The McKinsey Hospital Institute
Whole Hospital Diagnostic Scanner

Example Trust

v2.0
January 2011

Executive summary

The McKinsey Hospital Institute (MHI) is a global initiative whose mission is to work with hospital leaders to build capacity for their hospitals to become high-performing organisations. The main areas of support are; diagnostic and benchmarking, partnering in delivery, building capability and knowledge and networking.

As part of our diagnostic and benchmarking service, we have developed a hospital-wide performance scanner which looks at hospital performance against four main areas; quality, operations, finance and organisational health. This tool draws on the many publicly available sources to create a comparative picture of hospital performance.

In this second version of the tool, we have extended it to specialty-level (still based on publicly available data). This document provides an overview of what the tool can do as well as some sample analyses for your hospital. We have not yet discussed or validated these analyses with you.

We would stress that although they are a hugely valuable source, there are limitations to the national data sets and what they can be used for. However, our experience is that this tool provides an excellent basis to develop a deep understanding of hospital performance and to identify and quantify priority areas for improvement.

The benchmarking analysis covers 4 dimensions of the hospital

Quality

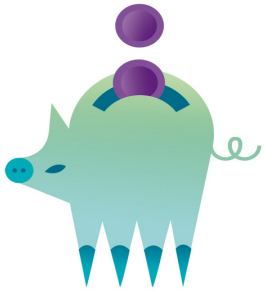
Patient safety, clinical outcomes and patient experience including links to operational metrics and underlying drivers

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



Finance

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

Benchmarking: What it is and what it is not

What it is…

- Analysis using **major, nationally-published data sources** (e.g., HES, Department of Health, etc)
- **Indication of areas of strength and potential areas of improvement** within the Trust
- Opportunity to **build a platform for change** within the Trust to improve current practices
- Fact base on **potential improvement opportunities that need to be validated**
- Data based on national datasets, cleaned of outliers, with **data quality restricted by the quality of data source**

What it is not…

- **Internal analysis using Trust data** that is NOT published or publically available
- **Root cause analysis** of all the factors underpinning the current performance levels
- The basis for **attributing inefficiencies on specific specialties or parts of the organisation**
- A **clear cut improvement roadmap** and **definitive improvements lever**
- Benchmarking with the **most up to date, individually verified or internal data** from all Trusts

Key points on the diagnostic

- The analysis in this document primarily compares your Trust with standard peer-groups – typically other hospitals within the SHA or of similar size/scale nationally, as agreed by yourselves
- The sources of data used in this analysis are the major nationally published data sets (e.g., HES, FIMS, ERIC, etc.)
- We have developed and weighted a selection of these metrics to develop summary compound metrics for each dimension of Trust performance (quality, operations, finance or organisational health)
- The diagnostic assesses the improvement opportunity that would be realised through changing the performance levels of the underlying drivers in each dimension

It is important to carefully consider the peer group

EXPLANATION SLIDE – SAMPLE DATA

1 The peer group used for comparison with Trust's performance is listed here

2 The greater the number of trusts in the peer group the more robust the peer benchmarking

3 We can choose an appropriate peer group according to hospital size, type, and geographical area

Selected peers for your Trust

2009/10

Trust name	FT	Trust type	Trust income £m	Number of spells* '000	Non-elective spells %	Total Beds
Dummy Trust	✓	Custom	768	149	47.0%	1,249
University Hospitals Bristol NHS Foundation Trust	✓	Teaching	535	132	38.5%	997
Royal Free Hampstead NHS Trust	×	Teaching	504	177	17.3%	664
Cambridge University Hospitals NHS Foundation Trust	✓	Teaching	630	173	25.8%	1,106
Southampton University Hospitals NHS Trust	×	Teaching	501	117	49.8%	1,133
Sheffield Teaching Hospitals NHS Foundation Trust	✓	Teaching	868	272	26.2%	2,073
Guy's and St Thomas' NHS Foundation Trust	✓	Teaching	1,054	193	24.4%	1,109
St George's Healthcare NHS Trust	×	Teaching	489	115	39.3%	946
King's College Hospital NHS Foundation Trust	✓	Teaching	620	120	45.6%	752
University Hospital of South Manchester NHS Foundation Trust	✓	Teaching	362	81	46.4%	859
Salford Royal NHS Foundation Trust	✓	Teaching	357	118	32.9%	795
Barts and The London NHS Trust	×	Teaching	708	107	44.4%	1,011
Royal Liverpool and Broadgreen University Hospitals NHS Trust	×	Teaching	401	111	35.5%	980
Chelsea and Westminster Hospital NHS Foundation Trust	✓	Teaching	337	73	52.4%	431
Leeds Teaching Hospitals NHS Trust	×	Teaching	911	224	48.8%	2,196
University Hospital Birmingham NHS Foundation Trust	✓	Teaching	543	113	32.4%	1,018
University College London Hospitals NHS Foundation Trust	✓	Teaching	790	106	29.5%	901
The Newcastle Upon Tyne Hospitals NHS Foundation Trust	✓	Teaching	821	189	36.5%	1,709
Oxford Radcliffe Hospitals NHS Trust	×	Teaching	636	199	35.7%	1,340
Central Manchester University Hospitals NHS Foundation Trust	✓	Teaching	721	169	34.9%	1,169
University Hospitals of Leicester NHS Trust	×	Teaching	698	226	54.2%	1,914

* Outpatients excluded

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Considerations (using sample slide as an example)

- What other criteria are important to you when selecting the peer group?
- Are there trusts not on this list that you specifically want to be compared with?
- Are there trusts on this list that you don't want to be compared with?

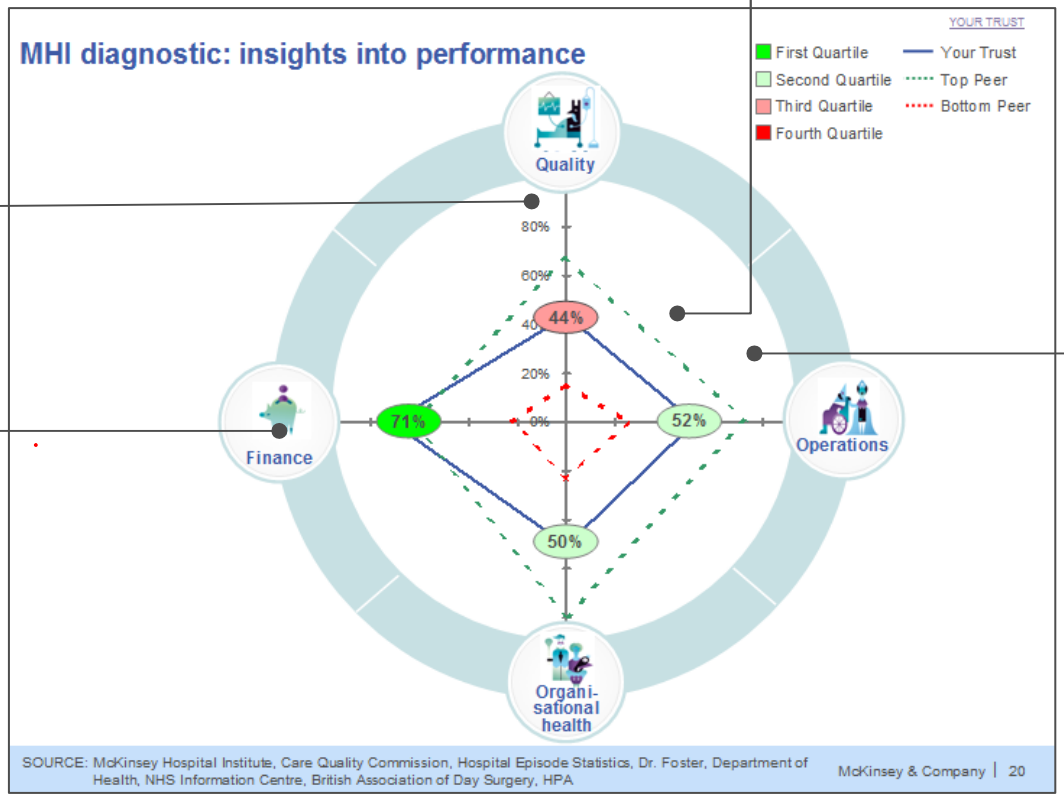
We can provide an overview of performance vs peer and NHS

1. Each axis shows your Trust's performance on each dimension relative to the national spread and that of the selected peer group

2. For each dimension, we use a selection of publically available metrics weighted by impact and data quality

3. The number in the bubble shows your Trust's performance with color shading indicating relative performance to the national spread

4. The green and red dotted lines show the top and bottom performance of the selected peer group, respectively

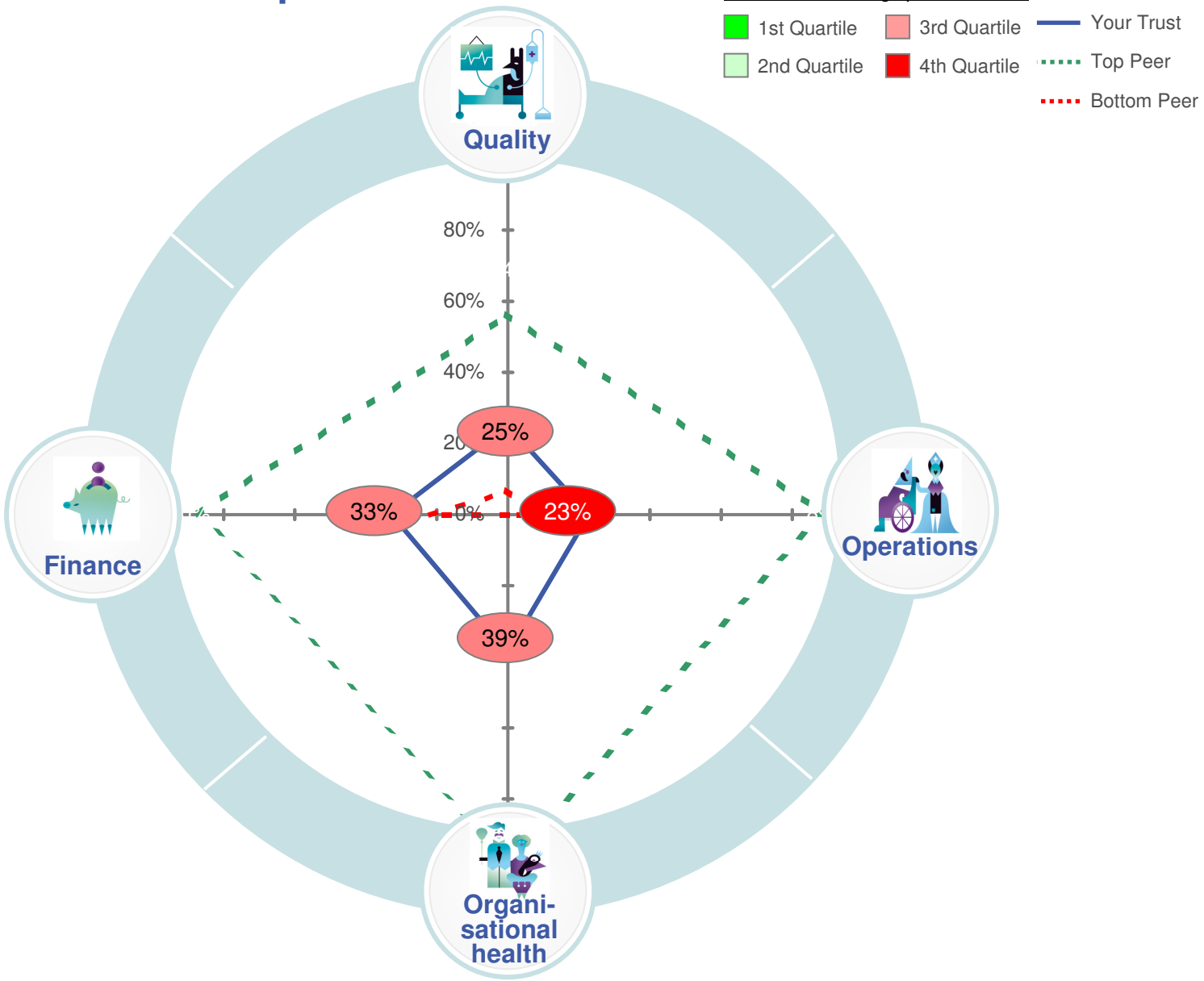


Considerations (using sample slide as an example)

- Area of strength (first quartile) is finance
  - What is driving the excellence?
- Areas with significant improvement opportunity (fourth quartile) is quality
  - What are the drivers for improvement?
- Areas with some improvement opportunity (2nd/3rd quartile) are organizational health and operations
  - What is driving the mixed performance in these areas?

Example Trust

MHI diagnostic: Overview of performance

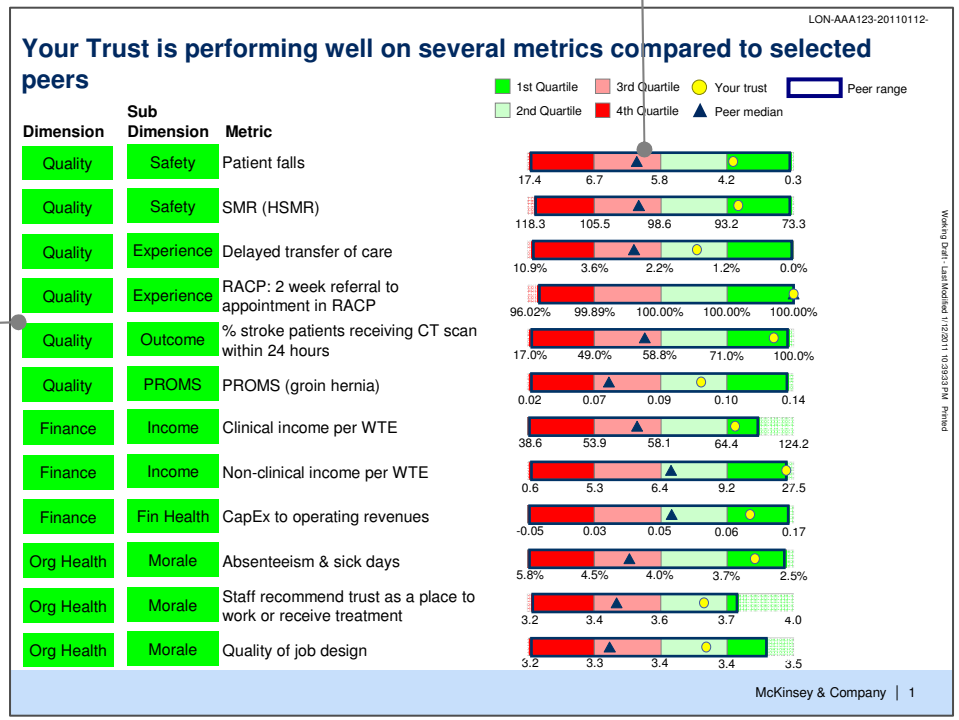


We illustrate strong performance in each dimension

EXPLANATION SLIDE – SAMPLE DATA

2 For each metric, we have benchmarked Trust performance against the peer median within the selected peer range

1 We have listed here all the metrics where your Trust is performing in the first quartile relative to the national spread

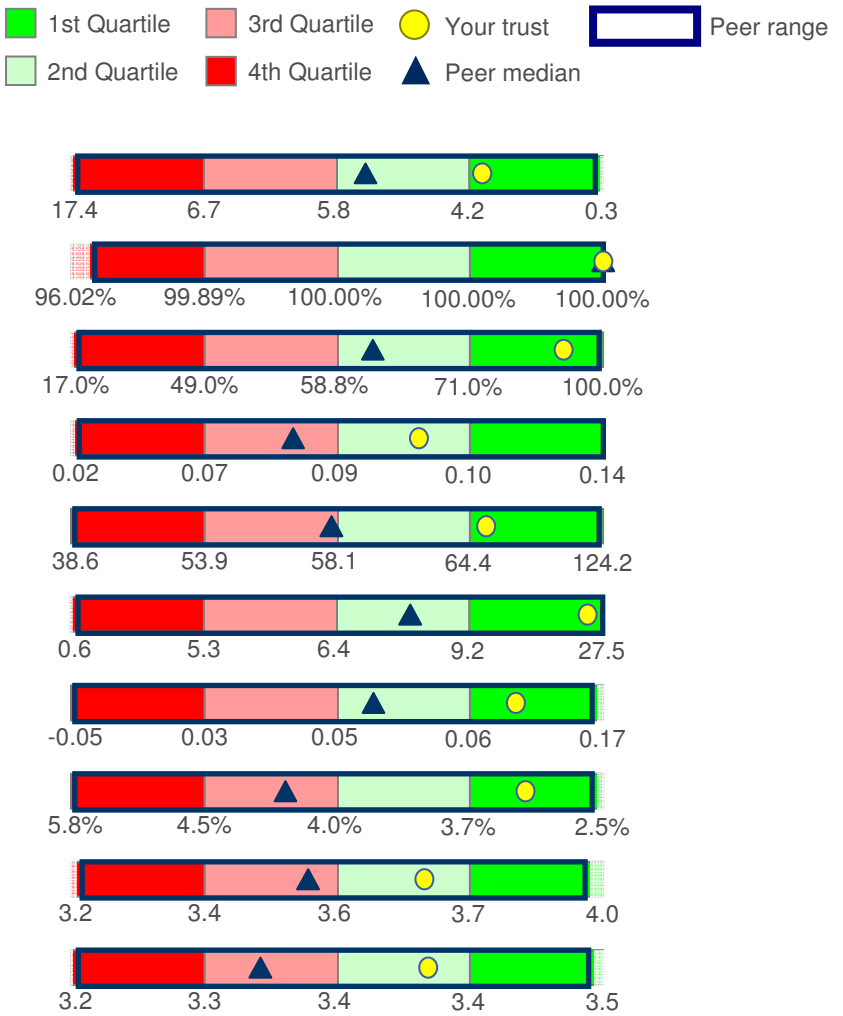


Considerations (using sample slide as an example)

- What are the drivers of excellence?
- Are these areas of continuous strength?
- How do the areas of strength map to areas in the bottom quartile?
- What is driving the differences in performance?

Your Trust is performing well on several metrics compared to selected peers

Dimension	Sub Dimension	Metric
Quality	Safety	Patient falls
Quality	Experience	RACP: 2 week referral to appointment in RACP
Quality	Outcome	% stroke patients receiving CT scan within 24 hours
Quality	PROMS	PROMS (groin hernia)
Finance	Income	Clinical income per WTE
Finance	Income	Non-clinical income per WTE
Finance	Fin Health	CapEx to operating revenues
Org Health	Morale	Absenteeism & sick days
Org Health	Morale	Staff recommend trust as a place to work or receive treatment
Org Health	Morale	Quality of job design

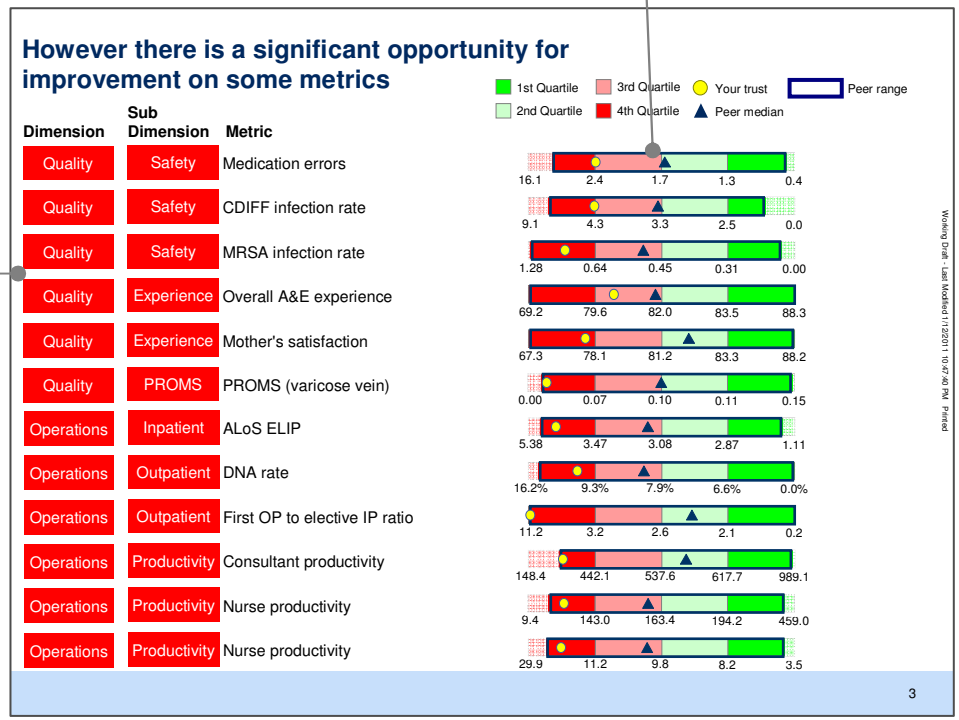


We illustrate where there is improvement opportunity

2 For each metric, we have benchmarked Trust performance against the peer median within the selected peer range

EXPLANATION SLIDE – SAMPLE DATA

1 We have listed here all the metrics where your Trust is performing in the fourth quartile relative to the peer spread



Considerations (using sample slide as an example)

- What are the root causes of weak performance?
- What are the key drivers of improvement?
- Are these areas of continuous weakness?

However there is a significant opportunity for improvement on some metrics

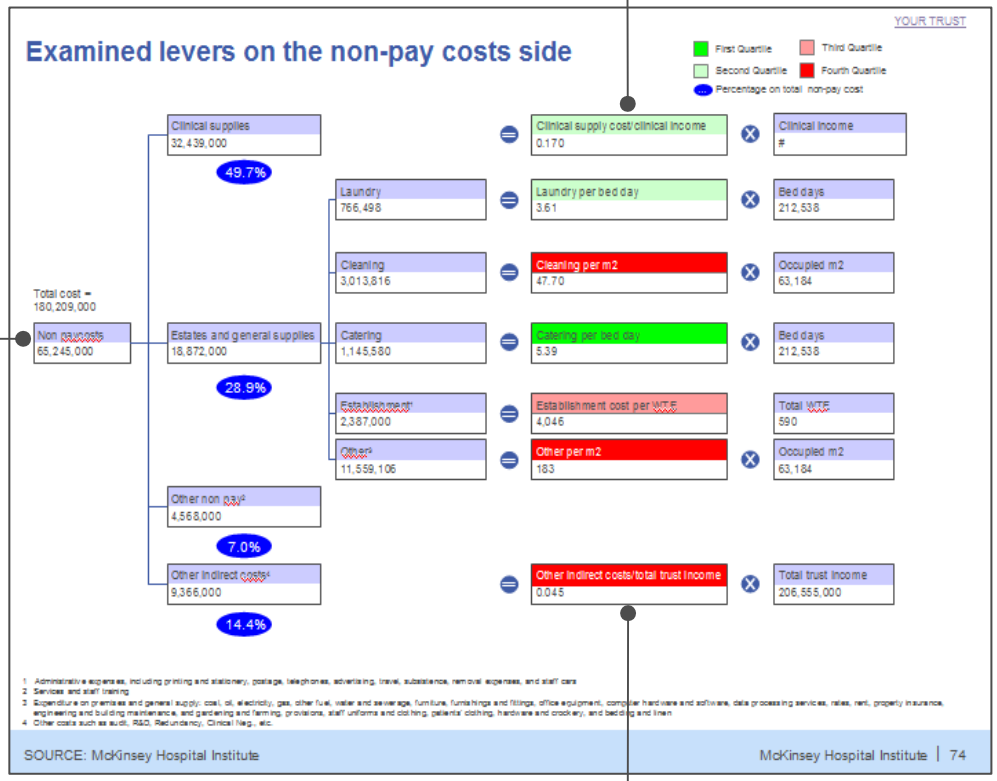
Dimension	Sub Dimension	Metric					
Quality	Safety	CDIFF infection rate	9.1	4.3	3.3	2.5	0.0
Quality	Safety	MRSA infection rate	1.28	0.64	0.45	0.31	0.00
Quality	Experience	Mother's satisfaction	67.3	78.1	81.2	83.3	88.2
Quality	PROMS	PROMS (varicose vein)	0.00	0.07	0.10	0.11	0.15
Operations	Inpatient	ALoS ELIP	5.38	3.47	3.08	2.87	1.11
Operations	Outpatient	DNA rate	16.2%	9.3%	7.9%	6.6%	0.0%
Operations	Outpatient	First OP to elective IP ratio	11.2	3.2	2.6	2.1	0.2
Operations	Productivity	Consultant productivity	148.4	442.1	537.6	617.7	989.1
Operations	Productivity	Nurse productivity	9.4	143.0	163.4	194.2	459.0
Operations	Productivity	Nurse productivity	29.9	11.2	9.8	8.2	3.5
Operations	Productivity	Non-clinical staff to total staff ratio	0.4	0.2	0.2	0.2	0.1
Operations	Productivity	Non utilised space	27.3%	8.9%	3.6%	0.6%	0.0%

We look to identify the drivers behind financial performance

In order to identify drivers for cost savings, we have broken down non-pay cost further and compared them to the national spread

EXPLANATION SLIDE – SAMPLE DATA

Non-pay cost is shown broken down into a driver tree for your Trust

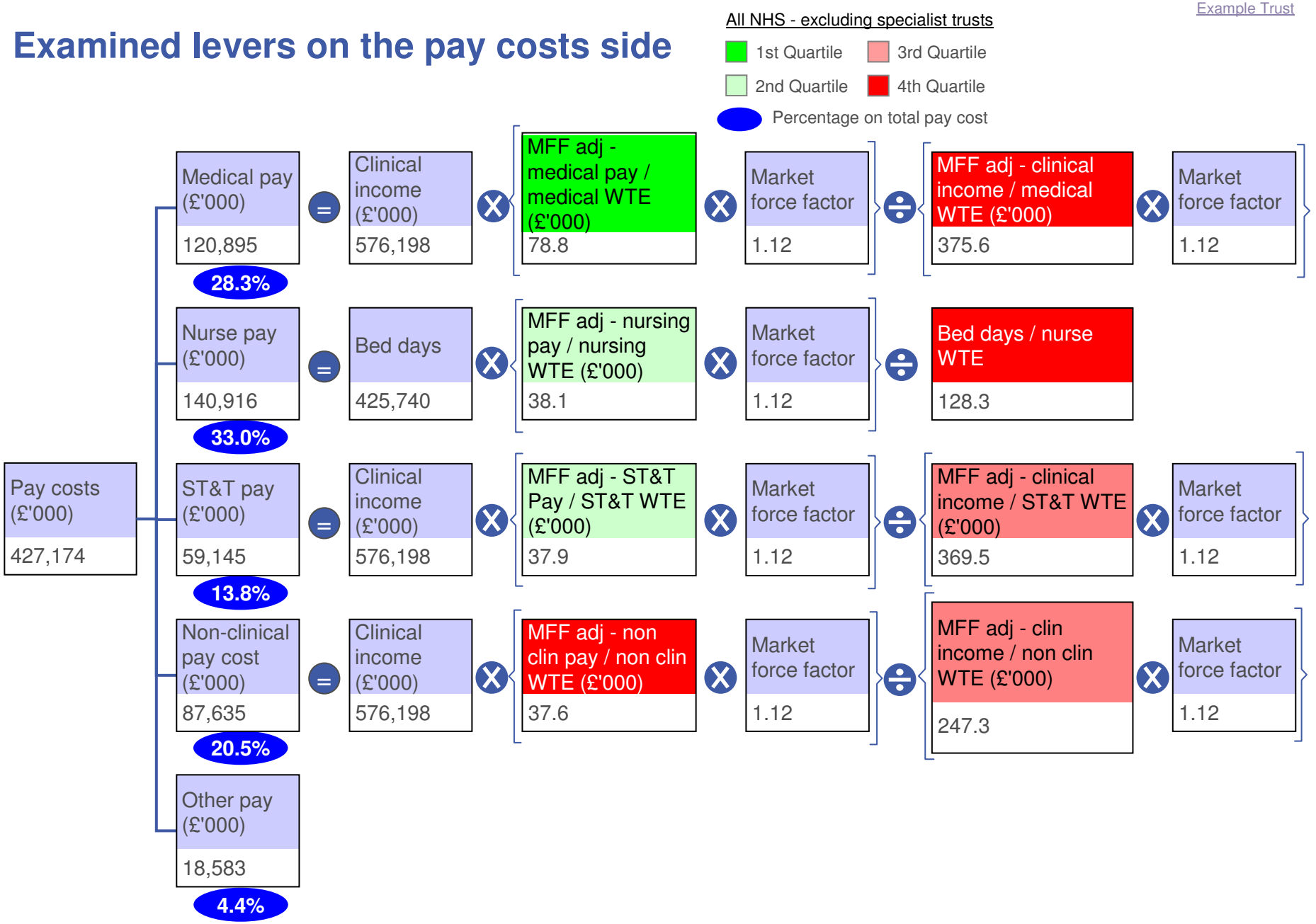


Considerations (using sample slide as an example)

- What are the drivers of high/low relative cost?
- What actions can the Trust take to reduce cost and maintain quality of care at the same time?

Areas in the third or fourth quartile indicates potential cost savings opportunities; however, further understanding of the data and the Trust's context is required in order to validate the savings opportunities

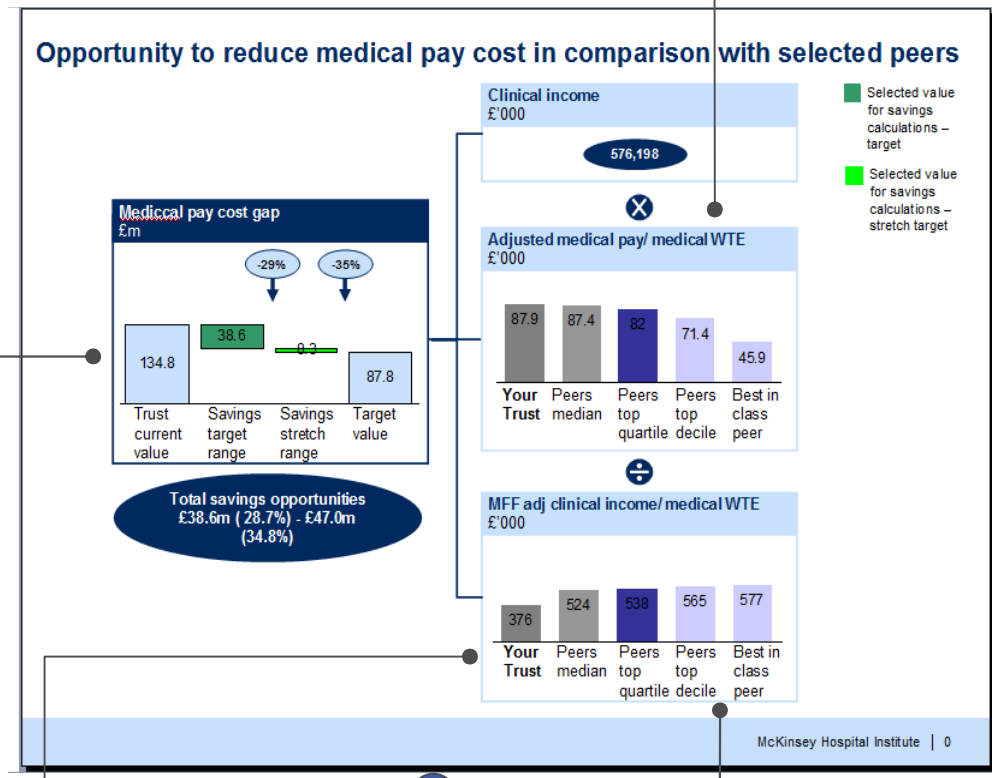
Examined levers on the pay costs side



How to read the page below?

EXPLANATION SLIDE – SAMPLE DATA

2 In order to identify drivers for improvement, we have broken down medical pay cost into pay per medical WTE compared to the Trust's peer median, top quartile, top decile and best in class …



1 The medical pay costs are shown broken down into a driver tree for your Trust

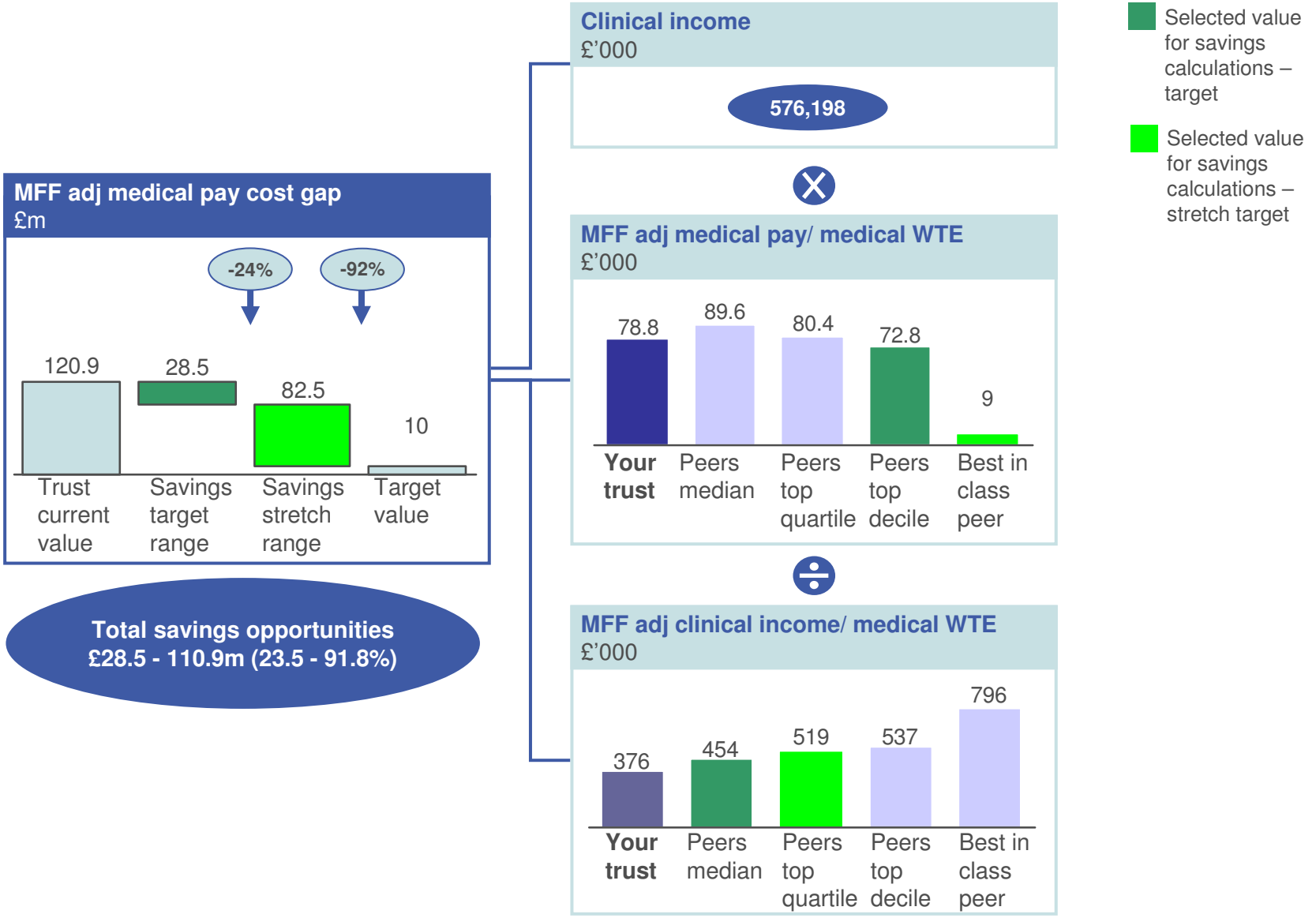
3 … as well as clinical income per medical WTE, compared to your peer median, top quartile, top decile and best in class

4 Higher income per medical WTE may indicate higher productivity whereas low income per WTE could indicates lower productivity, or potentially mis-managed staffing levels

Considerations (using sample slide as an example)

- What are the drivers of high/low income per medical WTE?
- What are the drivers of high/low pay cost per medical WTE?
- Does the Trust's staffing level match the variation and/or change in patient demand?

Opportunity to reduce medical pay cost in comparison with selected peers



Overview of top specialty performance

2009/10, peer group comparison

1st Quartile | 2nd Quartile | Not Available
4th Quartile | 3rd Quartile | No Peer Values

Total Number of spells: 222,135

			Operations										Finance			
			OP					IP		Day Case						
	Relative size compared to peers	% Total Trust spells	18 week target	First OP to elective IP ratio	OP cancellation rate	DNA Rate	First to follow up ratio	ALoS ELIP	ALoS NEIP	Day case rate	DOSA	IP income/bed day[1]	OP income/OP appointment[1]	Daycase income/day cases[1]	Coding quality
	Rate	%	%	#	%	%	#	Days	Days	%	%	£	£	£	%
Obstetrics	1.51	7.3%	NA	97.60	6.1%	10.1%	0.5	NA	NA	48%	54.7%	722	95	695	3.87%
General Medicine	0.67	7.1%	99%	20.32	7.2%	10.7%	1.1	6.4	7.5	67%	29.3%	230	136	400	2.90%
Clinical Haematology	2.35	4.3%	NA	0.65	7.3%	9.4%	0.1	8.3	11.6	69%	14.9%	191	120	418	7.69%
Trauma & Orthopaedics	1.27	3.6%	96%	0.44	11.5%	11.4%	0.4	3.4	11.0	92%	30.1%	198	110	386	9.93%
Gastroenterology	0.70	3.2%	78%	4.00	5.8%	12.7%	0.5	4.3	9.9	43%	61.0%	540	99	1295	4.01%
Urology	0.89	2.8%	93%	1.16	11.6%	11.2%	0.4	2.5	4.6	71%	61.3%	427	100	507	3.26%
Cardiology	1.99	2.8%	95%	1.91	8.1%	9.5%	0.5	2.1	5.6	61%	62.6%	678	127	1247	3.27%
Gynaecology	0.87	2.7%	90%	4.59	7.4%	9.6%	0.9	2.6	2.2	58%	66.1%	559	105	558	4.89%

1 Represents tariff activities only (e.g. tariff IP income/tariff IP spells)

Moving from diagnosed opportunities to validated opportunity and implementation for change

In scope for MHI Diagnostic

In scope for traditional McKinsey engagements

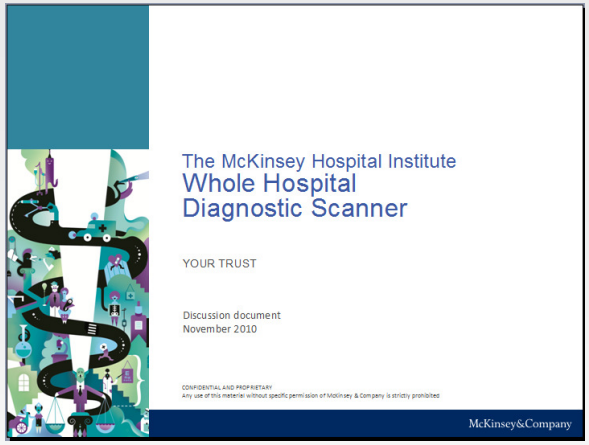
Diagnostics	Validate opportunity	Drive delivery	Build culture for "change"
A. Evaluate performance through benchmarking with comparable peers B. Understand gaps and opportunities C. Assess capabilities required for change	A. Understand root causes of gaps and opportunities B. Determine the change management requirements and strategy	A. Set targets and establish trajectories for improvement B. Produce delivery plans C. Establish routines to drive and monitor performance D. Sustain and continually build momentum	A. Build continuous system capacity B. Communicate "change" message C. Empower department heads and other leaders to drive change

Moving from diagnosed opportunities to validated opportunity and implementation for change (1/2)

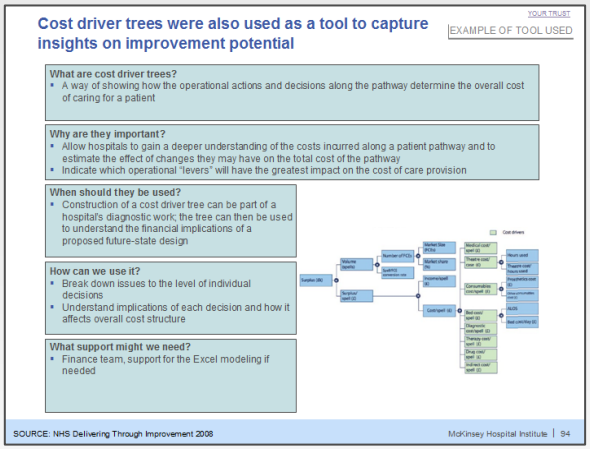
In scope for MHI Diagnostic

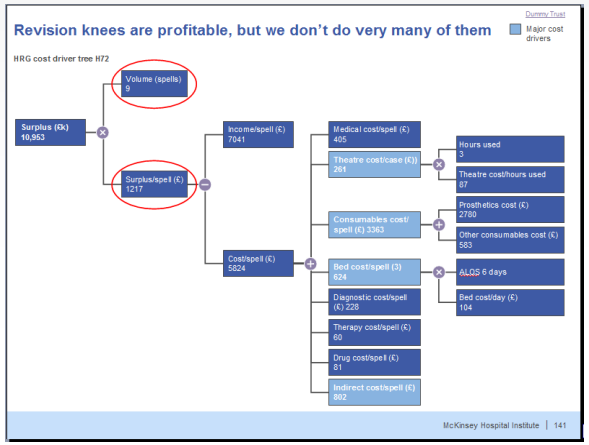
In scope for traditional McKinsey engagements

Diagnostics



Validate opportunity



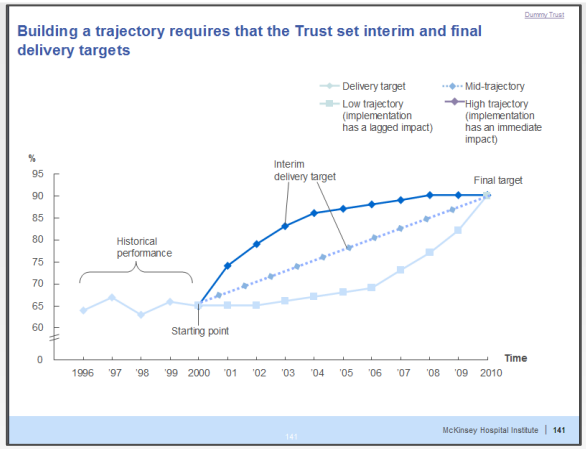


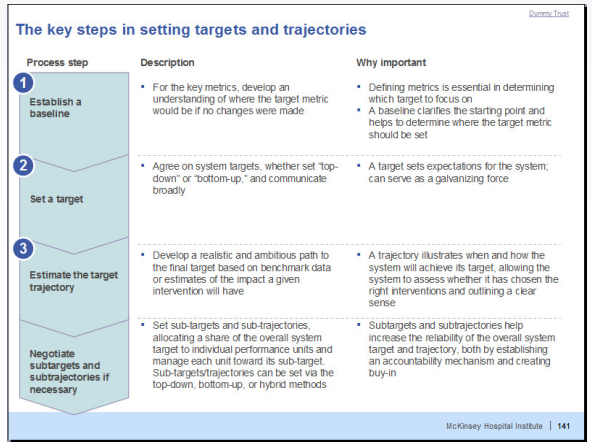
Moving from diagnosed opportunities to validated opportunity and implementation for change (2/2)

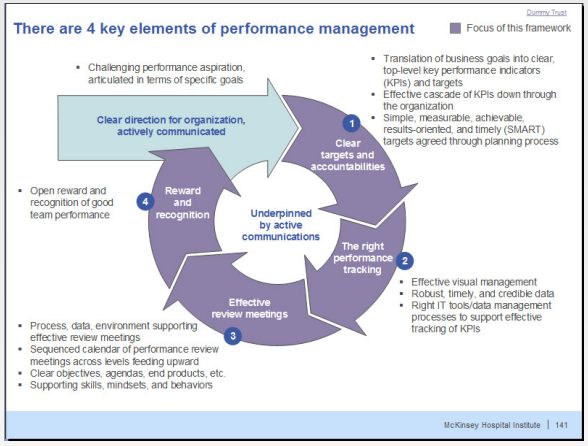
In scope for MHI Diagnostic

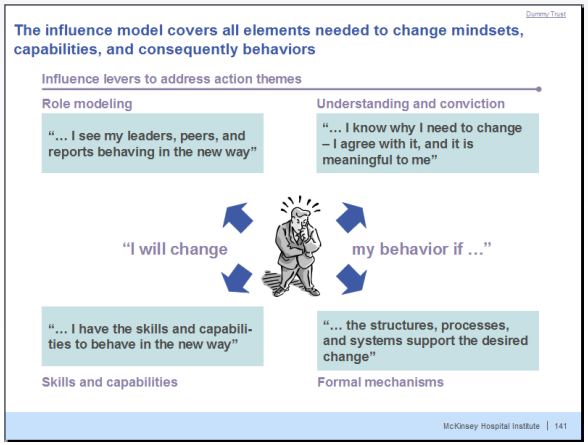
In scope for traditional McKinsey engagements

… | Drive delivery | Build culture for "change"

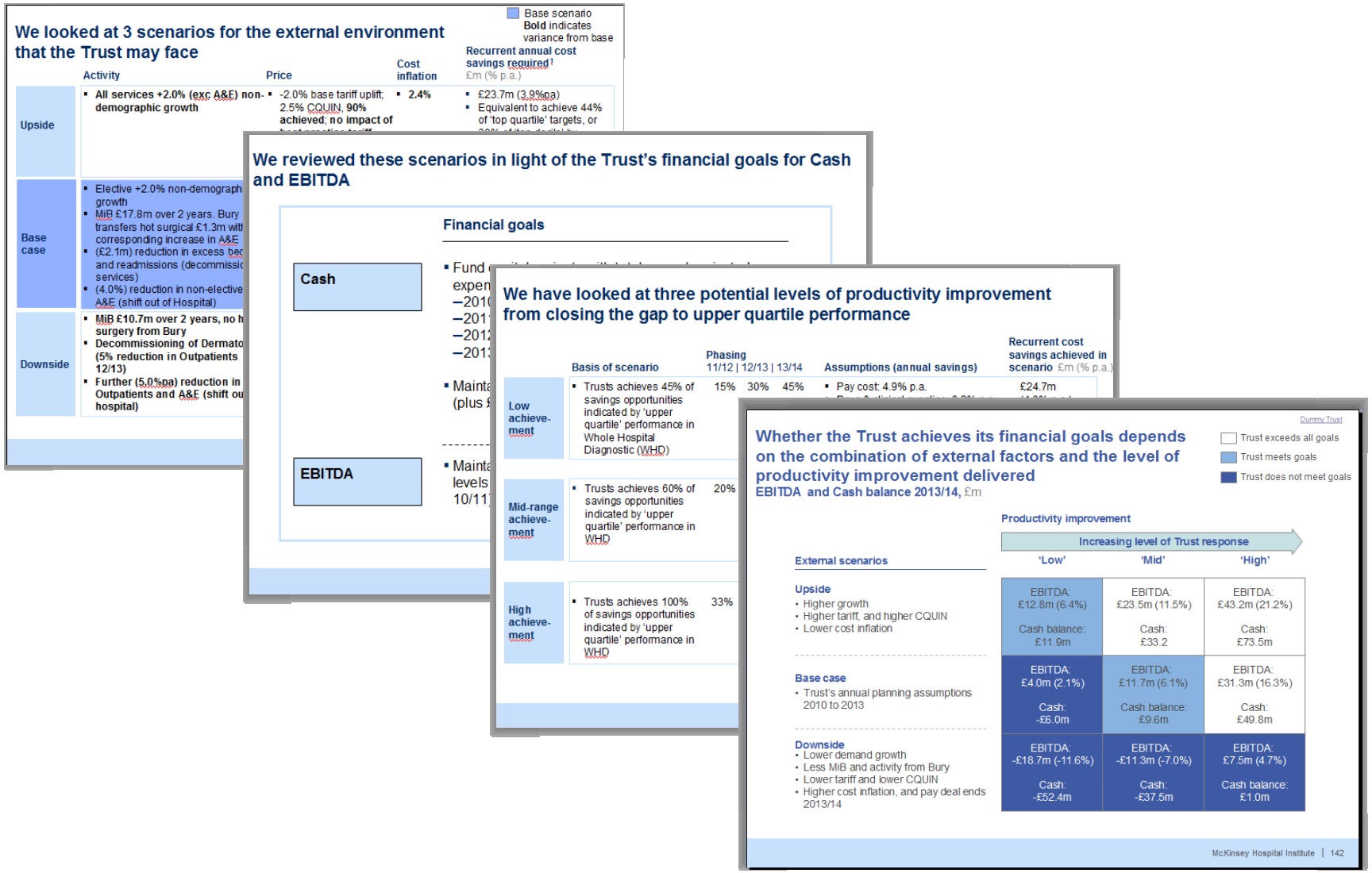




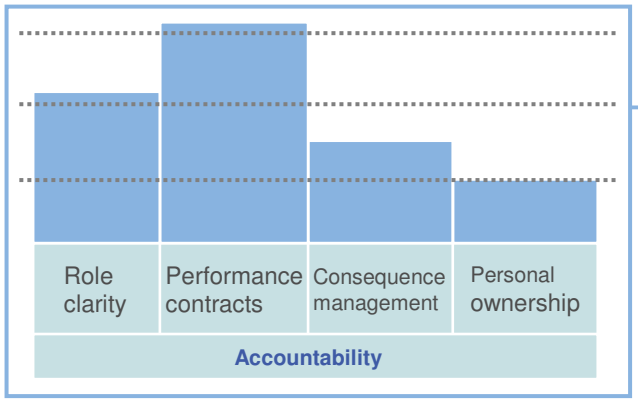




3 year scenario planning modelling can quantify the financial challenge that Trusts face as well as levers of improvement



The Organisational Health Index measures outcomes (effectiveness) and management practices (frequency) which can be benchmarked vs. other organisations



Direction

Accounta-bility

Coordin-ation and control

External orientation

Leadership

Innovation & learning

Capability

Motivation

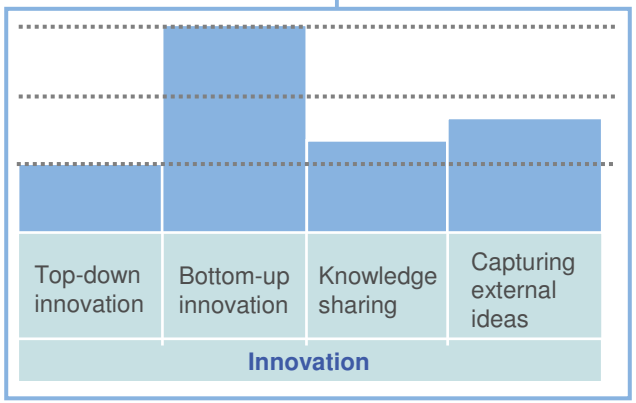
Culture & climate

Outcomes

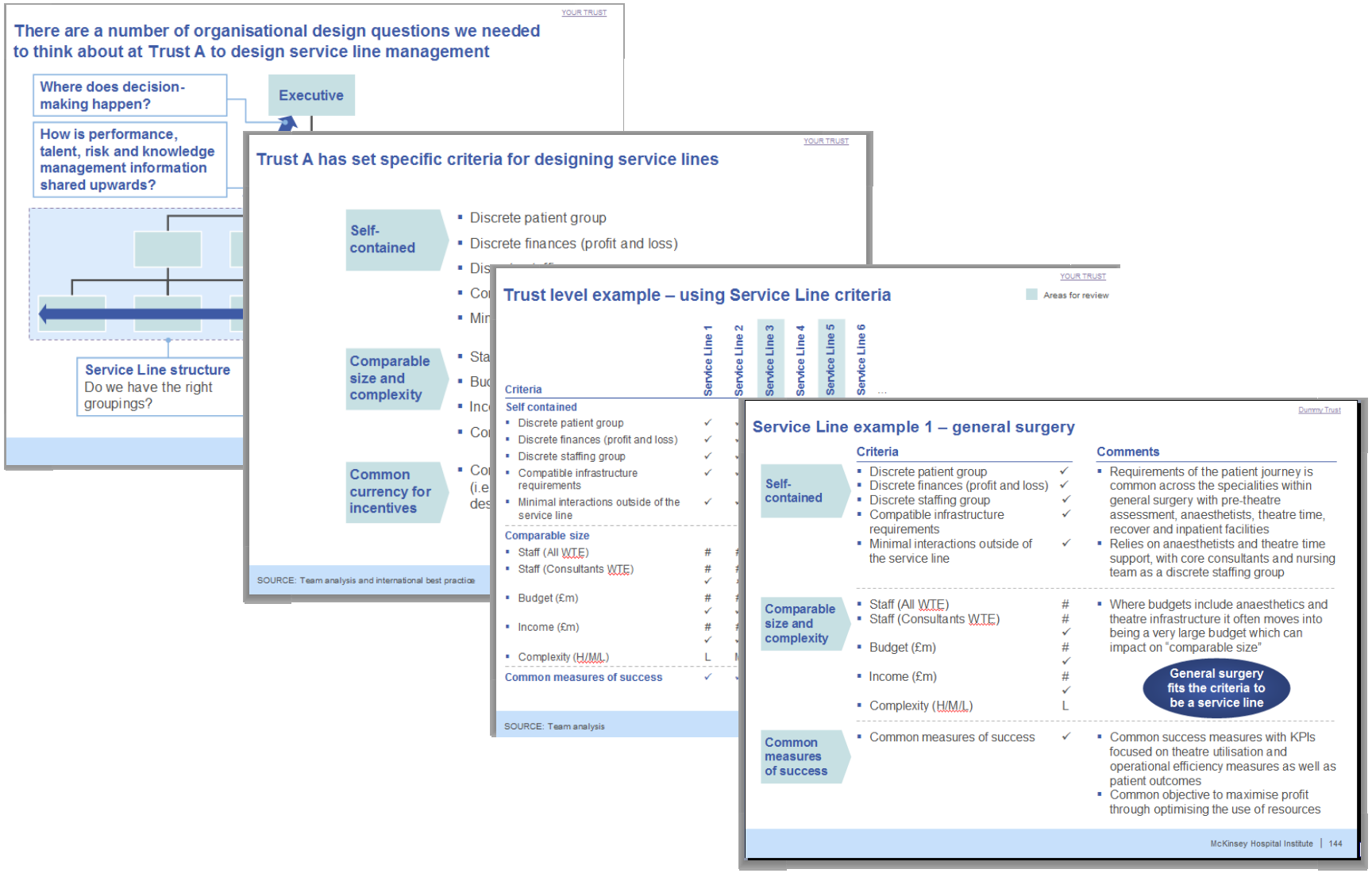
- The extent to which an organization is effective within a particular element
- Determined by the level of agreement with questions that make a positive performance assertion
  - Example question – "The vision for the client's future is widely understood by employees"; (1 = strongly disagree, 5 = strongly agree)

Practices

- The choice of emphasis/style of practices an organization uses in order to deliver performance
- Determined by reported frequency a practice occurs
  - Example question – "Management actively solicits employee involvement in setting the client's direction"; (1 = never, 5 = always)



We can help organisations design and implement service lines to improve performance at the specialty level

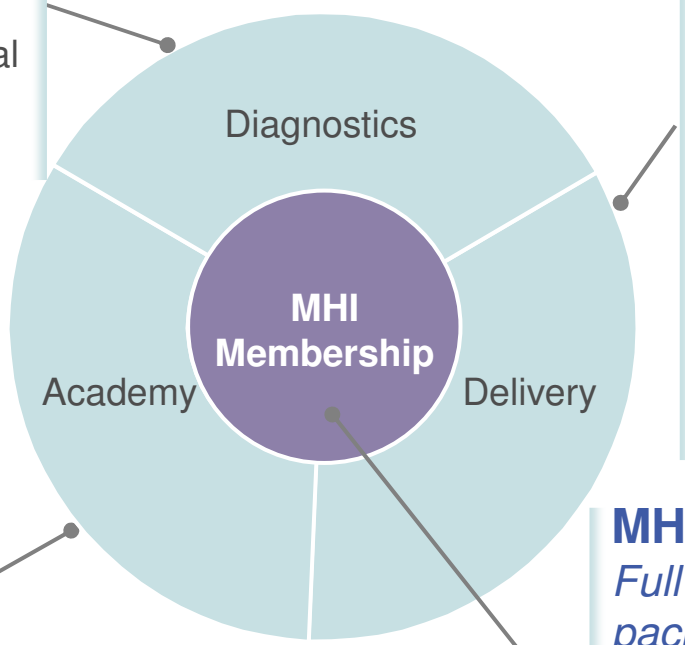


MHI is a global initiative developing support for hospitals in four main areas

Diagnostics

Understanding where you are today:

- Whole hospital overview
- Growing database of individual specialties & services
- 1 day on the ground expert assessment



Delivery

Making change happen through improvement programmes and networks:

- Benchmarking & improvement networks *(based on FTN methodology)*
- Delivery Partnerships with individual trusts to deliver change in high priority area(s)
- Draws on knowledge base in critical areas such as productivity & workforce high value specialties, overheads and procurement

Academy

Building capabilities for delivery in organisational leaders:

- BU strategy
- BU management
- Improvement leadership

MHI Membership

Full annual membership offers a package of member benefits:

- Annual health check
- Invitations to member conferences, dinners and events
- Online peer networking and knowledge bank (Spring 2011)

SOURCE: Source