

PERFORMANCE IMPROVEMENT IN HEALTHCARE

DELIVERING INSIGHTS
to **IMPROVE EFFICIENCY**
and **QUALITY**



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Introduction

The NHS is targeted with saving £20 billion in the period 2011-2014. At the same time it is charged with the task of continuing to improve patient outcomes.

The challenge for Trusts is how to achieve both of these objectives in parallel. There is an on-going debate about how to achieve these potentially conflicting objectives. The purpose of this booklet is to explore how this might be achieved.

The quality conundrum

Cutting costs is relatively easy; simply stop spending so much money – stop recruiting new staff, cancel projects, etc. The problem lies in the related consequences and risks. We believe that cost management and risk management are inextricably interlinked, yet this relationship is rarely well-understood.

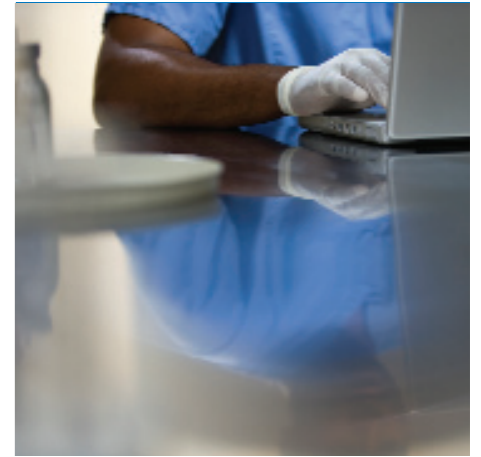
This is reflected in the on-going debate between two broad schools of thought. One school of thought firmly believes that quality costs money; the other believes that quality saves money. Which of the two is correct?

Bellis-Jones Hill Healthcare Management Solutions

Bellis-Jones Hill is a leading authority in Performance Management with an enviable client list in the NHS and an unrivalled implementation track record stretching back over 20 years.

Our consultants are among the most experienced practitioners available with close involvement in the worldwide development and evolution of Cost and Performance Management solutions.

With extensive knowledge of the NHS operating environment and strong working relationships with regulators such as Monitor and the Care Quality Commission and our European partners, our Healthcare Management Solutions practice is well placed to provide the rapid and rigorous support required by Executive Teams.



We provide Performance Management consulting and software solutions covering the following areas:

- Service Line Reporting and Patient Level Costing
- Performance Risk Management
- Performance Improvement Programmes
- Business Intelligence in the NHS

Getting a grip on Performance Management

There is a pressing need for Trusts to understand:

- Their cost base and what drives the need for it
- The costs and profitability – or otherwise - of patients, clinical activities and service lines
- The care pathways by which patients are treated, what they cost and the scope for improvement
- The impact of planned and unplanned changes in demand on the Trust, its cost base and its income stream
- How performance is measured *and managed*

For such performance management information to be credible and actionable however, it must make sense to managers and clinicians. To achieve this we need to understand the “cause-and-effect” relationships that explain how the work undertaken by staff across the Trust relates to its outputs such as the clinical activity undertaken and the patients treated.

In this sense, the notion of “cause-and-effect” provides a logical foundation for understanding costs and profitability by clinical activity, patient and service line. In the private sector such an approach is called activity based costing (ABC).

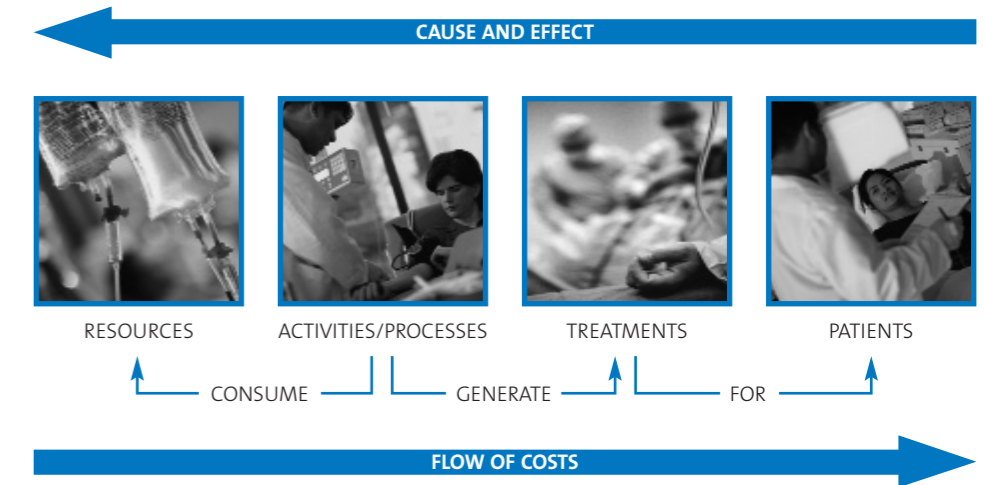
The Prodacapo Service Line Management System facilitates true joined-up thinking that takes account of “cause-and-effect”, enabling Trusts to better understand their business model, anticipate the future and take control.

Prodacapo provides a bedrock of credible information to enable:

- Better informed management decision-making
- More efficient resource allocation
- Clinicians and managers to focus more on efficiently and effectively meeting patient needs
- Greater control and a more fact-based basis for challenging current ways of working



Patient Level Costing – Methodology



Understanding how costs behave + understanding cause and effect
 = A reflection of reality and credibility, leading to action!

Service Line Reporting (SLR) and Patient Level Information & Costing Systems (PLICS)

Service Line Reporting (SLR) is prescribed by Monitor as essential to well-informed management decision-making in Foundation Trusts. Understanding the profitability of service lines is seen as critical to winning clinical engagement in their management. However, evidence suggests that if SLR is based primarily on top-down cost allocations, the information will probably have little credibility with clinicians.

Patient Level Information and Costing Systems (PLICS) has been developed by the Department of Health as a better basis for informing how tariffs for clinical activities are determined. While this is widely seen as an improvement on earlier versions of Reference Costing, it is still limited in the value it can create for Trusts if it cannot explain the “cause-and-effect” relationship between the work undertaken by staff across a Trust, the clinical activities provided and the patients treated.

The Prodacapo Service Line Management System

Using the Prodacapo Service Line Management System, Bellis-Jones Hill's Healthcare Management Solutions practice can provide:

- An approach to SLR and PLICS that truly reflects the “cause-and-effect” relationships that explain both financial and quality performance across a Trust.
- A fully integrated SLR and PLICS solution for Acute Trusts, that can be implemented in less than 3 months to initial results
- Rapid implementation of SLR for Mental Health and Community Care Trusts in around three weeks to initial results
- Support for the automation of annual Reference Cost submissions
- A foundation for a successful Cost Improvement Programme (CIP)

Bellis-Jones Hill supports Trusts in their pursuit of improved performance, better patient outcomes and greater profitability. Using Prodacapo, we help Trusts to understand what is really driving performance at a strategic and at an operational level. Prodacapo is unique in its functionality and its methodology, allowing an easy transition from rapid proto-typing of potential solutions through to large scale implementations.

As a Performance Management software suite, the elements within Prodacapo are fully integrated to a degree that is unmatched by others. Trusts really value the ability to address their initial SLR and PLICS requirements and then move seamlessly into other related performance management areas, such as Service Line Planning and Budgeting without having to go back to square one and involve other software.

By analysing profitability, quantifying what drives cost and understanding the related physical activities carried out by Trust staff, we can help Trusts to optimise performance, control costs, anticipate and quantify the effects of change, and measure performance across the organisation.

System component examples



Service Line and Patient Level Profitability

Delivers an integrated view of resources, cost and income to generate profitability insights by Service Line, HRG, procedure, consultant, patient etc.



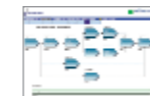
Service Line Performance

Shows actual performance against plan for both operational and financial management information.



Service Line Planning

Facilitates participative strategic and operational planning, effective “what if?” analysis and rolling forecast capability.



Patient Care Pathway – Process Improvement

Facilitates process mapping, costing, benchmarking and performance improvement by connecting activities with outcomes, measures and initiatives.



Service Line Reporting

Delivers a fully integrated, role-based analysis and reporting capability that creates a fact-based decision-making environment tailored to the needs of each clinician and manager.

Key features and benefits

The Prodacapo Service Line Management System is a robust, well proven management information system that facilitates all aspects of Service Line Reporting and the production of annual reference cost submissions and their automated upload to the UNIFY2 online data collection portal.

Its key features and benefits include:

- Multi-dimensional Service Line insights – e.g. by Service Line, HRG, procedure, consultant, patient, etc.
- Transparency of cost behaviour – linking Patient Care Pathways with Service Line Reporting
- The ability to “slice & dice” operational, cost and income information from Service Line level down to the individual patient episode
- Credible, actionable information for both clinicians and managers
- Integrates easily with existing data sources and is adaptable to the quality of the underlying data

Performance Risk Management

Trusts are large and complex organisations charged with consistently meeting high standards in a cost effective manner and are permanently under external scrutiny. All are required to measure their performance and manage against related targets.

If, however, all are subjected to similar measures of their performance, why is there such variation in success?

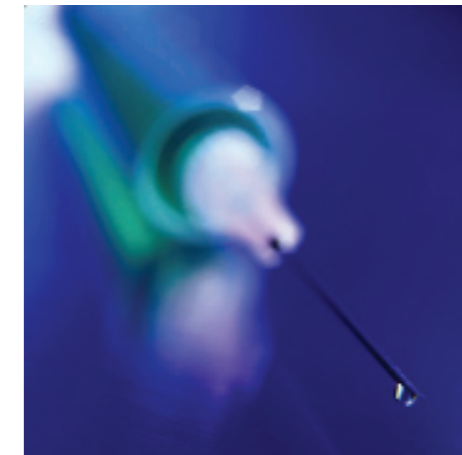
Spreadsheets are used as a basis for reporting performance management information in many Trusts. While superficially a cost effective solution, in reality they can be very time-consuming and expensive to maintain. In fact spreadsheets are also one of the main reasons why good performance management can be a problem at so many Trusts. By contrast, the Prodacapo Balanced Scorecard is specifically designed to support Performance Risk Management as well as the simple measurement of performance.

Performance Risk Management is a pro-active approach to performance management that gives the Executive Team the assurance that management targets that they have set *will* be achieved and that the risk on non-achievement is routinely and pro-actively highlighted so that remedial and supportive action can be taken before it is too late.

Key features and benefits

The Prodacapo Balanced Scorecard is an integral part of the Prodacapo Service Line Management System that facilitates Performance Risk Management and delivers the following benefits:

- 1. Accountability** – managers “own” and feel a sense of accountability for their measures of performance. All measures are owned.
- 2. Transparency** – performance management information is readily available to all managers and clinicians to show performance against plans and against peers. It is available on a self-service basis over the web so managers can look at performance at any level.
- 3. Engagement** – how managers are engaging with their actual performance can be seen and compared to plan. Managers are able to explain the reasons for their performance.
- 4. Initiatives** – what actions managers have initiated to remedy poor performance can be seen at any level in the Trust.
- 5. Performance Management** – senior managers can see if performance against plan is slipping in any area so that they can offer help where needed. The Trust Executive Team can use this information to *pro-actively* manage the performance of the organisation.
- 6. Prioritisation** – it’s possible for managers to look at performance on a “management by exception” basis that highlights the vital few measures that need to be high-profile, as opposed to the majority that only need to be seen if they deviate beyond a pre-determined tolerance.



Measure Name	Target	Actual	Variance	Color	Score	Weight	Score	Weight
Revenue of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%
Number of Patients	100.00	100.00	0.00	Green	100%	100%	100%	100%

Healthcare Performance Improvement Programme



All Trusts currently face a daunting challenge of how to close their CIP gap.

For some this gap is relatively modest; for many the gap is worrying, especially when the need to improve patient outcomes and to trade profitably has been factored in.

Arguably, Trusts have already made the easier changes and CIP targets will already have been allocated to each area of operation across the Trust – but the CIP gap still remains.

Why the CIP gap will be hard to close

The ability of Trusts to originate and deliver innovative CIPs varies but the over-whelming approach has been to “share the pain” by “sharing” the CIP target across the main areas of the Trust, often on the basis of size. While there is little doubt that this approach can deliver some easy wins, there is a limit to what each “silo” can deliver.

Peter Drucker, the famous American management academic, once made the observation that 90% of all waste in organisations occurs because of things going wrong at the functional boundaries. In other words, if one is serious about performance improvement, there is a limit to what can be achieved by looking at silos alone, each in isolation. It also follows that if one is able to look at how the different silos interact to deliver patient care, then there is much greater potential to improve patient outcomes and operate with much less waste, duplication and inefficiency. It is this that can make a major contribution to closing the CIP gap.

The risk associated with traditional approaches to cost reduction

Traditional approaches to cost reduction unsurprisingly tend to focus on costs and how they are spent, rather than the related patient and clinical activity outcomes and implications.

There are a number of obvious ways to reduce cost, but the problem is often that all of these actions can, at some point, start to have an impact on patient care.

Change does not happen by itself

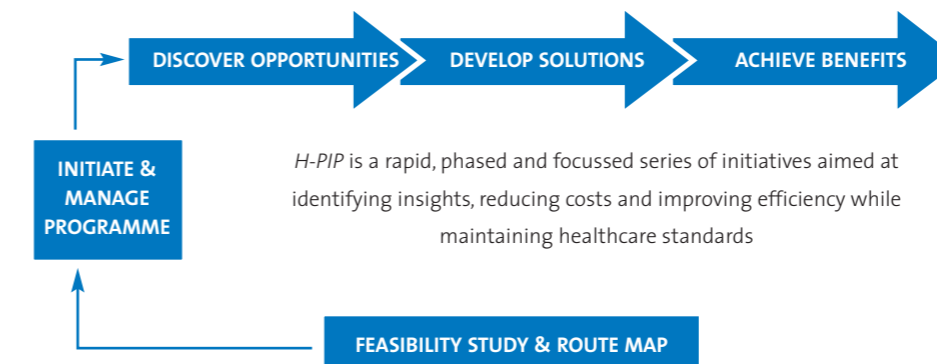
At one level this is a statement of the obvious, but within it is the implication that successful change requires the following:

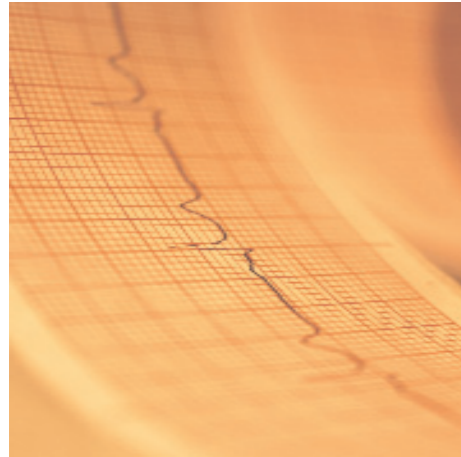
- Commitment from management
- Clear objectives and accountabilities
- Robust methodology
- Resources
- Change management skills
- Benefits realisation

The Bellis-Jones Hill *H-PIP* is an established, flexible change management framework that provides Trust Boards with the assurance that quality of patient care can be improved while the overall cost base is reduced.

Healthcare Performance Improvement Programme

The *H-PIP* is a flexible, rigorous approach to radical performance improvement that engages clinicians and managers and provides them with the tools and methodologies to meet the challenges of closing the CIP gap successfully.





H-PIP is a quality and outcome focussed approach that provides transparency of what is really happening in a Trust. At its heart *H-PIP* seeks to focus on:

- **Strategic issues** – What does the Trust do well and profitably and what are the areas of operation where quality of patient outcomes is poor and/or where losses are being incurred that need to be challenged. Where could the Trust save money by focussing on its strengths and where can it generate greater profit by investing in expansion of its services.
- **Operational issues** – How can care pathways be improved to eliminate waste, enhance quality and work on a Right First Time basis.

The *H-PIP* approach

The *H-PIP* approach is highly participative and derives much of its effectiveness from the high degree of clinical engagement that it engenders but unlike more conventional “lean” approaches, it is very patient-focussed and results-oriented. The net result will be a stronger, more robust, better focussed organisation that can close its CIP gap *and* deliver better patient outcomes.

Business Intelligence in the NHS

There is no lack of data in NHS Trusts; the challenge is to integrate and analyse it in such a way that it is easy for clinicians to work with and answers critical questions.

For example, in any particular specialty, if length of stay is shortened, at what point do re-admission rates start to increase? Will patient satisfaction fall or rise? What will be the combined effect on patient outcomes and profitability?

Understanding the interactions between Clinical Quality, Operational Effectiveness and Financial Performance will become crucial to success as Trusts are challenged to deliver more for less.



“QlikTech customers have consistently reported high praise and satisfaction with the company and its products and are most likely to have achieved value from the purchase of the software for performance management projects. The software interface is known for its intuitiveness and this means that end-users are likely to adapt to its use quickly.”

Aberdeen AXIS™

QlikView

QlikView is simply unique. Its Associative Query Logic (AQL) is the pioneering, patent-protected technology which lies at its heart and makes it fundamentally different from any other BI tool. It enables millions of lines of data from multiple data sources to be held “in memory” for real-time, ad-hoc, point-and-click analysis. It is fast, it is flexible, it is very intuitive and user-friendly and crucially it works much more like the human mind in that it removes the need to have pre-determined what questions an analysis is trying to answer before the analysis starts. It has the added advantage of not being reliant on the need for a data warehouse; a significant saving in itself.

“I believe, quite simply, that the combination of your team and QlikView technology plus our team working together on a Balanced Scorecard for hospital management has produced the best of its kind I have ever seen in the world – and I have examined hospitals in 18 countries! I saw something similar in Boston about 2-3 years ago but your product is so superior that it really makes management for clinicians (i.e. getting hands-on doctors and nurses to manage) so much easier. I believe that we have a winning combination that has a huge future.”

Gareth Goodier
Chief Executive
Cambridge University Hospitals NHS
Foundation Trust

QlikView
Partner

Clinical Solutions

QlikView substantially aids clinicians and managers with their day-to-day tasks by providing reliable, up-to-date information on a range of metrics. Drawing information from disparate sources and presenting it on screen for real-time analysis, QlikView applications allow users to drill down to individual patient episode level for a clear and detailed view of performance.

Patterns and trends can be seen at a glance. Problems can be flagged early. QlikView compels users to take action by arming them with facts.

Trusts like Cambridge University Hospitals, Liverpool Heart and Chest and Salford Royal are all benefiting from improved clinical reporting and dashboards. Examples of clinical applications include:

- 18 Week Waiting Time Analysis
- Resource Planning
- A&E Performance Monitoring
- Theatre Management
- Patient Pathway Tracking

Bellis-Jones Hill – an Elite QlikView partner

QlikTech works with some 800 business partners globally, of these only 20 have achieved the status of Elite Partners, something that reflects their high levels of experience and capability. Of these there are only three in the UK, and there is only one serving the NHS – Bellis-Jones Hill.

All of our NHS clients have chosen to use QlikView as their preferred BI tool for reporting, analysing and disseminating their SLR and PLICS results and a growing proportion are using QlikView as their Business Intelligence solution of choice. Cambridge University Hospital NHS Foundation Trust is a leading user of QlikView and has used it to develop their Cambridge Hospitals Evaluation Quality System (“CHEQS”) with over 30 management applications and over 1000 users.

Case studies

CASE STUDY: Salford Royal NHS Foundation Trust

Salford Royal NHS Foundation Trust is a large teaching hospital employing over 4000 employees and caring for around 350,000 people a year. On an average day, the hospital cares for over 800 inpatients, sees 1,000 outpatients and treats around 200 patients in Accident and Emergency.

Management and staff at Salford Royal are passionate about quality and patient safety and recognised the need for greater transparency of what is really driving performance and costs across the Trust. To obtain more reliable and credible management information that could provide a better understanding of both the income and cost of patients’ treatments, Salford Royal appointed Bellis-Jones Hill in March 2007 to support their implementation of Service Line Reporting and Patient Level Costing using the Prodacapo Service Line Management System.

The system produces Service Line Reporting and Patient Level Costing information for both management and clinicians. It allows Salford Royal to deep-dive into its own performance and provides patient episode level costs that help better understand the factors that influence patient outcomes, performance and profitability by specialty, consultant and point of delivery.

The implementation at Salford Royal has also included Prodacapo Service Line Performance Management, a Balanced Scorecard that measures performance against targets and plans across the Trust and at all levels from Board level down to ward level.

The Service Line Reports are now updated quarterly to coincide with Board reporting and there are sixty clinicians and managers across the Trust with direct access to this information for analysis and decision making.

Regular Service Line Reporting and Patient Level Costing information has had a significant impact on Salford Royal’s Cost Improvement Programme, helping it to set differential targets based upon Service Line Reporting Information and is helping managers understand where cost improvements can be achieved.



“We chose the Prodacapo system because it makes it easy to communicate complex information. It is simple to use and its broad range of analysis and reporting options make the job of understanding Service Line Reporting and Patient Level Costing far more transparent.”
Tony Whitfield,
Finance Director and Deputy
Chief Executive

CASE STUDY: Erasmus

Erasmus Medical Centre (EMC) is the largest university medical centre in the Netherlands, with over 10,000 employees, a budget in excess of 700 million Euros and over 500,000 patients per year.

Since early 2005 EMC has had to negotiate with healthcare insurers about the price of different forms and combinations of treatment.

In late 2005 the Prodacapo system was chosen after a thorough evaluation process. According to Paul Steinbusch from the EMC Costing Project Team, the main reasons why it was selected were “it’s straightforward, easy to use and includes extensive analysis and reporting options with highly graphical user interfaces that make it easy to communicate complex information”.

EMC and its departments are now able to cost products and services more accurately, identify which products are profitable or not and set prices.

By allocating central overheads in a sophisticated and transparent way, EMC can also set more accurate internal transfer pricing and identify efficiency improvement opportunities.



“Having used the software for over a year now, the more I am convinced that we have made the correct choice. Less than a year after having bought Prodacapo software we were fully self-supporting. The software is so intuitive and user friendly that we are fully in control.”

*Niek Bossché,
Costing Project Leader*

CASE STUDY: Cambridge University Hospitals NHS Foundation Trust

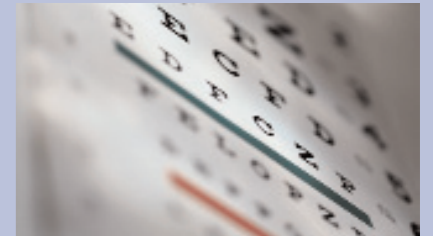
Rated by the Care Quality Commission for providing excellent quality of services and excellent use of resources, and as 'best performing' for maternity services, Cambridge University Hospitals is one of the country's leading hospitals. It has a reputation world wide as one of the foremost university teaching hospitals and employs more than 7,000 staff.

As one of the largest and best known hospital Trusts in the country, the name is synonymous with excellence. It is this continued commitment to innovation which inspired the Trust to look at making Patient Level Costing available across the organisation. The Trust wanted a system which would make information more easily accessible, easier to understand and fully transparent.

Performance Management specialists, Bellis-Jones Hill Healthcare Management Solutions introduced the Trust to QlikView - a powerful analysis tool capable of extracting and analysing data from any number of sources in seconds. With complete transparency across every area of the business, users are able to make informed decisions based on detailed, reliable and relevant information that can result in thousands and even millions of pounds in savings.

Having implemented QlikView in September 2007 for Patient Level Costing through its wider Business Intelligence project, the hospital is now able to study areas such as patient care and safety, patient experience, costing, clinical excellence and finance.

QlikView is used by Directors, Consultants, Clinical Nurses, Ward Sisters and other Senior Managers and is proving a real success for the Trust. Managers are now able to answer any questions raised, present information that people have never been able to easily access before and respond to the requirements and information needs of front line staff.



“At Cambridge University Hospitals NHS Foundation Trust, we strive for innovation in all we do. Therefore, we wanted and needed a more effective and efficient way of managing key performance and business information. We are committed to improving patient care and safety and ensuring clinical excellence. QlikView is helping us to achieve that goal.”

*Joe Ghosh,
Cambridge University Hospitals
NHS Foundation Trust*

Our clients

Healthcare Management Solutions Trust Clients:

- Birmingham Children's Hospital NHS Foundation Trust
- Cambridge and Peterborough NHS Foundation Trust
- Cambridge University Hospitals NHS Foundation Trust
- Camden and Islington NHS Foundation Trust
- Chelsea and Westminster Hospital NHS Foundation Trust
- Cheshire & Wirral Partnership NHS Foundation Trust
- County Durham & Darlington NHS Foundation Trust
- Ealing Hospital NHS Trust
- East Lancashire Hospitals NHS Trust
- Great Ormond Street Hospital for Children NHS Trust
- Imperial College Healthcare NHS Trust
- Isle of Wight NHS PCT
- Kent and Medway NHS and Social Care Partnership Trust
- Liverpool Heart and Chest Hospital NHS Foundation Trust
- North Staffordshire Combined Healthcare NHS Trust
- Northampton General Hospital NHS Trust
- Northamptonshire Healthcare NHS Foundation Trust
- The Royal Surrey County Hospital NHS Foundation Trust
- Salford Royal NHS Foundation Trust
- Shrewsbury and Telford Hospital NHS Trust
- Stockport NHS Foundation Trust
- The Walton Centre NHS Foundation Trust
- University Hospitals Coventry and Warwickshire NHS Trust
- West Hertfordshire Hospitals NHS Trust
- West Middlesex University Hospital NHS Trust
- West Suffolk Hospital NHS Trust
- Wrightington, Wigan and Leigh Hospitals NHS Foundation Trust
- York Hospitals NHS Foundation Trust

Group Clients include:

- Barclays
- BFI (British Film Institute)
- Care Quality Commission
- Environment Agency
- Experian
- GE
- Homeloan Management
- Reuters
- RSA (Royal & Sun Alliance)
- Skandia
- Skipton Financial Services

■ JUDGE US BY YOUR RESULTS



Bellis-Jones Hill

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