvious to internal staff
- Helps in staffing analysis
- Forces "out of the box" thinking
- Answers the questions owners inevitably have about how other organizations approach issues

Clinical Outcomes

- Use for QI Studies
- Tracking and Trending Reports
- Risk Management (Understanding the risks and the chance of occurrence in and ASC Setting)

Business Operations

- Paid Clinical Non-Physician Hours Per Case
- Days A/R Outstanding
- Claims Denial Rate
- Total Net Charges per Case

Paid Clinical Hours Per Case

Total Clinical Hours Paid divided by the cases:
Example Mean: 8.7 hours

- How does it compare to your data?
- Why is it important
- What can you do with the data:
  - Project impact on added/deleted services
  - See if you are over/under staffed

Staffing Using the Benchmark

For facility doing 6,000 cases
- 6,000 x 8.7 = 52,200 hours
- 52,200 / 2080 hours = 25.10 Clinical FTE's

If you are at 10 Clinical Hours Per Case
- 10 hours x 6,000 cases = 60,000 hours
- 60,000 – 52,200 = 7800 hours over
- 7,800 / 2080 = 3.75 implied FTE's over the benchmark

Analyze data to determine why you are over the benchmark

Using Financial Benchmarks

- Quality Improvement
- Budgeting
- New Program Development
- Program Review
- Board Reporting
  - What Should I Report?
  - How Should I Report?
  - How Frequently Should I Report?
- Finance Committee?

The ASC Association and Financial Benchmarking

- Last published Financial Benchmarking was in 2008
- Currently Surveying for 2010 Fiscal Year
- Deadline is November 2011
- Benchmarking Book to be Published in early 2012

Useful Information from Financial Benchmarking

- Days in AR
- Medical Supplies and Drug Costs
- Salaries and Wages as % of Net Revenue
- Other Expenses as % of Net Revenue

Days in Accounts Receivable (2008 Study)

- By Profitability
  - Range of 45 to 57
  - Average of 50 Days
- By Specialty
  - Lowest – Pain – 36 Days
  - Highest – Orthopedics – 59 Days
  - Multispecialty – 49 Days
- Implications

Medical Supplies & Drugs Per Case (2008 Study)

- Average $264
- By Specialty
  - GI - $46
  - Ophthalmology - $277
  - Orthopedics - $464
  - Single Specialty - $226
  - Multi-Specialty - $284

Salaries and Wages (2008 Study)

- Percent of Net Revenue
  - Average - 27%
  - GI - 24%
  - Ophthalmology – 24%
  - Orthopedics – 23%
  - Pain – 18%
  - Single – 24%
  - Multi-Specialty – 28%
- Implications
  - Best Practices
  - Budgeting

Medical Supplies and Drugs (2008 Study)

- Percent of Net Revenue
  - Average - 19%
  - GI - 7%
  - Ophthalmology – 27%
  - Orthopedics – 20%
  - Pain – 12%
  - Single – 16%
  - Multi-Specialty – 20%
- Implications
  - Best Practices
  - Budgeting

Percent of Net Revenue (2008 Study)

Shows the percent of net revenue for every line item in the center

- Salaries and Wages – 23.7%
- Benefits – 4.8%
- Medical Supplies and Drugs – 15.9%
- Implants – 4.2%
- Building Lease – 5%
- Utilities – 1.1%

Questions?

Further Information

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