Note to the C-suite: Communicating quality is more important than ever

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Some time ago I met with the CEO of a major network provider. The exchange went like this:

Author: “What makes you think that payers will ever agree to increased compensation—even for gold-standard quality metrics?”

CEO: “Because they said so.”

I envy his faith. However, the chilling possibility is that in the near future top-tier compensation will be set to match current levels, not exceed them. If that happens, falling short on performance metrics may mean collecting even less than you do now. Whatever your political persuasion, the president has a consistent message. He marries quality and performance metrics to public policy, clinical practice and reimbursement.

If you are paying attention to the national discourse, our future becomes clear: outcomes-based compensation will focus leadership on quality performance. In fact, the CMS has been talking about the notion of value-based purchasing for almost two years: on Nov. 27, 2007, in their report to Congress, industry leaders got their first glimpse of Medicare's value-based reimbursement model.

Almost exactly one year later, with the Medicare Hospital Quality Improvement Act of 2008, Congress jumped on board the healthcare value train. If Sens. Max Baucus (D-Mont.) and Chuck Grassley (R-Iowa) get their way, the current annual Medicare withhold—between 2% to 5% of your total inpatient payment from Medicare—may be tied directly to quality performance across measures such as process of care, clinical quality and patient response. And yes, the bill has bipartisan support. Just the kind of support needed to give Congress the statutory authority to keep funds from poorer performers and allot increased payments to quality trailblazers.

In short, quality is about to become a lot more important to a lot more important people. Quality people often talk about being frustrated by ambivalent commitments, limited resources and lip service. They may be in for a pleasant surprise.

However, their new status will be mitigated by intense scrutiny. New quality initiatives and their related payment schemes will tie quality to the bottom line. Performance metrics will become real-world methods of capturing and sustaining a potentially shrinking pool of revenue. If you are a chief financial officer, don't expect to remain hands-off for long. You will soon be e-mailing your chief quality officer with alarming frequency.

Competition based on quality may be intense. Some hospitals may be relative winners, and others beggared by insufficient compensation for care that costs the same to provide regardless of cholesterol levels or follow-up attendance statistics. Metrics in the red require planning and action now, or you risk falling behind your competitors in a system that will reward the strong and punish, or even eliminate, the weak.

Gold standard quality metrics: Not enough

Question: Is a handsome green dashboard, quietly presented at the monthly operating report, enough to distinguish your efforts? In short, does “performance metric perfection” by itself maximize your relationship with the four P's (patients, payers, physicians and policymakers)? The simple answer is no.

Your dashboard is only one piece of the quality puzzle. You also need to establish systems and processes that drive quality throughout your organization like a virus. Continuous performance improvement should infect every nook and cranny, from clinical services to supply chain to human resources. In order to fully leverage your efforts (especially with payers, government or otherwise) quality experts must be let loose on the whole of your operations. You must be able to show that you are driving those efficiencies to the bottom line, and then to the bedside.

The point is that if quality—clinical and otherwise—is what you are paid for, then investing in quality, and the communication of quality, is a simple break-even analysis. That is why an increasing and record number of hospitals and systems, in spite of the economy or maybe because of it, are seeking unbiased assessment and recognition for their quality efforts.

Green dashboards are increasingly common for some, but remain perplexing and elusive to others. However, whether your goal is receiving the respect you already deserve, or earning the respect you'd like to deserve, improving performance requires documenting and communicating your efforts in a systematic, sophisticated and compelling way.

Communicating quality

Communicating this message internally is a major challenge, and a key first step, for providers on the road to performance excellence. Moreover, external communication of performance achievement is the crucial, final step for a hospital or healthcare system that believes it has achieved quality excellence and is seeking recognition.

As a Quality Texas (Baldrige National Quality Program) examiner, I have noted that the quality message permeates the most successful, sustainable and award-winning cultures from top to bottom. This is the commonality that runs across industries, and what examiners are trained to root out: the cultural evidence of deliberate and continual improvement of systems and processes, and the approach, deployment, learning and integration that supports that evolution.

It's not enough for a phlebotomist to be able to rattle off the five core pillars, and it may not matter to the examiner if they can. The question is: do they understand why it is important, and do they engage in activities that reinforce and improve that each and every day?

As you can see, metrics are just one piece of the puzzle.

Beyond the dashboard

President Barack Obama, Baldrige, the CMS, the Institute for Healthcare Improvement and the National Quality Forum and others won't focus that much on the color of dashboards once everyone's dashboard looks the same. They care about the impact those metrics, and your strategy, tactics, implementation,

surveillance, continuous improvement and efficiency have on each and every patient under your care.

Moreover, they are fostering an environment where patients can make informed decisions based on hospital performance. HospitalCompare.com, just one way HHS is increasing industry transparency, may become an increasingly powerful tool for administrators rightfully concerned about the fair allocation of Medicare dollars.

As the Obama administration targets its $155 billion cap on Medicare reimbursement cuts to providers, Hospital Compare has published readmission rates for patients experiencing heart attack, heart failure and pneumonia. Nonreimbursement for readmission of such patients is just one way federal officials expect to provide insurance for up to 95% of Americans.

While you might expect patient volume increases with the passage of a bill resembling the Senate Health, Education, Labor and Pensions Committee's current proposal, the potential effect on revenue is less clear. It seems that the premium placed on the right, most efficient course of care is at its zenith; hospital leadership should manage this message carefully.

The insight required to send that message can never be gleaned from the faint glow of the dashboard light. It comes from the people in your trenches. They are usually happy to share, and you will need their help going forward. This will have to be a combined effort—not a unilateral one.

The numbers are an important component of our efforts, and should receive the scrutiny they deserve. However, unlike the financial crisis, our successes and failures are measured in something more valuable than derivatives, interest rates or credit availability. That is why we must share the human element of what we see, and communicate the complexity and gravitas of our crisis, efforts, successes and, importantly, failures in a way that everyone can understand. That is the key to quality, performance improvement, recognition and our much-needed, and tragically overdue, evolution as an industry.

To weather the approaching storm, make sure your message, and your methods, reflect the best interests of your most important stakeholders: the patients who have entrusted you with their care. If the decision-makers get it right, your compensation will depend on it. Maybe it already should.