

Using Benchmarking to Support Performance Improvement Efforts

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by Tracy Bennett Berry, MHS, RRA

Successful benchmarking can create opportunities to improve performance through discovering best practices. The author offers an overview of benchmarking and best practices and how they apply to HIM—and ways to get started on your own.

Are you looking for a way to jump start departmental performance improvement initiatives? Or seeking a way to motivate staff to rethink the way they do business? Benchmarking may be the answer. Successful benchmarking can highlight areas of opportunity and focus performance improvement efforts. Researching, evaluating, and adapting best practice models into current operations can result in improved performance.

The terms "benchmarking" and "best practice" are often used interchangeably, but they are actually different concepts. One expert defines benchmarking as "the search for industry best practices that lead to superior performance."¹ Benchmarking involves making comparisons of operating indicators between organizations. For example, it is possible to compare various indicators, such as turnaround times (e.g., coding turnaround from discharge to coding completion), staffing levels (e.g., salary cost per adjusted discharge), or performance (e.g., uncoded days in accounts receivable). These comparisons will measure the difference in performance and point out opportunities for improvement.

But identifying performance gaps is not enough. To be a powerful performance improvement tool, benchmarking must lead to the identification of best practices. Best practice research involves developing an understanding of alternative operating practices that result in solutions to improve operations. In summary, benchmarking compares standards of measurement—metrics of performance—while best practices define superior operating models.

A Benchmarking Approach

Define Key Indicators/Metrics

The first step in benchmarking performance is to define key indicators, or metrics, for comparison. These indicators will vary depending on the goals of the benchmarking effort. If, for example, the goal is to develop an overall productivity indicator, one might use the total departmental cost per adjusted patient day. However, if the goal of the effort is to reduce revenue held in accounts receivable, the number of days revenue that is unbilled due to uncoded records may be the appropriate metric. In studying this issue, measuring coding turnaround or staffing levels may be useful as well. (Some metrics useful to HIM professionals are listed in "Sample Metrics for HIM Departments.") Remember that benchmarking should not be done just for sake of monitoring indicators. Collecting and tracking benchmark information can take a great deal of effort and is best utilized to improve performance.

Sample Metrics for HIM Departments

1. Departmental labor costs per total hospital adjusted discharges—this can also be broken down for specified functions (e.g., inpatient coding labor costs per discharge)
2. Turnaround time in selected areas such as coding, transcription, release of information, record retrieval
3. Percent of records completed within 30 days of discharge
4. Management staff as a percent of total staff

5. Productivity levels in selected areas, such as number of lines of transcription per hours (by report type), number of records coded per hour by record type
6. Days revenue held in accounts receivable due to coding

Identify Data Sources and Collect Data

Next, identify sources of benchmark information and collect the data. There are several ways to obtain data. Generally, the easiest approach is to use internal data to perform benchmarking.

Internal trend data is a reasonable benchmark in many cases. In particular, internal data is helpful when evaluating productivity. For example, many acute care facilities have experienced dramatic inpatient volume decreases due to the impact of managed care. This has an obvious impact on the required staffing levels of the inpatient chart completion staff. Internal benchmarking will help ensure that as work load levels change, staffing levels are adjusted accordingly. Staff hours per inpatient discharge or inflation-adjusted staff salaries per inpatient discharge are commonly used for this analysis. Utilizing salary expenses rather than staff hours is a more powerful metric, because it will vary based on key cost drivers such as staff mix and overtime utilization, which are masked when comparing only staff hours. This data is then trended on a pay period, monthly, or annual basis.

The advantage of using internal data is comparability. With internal data there are no concerns about different approaches to data collection. In other words, one can be assured of an "apples to apples" comparison. The obvious disadvantage to using internal data sources is that they generally do not provide such robust comparisons as external comparisons. With internal benchmarking, we are striving only to be the best we have been, not the best possible.

It is often the external benchmarks that push our thinking on what is possible. Significant performance improvements are generally realized when high expectations are established. For this reason alone, external benchmarking is beneficial. Unfortunately, external benchmark data is not always available. In fact, external benchmarks are generally available on a more "macro" basis (e.g., costs per adjusted day or days held in accounts receivable).

Detailed and specific metrics can be difficult to obtain. However, benchmarking data is available from organizations such as CSC Healthcare, MECON, or the University HealthSystem Consortium. Organizations that are part of a large healthcare system (e.g., Columbia, Daughters of Charity, Intermountain Health) may have access to benchmark data collected on a systemwide basis. In addition, The Benchmarking Exchange (located at www.benchmarking.org) is an online information and communication service available via the Internet, dedicated to supporting the benchmarking and process improvement community.² The Benchmarking Exchange does not focus specifically on healthcare; however, it can be a useful source of information.

The use of external benchmarks may elicit concerns of comparability. While it is not always possible to ensure a perfect apples-to-apples comparison, the results can still be helpful. To improve comparability, ensure that the definitions are clear and the calculation of the metric is understood. Second, be prepared to eliminate outliers from the comparison. For example, if cost per adjusted patient day is being benchmarked against several other departments and one department has a significantly higher or lower cost than the comparison departments, consider eliminating this department from the analysis. It is fair to assume that when there are differences greater than 30 percent, there is a comparability issue—that is, the departments might not have the same set of responsibilities. For example, one department might have responsibility for all outpatient records while in another organization, this function might be decentralized.

A third source for benchmark data is to gather data from other organizations through a focused survey. There is generally a willingness to participate in such surveys if they are brief and well written (i.e., clear definitions), and if results are shared with participating organizations. Telephone interviews or site visits can also be a source of valuable information.

Identify Performance Gaps and Establish Targets

Once the data is collected, the information must be analyzed so that performance gaps can be identified. These gaps will help focus performance improvement efforts by highlighting opportunities for change. It should be noted that a performance gap is not necessarily a bad thing. It is, however, a reason to evaluate the area further to understand the reasons for the performance gap.

Establishing performance improvement targets is often helpful in achieving results. Targets that close the performance gap are a tangible goal that the department can focus on achieving. The targets may not always be achieved, but when they are achieved, they can be a tremendous source of accomplishment.

Research Best Practices

Once benchmarking is completed, the search for best practice models begins. The best place to start is understanding the operating models at the benchmark organizations. What are they doing to achieve the performance levels demonstrated by the benchmarking metric?

Unfortunately, benchmarking is sometimes seen as a punitive exercise in which the goal becomes to discount the benchmark organization instead of seeking out new information. Realistically, the goal of best practice research is to discover ideas to expand one's knowledge base.

For example, when looking at file room staffing levels, one department might utilize optical imaging while another houses all medical records in hard copy. This would obviously account for a difference in staffing levels. One could make a case that this is not a fair comparison and the benchmark is not realistic. But the real opportunity is to learn more about the optical imaging system. How long has it been in place? What are the results in terms of benefits and drawbacks? What was the vendor selection process? How did the benchmark organization go about justifying the cost of the system? What lessons have been learned?

The list of questions could go on. The point is to learn from another organization's experience and look for opportunities to improve the operations. Finally, telephone interviews or site visits can also be especially helpful in identifying potential operational improvements, as can educational conferences and literature research.

Modify Operating Models

The final and most exciting step in the process is to develop and implement solutions. Changes in operating models can include streamlining processes, implementing technology enhancements, changing staffing plans, altering roles and responsibilities, or flattening the organization structure. The opportunities are vast; each organization will have to determine the right answers for its needs and culture.

The approach to modifying operating models will vary by organization; some general process redesign approach guidelines (see "Process Redesign Steps") will be relevant in most cases.

Process Redesign Steps

1. Establish priorities and set targets
2. Organize a performance improvement team to evaluate issues and make recommendations. The team size will vary depending on the issues under study and should include participants from areas relevant to the area of study
3. Understand the current environment (performance indicators, process flows, etc.)
4. Research best practices
5. Develop recommendations
6. Plan for and implement recommendations
7. Assess and monitor impact of recommendations
8. Make adjustments as necessary
9. Celebrate and share successes

Seize the Opportunities

Benchmarking is a powerful performance improvement tool. Used successfully, it can support the development of improved operating models and systems. However, to be successful, benchmarking must be approached as an opportunity to learn from others. To maximize results, evaluate best practices not from the angle of "why it won't work" but from the perspective of "how can we make it work here?" Benchmarking and best practice analysis will not provide an absolute answer; however, it will provide a range of potential opportunities to consider.

Notes

1. Camp, Robert C. *Benchmarking: The Search for Industry Best Practices that Lead to Superior Performance*. Milwaukee: ASQC Quality Press, 1989, p. 12.
2. The Benchmarking Exchange, 7960-B Soquel Dr., Suite 356, Aptos, CA 95003. Visit the Exchange's Web site at <http://www.benchmarking.org>.

Reference

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Tracy Bennett Berry is a senior associate at CSC Healthcare, New York, NY.

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