

Home Health Balancing Act

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by Joan Sourapas

What does a home health agency have in common with a typical Fortune 500 company? Though their activities and goals may differ, both organizations can benefit from the use of the balanced scorecard approach to measuring and enhancing performance.

Since Harvard professors Robert Kaplan and David Norton initially developed the concept of the balanced scorecard, many companies have used it to measure performance and set strategy. In this article, we'll look at applying the balanced scorecard to measure the performance of home health organizations. While a healthcare organization's performance is measured across many departments, HIM professionals can also use the tool to measure their own departmental performance and align those measures to the organization's strategy.

What Is the Balanced Scorecard?

Balanced scorecard users assume that looking at the bottom line alone does not give the full picture of an organization's performance. Other measures are needed to balance the picture. A typical balanced scorecard includes these four components:

- customer perspective
- internal business processes
- learning and development perspective
- financial perspective

A company may choose to use the scorecard because it translates vision and strategy into a coherent set of measures; it is a holistic approach to measuring performance; and it is a tool that is broadly and consistently communicated to all stakeholders.

A Home Health Example

The scorecard can be used individually or by home health agencies in an alliance, network, integrated delivery system, or other group. In this example we look at how agencies that are clients of a national management services company set targets, monitor them, improve their performance, and share their best practices. The group monitors key measures such as internal home care referral rate, visits per episode, direct and indirect cost per visit, patient and physician satisfaction, days in accounts receivable, and visits per caregiver.

Sample Home Health Scorecard (weekly)	CurranCare Standard	Health System A	Health System B	Health System C
Home care referral rate	25%	12%	30%	19%
Productivity: nursing visits per day	6.0	4.7	6.0	5.3
Patient satisfaction	95%	85%	98%	90%

At CurranCare, the management teams at each of the client health systems compare their agency's scorecards weekly and discuss their progress toward organization and client-specific performance measures. Participants share their successes and challenges when working toward a common set of goals. Benefits of such benchmarking include:

- creation of a standardized continuous reporting mechanism
- an environment in which individual healthcare professionals and teams are held accountable for achieving concrete goals

- a forum in which individuals can create benchmarks and learn from one another

Thinking, Talking, Acting

According to Kaplan and Norton, as organizations implement the scorecard, they perform four processes that allow them to link their organization's long-term objectives with their short-term actions:

- *translating the vision* to build a consensus around the vision, mission, and strategy
- *communicating and linking* to articulate their strategy throughout the organization and link it to departmental and individual objectives
- *business planning* to translate vision to financial plans
- *feedback and learning* to review whether short-term goals have been met and to refine their strategies to reflect what has been learned

When developing a balanced scorecard, it's important to carefully define and later refine measures that define the appropriate indicators. Look at indicators not only on a weekly basis but at monthly, quarterly, and annual trends. The scorecard's flexibility makes it a tool that can be readily applied to healthcare organizations in a climate where response to constant change and demand is key.

Resources

The Balanced Scorecard Institute, <http://www.balancedscorecard.org/>

Kaplan, Robert S., and David P. Norton. "Using the Balanced Scorecard as a Strategic Management System." *Harvard Business Review* (January-February 1996).

The National Association for Healthcare Quality, <http://www.nahq.org/>

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Article Citation:

Sourapas, Joan. "A Home Health Balancing Act." *Journal of AHIMA* 70, no. 5 (1999): 49.

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