Benchmarking

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Benchmarking is a powerful technique that can help medical practices pinpoint weaknesses in their operational processes, identify best practices, and integrate what they learn into their practice operations. Let's look at two examples of benchmarking and then examine the technique carefully so we understand its origin, definition, application in medical practice settings, common steps, and keys to success.

Example 1: The SOMC Medical Care Foundation, Ohio

The SOMC Medical Care Foundation, a multi-specialty practice with 150 physicians located in Portsmouth, Ohio uses benchmarking to monitor the five pillars of its mission—safety, quality, service, relationships, and performance. Task forces of physicians and staff developed indicators for each pillar and then set short and long-term objectives that they measure and monitor regularly.

Practice Pillar	Sample Indicators
Safety	Incident rate of total recorded injuries
Quality	Net % of collections % copayments collected
Service	Patient satisfaction Patient flow
Relationships	Number of physicians recruited Staff absentee rates
Performance	Total patients served Total gross billings

The findings in each of these areas are well publicized throughout the group and have become springboards for major change.

Example 2: Greenboro Endocrinology and Diabetes, North Carolina

Clinical benchmarking is a priority for Greensboro Endocrinology and Diabetes (GE&D), a three-physician practice in Greensboro. The importance of diabetes management is well known; the disease affects more than eight percent of the adult population in the United States, and complications from the disease are common.

In order to systematize the meticulous management needed for its patients, the physicians have developed DiaTrends® (Overlook Software, Inc., Greensboro, NC), a patient registry software program that facilitates disease management in populations of diabetic patients.

The practice has a computerized database from its own patients and Overlook aggregates patient-blinded data from 50 sites around the country that participate in its registry. The database allows the physicians to monitor provider adherence to recommended processes of care and it alerts them to the due date of specific interventions. The database helps clinicians set the agenda for patient encounters, patient education, and monitoring of acute and chronic complications and co-morbidities. Using DiaTrends, GE&D has been able to achieve an HbA1c average of 6.55% for active patients who have had diabetes for at least 6 months and who have been in the practice for at least 6 months. Their practice exemplifies the benefit of monitoring. To paraphrase Deming, "You cannot manage anything that you don't measure".

Origin

Faced with loss of market share to its Japanese competitors, Xerox Corporation coined the term "benchmarking" in 1979. By comparing its own processes to those of more successful Japanese companies, Xerox was able to identify ways in which it could improve its operations and gain back some of the market share that it had lost.

Since that time, companies in many sectors of the economy, including healthcare, have adapted the benchmarking technique. For example, Motorola introduced the Six Sigma approach to reduce high costs associated with poor final product quality, and General Electric modified the technique to suit its own needs (Benedetto, 2003). Now many companies participate in the well-known Six Sigma Benchmarking™ association. Members regularly conduct benchmarking studies to identify the best practices surrounding "six sigma" that improve overall operations of their respective companies. The association's goal is to identify "Best in Class" business processes which, when implemented, will lead member companies to exceptional performance.

Definition

Here's a short and clear definition of benchmarking: "searching for and implementing an industry's best operational practices that lead to exceptional performance" (Pavlock, 2000). Once a company or medical practice understands best practices, it can use them to restructure, make process improvements, or shift its strategy.

Applications of Benchmarking in Medical Practice Settings

The challenges of running a medical practice are legendary. The external environment is characterized by a maze of changing regulatory requirements, reimbursement by managed care and government payers, and an increasingly litigious climate. A difficult internal challenge that medical practices face is striking a healthy balance among four key areas and making sure that each meets the very highest standards. These four areas are: clinical care, financial management, staff productivity, and patient satisfaction. One or more of these four areas may temporarily take priority over the others, but over time, a practice should focus on balancing all of them.

When we talk about applications of benchmarking in medical practice settings, then, let's keep that idea of balance in mind. Here are examples of benchmarking in each of the four areas:

- Clinical care: Primary care practices often benchmark rates of immunization and disease-specific health screening for different demographic groups against standards set by national academies. Specialty practices may benchmark care for particular procedures against generally accepted professional standards. For example, a gynecologist performing a hysterectomy may compare length of stay to specialty standards. Or a cardiologist who sees many rule-out myocardial infarction (MI) patients in the emergency room may benchmark the administration of specific medications against generally accepted specialty standards.

- Financial management: practices can measure their financial health by looking at financial ratios, goals for receivables management and collections, and at standards for different categories of expenses.

- Staff productivity: the productivity of both clinical and administrative staff contributes to the overall well being of a practice. Practices can benchmark their performance against that of other practices in the same specialty and geographic area and against national standards.

- Patient satisfaction: practices can keep an ongoing pulse on patient feedback by measuring patient satisfaction and comparing it against industry standards.

Common Steps

Let's divide the steps in benchmarking into four broad categories: planning, analysis, integration, and action.

Planning

The planning phase of benchmarking sets the stage for the entire process. Planning has three parts: problem identification, designation of appropriate benchmarking partners and/or sources of information, and information collection.

1. Problem Identification

Planning begins with a review of current operational processes and identification of those issues that a practice would like to benchmark against external standards. In many practices, the problem areas are well known to those who provide care and manage the practice, but in others, the issues are less obvious. A practice can ask itself some basic questions in order to determine what to benchmark. Here are examples:

- What aspect of the practice is very costly? In most practices, labor costs represent a high percentage of expenses, and so the practice may want to look at staffing ratios and at alternative processes for performing specific tasks. Non-staff operating expenses that often require close examination are ancillary services such as lab and radiology, malpractice insurance, and employee benefits.

- What distinguishes or could distinguish the practice from its competitors? Common differentiating factors among practices are availability of appointments, accessibility to physicians through Internet communications, regularity of preventive care. If a practice can measure and benchmark these characteristics, it will have a competitive edge that may translate to additional patients and/or reimbursement.

- What problems do employees repeatedly raise? The clinical and administrative staffs of each practice understand the processes better than anybody else; they experience them every day, not just during infrequent visits. For example, if responsibilities are unclear and change frequently, operational efficiency will suffer.

- Do patient complaints identify problem issues that might be fixed? Patients aren't shy about expressing their opinions, good and bad. A practice can use satisfaction surveys to ask about various aspects of practice operations such as ease of making appointments, waiting time, obtaining test results, and face-to-face experience with the physicians and other caregivers.

2. Designation of Benchmarking Partners and/or Sources of Information

After a medical practice decides what it wants to benchmark, it needs to find appropriate benchmarks. It can certainly look internally at its budget or at the previous year's performance. It will gain even better insight into critical factors that drive improvement if it looks outside itself for benchmarking partners and information.

The concept of partnership is common in benchmarking. A practice that wants to benchmark may look for other medical practices that have received public recognition and merit awards for their accomplishments and are often willing to share their experiences. Another approach is to look for one or more potential benchmarking partners who will work collaboratively to identify best practices. For example, if Practice A wants to improve its scheduling system, it might look for a partner practice, Practice B, that is known for scheduling innovations and that can benefit from Practice A's help with receivables management. In such an exchange, both practices benefit.

A large group practice with the financial resources to afford an outside expert may hire a benchmarking specialist to provide assistance. That benchmarking specialist can tap into its internal database of contacts and/or find partner who are willing to share information. As described above, partners in benchmarking expect to receive a benefit in return for their participation in the benchmarking activity, and so the benchmarking specialist and medical practice that it represents can arrange to share results of the study within appropriate bounds of confidentiality.

A North Carolina example of a company that specializes in benchmarking is Best Practices, LLC in Chapel Hill. The company offers project experience in the application of continuous-improvement and best-practice benchmarking strategies. It has its own ongoing research, a best practice database, and active work and affiliations with subject-area experts in industry and academia (www.bestpracticesllc.com).

Finally, a medical practice can obtain benchmarking assistance from a consortium of practices that has already put together helpful data. For example, MGMA, the professional association to which many practice administrators and managers belong, regularly publishes information to help practices benchmark. The MGMA 2003 Winter Resource Guide lists benchmarking tools on physician compensation and production, performance and practices of successful medical groups, and coding profiling.

3. Information Collection

The final step in the planning stage is information collection. The information comes from two sources, the practice itself and the benchmarking resources. It is essential that both internal and external information be credible, since it will become the foundation for important decision-making and change.

With respect to internal information, many practices set up internal task forces to gather information on outcomes and processes. With respect to external benchmarking information, there are many excellent sources. Examples are Press Ganey for patient satisfaction, the American Medical Association, the Center for Healthcare Industry Performance Standards, and Medical Economics. The HEDIS Guidelines promulgated by the National Committee for Quality Assurance and used by many of the managed care plans are available to medical practices as well.

Analysis

After a medical practice has collected information on itself and on practices or other organizations against which it will benchmark, it can compare the current situation and the more desirable one. This kind of comparison is often called a "gap analysis", as it measures the gap between existing and desirable states. Gap analyses can reveal performances that exceed the benchmarks as well as performances that fall below the standards. It's important for practices to both recognize high and low achievement.

In the analysis phase of benchmarking, a practice has the opportunity to project future scenarios under the current set of circumstances and under the assumption that changes are made. For example, if a practice has an average of 90 days in receivables and the norm for the industry is 45 days, the practice can project the financial impact of maintaining the status quo with making an improvement to a more desirable level.

Integration

Benchmarking doesn't end with information collection and analysis. The information that has been collected drives the next two steps, integration and action. The integration of the results of the benchmarking process into daily operations is heavily dependent on acceptance throughout the practice. Practice leadership must embrace the direction in which the benchmarking is going and also set the tone for all others in the practice. Once there is acceptance, the practice can set specific goals and move on to the final step in benchmarking, action.

Action

To achieve each of its goals, a practice must identify specific action steps and ways in which it will measure progress. It must also clarify responsibilities, accountabilities, and time frames. Part of action is reevalution and if necessary, recalibration of the benchmarks. After a few action cycles, the results of the new processes will be integrated into existing operations.

Keys to Success

Successful benchmarking depends on multiple factors. We've already mentioned the importance of commitment from practice leadership and staff. Other important variables are: understanding practice operations, setting reasonable goals, identifying measurable benchmarks, receptivity to change and to new ideas, willingness to share ideas with partners, and commitment to ongoing benchmarking.

- Understanding practice operations: it's hard to move on if you don't know where you're starting. A practice that wants to benchmark needs a clear picture of current processes, outcomes, and problems.

- Setting reasonable goals: benchmarking is likely to be a new concept for many physicians and staff. It is important to set reasonable and achievable goals from the outset. It's better to start with one benchmark and to master the process thoroughly before tackling additional ones.
- Identifying measurable benchmarks: benchmarking implies documentation of processes and measurement of outcomes. A practice must be able to document and measure its current status, its desired goals, and the distance or gap between them.
- Receptivity to change and to new ideas: benchmarking is about innovation, and it requires a willingness to look outside the box and try new approaches.
- Willingness to share ideas with partners: if benchmarking involves collaborative relationships with partners, it's essential to share ideas with them.
- Commitment to ongoing benchmarking: benchmarking is not a one-time activity. Rather, it continues until new ideas are integrated into current processes, and then the cycle begins again with a new issue.

Conclusion

If your practice is receptive to benchmark as a tool for improvement, get started now!

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