

Eli's Hospice Insider

BENCHMARKING: Set Benchmarks Now For a Better Financial Future

Your after hours calls could be sending you a message.

Three years from now, you'll be working with a brand new hospice payment system if the Centers for Medicare & Medicaid Services (CMS) takes the Medicare Payment Advisory Commission's recommendations to heart. Now's the time to take proactive steps to help secure your agency a solid future.

Speaking during the National Association of Home Care and Hospice's (NAHC) annual meeting in October, **Robert J. Simone** of Simone Consultants in Hamden, Conn. predicted that the new reimbursement system will include:

- rebasing of per diem rates
- stratifying per diem reimbursement rates to pay more at the beginning and end of a patient's stay and less in the middle
- lowering the per diem reimbursement based on the site of care.

Focus on Margin

Simone urged each hospice agency to answer the question: "Does your mission get in the way of your business approach?" The right answer is "No margin, no mission," he said.

To make certain you're running your agency with an eye on the profit margin, you should use your hospice budget as a business plan for the next year, Simone advised. And a good business plan should go beyond plans to increase revenue percentages and decrease expenses, he said. A successful plan will document:

- the metrics-based assumptions needed to carry out the plan
- a staffing matrix for management that details when there is a need to hire or lay off staff
- performance indicators.

Why Look to Benchmarks?

Financial benchmarks are part of the picture of your agency's performance, said **Carla Braveman, RN, MEd, CHCE**, CEO of Big Bend Hospice in Tallahassee, Fla., also speaking at the NAHC conference.

You can use benchmarking to measure what's going in with clinical performance as well.

A benchmark is a performance measurement of world-class industry leaders from the same industry or comparable industries with similar products and services, Simone said.

"A benchmark should reflect the performance of other organizations, local or national norms, or sufficient expectations of optimal performance." The objective of a benchmark is to establish a reasonable expectation for performance, Simone said.

When necessary, benchmarks can be used to examine key performance indicators and initiate strategic improvement plans. But accurate benchmarks rely on accurate data collection throughout the process, Simone warned. On the financial side, this is one reason hospice agencies must accurately complete cost reports. The integrity of benchmarking

data is only as good as the information used to complete the cost report -- "garbage in, garbage out," he said.

Warning: If you think minor cost report inaccuracies are no big deal, take note: the government uses this data to measure and analyze the hospice industry, Simone said. Bad data can come back to haunt you, because the government will calculate the payment system re-base using this lawed data.

Try this Quality Compass

Braveman noted that there are a variety of benchmarking services you can use to track clinical performance, but one simple method comes from the Institute for Healthcare Improvement. Their Quality Compass measures four areas:

- Patient/family outcomes and quality measures -- or what happened while you were providing care
- Patient/family satisfaction -- or the patient and family perception of what happened
- Financial performance measures
- Staff satisfaction/joy at work.

One key patient outcome quality measure is the family's response to whether they were prepared for the death, Braveman said. If the family members answer "I knew what to do," then you've done pretty much everything right, she said.

Hold the phone: Another indicator to watch is the number of after hour calls from family, Braveman says. You might want to distinguish your agency by stressing your 24-hour availability, but preventing these calls provides your patients with even better service. Making a call at 2:00 in the morning is stressful on the family member -- they worry about whether they really need to call, they must stay up waiting for the response -- it is not the best scenario.

If you study the reasons for these late-night calls, you may find that there are some you can prevent by acting proactively during the day. Of course, there are certain situations where these calls can't be prevented, such as when a patient passes away during the night, but tracking these calls may show other areas where you can improve your service.