



The McKinsey Hospital Institute

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Our vision, value proposition and values

Our vision for MHI is to be the preferred partner for UK hospitals to understand and improve their performance through the development of people, use of good analysis and robust benchmarking

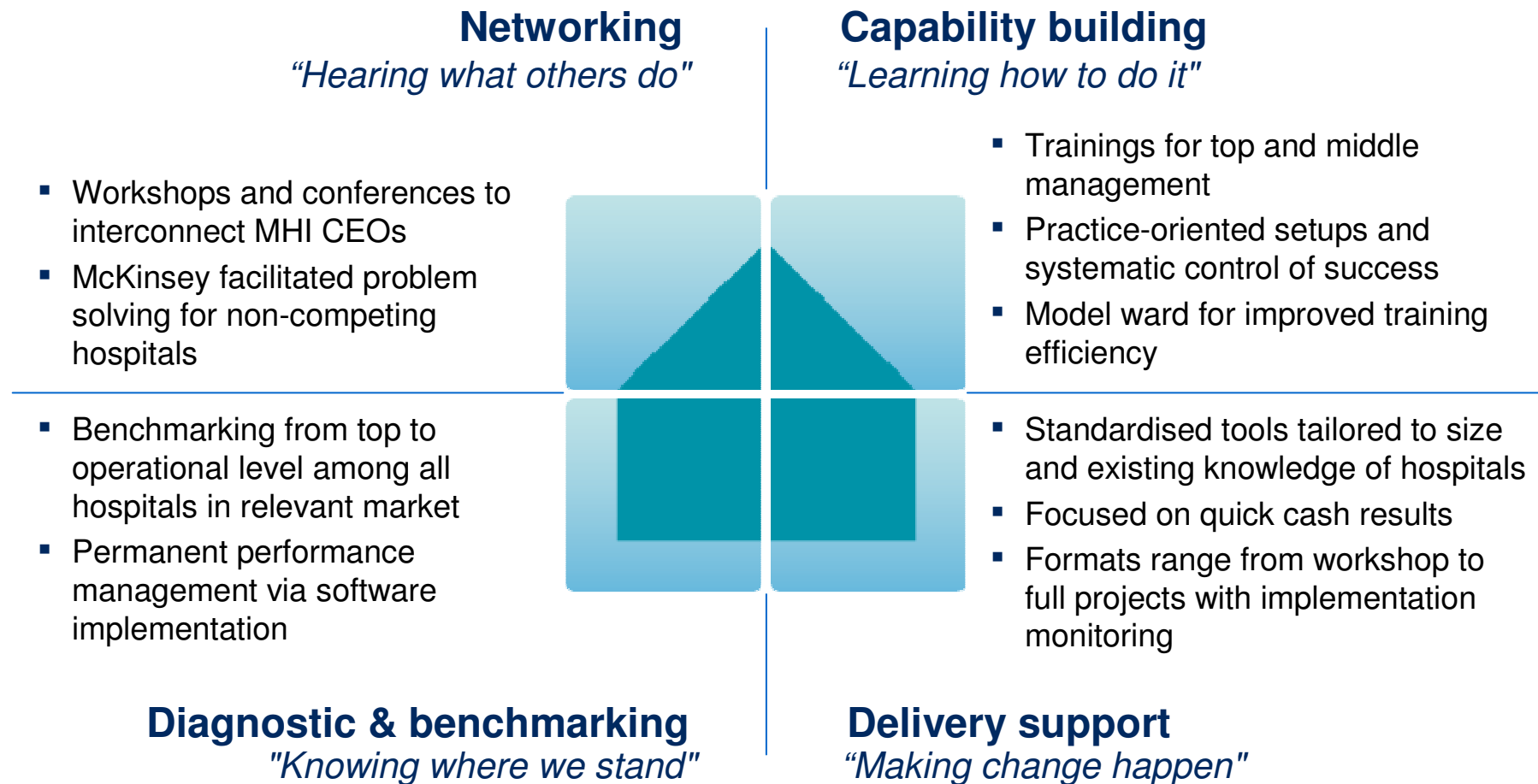
Our value proposition is meeting hospital's need for flexible and affordable access to best-in-class consulting support on critical strategic choices; identifying and capturing improvement opportunities; and building people and organisational capabilities.

MHI will deliver and support clients flexibly through a proprietary and distinctive set of tools and services and access to McKinsey knowledge and advice

MHI will give clients a platform to come together for joint learning through conferences and networks based on robust and challenging benchmarking

MHI is consistent with the McKinsey mission, values and brand; putting our clients' interests first, developing people and seeking to maximise impact

MHI is a global initiative developing support for hospitals in four main areas



Our UK product focus

	Description	Support model
Diagnostics and benchmarking	Analytical tools to understand performance on quality, finance, operations and org health	<ul style="list-style-type: none">▪ Diagnostic model▪ Benchmarked with agreed peer group▪ Workshops with Exec team and clinicians
Delivery Partnership	Support throughout the annual planning cycle, to challenge and strengthen in house capability	<ul style="list-style-type: none">▪ Capacity to deliver assessment▪ 4 quarterly workshops▪ 'On call' support
Standard MHI Modules	Packages of support on key topics deliverable by MHI team, and use of proprietary data from MHI	<ul style="list-style-type: none">▪ Part-time support▪ Planned over a 4-6 week period▪ Delivered over a longer time frame
Networks	Bringing together groups of hospitals for benchmarking or improvement	<ul style="list-style-type: none">▪ McKinsey team spread across multiple hospitals▪ Linking Trusts together

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Key points on the MHI diagnostic

- A** The analysis primarily compares your Trust within an agreed peer group and to the national distribution – we can also tailor the benchmarking groups to your specification
- B** The sources of data used in this analysis are the major nationally published data sets
- C** We have developed and weighted a basket of these metrics to develop summary compound metrics of Trust performance
- D** The diagnostic assesses the financial opportunity that might be realised through changing the performance levels of the underlying drivers. We are not making value judgement that these are the right things to do – this we will agree with management teams

The hospital & benchmarking analysis covers 5 dimensions of the performance

☐ Not outside-in



Quality

Patient safety, clinical outcomes and patient experience including links to operational metrics and underlying drivers



Finance

Key financial metrics, from both a historical perspective and future scenarios as well as assessment of coding, procurement and overheads



Operations

Key clinical operational areas, with a focus on patient flow through specialties, utilisation in theatres, outpatients and diagnostics, and staff productivity



Organisational health

Effectiveness of management practice and outcomes, with options to review change readiness, top team effectiveness and physician alignment



Market and strategic context

Context setting and strategic discussions, with review of relevant industry and market trends, competitors' and hospital performance at service level

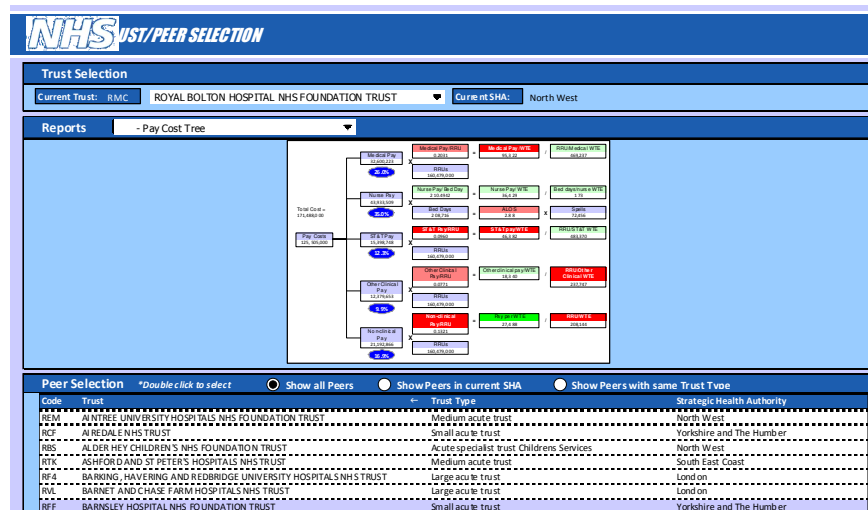


Information Technology

Hospital's approach to IT strategy, its current infrastructure and the availability and adoption of both clinical and non-clinical applications

The diagnostic tool draws on publically available data and can be readily applied to any NHS hospital

Today: A tool to rapidly diagnose hospital performance and opportunities using nationally available datasets



We are developing a real-time diagnostic tool, with benchmarking information, supported by information through a "web portal"

Future: Diagnostic, performance tracking and Executive reporting using trust data we compile



We are developing dashboards and analytics for each of the main Executives (CEO, COO, MD, ND, HRD, FD, Board)

MHI “outside-in” diagnostic assess hospital performance, using publicly available data

Dimensions	Description	Main data sources
Quality	<ul style="list-style-type: none"> ▪ Patient safety, clinical outcomes and patient experience including links to operational metrics and underlying drivers 	<ul style="list-style-type: none"> ▪ HES, Department of Health, CQC, Dr Foster, HPA
Finance	<ul style="list-style-type: none"> ▪ Key financial metrics, from both a historical perspective and potential savings based on peer benchmarking including staff productivity, procurement and overheads 	<ul style="list-style-type: none"> ▪ DoH, Trust returns, ERIC Finance, CQC
Operations	<ul style="list-style-type: none"> ▪ Key clinical operational areas, with a focus on patient flow through specialties, ward performance, out-patients and staff 	<ul style="list-style-type: none"> ▪ Hospital Episode Statistics, Department of Health, Dr Foster
Organisational health	<ul style="list-style-type: none"> ▪ Staff satisfaction, turnover and absence with options to review ▪ Effectiveness of management practice and outcomes, change readiness, top team effectiveness and clinician alignment 	<ul style="list-style-type: none"> ▪ Care Quality Commission, NHS Information Centre

Diagnostic methodology

Diagnostic analysis

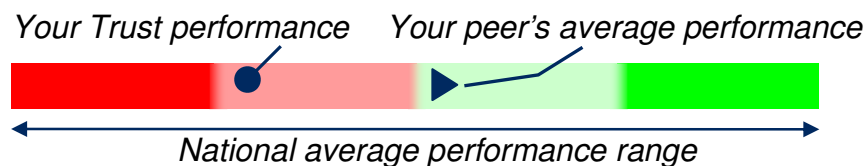
Methodology

- 1 MHI 'outside-in' diagnostic assesses Trust performance against four dimensions
 - Quality
 - Finance
 - Operations
 - Organisational health
- 2 Each dimension is broken into sub-dimensions and each sub-dimension is made up of specific metrics – *e.g., dimension is quality, sub-dimension is safety, metric is MRSA infection rate*
 - All data are from publically available sources and period covered is 2009/10. Finance metrics being updated to reflect recent published accounts.

Objective

- The diagnostic aims at comparing Trust's performance on the four areas against the national performance and against a selected group of peer trusts

E.g. MRSA infection rate



- Further specific and in-depth analysis then aim at exploring specific areas of in interest and provide insights

Potential gaps identification

Methodology

- Each financial area has been broken down into its drivers, in order to understand what is influencing that category of income or spending

E.g. Nurse pay

$$\begin{array}{c} \text{Nurse Pay} \\ 41,091,800 \end{array} \times \begin{array}{c} \text{Nurse Pay/Bed Day} \\ 193.3386 \end{array} = \begin{array}{c} \text{Nurse Pay/WTE} \\ 42,494 \end{array} / \begin{array}{c} \text{Bed days/nurse WTE} \\ 220 \end{array}$$

$$\begin{array}{c} \text{Bed Days} \\ 212,538 \end{array} = \begin{array}{c} \text{ALOS} \\ 3.07 \end{array} \times \begin{array}{c} \text{Spells} \\ 69,158 \end{array}$$

- No value judgment is given to the expenditures that the benchmark highlights. Also, no correlation with outcomes has been explored
- Potential opportunities have been identified by aligning current performance on selected metrics to the average, top quartile, top decile or best in-class peer (depending on the Trust's current performance)

Objective

- The gap identification aims at understanding what is driving the financial performance on specific areas, identify performance gaps, roughly size the opportunities prioritise them, help identify the correct questions, engage staff and identify common terms
- Further analysis based on (Trust most recent internal data) need to follow in order to set specific goals

MHI Benchmarking: What it provides and what it does not

Performance benchmarking can provide

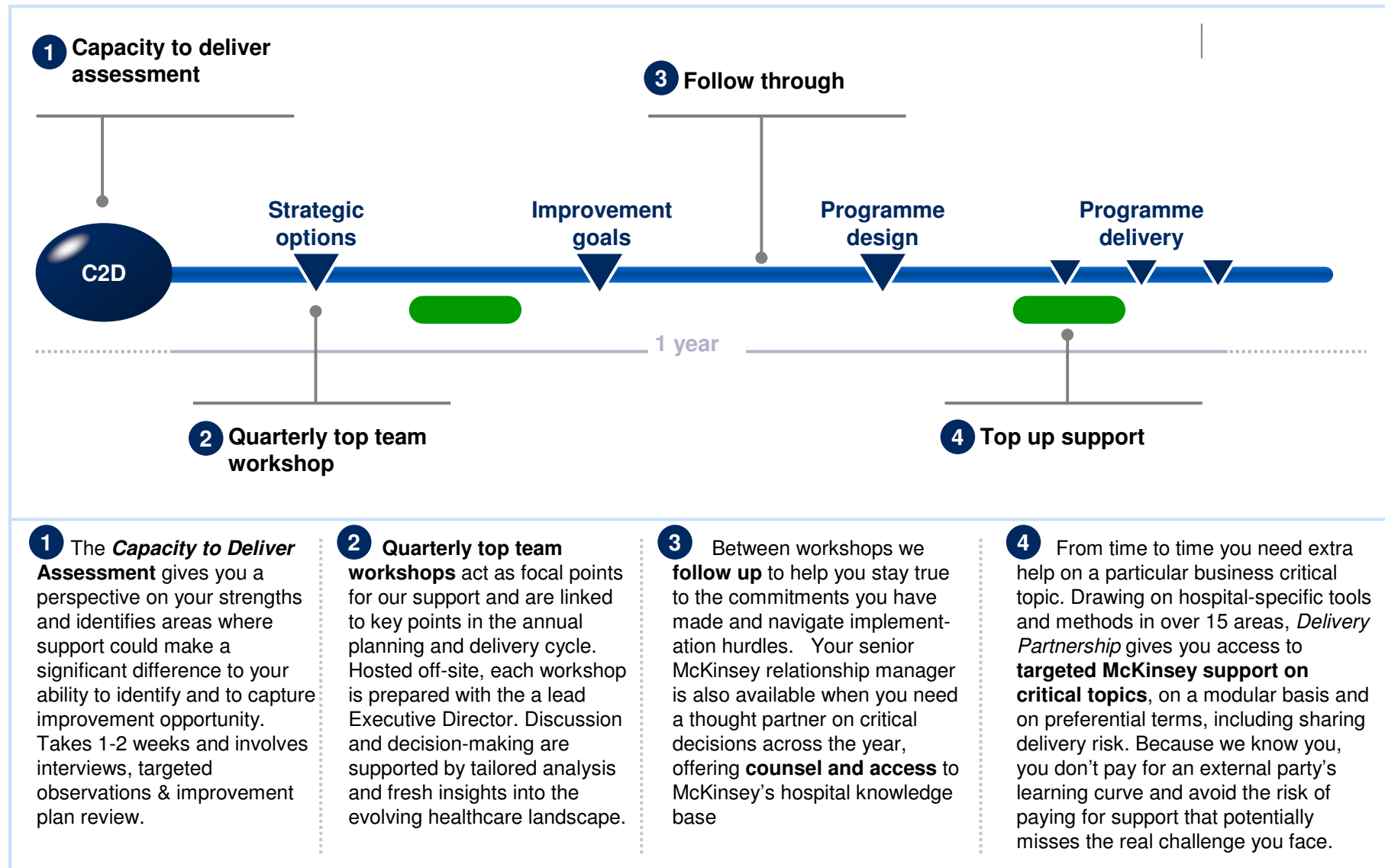
- An indication of potential areas of strength and areas of improvement within the Trust
- An opportunity to help build change momentum within the Trust
 - An opportunity to question some of the current practices within the Trust
 - The potential basis for developing a change story for the Trust
- An initial fact base around potential improvements
 - An estimate of the potential financial benefits that may be achievable by improving on specific dimensions
 - The basis for setting challenging but achievable improvement goals
- Relatively robust dataset metrics based on national datasets, cleaned of outliers

It does not provide

- Root cause analysis of all the factors underpinning the current performance levels
 - this follows through discussion
- The basis for blaming inefficiencies on specific specialties or parts of the organisation
- A clear cut improvement roadmap, but options to consider
 - A values judgement that particular improvements are the right thing to do for the Trust
 - Insight into time frame and the necessary prerequisites/actions required to deliver any improvements
- Benchmarking with the most up to date internal data from all the Trusts

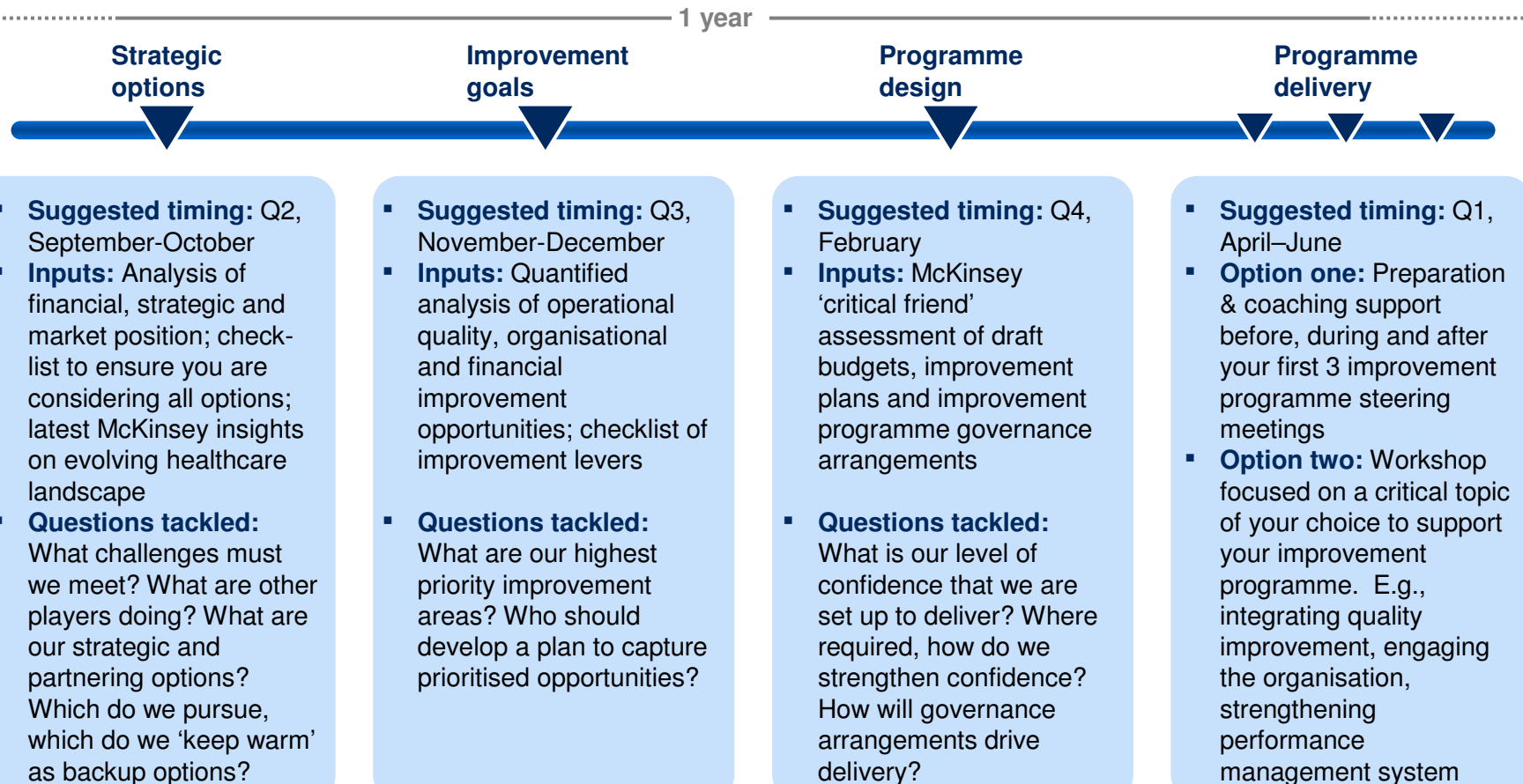
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A flexible partnership supporting delivery of your most critical business goals over the full annual planning and delivery cycle



Quarterly top team workshops

Each quarterly workshop is prepared with the relevant lead Executive Director. Discussion and decision-making is supported by tailored analysis and fresh insights into the evolving healthcare landscape. Follow through is underpinned by (1) a crisp summary of agreements reached and commitments made, (2) check ups and coaching conversations with your McKinsey Delivery partner in the following weeks and months



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We would be interested in a conversation

- A** We would like to further discuss and understand your requirements based on a completed MHI diagnostic for the hospital with the aim of working with you to support your improvement programme
- B** We consider that our “Delivery Partnership” is a sensible and manageable way to support your existing arrangements, providing an outside “critical friend challenge” and external perspective to further drive improvement
- C** We would like to discuss the opportunity to provide benchmarking to stretch and challenge your organisation and learn from a similar peer group

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