

EVALUATING THE PEDIATRIC CARDIAC PROGRAM

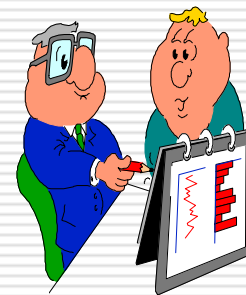
Rating & Ranking Matrix Model

**A Team Approach To Pediatric Cardiac Care
Vail, Colorado
March, 2003**

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Triad Consulting Group, Inc.**

PEDIATRIC CARDIAC PROGRAM ASSESSMENT:

- ❑ How does one objectively evaluate the pediatric cardiac program?
- ❑ What are the key factors necessary for competitive positioning in local, regional, & national markets?
- ❑ In next 15 minutes.....present an objective model and methodology for evaluating the pediatric cardiac program.



BACKGROUND

CARDIAC PROFILING TOOL

- ❑ **Methodology developed to evaluate a cardiac program against a detailed set of criteria**
- ❑ **Model incorporates underlying assumptions regarding attributes necessary for success in marketplace**
- ❑ **Detailed set of criteria designed to assess how services “stack-up” in today’s increasingly competitive payer-dominated marketplace**

PEDIATRIC CARDIAC PROGRAM

ASSUMPTIONS: KEY INGREDIENTS FOR SUCCESS

- Volume
- Quality
- Cost/Pricing
- Comprehensive Range of Services
- Education & Research
- Organization Model
- Facilities and Technology
- Philanthropic Activities
- Seamless Continuum
- Information Technology
- Physician Leadership
- Commitment of Resources
- Managed Care Contracting
- Outpatient Services
- Customer Satisfaction
- Staff Experience/Expertise
- Marketing
- Access

RATING & RANKING PROCESS

PEDIATRIC CARDIAC OPERATIONAL ASSESSMENT

- Twenty-eight (28) criteria have been *identified, prioritized, and organized* based on market factors that allow for *focused programmatic development* to achieve success in marketplace
- Programs are *rated and ranked* against these *28 criteria*



- **Criteria are rank ordered from the most important to the least important. Users can customize the rank order.**
- **Each element is weighted based on its' value to the program.**
- **Weight of each criteria range from 0.10 to 1.30 (total of 20 points)**

	Criteria	Wt.
	Foundation	
1	Volume of CV Services - Hospital	1.30
2	Overall Quality -- Hospital & Physicians	1.20
3	Cost and Pricing Philosophy and Practice	1.15
	Strategic Building Blocks	
4	Cost Accounting Systems & Cost Reduction Activities	1.00
5	Information Technology (IT)	1.00
6	Marketing	0.90
7	Physician Leadership	0.90
8	Volume per Physician	0.90
9	Commitment of Resources for CV SBU	0.90
10	Integration of Physician & Hospital	0.85
11	Managed Care Contracting	0.85
12	Provider System or Network/Referral Management	0.80
	Critical Structures	
13	Standardization	0.75
14	Quality Management (CQI/TQM) Activities	0.75
15	Customer Satisfaction	0.70
	Refinement	
16	CV Management & Organization	0.65
17	Breadth of Service Offering/Comprehensive Range of Services	0.65
18	Seamless Continuum	0.60
19	Emergency Care	0.60
20	Outpatient/Ambulatory Services	0.60
21	Enhance Access	0.55
22	Facility	0.55
23	Technology	0.55
	Premier	
24	Education & Research	0.50
25	Cardiac Rehab & Community Risk Mgt	0.30
26	Community Health and Wellness	0.20
27	Philanthropic Activities & Potential	0.20
28	Integration of Administrative, Financial & Clinical Systems	0.10
		20.00

RATING & RANKING MATRIX

CARDIAC OPERATIONAL ASSESSMENT

- A five (5) point rating scale was developed for each of the 28 criteria. A brief description of the criteria make up each point on the matrix scale
- Assumptions were made regarding “optimal” attributes for each criteria
- Each criteria is scored from one (lowest) to five (highest). A ranking matrix is used to calculate a score for each of the 28 criteria (*weight of each criteria x rating of each criteria*)
- *Weighted Score –100 possible points*

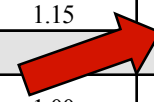
RATING SYSTEM: FIVE POINT SCALE

DEVELOPED FOR EACH OF THE 28 CRITERIA



	Wt.	Criteria	One	Two	Three	Four	Five
Foundation							
1	1.30	Volume Of Services For Hospital CV Program	Less Than Optimal Program Volumes Congenital Surg = 0 - 100 Cath/EPS = < 50	Low Program Volumes -- No Volume Standards Met Congenital Surg = 101-150 Cath/EPS = 100-150 Cath = 51 - 100	Minimal Volumes of State or Region Met By Program Congenital Surg = 151- 200 Cath/EPS = 150-200	Volumes Standards Meet All Or Most Accepted National Standards Congenital Surg = 251-350 Cath/EPS = 200-250	Significant Volumes Exceeding All National Standards Congenital Surgery > 351 Cath/EPS > 250
2	1.20	Overall Quality -- Hospital & Physicians	Significant Quality Issues Compared to Region	Some Quality Issues Compared To Region and Benchmarks	Average Quality Compared With Regional and Some National Competitors and Benchmarks	Documented High Quality Against Some National Competitors and Benchmarks	Documented High Quality Against National Benchmarks/Best Practices
3	1.15	Cost and Pricing Philosophy and Practice	High Cost, High Price, Cost-Based Pricing	Moderate Cost, Moderate Price, Some Cost Shifting, Rigid Pricing Structure	Moderate Cost, Cost Shifting Continues, More Flexible Pricing	Low Cost, Minimal Cost Shifting, Package Pricing, Flexible Pricing Available For Volume & "Steerability" By Payers	Lowest Cost In Region & No Cost Shifting, Price-Based Costing, Value-Based Pricing, Package Pricing

	Criteria	Wt.	Rating (1 to 5)	Weighted Score
	Foundation			
1	Volume of CV Services - Hospital	1.30	4.00	5.20
2	Overall Quality -- Hospital & Physicians	1.20	5.00	6.00
3	Cost and Pricing Philosophy and Practice	1.15	4.00	4.60
	Strategic Building Blocks			
4	Cost Accounting Systems & Cost Reduction Activities	1.00		0.00
5	Information Technology (IT)	1.00		0.00
6	Marketing	0.90		0.00
7	Physician Leadership	0.90		0.00
8	Volume per Physician	0.90		0.00
9	Commitment of Resources for CV SBU	0.90		0.00
10	Integration of Physician & Hospital	0.85		0.00
11	Managed Care Contracting	0.85		0.00
12	Provider System or Network/Referral Management	0.80		0.00
	Critical Structures			
13	Standardization	0.75		0.00
14	Quality Management (CQI/TQM) Activities	0.75		0.00
15	Customer Satisfaction	0.70		0.00
	Refinement			
16	CV Management & Organization	0.65		0.00
17	Breadth of Service Offering/Comprehensive Range of Services	0.65		0.00
18	Seamless Continuum	0.60		0.00
19	Emergency Care	0.60		0.00
20	Outpatient/Ambulatory Services	0.60		0.00
21	Enhance Access	0.55		0.00
22	Facility	0.55		0.00
23	Technology	0.55		0.00
	Premier			
24	Research	0.50		0.00
25	Philanthropic Activities & Potential	0.30		0.00
26	Community Health and Wellness	0.20		0.00
27	Education	0.20		0.00
28	Integration of Administrative, Financial & Clinical Systems	0.10		0.00
		20.00	13.00	15.80



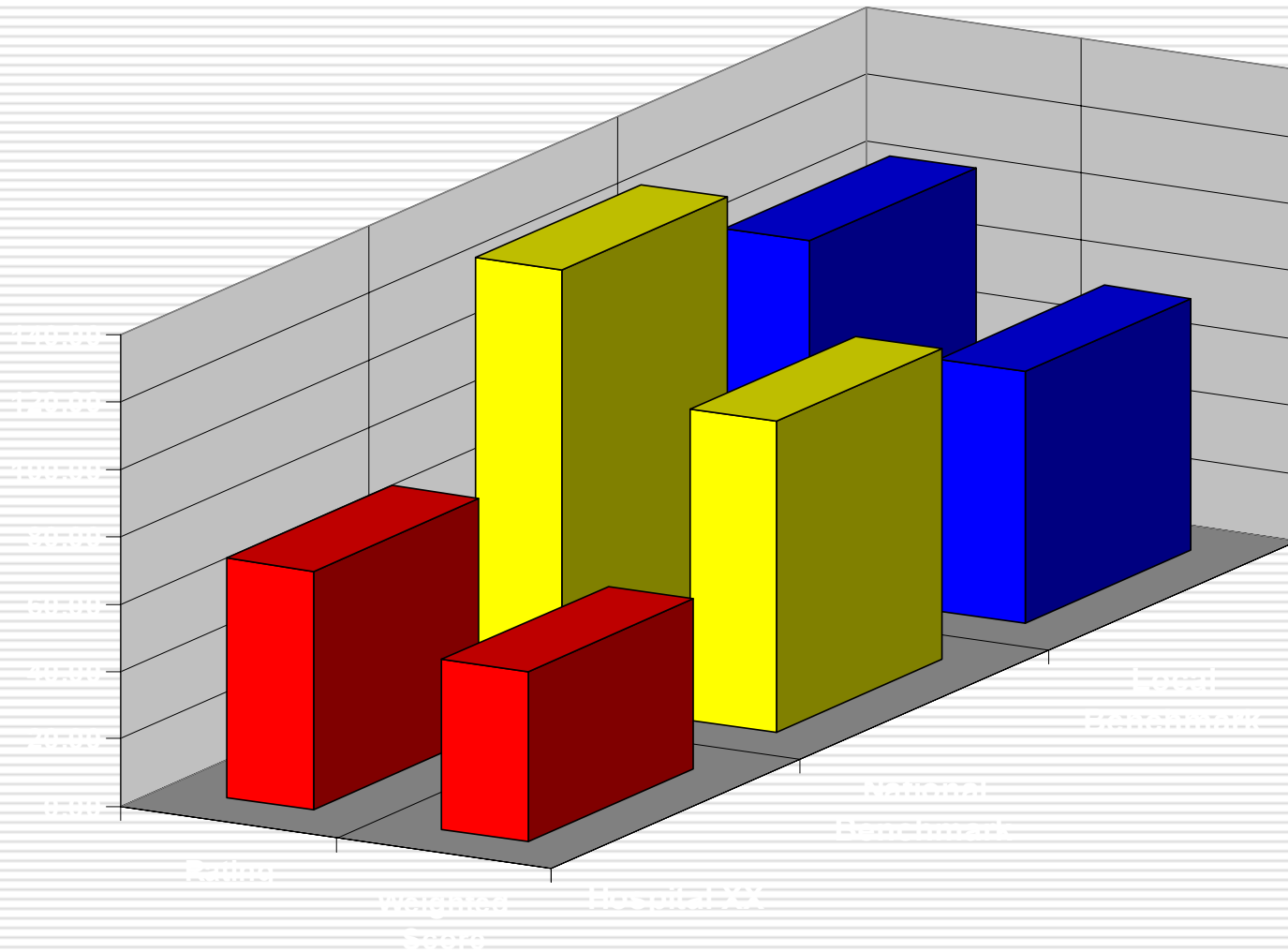
RATING SYSTEM: FIVE POINT SCALE DEVELOPED FOR EACH OF THE 28 CRITERIA

	Wt.	Criteria	One	Two	Three	Four	Five
Strategic Building Blocks							
4	1.00	Cost Accounting Systems & Cost Reduction Activities	No Cost Accounting Program, No Cost Reduction Activities	Cost Accounting System Purchased, Cost Reduction Identified As Major Issue	Cost Accounting Implemented, Cost Reduction Targeting High Cost DRGs	Fully Functioning, Accurate Cost Accounting System, Cost Reduction	Continuous Cost Reduction Activities, Tracked By SBU, Profitability Analysis, Participate in Purchasing Coalitions, UR Managed Rigorously
5	1.00	Information Technology (IT)	No Integrated IT Systems, No CV Specific Systems, Physicians Not Integrated	Some CV-Specific Systems In Place, No Integration With Physicians	CV-Specific Systems In Place, Integration Within Hospital Underway, Few CV Physician Linked	Integration Continues, CV Physicians Linked, CV and Hospital Program Integration In Progress	Fully Integrated Hospital & Physician - Clinical & Financial Information Systems
6	0.90	Marketing	No Branding/Awareness of CV Services, Less than 10% Market Share, Little advertising & promotions	Some Awareness & Recognition, Less than 25% Market Share, some advertising & promotions	Awareness & Recognition for CV Services, Use of advertisements & media, capture less than 40% Market Share	Branding for CV Services initiated; Capture less than 55% of Market Share, effective use of advertisements & media	CV Product Branding with well defined identity, awareness & recognition as "place to go"; capture over 55% market share, significant use of promotions, media relations, advertising

	Criteria	Wt.	Rating (1 to 5)	Weighted Score
	Foundation			
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2	Overall Quality -- Hospital & Physicians	1.20	5.00	6.00
3	Cost and Pricing Philosophy and Practice	1.15	4.00	4.60
	Strategic Building Blocks			
4	Cost Accounting Systems & Cost Reduction Activities	1.00	3.00	3.00
5	Information Technology (IT)	1.00	4.00	4.00
6	Marketing	0.90	4.00	3.60
7	Physician Leadership	0.90		0.00
8	Volume per Physician	0.90		0.00
9	Commitment of Resources for CV SBU	0.90		0.00
10	Integration of Physician & Hospital	0.85		0.00
11	Managed Care Contracting	0.85		0.00
12	Provider System or Network/Referral Management	0.80		0.00
	Critical Structures			
13	Standardization	0.75		0.00
14	Quality Management (CQI/TQM) Activities	0.75		0.00
15	Customer Satisfaction	0.70		0.00
	Refinement			
16	CV Management & Organization	0.65		0.00
17	Breadth of Service Offering/Comprehensive Range of Services	0.65		0.00
18	Seamless Continuum	0.60		0.00
19	Emergency Care	0.60		0.00
20	Outpatient/Ambulatory Services	0.60		0.00
21	Enhance Access	0.55		0.00
22	Facility	0.55		0.00
23	Technology	0.55		0.00
	Premier			
24	Research	0.50		0.00
25	Philanthropic Activities & Potential	0.30		0.00
26	Community Health and Wellness	0.20		0.00
27	Education	0.20		0.00
28	Integration of Administrative, Financial & Clinical Systems	0.10		0.00
		20.00	24.00	26.40

CARDIAC RATING AND SCORE COMPARISONS

EXAMPLE: HOSPITAL XX



Rating & Weighted Scores

RATING AND RATING MATRIX

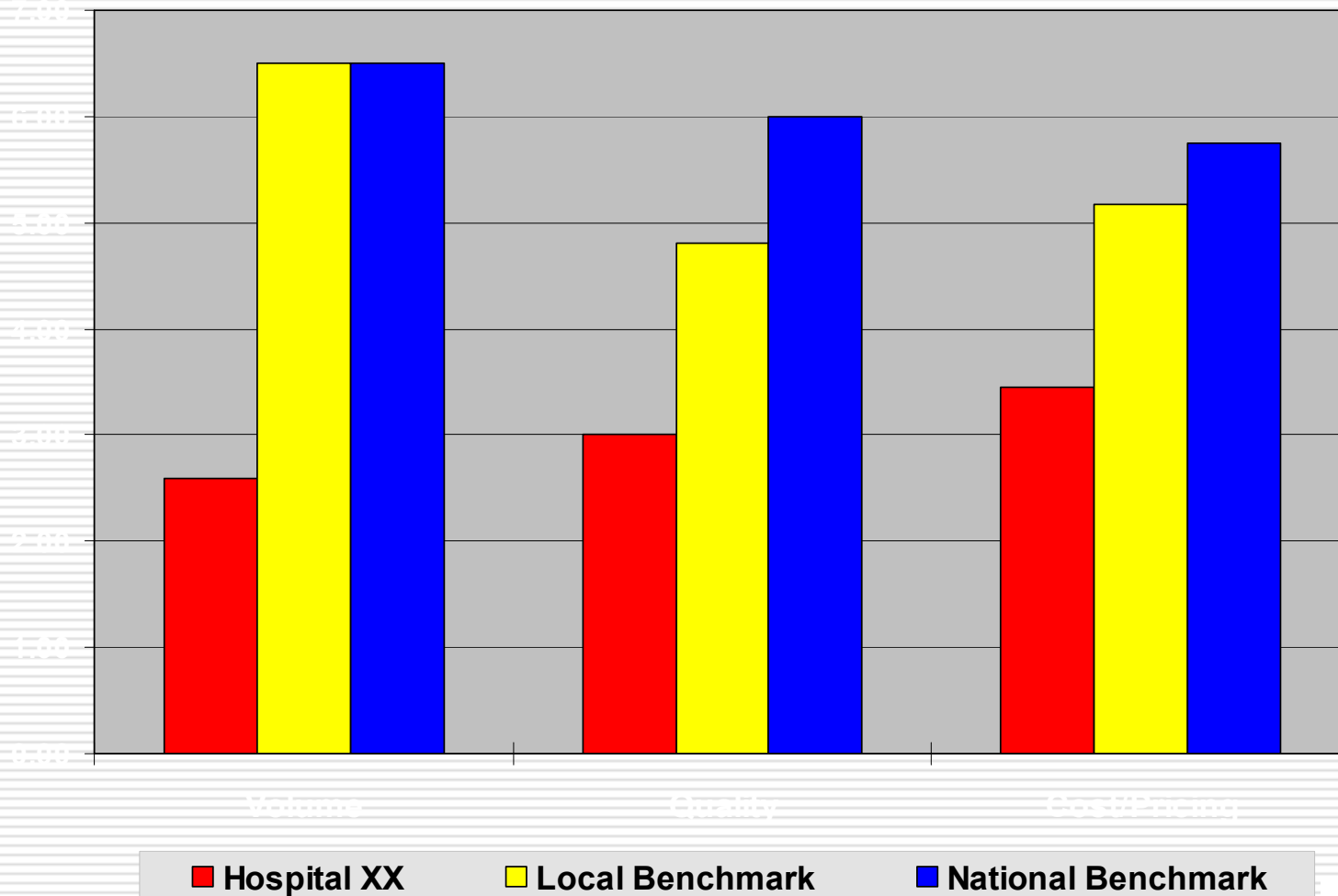
PRIORITIZATION AND ORGANIZATION

- Each priority level builds upon the elements in the preceding level-providing a framework for program development
 - **Foundation** -Critical to future survival
 - *Examples: Quality, Volume, Cost*
 - **Basic Building Blocks** -Ability to compete in marketplace
 - *Examples: Cost Accounting, IT, Marketing, Physician Leadership*
 - **Critical Success Factors** -Ability to differentiate program in marketplace
 - *Examples: Standardization, Quality Management, Customer Satisfaction*
 - **Refinement** -Enhance program within increasingly competitive environment
 - *Examples: Seamless Continuum, Access, Organization Model*
 - **Premier** -Highest level of performance-focus on delivering value to customers
 - *Examples: Education, Research, Philanthropic Activities*

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	Strategic Building Blocks			
4	Cost Accounting Systems & Cost Reduction Activities	1.00	3.00	3.00
5	Information Technology (IT)	1.00	4.00	4.00
6	Marketing	0.90	4.00	3.60
7	Physician Leadership	0.90		0.00
8	Volume per Physician	0.90		0.00
9	Commitment of Resources for CV SBU	0.90		0.00
10	Integration of Physician & Hospital	0.85		0.00
11	Managed Care Contracting	0.85		0.00
12	Provider System or Network/Referral Management	0.80		0.00
	Critical Structures			
13	Standardization	0.75		0.00
14	Quality Management (CQI/TQM) Activities	0.75		0.00
15	Customer Satisfaction	0.70		0.00
	Refinement			
16	CV Management & Organization	0.65		0.00
17	Breadth of Service Offering/Comprehensive Range of Services	0.65		0.00
18	Seamless Continuum	0.60		0.00
19	Emergency Care	0.60		0.00
20	Outpatient/Ambulatory Services	0.60		0.00
21	Enhance Access	0.55		0.00
22	Facility	0.55		0.00
23	Technology	0.55		0.00
	Premier			
24	Research	0.50		0.00
25	Philanthropic Activities & Potential	0.30		0.00
26	Community Health and Wellness	0.20		0.00
27	Education	0.20		0.00
28	Integration of Administrative, Financial & Clinical Systems	0.10		0.00
		20.00	24.00	26.40

“FOUNDATION” SCORE COMPARISONS

EXAMPLE: HOSPITAL XX



RATING & RANKING MATRIX

PROGRAMMATIC DEVELOPMENT AND PRIORITIZATION

Pediatric Cardiac Program Rating Scale Results

Low: 20-35	Moderate: 35-59	High: 59-100
<p>Program performing at community hospital level. At risk for program loss. Most likely due to volume constraints</p> <ul style="list-style-type: none"> <input type="checkbox"/> Focus work at Foundation level <input type="checkbox"/> Survival strategies may include mergers, acquisition of facilities, harvest of interventional/surgical program 	<p>Program performing between community hospital and tertiary center level.</p> <p>Strong administrative, financial, and clinical commitment required to position program for current and future markets.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Focus work at Basic Building Blocks level. <input type="checkbox"/> Build Critical Success Factors. Recognized the need to address standardization and quality aspects of high cost and high volume surgeries/procedures (ASD, VSD, Cath) 	<p>Program well positioned for current and future markets (“Provider-of-Choice”)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Strengthen building blocks <input type="checkbox"/> Ensure critical success factors met. ALOS and cost per case appropriate and in line with national benchmarks. <input type="checkbox"/> Majority of high cost and/or high volume surgeries and procedures standardized with high rate of compliance with clinical pathways. <input type="checkbox"/> Focus on high-level activities to differentiate program (Research, Philanthropic, ECMO, Transplant)

INTERNAL & EXTERNAL ASSESSMENT FINDINGS DRIVE STRATEGY/PROGRAM ENHANCEMENTS



SUCCESS

PEDIATRIC CARDIAC SERVICES

- Success of the Pediatric Cardiac Program in today's challenging health care environment depends on how well it's services are organized and delivered to meet needs of the consumers