

Performance Measures for Health Care Systems

Published in 2001, David R. Nerenz, Ph.D. and Nancy Neil, Ph.D. conducted a study for the Center for Health Management Research (CHMR) on the history of performance measures for hospitals, health plans and health systems. The study also highlights examples of successful/innovative performance measurement systems.

When discussing the history and current status of performance measurement, the paper strives to address the following questions:

1. What is the entity being measured?
2. Who is using the information?
3. What core organizational processes or skills are the measures designed to reflect?

Findings

Before implementing performance within the firm's organizational goals, it is essential that health care executives understand the current environment in which they perform. Performance measurement has come a long way since the 19th century. The main characteristics of the current environment include:

- Continued strong interest in comparative performance information by both public and private purchasers
- A widely accepted national performance measure set for managed care plans (HEDIS)
- Approved list of several performance measure sets (ORYX)
- Continued difficulty with focusing measurement on "bottom-line" patient outcomes like mortality, morbidity or functional status
- Continued development of evidence-based medicine
- Continued challenge of coordinating performance measures for external/public use with performance measures for internal management and quality improvement use
- A significant role for health plans as agents of public and private purchasers to define and implement performance measures for hospitals and physicians

The study further highlights examples of successful/innovative performance measurement systems. The researchers reviewed the examples and found many common elements which can be found below:

- Interest in comparative performance information for health care organizations remains strong, both by stakeholders within, as well as outside of health care
- There seems to be *little debate that performance measures in health care should include some mix of clinical quality, patient (or member) satisfaction, efficiency, utilization and financial performance. The key questions that remain have to do with how a balanced set of measures should be selected, how they should be implemented, and how they may best be used for both external accountability and internal quality improvement purposes*
- Even as the general concept of a "balanced scorecard" gains favor, it is clear that the perfect measurement set has not yet been invented. Every measure has one or more flaws, as do data available to support them. Managers may take courage, however, in the knowledge that performance measures *need not be perfect in order to be useful*. Even the most accurate data, though, are not useful if there is either too much, or too little "organizational distance" between the unit of analysis for the data and the unit of control for making change.

- Performance measurement *is best supported when it rests on a clear scientific and statistical foundation*. While there is no doubt that professional-level research methods and statistics are sometimes useful, it is also true that basic principles and clear thinking around data issues are often all that is necessary to see one through to meaningful conclusions.

Value

Health care executives (Directors of Quality Improvement, CEO's, CIO's and Strategic Planning Directors) can use the information gathered through this research to serve as a template for their organizations to enhance their own performance measurement programs. Furthermore, by discussing the past and current status of Performance measurement in health care institutions, health care executives can gain a better perspective of the environment in which they operate.