100 TOP HOSPITALS

RESEARCH

TRUVEN HEALTH ANALYTICS™

# 100 Top Hospitals CEO Insights: Adoption Rates of Select Baldrige Award Practices and Processes

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Truven Health Analytics℠ undertakes annual survey-based research to expand our knowledge about the practices and strategic focus of the 100 Top Hospitals® award-winning CEOs. This year's research focused on adoption rates of the Malcolm T. Baldrige leadership practices in three areas — organizational environment, processes, and results — and was a continuation of our research into the links between the Baldrige National Quality Award for performance excellence and the 100 Top Hospitals award.

The results demonstrated that:

- Overall, 100 Top Hospitals winners have extensively adopted the prescribed Baldrige practices, even though 63 percent reported they did not intentionally use Baldrige criteria to develop organizational goals and/or process improvement initiatives.
- Teaching hospitals reported the highest formal use of the Baldrige criteria. Nearly 70 percent of these hospitals noted that their teams have used the award criteria to develop organizational goals and process improvement initiatives.
- It appears that for 100 Top Hospitals CEOs, organization-wide alignment remains a very challenging issue as they prepare their organizations for healthcare reform. Only 44 percent of respondents strongly agreed they had good alignment of results across the whole organization.

## Background

Truven Health's formal research into Baldrige practices began in October 2011, when we published a study,[1] commissioned by the Foundation for the Malcolm Baldrige National Quality Award. That study found that Baldrige hospitals were six times more likely to be counted among the 100 Top Hospitals award winners, which represent the top 3 percent of hospitals in the United States. The study also found that Baldrige hospitals outperformed non-Baldrige hospitals on nearly all of the individual measures of performance used in the 100 Top Hospitals composite score.

The goal of this year's 100 Top Hospitals survey was to understand more specifically whether there is a relationship between the 100 Top Hospitals award and the Baldrige program, beyond high performance. We wanted to understand the degree to which 100 Top Hospitals leadership teams have adopted Baldrige practices — regardless of whether they have applied for a Baldrige award.

## Methodology

We conducted a brief survey with the 2012 100 Top Hospitals award winners between April and May 2012. The survey contained 26 questions organized into four areas: organizational environment, processes, results, and basic demographic information. The questions were written by a Truven Health researcher with an extensive background in hospital performance management and an analyst with expertise in survey design.

Respondents were offered a choice of a paper or online survey; hard-copy surveys were mailed and a link to the online survey was sent to all CEOs of hospitals that won a 2012 100 Top Hospitals award. To boost response, follow-up calls were made to all CEOs who had not responded after two weeks, and again after three weeks.

The survey was closed in late May 2012, with 63 percent of hospitals responding. Considering the percentage of winners the 100 Top Hospitals study selects from each comparison group, the responses were well distributed across the five groups. (Compare "surveys received" and "percent of winners" columns in Figure 1.)

**Figure 1: Survey Responses**

| Hospital Comparison Group | Surveys Received | Percent of Winners | Percent of Group Received |
|---|---|---|---|
| Major Teaching Hospital | 10 | 15 | 67% |
| Teaching Hospital | 15 | 25 | 60% |
| Large Community Hospital | 10 | 20 | 50% |
| Medium Community Hospital | 10 | 20 | 50% |
| Small Community Hospital | 16 | 20 | 80% |
| Unknown | 2 | — | — |
| **TOTAL** | **63** | **100%** | **63%** |

## Findings

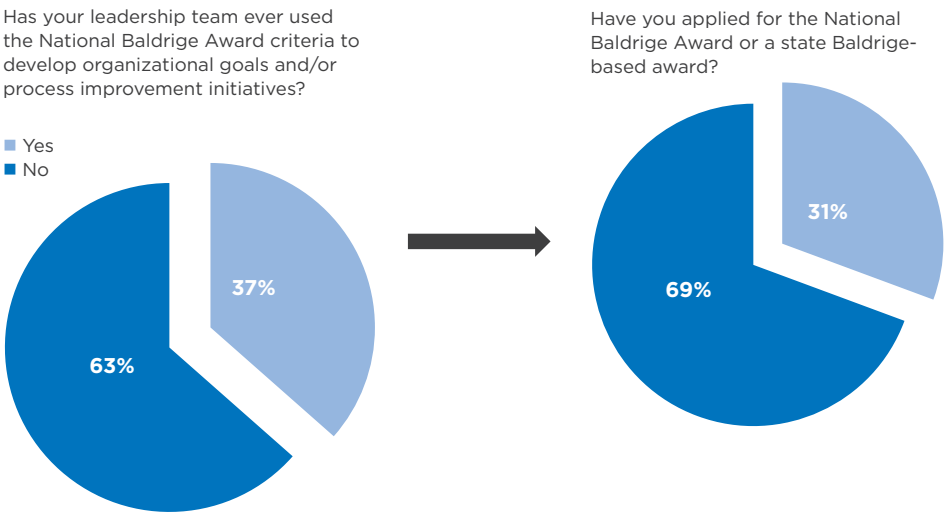
### Top Hospitals Are Following Recommended Practices

The fact that top-performing hospitals have an ingrained organization-wide culture of performance improvement was not news to our 100 Top Hospitals research team; this was a theme that ran through our interviews with 100 Top Hospitals CEOs during our 2011 survey research,[2] and one that has shown itself anecdotally again and again in our work with these top leaders.

The results of this year's survey make it clear that 100 Top Hospitals winners have indeed adopted Baldrige practices through much of their organizations — but they just might not know it. More than 80 percent of the respondents agreed or strongly agreed that they have implemented the practices listed on the survey (which were Baldrige practices, but not identified as such, Figure 5), with the exception of alignment of results across all areas (68 percent, Figure 5). But many appeared

unaware that their practices and Baldrige practices are the same — only 37 percent said they used the criteria to develop organizational goals, and of those, most (69 percent) have never applied for a Baldrige-based award (Figure 2). *Note: Baldrige-based awards include the Baldrige Award itself and state quality awards patterned after Baldrige.*

**Figure 2. Few Respondents Report Direct Baldrige Involvement**




Given that Baldrige practices are published on the Internet and the criteria are available to all who are interested, this presents a chicken-and-egg question: Were these best practices enacted before Baldrige or because of Baldrige? We believe that it doesn't matter. The practices are important regardless and can become a foundation for evidence-based management after further research.

## Teaching Hospitals Report Highest Baldrige Use for Goal-Setting

Looking at Baldrige criteria practices and award application rates by comparison group, we found that teaching hospitals reported the highest formal use of the Baldrige criteria. When asked, "Has your team ever used the National Baldrige Award criteria to develop organizational goals and/or process improvement initiatives?" nearly 70 percent of teaching hospitals said yes (Figure 3). This group also had the highest rate of applications for Baldrige-based awards (56 percent), with 44 percent of teaching hospital respondents winning an award (Figure 4).

Large community hospitals were a distant second in reporting the use of Baldrige criteria (40 percent). Of these hospitals, 30 percent reported applying for Baldrige-based awards and winning them (Figures 3 and 4).

Although small community hospitals had relatively low percentages for all listed Baldrige practices, they were close to large community hospitals in applying for Baldrige-based awards (29 percent), and 24 percent reported winning an award (Figures 3 and 4).

**Figure 3: Teaching Hospitals Report Highest Use of Baldrige Criteria**

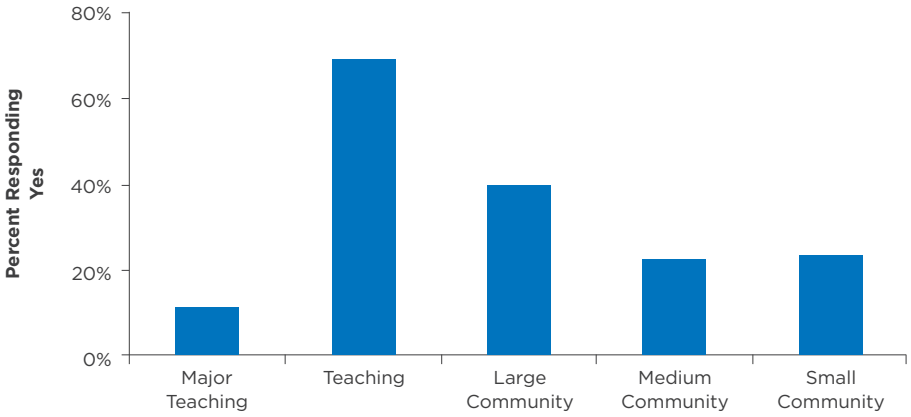
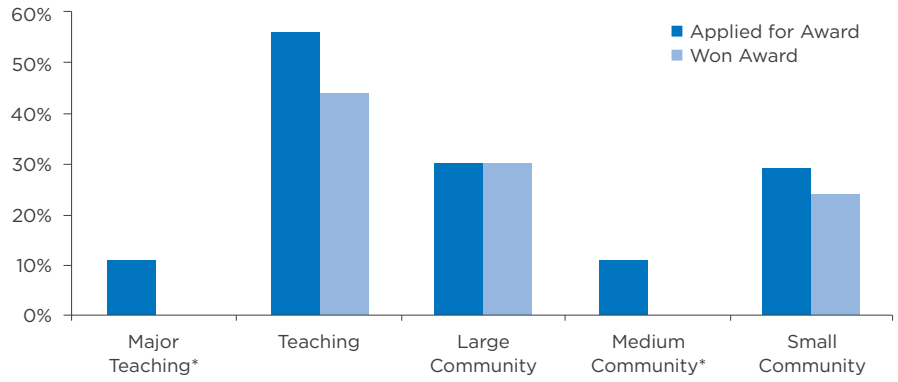



**Figure 4: Teaching Hospitals Report Highest Award Application and Win Rates**




**No hospitals in this group reported winning an award.*

## Assessing Organizational Environment

Of the Baldrige practices detailed in our survey, it appears that as a group, the 100 Top Hospitals winners are performing best in assessing their environment (Figure 5), specifically:

- Identifying key stakeholders, suppliers, and partners (76 percent strongly agree)
- Addressing early indications of shifts in technology, markets, healthcare services, patient and stakeholder preferences, competition, the economy, and the regulatory environment (67 percent strongly agree)

More than half (58 percent) said they have a detailed profile of their workforce (i.e., by employment segment, detailing education levels, longevity, age mix, diversity, and other factors important to achieving organizational goals), but less than half of the CEOs surveyed strongly agreed that they have:

- A written assessment of the organization's core competencies and their relationship to the mission or a written market profile that includes key market segment requirements (for both, 49 percent strongly agreed)
- Routinely addressed key stakeholder, supplier, and partner relationships in planning, performance improvement, and communications processes (46 percent strongly agreed)

**Figure 5: Practice Adoption Rates, All Hospitals Surveyed**

| Survey Question | Baldrige Practice Question Summary | Respondents that Strongly Agreed (%) | Respondents that Agreed or Strongly Agreed (%) |
|---|---|---|---|
| 3 | Identify key stakeholders | 76 | 95 |
| 8a | Plan for shifts in tech, markets, competition | 67 | 92 |
| 11 | Workforce engagement assessed and used | 62 | 92 |
| 7 | Workforce understands goals and acts on them | 60 | 95 |
| 15 | Outcomes by service line and patient segment | 60 | 92 |
| 9 | Formal workforce learning programs | 59 | 92 |
| 10 | Two-way internal communications | 59 | 97 |
| 8b | Projections of future performance | 59 | 87 |
| 6 | Detailed workforce profile | 58 | 86 |
| 12 | Patient and stakeholder feedback obtained | 57 | 97 |
| 1 | Written core competencies | 49 | 81 |
| 2 | Market profiles by segment | 49 | 81 |
| 4 | Define key stakeholders | 48 | 87 |
| 5 | Plans and communications address stakeholder groups | 46 | 89 |
| 16 | Good results alignment across organization | 44 | 68 |
| 13 | Structured to deliver integrated services | 43 | 97 |
| 14 | Key work process evaluation cycles | 27 | 94 |

*Note: See appendix for complete question text.*

## Large Community Hospitals Lead on Organizational Environment Criteria

Based on CEO self-ratings of the identified Baldrige organizational environment practices, large community hospitals led on every one. Using "strongly agreed" as the criterion, nearly all (90 percent) of large community hospital CEOs said they have indentified key stakeholders, and 70 percent said they have both a written assessment of their organization's core competencies and their relationship to the mission and a written market profile that includes key market segment requirements (Figure 6).

Furthermore, 80 percent of these hospitals have a detailed profile of their workforce (i.e., by employment segment, detailing education levels, longevity, age mix, diversity, and other factors important to achieving organizational goals) for their organization (Figure 7).

Finally, 70 percent of large community hospital leaders strongly agreed that their plans and communications address stakeholder needs and that their workforce understands their goals and acts on them (Figure 7).

Medium and small community hospitals reported the lowest adoption of most of the organizational environment practices (Figures 6 and 7).

**Figure 6: Large Community Hospitals Report Strongest Agreement With Use of Organizational Environment Practices, Part 1**

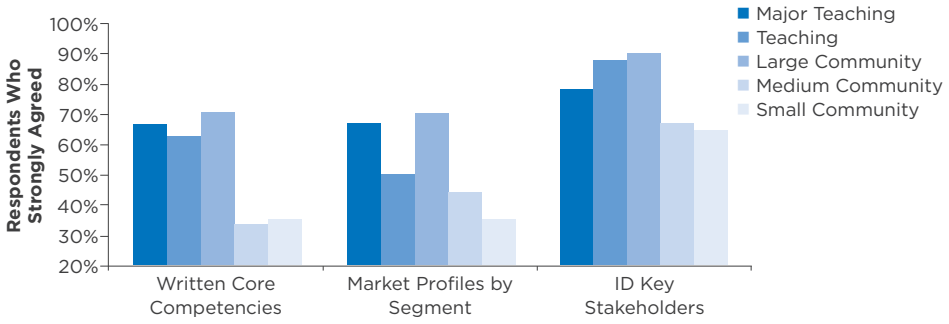
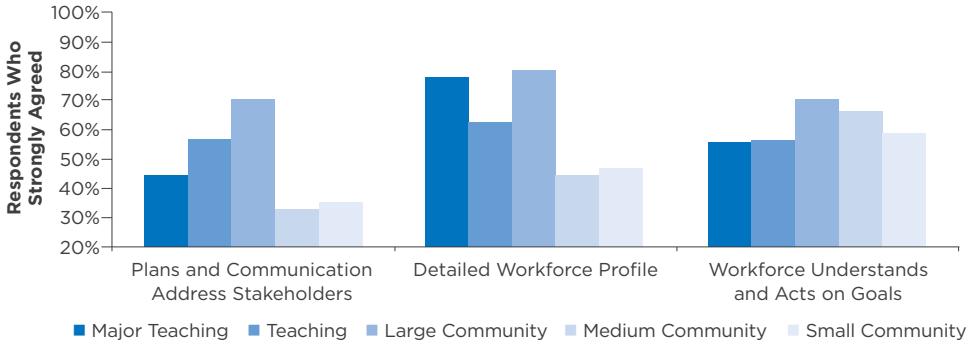



**Figure 7: Large Community Hospitals Report Strongest Agreement With Use of Organizational Environment Practices, Part 2**




## Following Recommended Processes

### Leaders Report High Degree of Baldrige Process Adoption

CEO respondents reported a high degree of adoption of Baldrige process practices overall. More than two-thirds strongly agreed that their organization develops a written strategic plan that uses data and other inputs to address early indications of major shifts in technology, markets, healthcare services, patient and stakeholder preferences, competition, the economy, and the regulatory environment (Figure 5). In addition, 59 percent agreed their strategic plan includes projections of performance and that of key competitors.

The second highest process practice reported by top hospital leaders is assessment and use of workforce engagement information to achieve high-performance work (62 percent). This is also supported by provision of formal programs of workforce learning (59 percent) (Figure 5).

Good communications practices are also widely reported. Fifty-nine percent reported structured, two-way communication processes between leadership and workforce; and 57 percent said they expand that effort to encompass patients and stakeholders (Figure 5).

### Process Practices Fall Short of Full Integration

Fewer 100 Top Hospitals leaders reported being structured to deliver integrated services to distinct groups of patients, across departmental lines and service provider types (43 percent). Only 27 percent strongly agreed that they prioritize and evaluate each key work process on a scheduled cycle, using data and user feedback to make changes that increase value to patients and stakeholders while reducing cost (Figure 5).

## Mixed Results on Implementing Processes by Hospital Type

Based on CEO self-ratings of the identified process practices, large community hospitals once again lead on (Figures 8 and 9):

- Planning for major shifts in technology, markets, competition, and other external factors in their written plans (90 percent)
- Two-way internal communications (80 percent)
- Systematically acquiring patient and stakeholder feedback (80 percent)

Major teaching hospitals, however, lead on implementing some of the more complex processes, such as (Figures 8 and 9):

- Projecting future performance (themselves, competitors; 78 percent)
- Integrating service delivery across departments and providers (67 percent)

Teaching hospitals appear to be more focused on workforce practices. They report strongest agreement with both provision of formal workforce learning programs (88 percent) and assessment of workforce engagement and use of the results to achieve high-performance work (81 percent).

More than other hospital comparison groups, large community hospitals and major teaching hospitals prioritize and evaluate key work process on a scheduled cycle, to make changes that increase value to patients and other stakeholders while reducing cost. But adoption rate is still quite low (33 percent for both groups) (Figure 9).

**Figure 8: Results on Use of Baldrige Process Practices Vary by Size and Teaching Status**

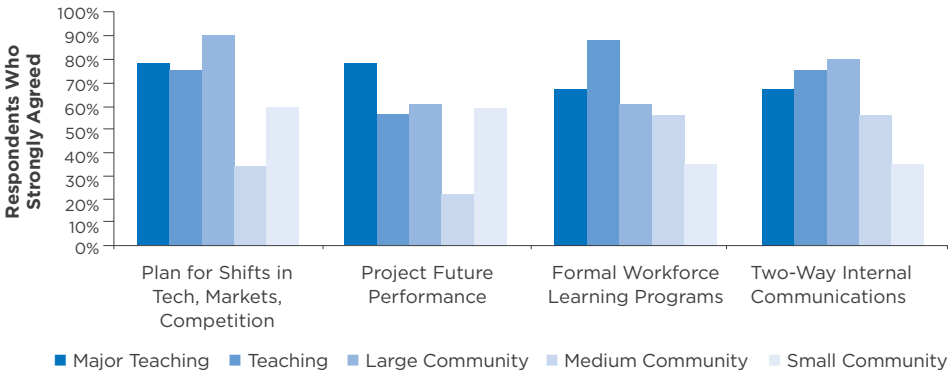
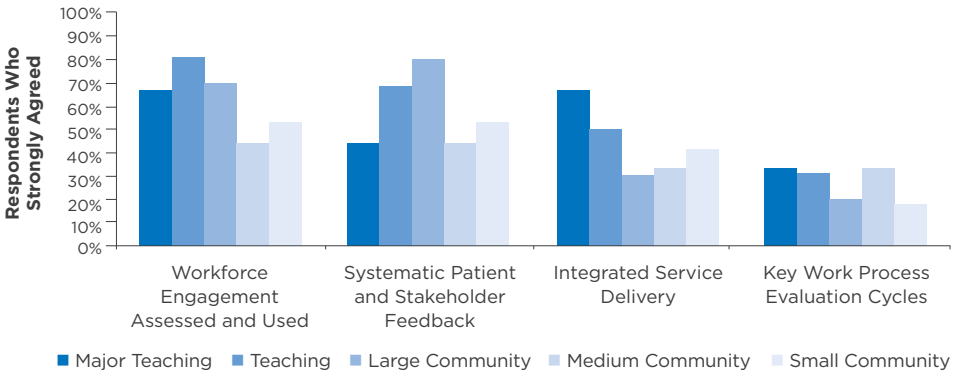



**Figure 9: Results on Use of Baldrige Process Practices Vary by Size and Teaching Status, Part 2**



## Getting Results

Overall, the hospitals we surveyed appear to be using key outcomes measures in both their service lines and patient segments (diagnostic groups and/or demographic groups). As noted earlier, approximately 60 percent strongly agreed with that statement (Figure 5).

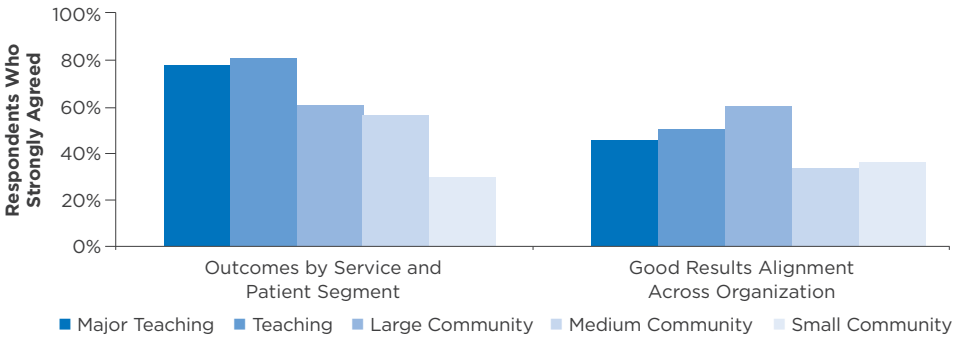
Our research into the U.S. health system performance[3,4] tells us that health systems show a weak ability to align performance across member hospitals, as measured by both overall performance and overall rate of improvement for member hospitals. In our survey, the 100 Top Hospitals CEOs reported similar internal alignment issues within individual hospitals. Only 44 percent of respondents strongly agreed that they had good alignment of results across the whole organization (Figure 5).

### Outcomes Measurement Widely Adopted, But More Focus Needed on Organization-Wide Alignment Practices

Teaching and major teaching hospitals appear to be measuring outcomes by service line and patient segment much more than other classes. These two groups report the highest "strongly agreed" percentages for key measures of healthcare outcomes by service line and patient segment — 81 and 78 percent, respectively (Figure 10). This could be due to how they are structured; there may be more service line and patient segmentation in teaching and major teaching hospitals, leading to more measurement at that level.

Although none of the comparison groups show strong alignment of results across the whole organization, large community hospitals appear to have made the most progress — 60 percent of the CEOs in this group strongly agreed with the good alignment of results statement (Figure 10).

**Figure 10: Winner Respondents on Alignment**




## Further Research Needed

This study has provided a descriptive analysis of certain management practices within 100 Top Hospitals winners. Most have adopted Baldrige practices, but not as a part of a Baldrige award application. We have validated top performer adoption of the specific practices tested. However, because we have not tested adoption by nonwinners, we cannot gauge the direct relationship to higher performance. This is an area of interest for further research to establish evidence-based management practices.

Class differences in adopting these practices may primarily be caused by differences in organizational structure among hospitals. Although all classes of winning hospitals have high adoption rates for organization environment practices, the impact of size and teaching status on process and outcome practice adoption requires further research.

In previous research, we established evidence that Baldrige Award winners are significantly more likely to be 100 Top Hospitals winners and perform at the top 3 percent of all hospitals. In future studies, we hope to examine which Baldrige practices lead to improved outcomes in both clinical and operational performance, beginning the journey to identifying true, evidence-based management "best" practices.

### Key Takeaways for Healthcare Executives

The data show that top performers have not yet identified best practices for fully aligning results across patient care, operations, and support systems. However, the strong minority of winning hospital executives (44 percent) who have achieved this alignment may be in a much better position to move outside the walls of their organizations and tackle the changes driven by payment reform. To get started, it may be useful to:

- Evaluate your own organization's adoption of the practices implemented by top performers (See appendix for survey questions)
- Start small with bundled payment projects, allowing for small-scale learning with regard to integrating all components
- If you are already farther along the road, consider projects that will provide experience integrating across care settings and with your strategic partners

Success may lie in leadership's ability to encourage greater collaboration among providers and to design patient-centered delivery models that focus on the right care, in the right setting, at the right time. Carrying out this redesign of the healthcare system alongside — but not in advance of — changes in payment incentives is the new challenge faced by all hospital leaders.

# Appendix: Baldrige Practice Survey Questions and Response Summary

| Cat | Q # | Baldrige Practice Question | Mean Score | Strongly Agree | Agree; Strongly Agree |
|---|---|---|---|---|---|
| **E** | 1 | We have a written assessment of our organization's core competencies and their relationship to our mission. | 4.2 | 49% | 81% |
| **E** | 2 | We have a written market profile that includes key market segment requirements. | 4.2 | 49% | 81% |
| **E** | 3 | We have identified our key stakeholders, suppliers, and partners. | 4.7 | 76% | 95% |
| **E** | 4 | We have defined our key stakeholder, supplier, and partner roles in relationship to our organization. | 4.3 | 48% | 87% |
| **E** | 5 | We routinely address our key stakeholder, supplier, and partner relationships in our planning, performance improvement, and communications processes. | 4.3 | 46% | 89% |
| **E** | 6 | We have a detailed profile of our workforce (i.e., by employment segment, detailing education levels, longevity, age mix, diversity, and other factors important to achieving organizational goals). | 4.3 | 58% | 86% |
| **E** | 7 | Our workforce understands our goals and can be relied upon to take actions that support achieving them. | 4.5 | 60% | 95% |
| **P** | 8a | Our organization develops a written strategic plan that uses data and other inputs to address early indications of major shifts in technology, markets, healthcare services, patient and stakeholder preferences, competition, the economy, and the regulatory environment. | 4.6 | 67% | 92% |
| **P** | 8b | Our organization develops a written strategic plan that uses data and other inputs to address projections of future performance (both ours and our competitors). | 4.4 | 59% | 87% |
| **P** | 9 | We provide formal programs for workforce learning that include leadership skills development, succession planning, and development of future organizational leaders. | 4.5 | 59% | 92% |
| **P** | 10 | We use structured communication processes, in both directions, between leadership and workforce. | 4.6 | 59% | 97% |
| **P** | 11 | We have identified and regularly assess key elements of workforce engagement, and we use the results to achieve high-performance work. | 4.6 | 62% | 92% |
| **P** | 12 | We systematically communicate with patients and stakeholders to obtain feedback on services, understand expectations, define market segment needs, identify business opportunities, improve marketing efforts, and grow market share. | 4.5 | 57% | 97% |
| **P** | 13 | We are structured to deliver integrated services to distinct groups of patients, across departmental lines and service provider types. | 4.3 | 43% | 97% |
| **P** | 14 | We prioritize and evaluate each key work process on a scheduled cycle, using data and user feedback to make changes that increase value to patients and stakeholders while reducing cost. | 3.8 | 27% | 94% |
| **R** | 15 | We have key measures of healthcare outcomes by service line and patient segment (diagnostic groups and/or demographic groups). | 4.5 | 60% | 92% |
| **R** | 16 | There is good alignment of results across all patient care services, operational systems, and support systems. | 4.4 | 44% | 68% |

*Category Key: E = Organizational Environment; P = Process; R = Results*

## References

[1] Foster, D.A. and Chenoweth, J. "Comparison of Baldrige Applicants and Award Recipients with Peer Hospitals on a National Balanced Scorecard." Truven Health Analytics. October 2011.

[2] 100 Top Hospitals Center for Healthcare Improvement. "100 Top Hospitals CEO Insights: Keys to Success and Future Challenges." Truven Health Analytics. August 2011.

[3] "15 Top Health Systems, Study Overview and Research Findings." Truven Health Analytics. April 2012

[4] "10 Top Health Systems Abstract." Truven Health Analytics. March 2009.

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