# Home Health Agency Management Dashboard

## Seeing through the Chaos

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## Abstract

For Home Health Agencies (HHAs) to be competitive today, they must be able to deliver quality care, grow their patient census, and insure that all delivered services are documented, grouped into claims, submitted, billed, invoiced, and collected. All of these activities need to be done within all regulatory guidelines, in accordance of all claim processing and policies of the various payers, and cost effectively. Clearly, in these economic times the downward trend in reimbursement rates and programs adds to challenge at all levels as costs involved with running a HHA are not decreasing.

The complexity of compliance and the need for efficiency drive the need for effective management of all operational processes and continuous improvement in the ability for financial and clinical management teams to work together and focus on the activities that meet the goals of the organization at minimum cost and maximum quality.

To bridge the gap, technology is often brought in hoping that the information system will resolve the issues. All too often installation/integration projects focus on the technology and system training and ignore the essential operational and management process integration that is required to make them effective. The result is an information system implementation that is costly, ineffective, and does not achieve the results for which it was intended.

Just as the language used within the clinical operations arena differs from that of the finance community, the metrics used to measure process, progress, performance, and profit also differs. Yet both functions must work collaboratively for the commonly-shared best interests of the organization. Employing information resources that encourage common language and provides metrics that guide both functions toward common goals is the integration that must be present. Fortunately, the “raw” information is often readily at hand.

This White Paper will share some of the experience and give a perspective to what the key processes and performance factors are and how they can be gleaned from the various information systems and manual processes. This Paper will present how the process and performance factors can be utilized by Financial, Executive, and Clinical management alike to effectively manage, measure, report on, and, yes, make money operating a HHA.

## Introduction

First off, I am not a clinician or a clinical administrator; my background is Information Technology and Technology Services consulting for Health Care and Financial Services. However, I have had the pleasure of working with several HHA's with the specific role of bringing new point of care and back office systems into production to address the business needs of improved billing efficiency and clinical process. These experiences have given me insight into the challenges of running a HHA, how they are typically structured, when they work, and unfortunately, when they don't.

This is not a technical paper nor is technology the focus. Technology after all, is a tool to help obtain an answer, it is rarely the question. The focus of this White Paper is on HHA performance indicator; how they are identified, measured, and then applied to give one common view or dashboard of the organization's overall health. Most importantly the focus is on how performance indicators and dashboard can be leveraged to deliver the best care possible with the minimum of overhead and maximum satisfaction patients, providers, and payers alike.

Thus, the fundamental purpose of this Paper is to outline the information needed so that the manual processes and automated information systems we install to help manage staff and handle billing are leveraged to help management know what to do to be most effective and how to communicate among functional groups so all aspects of the HHA organization are working towards the same goals.

## Technology is the Answer, Not the Question….

In my experience in implementing and integrating point of care systems for HHA's, I have often found that installing the equipment and software is the easiest part of the job. Agencies spend a great deal of time looking at features/functions and demos, but little or no time understanding the Key Performance Indicators (KPI's) of what they need to achieve as an organization, or how they are currently measuring effectiveness. The comparisons are focused on the features and the cost, but not the value and how it will be measured. The truth is that many of the Point Of Care solutions in the market today function well, use tried-and-true technology, and generally meet the needs of the market. But because Key Performance Indicators and processes are overlooked during the selection process, the implementation of the selected system often takes much longer, costs much more, and results in years of use and often disruptive modifications) before it is fully effective.

The real challenge is in aligning the information system (and associated processes) to the HHA then using it effectively at all levels. Often during the deployment of such systems the focus is on the clinical process intake through remittance from the perspective of the care giver and (sometimes) staff management. Back office functions, financial reporting requirements, and executive management processes are often left to the end of the deployment process, handled as a separate process and given minimal attention. The result is a system that may improve the quality of documentation somewhat , but does not result in improved operations, reporting, nor effective communication and coordination between Clinical Management, Staff, Billing, Finance and Executive Management.

## Your HHA : It's a Business After All

Clearly, to be an effective HHA business, a HHA must be function like a business where all activities are focused on maximizing the value of the product at minimum cost. In this case, the product is visits and the overhead is in the management, scheduling, and back office functions. It is these functions that need to run efficiently, scale effectively (at reducing ratios as the business grows), and are critical integration points during the acquisition and/or merger of agencies.

What is needed is a common model for reporting operational data that is effective for management of both the financial and operational components of a HHA. The data must clearly monitor and measure the Key Performance Indicators (KPI's) so that the information flow and process flow are equally effective for clinical staff and back office operations. The model outlined in this white paper is an approach that helps management and staff work together to maximize the effectiveness and quality of visits, improve cash flow, and reduce overall operating costs as a percentage of revenue. This model is presented as a structure for operating the business, identifying how such a structure can be leveraged for effective organizational and operational improvement and effective management for the benefit of management and staff alike.

## Dashboard 101:

A business dashboard is similar to a car's dashboard; it gathers information from many sources and presents the key indicators in a manner that allows for easy understanding and quick and responsive action when needed. A good business dashboard measures and monitors and reports business context processes such as billing, accounting, financial reporting, and business management. It must be an effective communicator for Executive management and provide measurement of operational and financial health. Most importantly, the dashboard must facilitate communication and provide a common viewpoint for operational, executive and financial management. Specifically for HHA management, the dashboard must be effective in management of clinical operations, hospice services, and other client services.

## Step 1) Understand, Document, and Agree to the Critical Workflows

The most critical step in the design of a HHA management dashboard is identifying the critical information that can be used to measure the effectiveness of the business. This requires a clear understanding of the workflows involved in running the HHA from intake through remittance, sales and marketing, billing/back office, and executive management . These workflows must be documented so the process is understood as well as clearly indentifying the information needed to measure and manage the workflow.

## Step 2) Understand the Workflow Interactions

After completing the workflow analysis, the next step is to determine how the workflows of the different functional areas interact and what information must be shared between workflows to keep the interactions coordinated. The workflows are interdependent in many ways. For example backlogs in claim or RAP submissions are often due to missing documentation or reviews in the clinical teams. The purpose of this illustration is to highlight the importance of knowing what clinical team activities and workflows need to be monitored by both finance and clinical management so that backlogs are minimized and how the activities of one effects the other. If these interactions are identified, issues can then be detected early in the process and can be addressed via clear management directives resulting in coordinated efforts in billing and clinical operations. In practice, the results have been more accurate documentation, greatly improved claim/RAP submission times , improved cash flow, and enhanced revenue predictability for financial and executive management.

## Step 3) Determine and Document Critical Information

With the workflows and interactions well understood, the next component is documenting the information that is required by all levels of management to monitor processes, report on overall operational health, and indicate what actions are needed to resolve issues. This information will help to identify the Key Performance Indicators and put them in the context of the HHA as a business.

## Step 4)  Map Critical Information to the Workflows

This is where the KPI's are mapped to the workflows that control them.  Additionally KPI's are mapped to multiple workflows so that they not only measure the effectiveness of a particular workflow, but can be used to measure the relative status and effectiveness of the organization.  For a HHA, a good example of a KPI is missing 485's in relation to active patient census, visit counts, and claim submission.   Clearly these ratios are key to understanding the relationship between billing backlogs and 485 submission.  While there should always be some lag time in processes, an understanding of what the normal time lines and submission levels are and notification when the gap is widening to unacceptable time periods is critical for both management of clinical teams and financial back office operations.

## Step 5) Assign Ownership

With the workflow model completed, the next critical step is to map the model to the origination, assign management ownership to each of the workflows, and assign oversight to senior management.  Often when this step is reached there is a realization that many critical functions are shared, but there is no clear ownership.  This can lead to communication and coordination issues within and between teams.  By assigning ownership, the dashboard can be designed to deliver the correct view to the appropriate teams and managers ensuring that the common underlying processes are correctly represented.

## Step 6) Communication

The last step in designing a dashboard is key and is almost always overlooked.  How will management communicate status and directives.  Who will report, who will take action, who determines what actions are necessary within each team as well as among the teams when applicable.   This process involves working with management and reviewing the workflows so that a communications model can be developed to drive cross-functional meetings such as weekly billing, and staff meetings (such as scheduling), and creating action plans that are actionable by management and staff alike.

# KPI's for HHA Management

Once the Dashboard design steps are completed, the result is a set of Key Performance Indicators (KPI's) that indicate overall status and effectiveness of the HHA in context for management and clinical staff alike. Moreover, the resulting reports and information generated help to clearly define action items so that all team members are effective and focused on where the greatest value can be gained by the patients served, skilled clinical staff, staff management, and executive management.

The KPI's that have been identified that have proven to be effective in practice are described below. The KPIs are categorized by organizational function and then combined to build a complete generalized picture. Not all HHA's need all of the KPI's identified therefore, it is a good practice to start with this list and eliminate (or at least deemphasize) the KPI's that are not as critical during the dashboard design phase.

## Clinical Process KPI's

From experience in working with HHA management to design, implement, and deploy dashboards and reports, a common set of indicators was developed that directly translate into the business functions that profitably drive HHA business. The focus of these indicators is intended to profile the overall health and status of the primary processes (or workflows). Those processes are:

1. Intake
2. Verification
3. Clinical Diagnosis
4. Clinical treatment (plan of care)
5. Quality Management
6. Scheduling

The indicators also need to cover the back office functions of

1. Claim Creation
2. Claim Submission
3. Remittance
4. Accounts Payable
5. Accounts Receivable

6. Payroll

Reporting Clinical Process KPI's are used to monitor processes from intake through discharge, and measure the flow of information and documentation in relationship to those processes. A clear picture of each of these is critical for management effectiveness and in maintaining quality of care levels. Focus on these KPI's over time reduces workloads on clinical staff, improves quality control, facilitates accurate billing, and aids financial management. By including these on a dashboard, they can be monitored by management and used as a common communications model for determining actions. The Clinical Process KPIs are:

1) **Patient census** – This is a basic KPI that sets an upper limit on revenue and operational costs and is a key factor to capacity planning, monitoring of growth, and organizational design.
2) **Visit Counts** – Visit counts are key both as total for the HHA and broken down by group, office, or business line.
3) **Missed Visit Counts** – Missed visits are exactly that: visits that are missed. There are many factors that contribute to this and understanding the ratio between missed visits and total visits is key to building a picture of overall effectiveness. Dimensions that are also important are counts reported by group, office, and/or business line.
4) **Clinical Documentation** – These KPI's are critical to understanding where the backlogs are and what normal levels should be. They provide clear views to what processes are over/under utilized.
5) **Staff distribution (normal hours, on-call hours, overtime hours)** – These factors are key for capacity planning, coverage planning, and building of compensation plans and models.
6) **Utilization** – Staff utilization factors are important for capacity planning and scheduling effectiveness.

## Back Office KPI's

1) **Missing Primary Insurance** – This is a count of patients missing primary insurance entries. Closely tracking this number will catch and address insurance issues early in the intake process and prepare billing if any new insurance carriers or payers need to be added
2) **Authorizations** – This count is critical for both intake and ongoing clinical operations and indicates upcoming issues that may affect billing and/or revenue
3) **Claims** (Outstanding, Aged) – This is a critical factor for measuring not only Accounts Receivables and billing but also as a ratio of claims to both patient census and visit counts. The relationships between these numbers can be used by financial and clinical operations alike.

4) **RAPS** (Aged, Outstanding) – Similar to claims, this is a critical indicator for billing and clinical operations when taken into context with visit counts and patient census data.
5) **Rejection/Denied ratios** – These factors are critical to billing and finance and can also be used as indicators of clinical documentation quality and management.
6) **Revenue/Visit** – Although often agencies do not do billing by visit, developing a baseline revenue/visit number and monitoring it closely will give an early indicator of backlogs in claims processing and clinical processes.

### Financial KPI's

1) **Revenue/Visit** – This is repeated here because it has been found in practice a vey key indicator of overall organization effectiveness and a reasonable approximation of revenue projection.
2) **PPS Episode Count/Patient Census** – This factor helps identify the ratio of types of care and provides the ability to focus resources as needed to provide quality care and effectively manage episodes.
3) **Billing Backlog** – This is an overall measure of claims processing and indicates when actions are required by clinical teams to resolve documentation issues that are delaying claim submission.
4) **Claims backlog** – In parallel with billing backlog, claims backlog, by provider, by team, and by office helps to monitor both financial and clinical processes and provides management with information on where to focus improvement efforts to be most effective.
5) **Unbilled Services** – Unbilled services (or services delivered that are not attached to a claim or RAP) is a measure of efficiency and gives indications of gaps in clinical documentation. When taken as an independent factor and then compared with clinical KPI's, this data can be used effectively by Clinical and Financial management to focus on areas that are of highest value to both teams.

## Summary – Bringing it all together

The KPI's presented here can be used to provide a common dashboard for management and can be derived from any and all of the Point of Care systems available today. Building the KPI picture and aligning it with the HHA's critical workflows provides essential information for management to be focused on the areas of highest value. Importantly KPIs agreed to by management produce the necessary guidance for the planning, implementation, integration and production deployment of technology and information systems. In practice, this has resulted in improved organization management, system utilizations, overall quality, and profitability. With a good dashboard and KPI design, all business-essential aspects of the HHA can be monitored and managed from a common set of reports and data. That common set of information allows clinical and financial teams to focus on their processes and, most importantly, communicate within the organization to help manage their respective contributions to the overall health, growth, and quality of today's complex HHA operations.

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