Using Metrics to Manage Your Hospice

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Agenda

- Overview of important financial and clinical metrics

- Identifying and prioritizing important KPIs for organization performance measurement and reporting

- Utilizing industry trends and benchmarking data

- Strategies for utilization reporting and sustaining staff engagement and accountability

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Why is Data Important?

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- Where do I stand?

- How can I grow?

- What are my opportunities?

- What is the future of Hospice care?

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Types of Data

- Types
  - Statistical
  - Financial
  - Operational
  - Clinical
- Your Agency Data
- Competitor Data
- State Data
- National Data

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Key Financial Indicators

- Gross Profit Margin
- Net Profit Margin
- Days Cash on Hand
- Current Ratio
- Return on Equity
- Days Sales Outstanding
- Cost per Day
- Cost per Visit
- Revenue by Level of Care
- Ancillary Cost per Day
- Administrative and General Costs

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Key Clinical & Operational Indicators

- Average Length of Stay
- Median Length of Stay
- Average Daily Census
- Visits per Day
- Days by Level of Care
- Discharges
- Deaths
- Referrals to Admission Conversion Ratios
- Patients by Diagnosis
- Staffing Ratios
- Quality Measures/QAPI

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Analyzing Data: Key Considerations

- FIRST…PRIORITIZE what you are evaluating
  - What do you want to look at and WHY?
  - Get consensus from:
    - Executive Management
    - Financial Directors
    - Clinical Directors
  - Cooperation is KEY
- Accuracy of Information
- Timeliness of Information
- How and Where to Obtain Data

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Establish Your Reporting Process

- What Drives Your Processes?
  - Financial – Revenue & Costs
  - Operational – Census, Productivity & Compliance
- Determine Responsibilities
  - Management, Directors & Staff
- Determine Frequency
  - Daily, Weekly, Monthly, Quarterly

Establish Your Reporting Process

- Know Your Technology
  - Health Information System
  - Point of Care Technology
  - Accounting Software
  - Industry Statistical Tools
  - Microsoft Products

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Establish Your Reporting Process

- Internal Information: Data must be relevant, accurate and timely to drive performance
  - Low/no technology
    - Reliance on manual processes / system
    - Vulnerable to inconsistent staff / formula errors / miscalculations
  - Point of Care technology in use
    - Staff using in a consistent way
    - All users well trained
    - Report parameters correct

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Establish Your Reporting Process

- Trending Data
  - Historical trends within your data
  - Comparisons to budget projections
  - Comparison to industry benchmarks

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Establish Your Reporting Process

- REMINDER:
  - Compare all Operational and Clinical Measures
    - Year to Date (YTD)
    - Year to Year at YTD and Year/Year

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Establish Your Reporting Process

- Internal Comparisons
    - Teams or Locations

May 2013 Hospice Dashboard			
Location	*Days Sales Outstanding*	*Average LOS*	*Average Daily Census*
Connecticut	55	21	61
Massachusettes	45	25	55
Vermont	48	22	56
Maine	49	19	57
Rhode Island	48	22	52
New Hampshire	59	31	44

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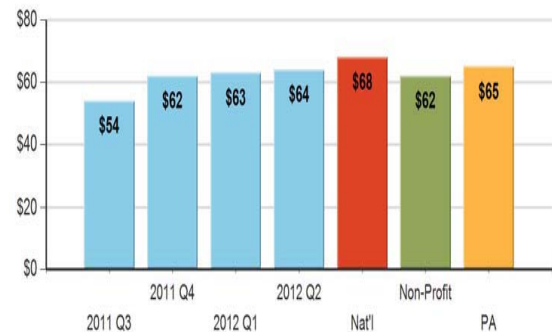# Establish Your Reporting Process

- Benchmarks/ Competitor Comparisons
  - Location
    - National
    - Medicare Region
    - State
    - Rural or Urban
  - Agency Types
    - Profit Status
    - Affiliation (Hospital Based/Free Standing)
    - Inpatient Facilities

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Benchmarking

- Benchmark Sources
  - CMS Cost Report Database
  - CMS Quality Measures
  - National/State Surveys
  - NHPCO Website
  - Benchmarking Software
    - SHP, OCS, Hospice Analytics, MVI

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Understand the Details

- We are just different!
- Why are my margins/measures different?
- What drives my margins/measures?
- Ask these questions:
  - Who am I comparing to?
  - What data elements are used?
  - What is the calculation?
- Conduct Root Cause Analysis to determine reasons

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Industry Challenges/Opportunities

- Industry Changes
  - Reimbursement – U Shaped Payment Model
  - Accountable care models
  - New cost report classification requirements
  - Regulatory changes
  - Integration of service lines
    - Home Health
    - Palliative Care
    - Private Duty

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Identify Levels of Reporting

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- **BOD / Owners / Hospital**
  - Overview of key financial measurements for Hospice
  - Provides comparison to industry trends

- **Agency Management**:
  - Provides context
  - Identifies strengths and weaknesses
  - Assists with decision-making
  - Helps appropriately prioritize

- **Staff**
  - Feedback on performance
  - Possible incentives programs
    - Establish benchmarks as goals
  - Track performance against budget
  - Demonstrate quality of care

- **Industry**:
  - Accurate and timely information
  - Information informs discussions, decisions, policy, and practices
  - Advocacy efforts
  - Understanding the data that is being used to make decisions

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Reporting Prioritization - BOD

- BOD/Owners/Hospital
  - Do I have a health balance sheet?
    - Cash and Equity
  - What are my profit margins?
    - Gross and Net Profit Margin
  - What is my census?
  - Referral information
  - Overall Quality Measures and Length of Stay
  - How do I compare?

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Reporting Prioritization - BOD

- Cash is King!
  - Can we meet our expenses?
  - Can we invest in growth?
    - New staff
    - New Technology
    - New Locations
    - Acquisitions

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Reporting Prioritization - BOD

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- Days Cash on Hand
  - Days it will take to deplete my cash balance
- Current Ratio
  - Liquidity ratio to measure ability to cover short term debt
- Net Revenue to Working Capital
  - Does our revenue cover our current assets and liabilities

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Reporting Prioritization - BOD

- Owners/Investors investment in the agency
  - Does our equity cover our debt?
    - Debt to Equity Ratio
  - Are we getting a return on our investment
    - Return on Equity (Net Income to Equity)

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Reporting Prioritization - BOD

- Gross Margin
- Net Revenue minus direct costs.
  - Direct costs include cost for direct staff:
    - Salaries
    - Benefits, Payroll Taxes, Workers Comp
    - Contract Employees
    - Mileage
    - Ancillary Cost: Medical Supplies, DME, Drugs & Infusion
    - Inpatient contract and facility costs

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Reporting Prioritization - BOD

- Net Margin
- Net Revenue minus direct costs & indirect costs.
  - Direct Expenses
  - Indirect Expenses
    - Overheard and Administrative Costs
      - Salaries
      - Benefits
      - Rent, Office Supplies, Professional Fees, etc.

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Reporting Prioritization - BOD

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- Simione Financial Monitor March 31, 2013 Benchmarks
- New England Benchmarks
  - Gross Profit Margin – 38%
  - Net Profit Margin – 5%
  - Days Cash on Hand – 30 days
  - Current Ratio – 2.7
  - Return on Equity – 6%

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Gross Profit Margin

- "Operating Margin" operations
- Measures the profit from direct
- Everyone touches Gross Margin
  - Marketing – Admissions
  - Billing – Collections
  - Clinical – Productivity
  - Finance – Cost Control
  - Management – Staffing
  - Intake – Census
  - Technology – Work flow efficiencies

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Net Profit Margin

- Net Profit Margin is Management responsibility:
  - How to staff my organization?
  - Are my staff and technology efficient?
  - Should I look into my contract or leases for a cost cutting?

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Reporting Prioritization - Management

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- Management
  - What makes my organization different?
    - Drill down into revenue and cost drivers
    - Where can I become more cost efficient?
    - Review benchmarks to see where can improve
    - What opportunities are there for my organization

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Reporting Prioritization - Management

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- Revenue Drivers
  - Revenue by Level of Care
  - Daily Average Census
  - What's my payer mix?
    - Margins by Payer
    - Days Sales Outstanding by Payer
    - Patients & Revenue by Payer
  - Length of Stay
    - ALOS
    - MLOS

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Reporting Prioritization - Management

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- Cost Drivers
  - Days by Level of Care
    - Cost per Day by Level of Care
    - Ancillary Cost per Day
    - Cost per Visit by Discipline
  - Productivity
  - Length of Stay
  - Average Daily Census
  - Staffing

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Reporting Prioritization - Management

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- Break out data by payer source
  - Medicare
  - Medicaid
  - Other
- Which payers are profitable?
- Which payers take longer to collect?

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- Break out data by level of care:
  - Needed for cost report purposes
  - Revenue per Day vs. Cost per Day
- Cost Analysis
  - Staffing Costs
  - Ancillary Costs
  - Inpatient Facility/Contract Costs

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- Benchmark Comparisons
  - Help management priorities weaknesses and turn them into strengths
  - Find opportunities within the industry
    - New business lines
    - New referral sources/marketing campaigns
    - Own inpatient facility or contract?
    - Cost efficiencies – technology & staffing

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Reporting Prioritization - Management

- Benchmarks
  - Payer Mix - Revenue
    - Medicare - 84%
    - Medicaid – 3%
    - Other – 13%
  - Payer Mix - Patients
    - Medicare - 86%
    - Medicaid –2%
    - Other – 12%

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Reporting Prioritization - Management

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- Benchmarks
  - Gross Profit Margin
    - Medicare - 47%
    - Medicaid - 23%
    - Other – 36%
  - Net Profit Margin
    - Medicare - 4%
    - Medicaid – (4)%
    - Other – 2%

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- Benchmarks
  - Days Sales Outstanding
    - Overall - 47 Days
      - Medicare – 36 Days
      - Medicaid – 102 Days
      - Other – 94 days

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- Cost per Day
  - Total Direct - $126
    - Routine - $118
    - General Inpatient - $247
    - Ancillary - $20.32
  - Indirect - $75

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- Ancillary Cost Per Day
  - Drugs/Infusion - $7.43
  - DME/Oxygen - $10.09
  - Labs and Diagnostics - $.52
- Discipline Direct Cost Per Visit
  - SN - $135
  - LPN - $61
  - MSW - $133
  - HHA - $45

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- Benchmarks –
  - Length of Stay
    - Average -33.5
    - Median – 29.5

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Reporting Prioritization - Management

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- Benchmarks - Staffing
  - Indirect Cost as a % of Revenue
    - Total Indirect – 38%
      - Marketing - 1.8%
      - Technology – 1.3%
      - Clinical Supervision, QI & Support - 10.1%
      - Intake -2.6%
      - Finance/Accounting - 2.1%
      - HR, Recruiting & Education - .53%

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- Average Daily Census
  - If low where should I look?
    - Referral Sources
    - Marketing Campaigns
    - Intake Process
- Average and Median Length of Stay
  - Will affect Reimbursement and cost per patient

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Reporting Priorities-Clinical Management

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- Regulatory Compliance:
  - Completion and submission of documentation
    - MD Orders, NOE, CTI, F2F, ABN, Billing/Data Requirements, etc.
  - Compliance with Medicare CoPs
  - Top 10 CMS Survey Deficiencies
  - OIG Work Plan Priorities
  - State Licensure Regulations/Data Requirements
  - Hospice Quality Reporting Measures/QAPI
  - Agency Specific Process Measures

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Reporting Priorities-Clinical Management

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- Service Utilization:
  - Number of Visits/Productivity (Weekly or Per Pay Period)
  - Number of Visits per Patient by Discipline
  - On call-Number of visits/calls
  - Staffing (by number, by discipline for each location and level of care)
    - Acuity based or volume based??
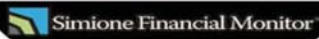 - Supplies/DME
  - Pharmacy
  - Other Ancillary

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Reporting Priorities-Clinical Management

- Caseload
  - Patients per Caregiver by Discipline (MD, RN, HHA, MSW, Chaplain, Other)
  - Supervisors per Case Managers
  - Case Managers per Patient
  - Medical Director per Patient
  - Others
- Basic Census Metrics
  - Admission/Referral Data
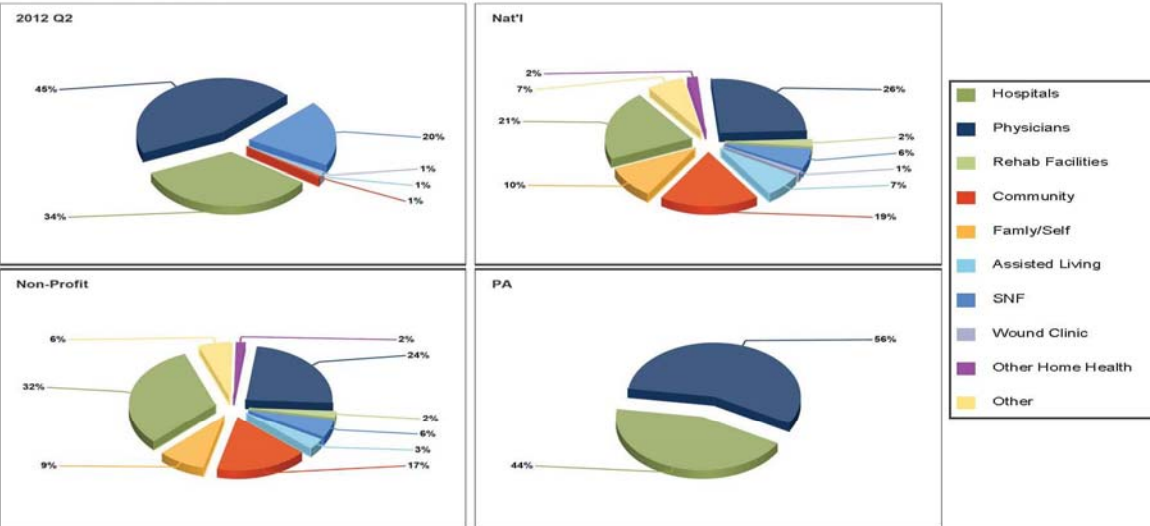 - Location
  - % home
  - % facility

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Reporting Priorities-Clinical Management

- Level of Care
- Diagnosis Groups/LCDs/CA vs. Non-CA Diagnoses
- Deaths/Discharges
- Length of Stay (Discharged Patients)
  - Average
  - Median
- Total Hospice Days
- Separate statistics for Residence/IP Unit

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Reporting Priorities-Clinical Management

Management Trending and Benchmarking

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Reporting Priorities-Clinical Management Benchmarking

- NHIC Region 1 Data Comparison
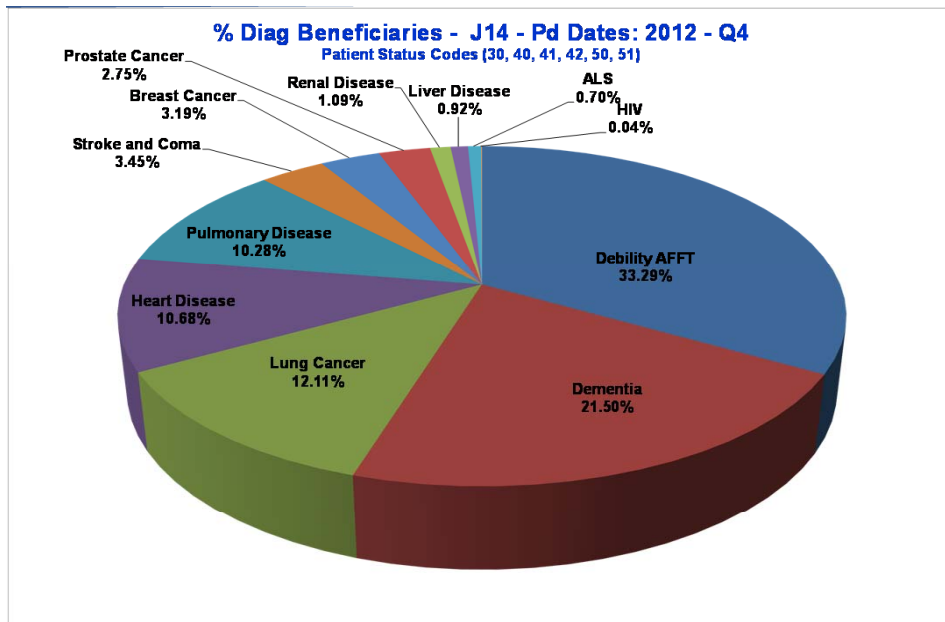
% Diag Beneficiaries - J14 - Pd Dates: 2012 - Q4
Patient Status Codes (30, 40, 41, 42, 50, 51)

- Prostate Cancer 2.75%
- Breast Cancer 3.19%
- Stroke and Coma 3.45%
- Pulmonary Disease 10.28%
- Heart Disease 10.68%
- Lung Cancer 12.11%
- Renal Disease 1.09%
- Liver Disease 0.92%
- ALS 0.70%
- HIV 0.04%
- Debility AFFT 33.29%
- Dementia 21.50%

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Reporting Priorities-Clinical Management

Management Trending and Benchmarking

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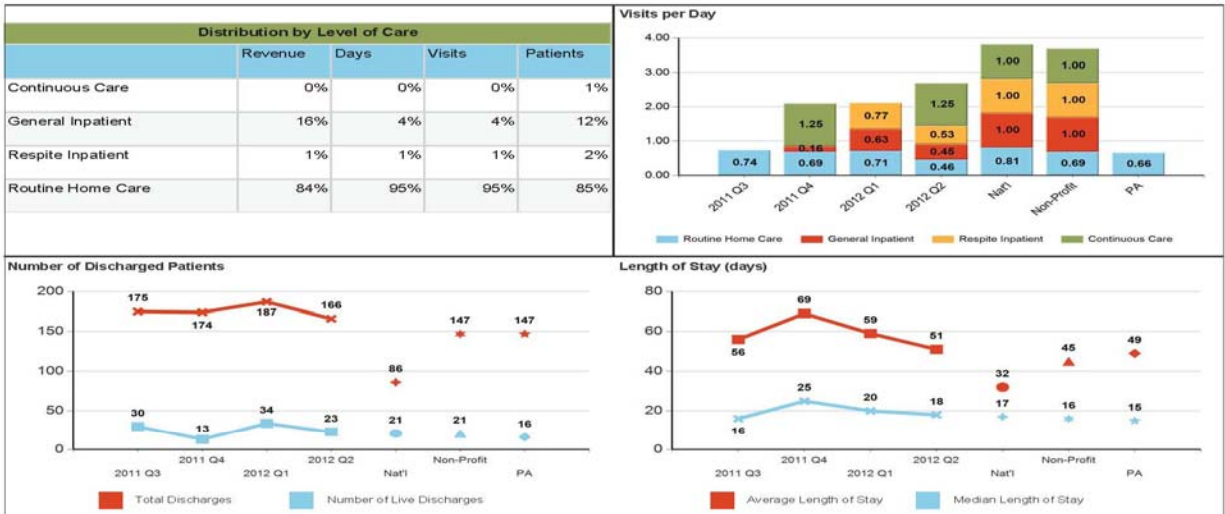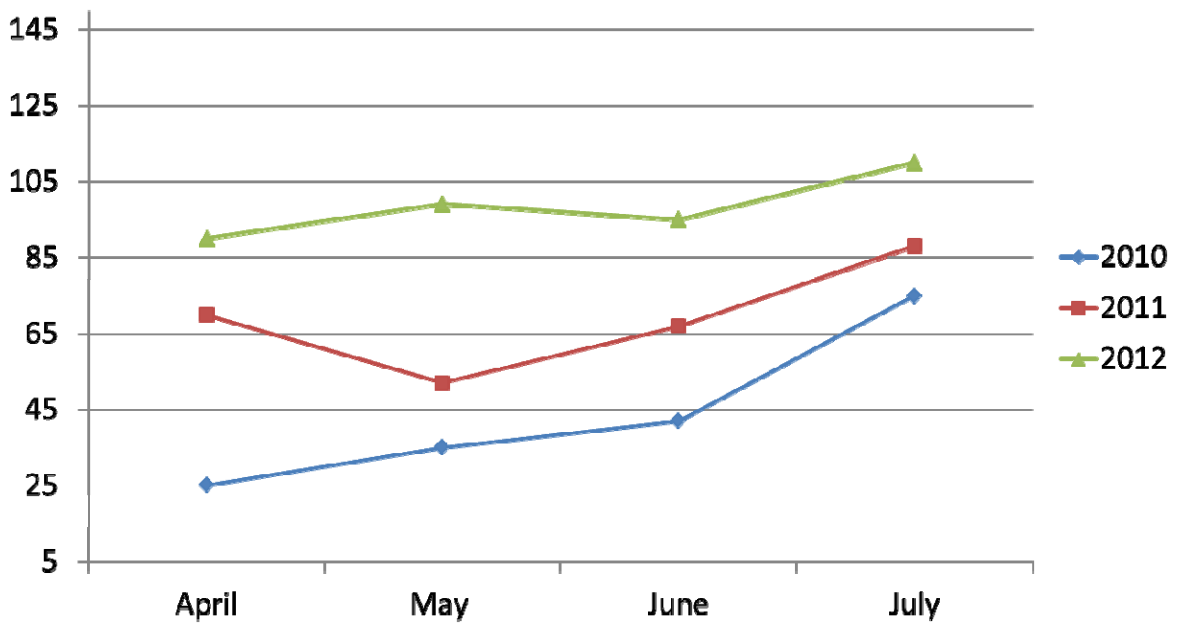
Benchmarking: Operational

Internal

- Average Visits Per Week-Top 5 Admitting Diagnosis

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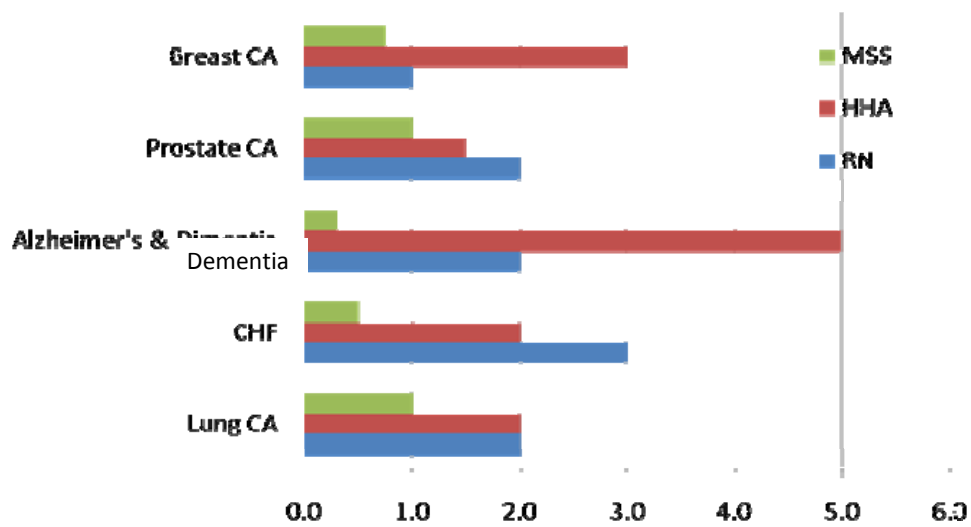
Reporting Priorities-Clinical Management

- Quality Assessment/Performance Improvement
  - Clinical Record Review Results
  - Look at Timeliness of Documentation
  - Use of LCDs-Compliance with Documentation
  - FEHC/FEBS
  - QAPI Measures and benchmarking
  - GIP Utilization
  - SNF Coordination
  - Pre Billing Audit Measures
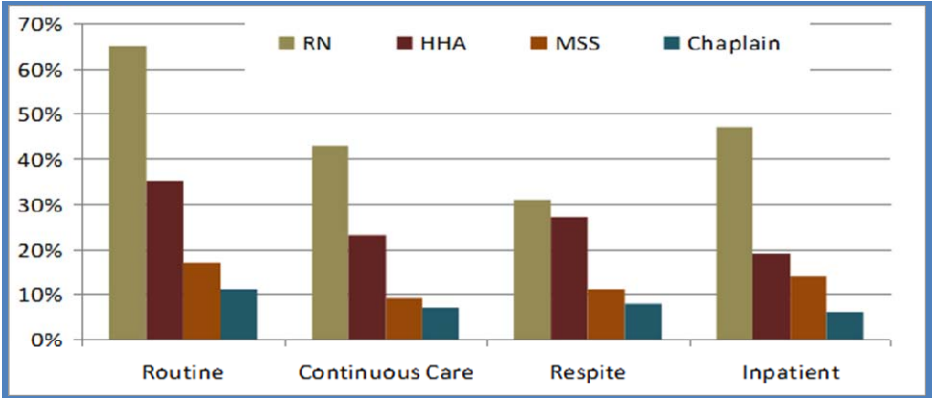 - Compliance Audits
  - Risk Management

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Reporting Priorities-Clinical Management

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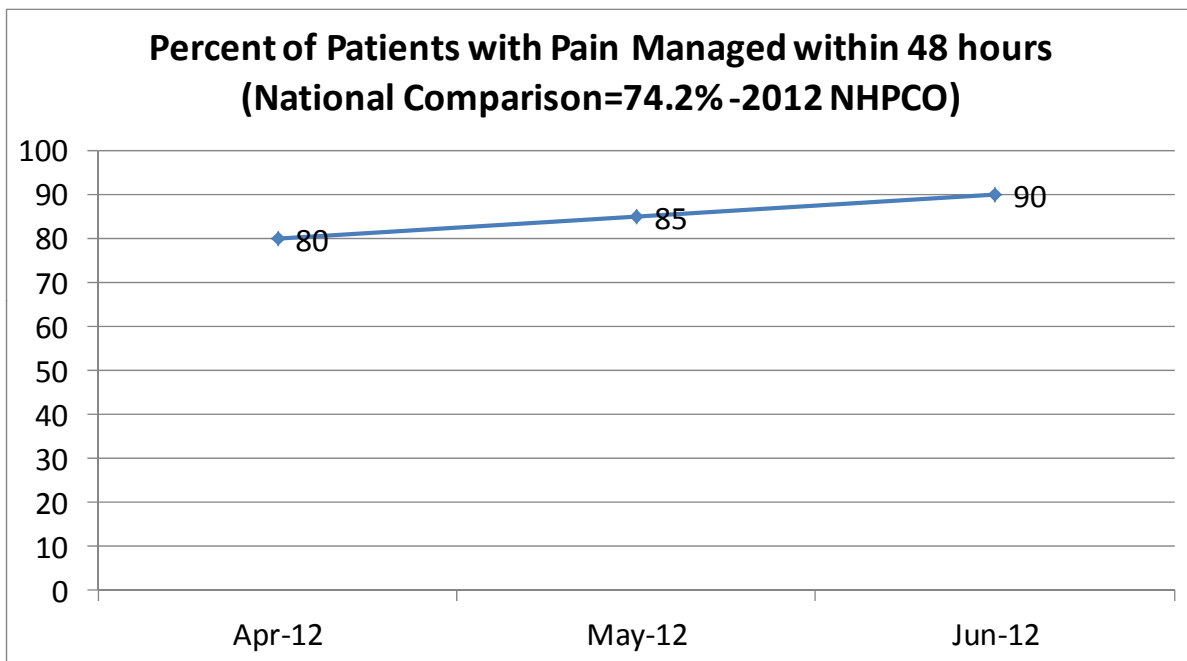HEALTHCARE CONSULTANTS

- Process Measures:
  - What would your Agency like to look at?
    - Pain Measurement/Management
    - Falls Prevention
    - Multi-Factor Fall Risk Assessment
    - Heart Failure symptoms
    - Medication Reconciliation
    - Bowel Management
    - Other?

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Reporting Priorities-Clinical Management

Management Trending and Benchmarking

- Visits Within 48 Hours of Change in Level of Care

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Process Measure Reporting Example

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**Percent of Patients with Pain Managed within 48 hours
(National Comparison=74.2% -2012 NHPCO)**

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Reporting Priorities – Inpatient Unit/Facility/Residence

- Inpatient Unit-Clinical Data Analysis
  - Revenue per day, include level of care
  - Payer Mix
  - Referrals/Admissions/Conversion Rate
  - Average length of stay
  - Costs per day-direct/indirect/total
  - Contracted Services:
    - Pharmacy/Supplies/DME/Physician
    - Dietary/Housekeeping/Ambulance/Others
    - Staffing utilization-regular and OT

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Reporting Priorities-Staff

- Why is it important and/or useful?
  - Demonstrate quality of care
  - Feedback on performance
  - Possible incentive programs if benchmarks/goals are reached
  - Track performance against budget

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Reporting Priorities-Staff

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- Clinical Measures (examples):
  - Pain Management
  - Falls
  - Diagnosis/LCD specific measures
  - Visit Utilization
  - Ancillary Service Utilization
  - Volunteer Utilization
  - Bereavement Services Utilization/FEBS
  - Contracted Services Oversight
  - Coordination of Care (SNF/IP and Community)

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Reporting Priorities - Staff

- Benchmarks/Trending*:
  - Census (Actual and ADC) by Level of Care
  - ALOS/MLOS (ALOS: 69.1; MLOS:19.1) (>7 Days: 35.8%)
  - Admissions
    - By Referral Source (Hosp; 39.8%; MD: 23.8%; NH:9.8%)
    - By Diagnosis (CA 37.7%/Non CA 62.3%)
    - By Location (Pt. Residence: 49.2)
    - By Level of Care and Payer
  - Conversion Rate (75.6%)

*NHPCO 2012 National Data Set

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Reporting Priorities - Staff

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- Benchmarks/Trending*:
  - Deaths/Discharges (Deaths-CA 39.5%/Non CA 60.5%)
  - QAPI/Quality Measures (74.2%)
  - Family Satisfaction (FEHC: 86.2% Composite)
  - Risk Management/Compliance Measures
    - Infection Control
    - Complaints
    - Incidents/Occurrences
    - Corporate Compliance
  - Process Measures
  - Other??

*NHPCO 2012 National Data Set

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Staff Engagement and Accountability

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Reporting Prioritization

- #1 – <u>Basics First</u>
- #2 – Start with the big picture
- #3 – Understand how money flows
- #4 – Focus on what's most controllable
- #5 – Dig into the details for a deeper understanding

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Analyzing Data-Key Considerations

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- Clinical Data Analysis:
  - Patterns of Care:
    - Overall
    - By Discipline
    - By Program
    - By Team
    - By Location/Branch
  - Look at parameters further and look at patients over a long period of time
  - What can we celebrate?
  - Are there concerns about how care is provided?

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Tips for Using the Reports

- Accountability
  - Make sure reports are obtained according to schedule
- Review Reports
  - Interpret findings
  - Ask questions
  - Share with staff
  - Praise good performance
  - Identify concerns
  - Take action

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Tips for Using the Reports

- Designate a Report Coordinator
- Identify reports critical to your agency and for your responsibilities
- Determine where the report can be found
- Develop a schedule to review reports
- Develop a team approach to reviewing reports (i.e. team meetings, etc.).
- Train and provide resources as necessary
- Stick to your schedule

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Empower Employees

- Clear definitions create more empowerment
- Creates behavior that looks for quick solutions and creative ways to achieve goal
- Visibility allows employees to work on same goals as management
- Empowered Staff
  - Informed
  - Experienced
  - Team Players
- Rewards? Performance Incentives? Lets Discuss…

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Summary

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- Identify indicators which are important to YOUR agency- statistical, operational, clinical and financial
- Focus on results – daily, weekly, monthly and how these results relate to the clinical operational and financial performance of your organization and the ability to serve your community
- Know where and how to compare data
- Provide reports that are **USEFUL, CONCISE** and **INFORMATIVE, TIMELY AND ACCURATE**
- Use this information to determine what future opportunities for service are important and how to best prepare for them

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