

Quality in the Public Health System

APHA 137th Meeting

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12:30 – 2:00pm

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Presenter Disclosures

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The following personal financial relationships with commercial interests relevant to this presentation existed during the past 12 months:

No relationships to disclose

Objectives

This session will show how the quality concepts in the HHS Consensus Statement are being used to support QI in financial management practices specifically for:

- Conducting a gap analysis using financial and operational ratio and trend analysis
- Identifying an AIM Statement that can be used in QI models such as Institute of Healthcare Improvement's (IHI) Model for Improvement
- Developing measures for changes and improvements

Clarity of Purpose

First – to know where we are headed we must have direction.

□ The Mission of Public Health

- To fulfill society's interest in assuring conditions in which people can be healthy
- Public health should address principally the fundamental causes of disease and requirements for health, aiming to prevent adverse health outcomes.

□ A Vision for Public Health

- Healthy people in healthy communities

Achieving Quality in Public Health

- Improving health outcomes and conditions
 - ❖ Measure improvement in
 - Process
 - Evidence-based policies, programs, services and research
 - Acquisition, use, & management of financial resources
 - Outcomes
 - Increases in desired health outcomes and conditions (social, political, and environmental determinants of health)

National Framework for Quality in Public Health

- Public Health Practice that conforms with National AIMS (Characteristics) of Quality in Public Health is
 - Population-centered
 - Equitable
 - Proactive*
 - Health Promoting
 - Risk Reducing
 - Vigilant*
 - Transparent*
 - Efficient*
 - Effective

* Focus of this demonstration

Relationship of Quality & Finance

- Quality Movement grew out of a desire to deliver better goods and services while reducing costs
- Funding is finite, so, MUST align costs for desired levels of services, functions, or product line

Relationship of Quality & Finance

- ❑ From a **SYSTEMS** perspective, the examination of costs is a vital component of quality improvement and performance measurement processes.
- ❑ When improving quality, must look at all system components, including and especially **FINANCES!**

Translating National Aims for Public Health Quality to Financial Management Practices that are:

PROACTIVE

Improving financial status of public health organizations by routinely monitoring fiscal health which is vital to achieving sustainability, avoiding fiscal distress, and fulfilling the public health mission

VIGILANT

Creating practices that enhance financial and operational surveillance activities through standardized routine analysis across the system

TRANSPARENT

Sharing valid, reliable, timely, and meaningful data that is readily available

EFFICIENT

Analyzing the cost and benefits of services to maximize limited resources

Examples of Quantitative Financial Management Tools that Promote Quality Improvement

Financial Ratios
&
Trend Analysis

Overview of Pilot Model for Financial Ratio and Trend Analysis

- Examples of data used in Financial and Operational ratios include:
 - Organizational financial and operational data
 - Revenues
 - Expenditures
 - Workforce
 - Mission Critical information on strategic public health priorities
 - Programs resulting in health improvements
 - Community demographics
 - Population trends
 - Uninsured rates

Ratios Overview, cont'd.

□ Format – numerator/denominator

Examples:

- Revenues per capita
- % of budgeted revenue received
- Expenditures per capita
- Administration as % of total expenditures
- Total Margin
- FTEs per 1000 population
- % of Priority PH outcomes 3 year rate w/improvement
- % of programs with expenditures that exceed revenues
- # of programs without a dedicated funding stream
- And more...

Ratios are Useful

- Financial ratios help organizations identify
 - Questions to ask
 - Issues to address
 - Problems to solve
 - Strategic direction
 - Areas to improve
- Ratios do not necessarily provide
 - Answers
 - Explanations
 - Solutions

Setting the QI AIM Statement: Identify Gaps in Financial & Operational Performance

| Financial Data & Ratios | Actual 2008 | Issue ← | Average of Peer LPHAs |
|--|---------------|---|-----------------------|
| Total Revenues | \$ 62,619,015 | 12% Change from 2007 State & County revenues are decreasing while fees from Medical Services up 98% | \$ 71,362,745 |
| Total Expenditures | \$ 68,212,188 | Expenditures exceed revenues | \$ 69,973,433 |
| Total Medical Revenues as a % of Total Revenues Ratio | 39% | Dependence on revenue from medical services | 12% |
| Medical Services Expenditures as a % of Total Expenditures | 48% | High % of expenditures support delivery of medical services (\$8.3 million dollar deficit of medical services expenditures over medical services revenues) | 10% |

Identify Gaps in Mission Critical Ratios

| Financial Data & Ratios | Actual 2008 | Issue ← | Average of similar LPHAs |
|---|--------------------|--|---------------------------------|
| % of Monitored Community Health Outcomes w/Improvement During 3 YR Period | 30% | Improvement in Community Health Outcomes /Risk Factors Needed. Ex. Rates of communicable & vaccine preventable diseases , AIDs , STDs, heart disease, cancer, stroke, diabetes, births to teens, infant deaths, motor vehicle crashes, obesity, physical activity, tobacco use, etc. | 52% |

Identifying Gaps & Areas for Improvement

| National AIMS for QI | Potential Gaps-- Ratio Analysis | Potential Causes | Areas for Improvement |
|------------------------------------|--|---|--|
| <p>Vigilant</p> <p>Transparent</p> | <p>Expenditures exceed revenue</p> <p>Minimal analysis and reporting</p> | <ul style="list-style-type: none"> • Inadequate budgeting process • Inability to track revenues & expenditures to prevent problems • Loss of revenue streams • Expenditures for medical services exceed revenues | <ul style="list-style-type: none"> • Improved surveillance of organization's financial data • Benchmarking with PH organizations • Stakeholder reports |
| <p>Proactive</p> <p>Efficient</p> | <p>Provision of medical services vs. mission critical PH services</p> <p>Health outcomes not improving</p> | <ul style="list-style-type: none"> • Inaccurate analysis of program costs & outcomes from current services • Inadequate capacity for delivery of population centered PH services • Skills needed to deliver population-centered public health services | <ul style="list-style-type: none"> • Financial surveillance • Build community benefit partnerships with tax exempt hospitals • Strategies to implement population-centered services |

Proactive, Vigilant, Transparent, & Efficient: Public Health's Quadruple Goals Initiative to Improve Financial Status and Mission Critical Objectives

| National AIMS for Quality Improvement | Financial & Mission Critical Areas for QI | Metrics | Changes that Lead to Improvement |
|---------------------------------------|---|---|--|
| Proactive | <p>Reduce occurrence of expenditures exceeding revenues in public health programs by 100% within 12 months</p> <p>Increase by 40% population-centered services within 18 months</p> | <ul style="list-style-type: none"> • Total Margin Ratio improvement • % of programs where expenditures exceed revenues • # of diverse revenue streams • Population-based ratios: Revenues & Expenditures per Capita • Financial Sustainability Index • Ratio of medical care expenditures to population-based expenditures • Presence of community health improvement plan developed with public participation | <ul style="list-style-type: none"> • Establish process to monitor & control expenditures • Implement strategies to diversify revenue streams • Acquire dedicated revenues for new programs • Have a team for population-centered programs using evidence-based guidelines that can deliver 70% of the health promoting services to the population • Cooperate and coordinate w/other PH organizations, hospitals, local providers of health & social services & community members |

Proactive, Vigilant, Transparent, & Efficient:

Public Health's Quadruple Goals Initiative to Improve Financial Status and Mission Critical Objectives

| National AIMS for Quality Improvement | Financial & Mission Critical Areas for QI | Metrics | Changes that Lead to Improvement |
|---------------------------------------|---|--|---|
| Vigilant | <p>Standardize financial & mission critical data by using 80% of financial & mission critical ratios</p> <p>Monitor progress using ratios</p> | <ul style="list-style-type: none"> • % of financial & mission critical ratios and benchmarking used by a public health organization • % of public health organizations in a region adopting financial & mission critical ratios • % of increase in expenditures that benefit community health improvement • % of programs that show an improvement in community health | <ul style="list-style-type: none"> • Collaborative learning projects & educational programs to teach and use financial ratios • Benchmark Revenue and Expenditure Per Capita with comparable agencies for reporting • Use Epi data to support the design of community benefit improvement programs |

Proactive, Vigilant, Transparent, & Efficient: Public Health's Quadruple Goals Initiative to Improve Financial Status and Mission Critical Objectives

| National AIMS for Quality Improvement | Financial & Mission Critical Areas for QI | Metrics | Changes that Lead to Improvement |
|---------------------------------------|--|---|---|
| Transparent | Within 1 year increase access to Public Health financial & mission critical information by creating & disseminating useful annual reports | <ul style="list-style-type: none"> • Number of methods used to disseminate financial & mission critical report • % of stakeholders reached • # of agencies benchmarking public health financial data | <ul style="list-style-type: none"> • Communication plan in place for financial & mission critical reporting |
| Efficient | On a yearly basis conduct analysis of revenues, expenditures, and outcomes across similar public health organizations using financial ratio data | <ul style="list-style-type: none"> • per population • % of programs w/cost analysis • % of public health organizations adopting ratios who use the data to improve acquisition, use and management of revenues | <ul style="list-style-type: none"> • Training events on cost analysis, ratios analysis • Reporting of program costs and benefits • Reward public health organizations for producing better health for the population and not just producing more services. |

Public Health and the Mission

- ❑ Public health practitioners are the prevention experts in our communities
- ❑ Public health has an opportunity to transform into assurers of quality throughout all sectors of healthcare and public health
- ❑ We must acquire, use, and manage the resources needed to improve our community's health
- ❑ Examining financial data and ratios identified
 - Gaps in performance
 - Areas to improve
 - Alignment of public health resources with public health organization's mission vs. medical services

Spread the Change

- Use National Aims for QI to identify gaps
- Adapt processes such as the IHI Model for Improvement to achieve improvements
 - AIM Statement
 - Measurement
 - Change
 - Plan – Do – Study – Act
 - Cycles of learning
 - Continuous quality improvement

Thank you!

Emails and phone calls most welcomed!

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