



# Heal

## In 50 Words Or Less

- The Baldrige criteria provide a structure for improving quality and financial performance in healthcare institutions.
- The criteria help organizations meet the six Institute of Medicine aims of safety, effectiveness, patient-centered and equitable care, timeliness and efficiency.
- Data from Baldrige award recipients demonstrate improvements and sustained results.

Use Baldrige criteria  
to **meet your goals**  
and **patient needs**

# Narrow the care's QUALITY CHASM

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## **TODAY'S HEALTHCARE LEADERS**

face the need to effectively manage both the clinical and business sides of their operations. This includes demonstrating cost reductions, overall organizational improvement and long-term sustainability.

Added to these responsibilities are the societal expectations that these leaders make radical changes to the healthcare infrastructure while it still consistently meet the needs of patients and that these leaders do so in a field that is quite complex. The bottom line is that hospitals have no choice but to move from basic compliance to organizational excellence.

Implementing the *Baldrige Healthcare Criteria for Performance Excellence*<sup>1</sup> within a healthcare organization can drive high-quality outcomes and improve financial performance. The Baldrige criteria provide a structure to help align and focus all areas of an organization with key stakeholder needs and expectations. In short, the criteria can transform healthcare.

In the midst of striving for organizational excellence, healthcare institutions are faced with a variety of challenges. For example, no one can deny that healthcare is a highly regulated industry. Staying up to date with changing requirements is costly in time and resources that don't generate additional revenue.

An organization that does not maintain compliance, however, will lose money in the form of penalties, decreases in payments, required reimbursement of funds received and even failure to qualify to serve certain payer categories.

Another challenge faced by full-service, acute care hospitals is providing healthcare to all, regardless of ability to pay. Emergency and subsequent healthcare services are provided regardless of whether a patient can pay for the services.

Many healthcare consumers cannot afford insurance. Others have insurance but cannot pay the increasing co-pay amounts and other consumer-funded portions of healthcare plans. This added financial burden on hospitals, along with the increasing regulatory compliance requirements, is cause for concern. Hospitals that are unable to meet these challenges end up closing their doors because they can't financially sustain their operations.

Additionally, consumers (patients) are much more involved in making healthcare decisions, and expectations for transparency have become the norm. Patient consumers decide what healthcare services they want to receive and where they want to receive them. These decisions are based on accessible information related to services, quality and other outcomes.

Furthermore, high-quality, cost-effective care with positive outcomes is expected. For consumers, this is a given; therefore, patient satisfaction has become a key driver in determining where patients will go to receive services.

All these factors create a challenging environment for healthcare institutions. Addressing these challenges and moving beyond them to create organizational excellence are critical to success and sustainability.

## Quality and the IOM aims

Initial efforts to achieve improvement have frequently been associated with the Institute of Medicine (IOM) aims. In its landmark report *Crossing the Quality Chasm*, IOM acknowledged the existence of a pervasive quality gap and called for the urgent redesign of the U.S. healthcare system.<sup>2</sup>

The report set forth the following six aims for focused improvement:

- **Safety**—avoiding injuries to patients from the care intended to help them.
- **Effectiveness**—providing services based on scientific knowledge to all who could benefit while refraining from providing services to those unlikely to benefit.
- **Patient-centered care**—providing care that is respectful of and responsive to individual patient preferences, needs and values, and ensuring that patient values guide all clinical decisions.
- **Timeliness**—reducing wait times and sometimes harmful delays for those who receive and those who give care.
- **Efficiency**—avoiding waste, including unused equipment and supplies, ignored ideas and unnecessary expenditures of energy.
- **Equitable care**—providing care that does not vary in quality because of personal characteristics such as gender, ethnicity, geographic location and socioeconomic status.

Intended to result in care that is safer, more reliable, more responsive, more integrated and more available, these aims became the focus of many healthcare institutions' quality efforts.

Since the report's release, some gains have been achieved. These topics continue to cause unrest within the healthcare industry, however—opportunities for improvement persist. In a time when great leaps forward are needed, progress is too often measured in small, incremental improvements. Leaders find themselves supporting and financing many seemingly good, but random, acts of improvement. Despite best intentions, costs continue to rise, patients remain dissatisfied, and process failures are widespread.

What is needed is a systematic way to align hospital improvement activities with strategic goals and to track focused measures that result in real change. Since its availability in 1999, the Baldrige healthcare criteria have been used by many hospitals to accom-

publish this alignment and tracking. The criteria represent a systems approach to improvement that is composed of six process categories and a seventh category for associated results:

1. Leadership.
2. Strategic planning.
3. Focus on patients, other customers and markets.
4. Measurement, analysis and knowledge management.
5. Workforce focus.
6. Process management.
7. Results.

The criteria have also been referred to as a leadership system and a sustainability model. But what they really represent is an integrated approach to improving a diverse and complicated organization and achieving sustainable results.

### Baldrige and the IOM aims

While the criteria address key processes in an effective management system and are increasingly recognized as a framework to create and sustain quality outcomes, the greatest emphasis is placed on the outcomes achieved by these processes. Table 1 (p. 42) summarizes the Baldrige results criteria relative to the IOM aims.

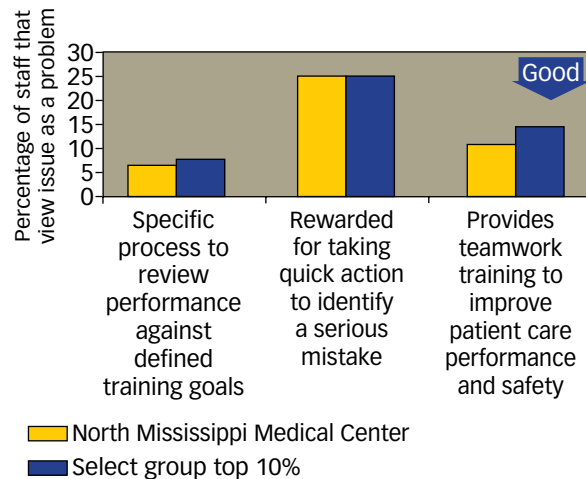
Systematic application of the criteria often corresponds with significant gains in IOM aim achievement. Following are examples of results from Baldrige recipients that impact IOM aims:

**Safety:** The provision of safe care is dependent on a variety of factors. It therefore follows that safety also touches many of the Baldrige results items. Most directly, the healthcare outcomes criteria (7.1) ask for levels, trends and comparative results relative to patient safety.

Also relevant, however, are workforce-focused outcomes due to the human factors often associated with medical errors. Workforce capability and capacity, including staffing levels and appropriate skills, are addressed by the workforce-focused outcomes criteria (7.4).

In addition, safe care is aligned with the Baldrige process effectiveness outcomes (7.5) and leadership outcomes (7.6). Key work-process measures, including those directly and indirectly related to the provision of safe care, are addressed in 7.5. Leadership sets the institution's strategic objectives and priorities and is responsible for monitoring progress toward these priorities (7.6), of which safe care should be paramount.

## Patient safety culture example / FIGURE 1



Accreditation results (such as Joint Commission requirements) are also addressed in the leadership outcomes criteria.

Given the relation between the Baldrige results criteria and the IOM safety aim, it is not surprising that Baldrige award recipients often demonstrate stronger patient safety outcomes compared with their peers.

In Figure 1 from Baldrige award recipient North Mississippi Medical Center, as patient safety improvement becomes part of an organization's processes and culture, staff recognizes that actions to improve safety are visible and well implemented.

Figure 2 from St. Luke's Hospital of Kansas City shows that mortality rates were lower, which impacts other important measurements compared with national averages.

## Lower mortality rates / FIGURE 2

	SLH	National average
Medical mortality	13.1%	15.3%
Surgical mortality	1.8%	15.3%
Physician rating	86%	33%
Accreditation score	92	91
Overall score	7669	5418
St. Luke's Hospital (SLH) Rank = 35 of 4,500 hospitals in United States		

**Effectiveness:** Evidence-based medicine has experienced continued refinement, with specific treatment strategies demonstrating consistently better results for patients with specific presenting conditions.

The delivery of effective care, as defined by the IOM, relates to providing services to all who could benefit, while refraining from providing services to those not likely to benefit—in other words, the effective use of evidence-based medicine as available and appropriate. These practices and their corresponding results are addressed in the healthcare outcomes criteria (7.1).

In addition to patient safety outcomes identified earlier, the healthcare outcomes criteria ask for levels, trends and comparative results relative to healthcare outcomes and patients' functional status.

An additional means by which overall effectiveness is achieved is through the effective design, implementation and improvement of healthcare delivery processes. These processes are measured by item 7.5, process effectiveness outcomes. In particular, 7.5 asks for current levels and trends for the operational performance of key work processes, including productivity, cycle time and other appropriate measures of process effectiveness.

Table 1 also identifies the workforce-focused item (7.4) as relevant to the IOM effectiveness aim. This connection is based on the importance of workplace climate and engagement, particularly related to openness to new ideas, approaches and improvement opportunities to ensure ongoing gains in effectiveness.

Baldrige award recipients generally demonstrate

stronger effectiveness-related outcomes compared with their peers. Looking to clinical measures of effectiveness (see Online Figure 1 at [www.qualityprogress.com](http://www.qualityprogress.com)), one Baldrige award recipient shows results that are better than measurements from the Centers for Medicare and Medicaid Services (CMS). As shown in Online Figure 2, the recipient performed better than local competitors and as good as the best in the country, as measured by the Agency for Healthcare Research and Quality (AHRQ).

**Patient-centered care:** The IOM aim of patient-centered care emphasizes responsiveness to patient preferences, needs and values. Similarly, category 3 of the Baldrige criteria and corresponding item 7.2 in the results section address patient and other customer-focused processes and outcomes.

In particular, the results criteria ask for levels, trends and comparative data relative to patient/customer satisfaction and dissatisfaction, perceived value, retention and positive referral. These measures provide an indication of how a healthcare institution is performing relative to patient-centered care.

Similar to the aims already discussed, Baldrige award recipients tend to demonstrate stronger patient-centered outcomes compared with their peers. Figure 3 shows high scores for patient loyalty at Bronson Methodist Hospital, a Baldrige recipient. Table 2 shows a comparison of customer value at award recipient Baptist Hospital Inc. in Pensacola, FL, and comparable institutions.

**Timeliness:** In Baldrige terminology, timeliness is one aspect of the process effectiveness outcomes criteria (7.5).

In addition to the general operational performance of work systems and key work processes, time-based measures play a large role in the criteria, given the significance of time performance to improving overall performance. Appropriate measures and indicators of work system performance may include just-in-time delivery of healthcare and related services, plus other indicators that demonstrate responsiveness, such as cycle times, turnaround times, time to new healthcare service introduction and order fulfillment time.

Given the inherent emphasis on time-based measures of performance, Baldrige award recipients regularly demonstrate reduced times on key measures as compared with their peers. For example, Online Figure 3 shows process speed improvement at Rob-

## Baldrige results and IOM aims / TABLE 1

Baldrige results → IOM aims ↓ Care is:	7.1 Healthcare outcomes	7.2 Patient and other customer- focused outcomes	7.3 Financial and market outcomes	7.4 Workforce- focused outcomes	7.5 Process effective- ness outcomes	7.6 Leadership outcomes
1. Safe	•			•	•	•
2. Effective	•			•	•	•
3. Patient-centered		•				
4. Timely					•	
5. Efficient			•	•	•	
6. Equitable	•					•

IOM = Institute of Medicine

ert Wood Johnson University Hospital Hamilton, NJ, a Baldrige winner, compared with Joint Commission results. Online Figure 4 shows a comparison between the timeliness of antibiotics given and length of stay at Bronson Methodist Hospital.

**Efficiency:** Also closely related to the timely delivery of care and services is the efficiency with which healthcare processes are delivered. Efficiency encompasses all forms of waste avoidance, including equipment, supplies, human resources and even ignored ideas.

The aim of providing efficient care is related to multiple Baldrige results items:

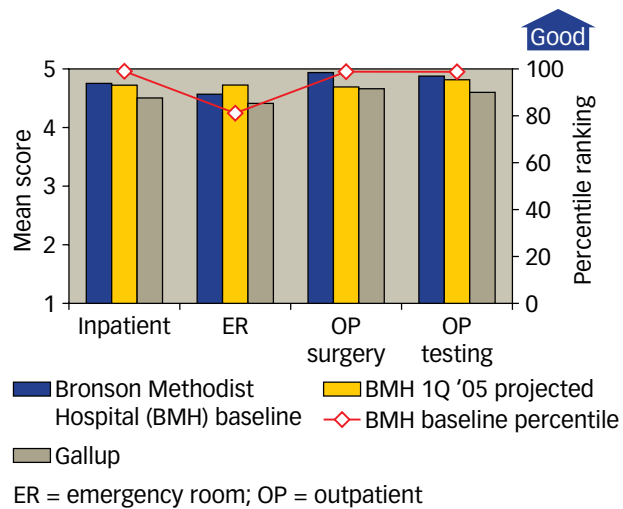
- Financial and market outcomes (item 7.3) addresses financial performance measures, including levels and trends for budget performance—a measure of financial efficiency.
- Workforce-focused outcomes (7.4) take into consideration the concept of avoiding waste in the form of ignored ideas. As noted earlier in reference to the IOM effectiveness aim, the importance of workplace climate and workforce engagement—particularly related to openness to new ideas, approaches and improvement opportunities—can also significantly impact efficiency.
- Process effectiveness outcomes (7.5) address the operational performance of work systems and key work processes, including productivity and efficiency measures. Indicators of process efficiency might include work system performance that demonstrates increased cost savings, higher productivity or waste reduction, such as the reduction of repeat diagnostic tests and cost reduction.

Baldrige award recipients tend to demonstrate stronger efficiency-related outcomes compared with their peers. Figure 4 (p. 44) shows how St. Luke's Hospital of Kansas City increased its profit margins by eliminating internal inefficiencies. In Online Figure 5, despite increases in volume, Baptist Hospital Inc. tended to create the capacity for fast response times and best-in-class performance.

**Equitable care:** Healthcare results (7.1) address key measures of healthcare outcomes, including functional status.

Although many Baldrige recipients serve lower income and rural patients, their healthcare outcomes are generally equal to or better than facilities serving more affluent communities. Results such as these support

## Loyalty and likeliness to return / FIGURE 3



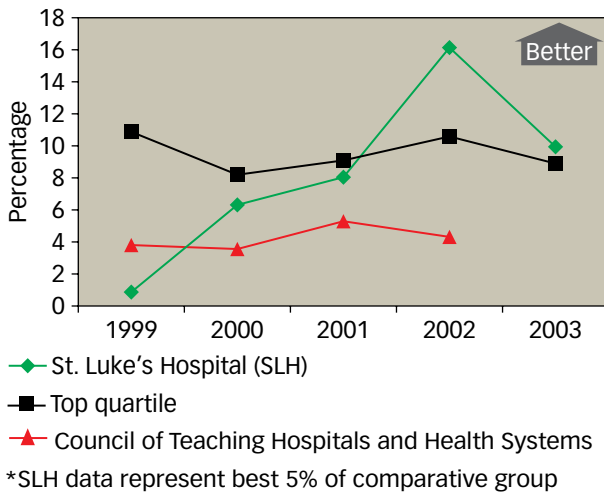
the aim of equitable care.

In addition, leadership results (7.6) measure a variety of factors, including support of key communities and contribution to the health of the community the institution serves, regardless of its characteristics.

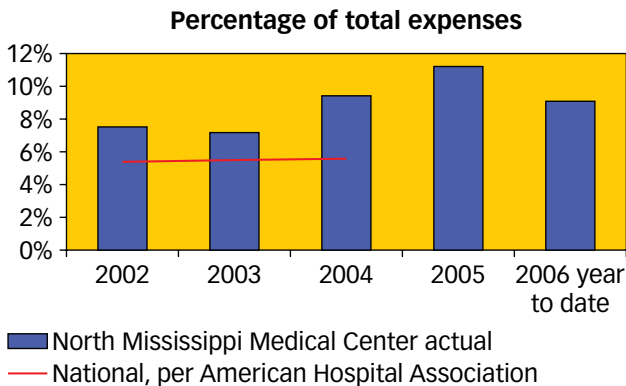
## Customer survey scores / TABLE 2

Baptist Hospital Inc. (BHI)			
Issue	BHI	A	B
<i>Care/services</i>			
Patients are kept sufficiently informed about their condition/treatment.	+84	79	76
Pain is well controlled.	84	80	77
Personnel show concern for patients' well-being.	+88	78	73
Overall quality of health care provided is excellent.	+83	78	74
Phone representatives at hospital are helpful.	+84	77	73
Sufficient personal attention is given to patients.	+83	77	70
Patient needs are met promptly.	+79	73	70
Waiting time for tests and treatment is reasonable.	+77	71	68
<i>Emotional</i>			
Patient needs are understood.	+78	71	62
<i>Location/environment</i>			
Parking is convenient.	+76	62	49
<i>Nurses</i>			
Nurses show good attitude toward patient requests.	+89	79	78
<i>Physicians</i>			
Overall quality of care provided by physician is excellent.	83	80	80
+ = Significantly above competition (A and B)			

## Margin comparison / FIGURE 4



## Uncompensated cost comparison / FIGURE 5



Baldrige recipients tend to be able to spend more on uncompensated and charity care than comparable institutions. Figure 5 shows how Baldrige recipient North Mississippi Medical Center posted uncompensated expenses above a national average. Online Figure 6 shows how setting a percentage of operating margin in an environment of increased efficiency and financial improvement resulted in increased charity care at Baldrige award recipient SSM Healthcare.

## Getting started

An organization can start using the Baldrige criteria to create a change in culture leading to an improvement in quality by completing two steps: the organizational profile and the self-assessment.

**Step one—organizational profile:** The profile serves as the DNA for an organization. It provides clarity about who you are, what you do, for whom you do it, what they expect, with whom you are competing and collaborating, your key strategic challenges and advantages, and the approach you use to improve performance.

Although the questions that must be answered are seemingly straightforward, within many organizations the responses have traditionally been treated as implicit assumptions rather than explicit assertions. Arriving at a collective and uniform response to each question provides focus to the leadership team and organization. This collective consciousness becomes the context within which the organization operates and against which it manages its performance.

**Step two—self-assessment:** The profile describes who you are and the environment in which you operate. The self-assessment describes how you currently perform relative to the Baldrige criteria.

Current practices are reviewed and summarized in the areas of leadership, strategic planning, customer focus, measurement/analysis, knowledge management, workforce focus, process management and results.

Although often an impressive document in its own right, the true value of this process comes from using the information to identify the organization's strengths and opportunities for improvement, which are based on its responses to the criteria and placed in the context of what it stated was important in its profile. The opportunities for improvement represent gaps that can be prioritized, translated into goals and integrated into the organization's strategic planning and performance management processes.

Completing the profile and self-assessment help an organization readily see its gaps and current barriers to success. Systematically using this information in the strategic planning process will enable the development and achievement of meaningful goals and improvements.

## Not just an award

The Baldrige criteria are not about receiving an award. In healthcare and hospitals, there are many quality awards and recognitions, but few nationally

## BALDRIGE RESULTS

Are you interested in learning more about the exceptional business results achieved by Baldrige recipients? Go to [www.quality.nist.gov/Contacts\\_Profiles.htm](http://www.quality.nist.gov/Contacts_Profiles.htm) (case sensitive).

recognized systematic and integrated approaches for sustainable improvement.

There is a misconception that the criteria are difficult to use and understand, are costly or that it takes a long time to see benefit. In fact, the criteria are easy to understand. But changing an organization's culture to use the criteria can be a challenge. It requires leadership commitment to drive excellence. A committed leadership team can effectively create the culture change required to begin using the criteria within the organization. If this is done, the payoff can be almost immediate.

There is a growing recognition within healthcare of the value of the Baldrige criteria. In 2008, 50% of the applicants that applied for feedback from the Baldrige program were from the healthcare sector. The same is true for many state programs. Most Baldrige award recipients prepared themselves to succeed at the national level by participating in their state program.

Whatever the route taken, the results show that the Baldrige criteria can provide a structured way for healthcare institutions to meet many of the seemingly overwhelming challenges they face today. **QP**

#### REFERENCES

1. *Baldrige Healthcare Criteria for Performance Excellence*, National Institute of Standards and Technology, 2008.
2. *Crossing the Quality Chasm*, Institute of Medicine, 2001.

#### RESOURCES

To learn more about the Baldrige criteria, go to [www.quality.nist.gov](http://www.quality.nist.gov).

For more information about state Baldrige-based programs, go to [www.baldrigepe.org/alliance](http://www.baldrigepe.org/alliance).

Baldrige recipient information is available at [www.quality.nist.gov/Contacts\\_Profiles.htm](http://www.quality.nist.gov/Contacts_Profiles.htm) (case sensitive).



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Award for outstanding leadership and service to Quality Texas.



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