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About FYA

FYA – *For Your Advantage*, is a free twice-monthly newsletter published by TrendLeader Connections.

With every issue, FYA provides insights into the topics that concern healthcare leaders today and the challenges that will be faced in the near future.

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Scorekeeping Should Help Create Dissatisfaction

By Fred Lee

The foundation for creating a climate of dissatisfaction is the desire and willingness to know the unvarnished truth about performance. The only way to have an accurate picture of performance is to keep some kind of score by applying numbers to each aspect of performance that must be executed to reach a goal.

A world-class tennis player is interested in more than the final score of his tennis matches. He (or at least his coach) is interested in the numbers that describe various parts of his game. What percentage of first serves went in? What percentage of points did he win when he went to net? When he stayed back? When he hit a forehand? A backhand? What was the ratio between aces and double faults? Between winners and unforced errors?

Winning is the goal, but analysis of the game provides the information for improvement. All winning and no losing would breed complacency. A great player is not interested in a coach who tells him only how good he is. He is more interested in one who tells the truth about his performance and what it will take to improve. In doing so, the coach capitalizes on the athlete's dissatisfaction coupled with his dream of greatness. Of course, along the way, there are constant pats on the back to keep the fires burning.

Likewise, without keeping score and putting numbers to aspects of departmental performance, a manager loses his best source of motivation for constant improvement. At Disney, every facility and resort keeps track of constantly updated scores on guest perceptions. Overall perceptions are not good enough. Guest perceptions on every aspect of their visit are measured and posted backstage in large print for all cast members to see every day. When I wondered why Disney doesn't combine the fours and fives in measuring overall satisfaction, the person I asked said something quite telling: "They would all be 99 or 100 percent, and what would that tell our cast members? They are perfect!" In other words, Disney doesn't want cast members resting on their laurels as a world-class organization with nothing to improve. Dissatisfaction is much more motivating than complacency.

Reaching the 100th percentile does not mean we have arrived.

When I go to healthcare conferences on patient satisfaction, the star performers talk in terms of being in a certain percentile in patient-satisfaction scores. This means that compared to other hospitals in the same database, their scores are in a certain percentile. "We were at the 14th percentile on the Press Ganey and set a goal to be at the 85th percentile by the end of last year," they will say. "This year our goal is to reach the 99th percentile."

All progress should be applauded. But what happens when they reach a goal like the 99th percentile? They will be able to tout their scores nationally.

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Scorekeeping Should Help Create Dissatisfaction (Continued...)

They will be able to create the impression that patients will be completely satisfied when they are admitted to their hospital. Most employees view 100 percent as perfection. They are likely to believe they have reached the ultimate goal. Any more pushing to improve might be seen as senseless when you are already at the top.

However, let's take a look at what it really means in terms of patient satisfaction and loyalty to be at the 99th percentile. According to the Healthcare Advisory Board's research, the 99th percentile for hospitals would mean that only about 60 percent of patients are "very satisfied" with their care!

The Disney organization does not try to motivate employees by trying to make them look better than they are. They are not in a national guest satisfaction database with other resorts and theme parks. They do not use comparative percentiles with their employees to prove they are better than Sea World or Universal Studios. They simply put out the stark facts about what percentage of guests are "very satisfied" with their care on a scale of one to five. It is the unvarnished truth that creates a culture where "good isn't good enough" and "we can always do better."

Competition is not a better motivator than our own deepest desire to be more competent tomorrow than we are today. In his book *Understanding Psychotherapy* Michael Franz Basch cites considerable research on infant development before concluding:

My emphasis here on the search for competence as fundamental for behavior marks a definite departure from a concept that underlies

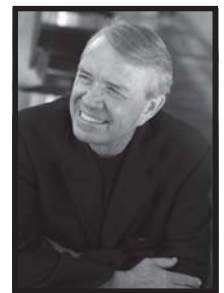
much of the literature in dynamic psychiatry: namely, Freud's theory that all behavior has as its goal the pleasure that attaches to the discharge of... energy generated by a sexual or an aggressive instinct. That there is a more scientific explanation than the instinct theory, which Freud himself called the mythology of psychoanalysis... is buttressed by these experiments which demonstrate that even in infancy the search for competence is the prime motivator for behavior, and that its attainment is the basic source of pleasure.

In other words, the drive for competence is the primary source of pleasure in the normal development of a human being. When it is constantly thwarted, given up or displaced, psychiatric intervention is often needed.

There is pleasure attached to competence. Often competition can stimulate people to excel, but it is a distortion of our basic drive if winning is more important than the pleasure of achieving higher levels of competence. In the right atmosphere of teamwork, coaching and learning, constant improvement is fun – just as improving one's athletic skills can be more exhilarating than actual competition.

Fred Lee is a highly popular speaker; and the author of "If Disney Ran Your Hospital." His book was named the 2005 book of the year by the ACHE.

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Not-for-Profit Hospital Haves/Have-Nots

By: Rick Kneipper, Chief Administrative Officer and Co-Founder of PHNS

The whirlwinds of constant financial pressures and change in the U.S. hospital industry continue to create substantial challenges, particularly for not-for-profit hospitals. In 2005, Standard & Poor's, a major credit rating agency ("S&P"), predicted the gap between the not-for-profit hospital "haves" (those with investment-grade credits) and "have-nots" (those with speculative-grade credits) was destined to widen over time, which would limit access to capital for the "have-nots" (see my November 7, 2005 FYA entitled "Negative Outlook for the 'Have-nots'").

In January 2007, Moody's Investor Service, another major credit rating agency, published a report that graphically validated the S&P prediction by showing a significant increase in the number of "haves" and a significant increase in the number of "have-nots." The "have-nots" "are failing to meet the financial targets required for profitability, credit quality and access to capital," and "cannot afford to improve facilities and programs, are not able to sustain competitive strength or position and are falling further behind." (see "Current Healthcare Trends and Their Strategic Implications" by Kenneth Kaufman, of Kaufman, Hall & Associates, Inc., in BoardRoom Press (August 2007).

The Kaufman article also points out an interesting strategic implication of these financial pressures on hospitals – economic turbulence and dislocation tends to benefit larger players and hurt the smaller players:

"According to Kaufman Hall's recent analysis of blinded data of credits in Moody's rating portfolio, differences in payer mix or case mix have relatively limited impact on profitability when compared to the impact of organizational scale. Although the Medicare case mix index and proportion of Medicaid and self-pay revenue was approximately the

same, operating and total margins of organizations with more than \$2 billion in revenue were a full percentage point higher than organizations with revenues of less than \$1 billion."

Another very interesting point of the article is that "hospitals and health systems often experience the impact of key changes early, even perhaps before relevant data from government and trade organizations are reported in the media" – and thus the author suggests that hospital leaders must carefully track key trends so that they can identify strategic opportunities and "make the adjustments to direction" to position their organization for improved competitive success in the future.

Are you and your hospital's management and board doing that?



I would like to hear your comments.

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About

TrendLeader Connections

FYA - For Your Advantage is brought to you by TrendLeader Connections. The function of TrendLeader Connections is producing educational materials and seminars that help healthcare executives differentiate between fads and trends; and making connections with "Trend Leaders" within the healthcare industry.

We are committed to delivering new perspectives and ideas, creative and innovative healthcare solutions, provocative concepts and quality educational materials to today's healthcare leaders. We want to concentrate on "what comes after what comes next."

Americans Are Embracing the Power of Wellness

A growing number of Americans are embracing wellness programs in the workplace to battle rising health care costs, according to a survey conducted by the Employee Benefit Research Institute and Mathew Greenwald and Associates. As employers increasingly encourage workers to adopt healthier lifestyles within the workplace, more than four out of five Americans (82 percent) say they have a positive view toward wellness programs. Another 76 percent of Americans agree employers who offer wellness programs are displaying concern for their workers.

"The results show the tide is turning as Americans realize changing their behavior and adopting a healthier lifestyle is an effective cure for rising health care costs," said Jerry Ripperger, national practice leader of consumer health for the Principal Financial Group, the underwriter of the survey. "We're seeing a sharp increase in the number of workers taking advantage of wellness programs, which typically include health screenings and programs for exercise, weight loss, stress management, smoking cessation and more."

Americans were also asked about employer health plans that offer a reduction on health insurance premiums. Survey respondents were told workers under this plan would be required to take a physical. If no illnesses or at-risk behaviors were identified, the worker would qualify for a reduction on insurance premiums. Workers with an identified illness or at-risk behavior would also qualify if they agree to take steps to manage their illness or lower their health risk. Nearly three-fourths of Americans (72 percent) indicate they would be comfortable with such a program. Eighty-three percent of Americans say a wellness program would help them develop a healthier lifestyle.

Nearly three-fourths of Americans (70 percent) indicate they would be likely to participate in an incentive program if it reduced their health insurance premium by five percent, with 77 percent indicating they would participate if it reduced their premium by 10 percent.

"Wellness programs are rapidly expanding as

employers recognize that not only is providing a comprehensive program simply the right thing to do for employees; it's key to driving down healthcare costs. In fact, we're seeing an average return of between \$2 to \$3 for every \$1 spent among employers who have implemented a wellness program," noted Ripperger

For the first time since 2004, the annual survey revealed that an increased number of Americans are making more cost-conscious decisions regarding their healthcare. Two-thirds of Americans (66 percent) indicate they are talking to doctors more carefully about treatment options and costs, up from 57 percent in 2006. More than three-fourths of respondents (81 percent) say they are trying to take better care of themselves. Rising healthcare costs have also led Americans to choose generic drugs, when available (78 percent), visit the doctor only for more serious conditions or symptoms (64 percent) and switch to over-the-counter drugs (42 percent).

Reforming the System

Americans continue to give the U.S. healthcare system low ratings. Thirty percent of Americans rate the system as poor, nearly double since 1998. Not surprisingly, 71 percent of Americans indicate the U.S. healthcare system needs to be completely overhauled or needs major changes.

Yet more than half (55 percent) of Americans say they are extremely or very satisfied with the quality of their own health plan. One-third (33 percent) are somewhat satisfied, and 12 percent are not satisfied.

The 2007 Health Confidence Survey was conducted within the United States between May 17 and June 10, through 20 minute telephone interviews with 1,000 individuals age 21 and older. The margin of error is plus or minus 3.5 percentage points. All questions are available on the EBRI Web site, www.ebri.org. EBRI is a private, nonprofit organization committed exclusively to data dissemination and education on economic security and employee benefits; it does not lobby or take positions on legislation.