Monitoring Provider Performance

THE ASK:

The importance of performance monitoring within the aged care sector cannot be understated. The critical areas of clinical risk, quality and safety and financial performance underpin the delivery of quality care and should be accurately captured and reported as a means of the provider being accountable to its consumers and other stakeholders.

Covered in this Topic Guide

- What is performance monitoring?
- Using data to monitor performance and make decisions
- Performance reporting

Where are they now?

"*For years, our board reporting template aligned to our strategic plan and strategic objectives. A few years ago, we gave them a review. We moved the major issues to the front 10 pages, which allows us to focus on the [most important things].*"

GOVERNING BODY MEMBER

Key concepts

The following high-level definitions are provided to assist in interpreting some of the key concepts discussed in this Topic Guide:

- A **Key Performance Indicator (KPI)** is a measure by which the success of an activity, objective or provider is measured – as set by the provider itself.
- **Financial position** refers to the current balances of the provider's assets, liabilities and equity (if applicable).
- **Cash flow** (or cash position) refers to the net amount of money being moved in and out of a provider.
- A **governing body report** (or board report) is a document produced by management (or external provider) to the governing body for consideration during their meeting. Reports could relate to a broad area within the provider (e.g. clinical management of consumers) or a specific process or issue (e.g. changes to medication management processes). It may be tabled in order to inform a decision to be made by the governing body or simply to provide general information and/or oversight.
- An **annual report** is a document that includes governance and performance information about the provider within a certain reporting period. It is usually publicly available.

Monitoring performance in aged care

Regulatory compliance obligations can only go so far in guiding the effective governance and performance of an aged care provider. To ensure its own success and its ongoing sustainability, a provider should determine its own purpose and strategy and monitor performance against those goals.

Though financial performance remains an important measure of success, it is but a means to the end in the provision of safe, high quality care to consumers and should be considered within this context. Setting clear expectations and accountabilities for provider performance will strengthen its service delivery and – directly or indirectly – outcomes for consumers.

Tips for effective performance monitoring

Older Australians at the Centre

- A provider's performance is more than just financial and should consider performance across both clinical and quality care measures.

Obligations and Accountabilities

- Providers are required to monitor and report against Serious Incidents and Quality Indicators but should also use this information to measure their own performance and achievement of strategic objectives.

Knowledge, Skills and Experience

- Governing body members should have a minimum level of understanding of financial, clinical and quality care concepts in order to effectively provide oversight over management reporting.

Leadership and Culture

- The governing body and executives should take the time to understand instances of low performance and how these may be addressed through continuous improvement activities.

Reflecting on your practice

Think...

Below are the top things you need to be **thinking** about:

- Have we made clear both how and why the provider should be measuring performance? Are these understood across all levels of the organisation?
- Do we regularly review our performance measures to ensure they are capturing the right things?
- Are we being open and honest in our external reporting to ensure that external stakeholders are informed of our performance?

Ask and say...

Below are the top **questions you need to be asking**:

- How confident is the executive in the measures being used to monitor performance and the strategic objectives they are used to support?
- Do we have the right data on hand in order to measure performance, or are there limitations to that data?
- Is the governing body getting the right level of detail in reporting from management, or are the most important points not being heard?

Do...

These are the top **actions and behaviours** for setting strategic planning:

- Review and update performance measures regularly to ensure they are tracking the most useful aspects of performance across the provider.
- Include a mixture of both qualitative and quantitative data in performance monitoring. Otherwise, the governing body will only be getting half the story.
- Foster a culture in which management feels comfortable reporting low (or poor) performance because they know it will identify areas for improvement.

What is performance monitoring?

Performance monitoring systems are designed to track selected measures of program or provider performance at regular time intervals and report the outcomes of that measurement to executives, governing bodies or other stakeholders.

Establishing an appropriate performance framework (with a number of supporting processes) will position a provider to assess the extent to which it is achieving its intended purpose. Performance measures should be clearly aligned with the provider's purpose and strategy and be relevant, reliable and complete to enable a fair assessment of overall performance.

Effective performance monitoring within an aged care provider allows for:

- a mechanism by which to make purpose and strategic objectives tangible
- insights into achievement against the provider's strategy, including whether it should be revised in order to drive additional (or different outcomes)
- clear expectations of executives, management and staff – and accountability for meeting those expectations
- stronger confidence from consumers and other stakeholders (including regulators), knowing that the provider is committed to its purpose and continuous improvement.

What should be monitored?

Delivery of high quality, consumer-centred care

A consumer-centric model of performance will include the delivery of safe, high quality care at its heart. Performance against this objective is a key responsibility of the governing body, and will, itself, be indicated by compliance with the Aged Care Quality Standards. All other performance measures will be considered in relation to their ability to contribute to this goal.

Clinical performance

As organisations responsible for the provision of appropriate clinical care to consumers, it will be important for providers to monitor ongoing clinical performance and associated consumer outcomes. Though executives will monitor clinical performance on a day-to-day basis, the governing body maintains ultimate accountability. Governing body members, therefore, should ensure they have appropriate oversight over the provider's clinical activities and actively engage in discussions regarding opportunities for ongoing improvement.

Strategic plan and objectives

Once a strategic plan and set of objectives have been set by a governing body, members should determine (in collaboration with management) how those objectives will be tracked, measured and reported. In monitoring a provider's progress against strategy, governing bodies and executives can take comfort in their achievement against what they had set out to accomplish but can also determine whether the provider's strategy should be revised ahead of the coming period.

Financial position and sustainability

Regardless of the amount of involvement the governing body may have had in setting the annual budget (this will vary between providers), they should take an active interest in performance against that budget. Monitoring the provider's cash flow is particularly important to its ongoing performance and will be the best indication as to whether a provider is heading towards insolvency.

CEO and workforce performance

CEO performance should also be defined and evaluated to ensure effective performance measures are aligned with the provider's purpose and strategy. This is one of the ways the CEO and executive team supporting them will be held accountable for their performance. Performance indicators may also be built into the role descriptions of certain executives and management to maintain accountability for achievement against those measures.

Ways to monitor performance

For a provider to best monitor and understand its performance, it should clearly define and articulate what it considers to be high performance or poor performance. If the yardstick against which management (and the provider more generally) is vague and non-specific, it will be difficult for management to understand expectations and to be held accountable for not meeting those expectations.

Key Performance Indicators (KPIs)

Key Performance Indicators (or simply 'KPIs') allow for clear trends and measures to be established in these areas with opportunities to improve. They may reflect the provider's focus on quality and safety, particularly the consumer experience and outcomes – and should be tailored to each unique provider. Measures related to governance and culture may also be included to better support performance monitoring and improvement within these areas.

Governing bodies should turn their minds to such indicators with an aim to work collaboratively with management and the operations team. Though there is no one standard set of KPIs for every provider to monitor against, some examples of areas to which KPIs may relate in a consumer care context include hospitalisation, hospital re-admission, incidents, number of medication reviews, and instances of unintended weight loss and malnutrition.

Monitoring clinical and care performance

In addition to their obligations under the Serious Incident Response Scheme (SIRS), providers of residential aged care are required to report on the indicators that form part of the Quality Indicator Program (QI Program) every 3 months to assist providers of residential aged care in measuring, monitoring, comparing and improving the quality of the services they provide. Some of the key clinical and care issues that should be monitored by governing bodies and executives, for both external report and their own effective oversight, include:

- incidents and instances of physical restraint
- consumer experience, complaints and other feedback
- pressure injuries
- falls and falls resulting in major injury
- unplanned weight loss in consumers
- medication management including polypharmacy and anti-psychotics
- progress in (and outcomes achieved by) quality improvement activities
- activities of daily living and quality of life
- incontinence care
- hospitalisation
- workforce.

The following diagram outlines some ways in which a provider may monitor clinical and care performance:

Consumer Outcomes

The extent to which a particular task, program or project achieves its specific goals. For example, a quality improvement activity focuses on incident prevention may be measured by the number of pressure injuries recorded over a particular period.

Efficiency of Care

The amount of work able to be completed by the workforce against time (without compromising the quality of outcomes or experience). For example the time it takes to staff to respond to call bells.

Consumer (and Staff) Experience

The satisfaction of consumers, staff or other stakeholders with the quality of outcomes achieved. For example, an increase in positive feedback from consumers about meals and social activities

Monitoring financial performance

There are many ways that financial information can be presented, and sometimes this information can be complex. Governing bodies should be comfortable with the nature of and detail within the financial reports it receives to effectively fulfil their obligations and to ensure the ongoing financial viability of the provider.

Each member has a duty to ensure that the financial management of the provider meets the required standards, and a lack of financial understanding does not justify or absolve any member of their responsibilities. Though there may be some very useful learning that governing body members might receive from members with particular financial knowledge, skills and experience, it is important for those will less understanding to actively seek and engage in opportunities to develop that understanding (e.g. training courses).

The diagram below describes some metrics that should be considered in monitoring financial performance.

Liquidity

Liquidity is the amount of cash and easily-convertible-to-cash assets a provider owns to manage its short term debt obligations. Liquidity ratios assess provider's ability to pay its bills as they fall due - indicating the ease of turning assets into cash.

Solvency

Solvency indicates the extent to which an organisation can meet all its debt obligations from sources other than cash flow.

Operating Margin

Operating margin considers basic operational profit margin after deducting the variable costs of delivering services. It indicates how well management is able to control costs.

Accountability mechanisms

Performance monitoring has little purpose if relevant stakeholders do not have the power to use the results to effect change. Governing bodies should ensure appropriate accountability mechanisms are put in place for themselves and for management to ensure that remedial action of an appropriate nature can be taken if performance expectations are not met. This remedial action could simply be an increase in (or focus on) particular resources and support.

Within the aged care sector, the Aged Care Quality and Safety Commission plays an important role in setting expectations regarding provider performance, for instance, through both the Prudential Standards and the Aged Care Quality Standards. However, it is encouraged that governing bodies think beyond simply monitoring against (and meeting) the requirements set by these regulatory standards and additionally set benchmarks based on the provider's own specific purpose and strategic objectives.

Using data to monitor performance

Data not only tells a story about performance; it is used to develop future performance targets and strategic objectives. Data is predominantly in two forms:

- **Quantitative** – involves measurable quantities such as clinical data (clinical outcomes, pressure injuries, falls), safety measures (lost time injuries), workforce data (turnover rates, employee engagement) and financial costs.
- **Qualitative** - subjective and descriptive or narrative in nature. This type of data is often harder to 'measure' in discrete forms. Qualitative data may look like survey comments, complaints, and consumer perceptions of quality of care and service.

What makes good data?

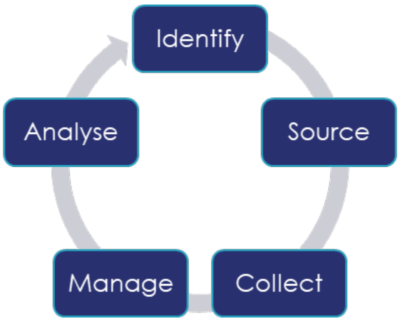
For governing bodies to be able to fulfil their governance responsibilities, data should be:

- **accurate**, both in terms of being both correct and comprehensive
- **relevant** to the question that is being asked, or otherwise, it may be taken out of context
- **timely**, so the recipient of that data does not risk making out-of-date decisions.

Making decisions based on data

One way to consider the process of effectively making data-driven decisions is using the following 5 steps:

- ***Identify*** the questions that you would like answered by data.
- Determine the ***source*** of that data.
- Think about how you will ***collect*** the data you need.
- Ensure that you ***manage*** the data effectively, including consideration of privacy and security.



- Consider how you will ***analyse*** the data to achieve the intended purpose.

Analysis of data

Each organisation should have a suite of analytical tools to assist them in analysing and assessing the performance data they collect internally. The tools used will vary depending on the systems used, the data collected and the level of data collection and reporting maturity within each organisation. Data analysis, including the calculation of relevant metrics, should always be prepared by management, together with commentary regarding anomalies, trends and progress against KPIs.

It will be important not to look at different sources of data in isolation. For example, strategies to reduce costs may impact the quality of care provided or the consumer experience.

Benchmarking

Though understanding and monitoring a provider's current performance against its own previous performance data is important, it may also be useful for governing bodies and executives to consider how their own provider data measures up in comparison to sector standards or even the performance of other similar providers (i.e. through benchmarking).

Reporting on performance

Internal reporting

Governing bodies should review and interpret financial, clinical and consumer outcome data on a regular basis. A range of reports will need to be tabled at governing body meetings at regular intervals throughout the year. The governing body's annual agenda should outline what is to be reviewed and when so that nothing is missed. Effective reporting to the governing body should be:

- ***Clear:*** Reports should clearly specify what the ask of the governing body is (i.e. as information or for decision making), including any recommendations from the author.
- ***Focused:*** Reports should highlight the most important features of the report to ensure that governing body's focus is drawn to the right place(s) (i.e. in an Executive Summary).
- ***Supported:*** Reports should reference relevant data or other evidence and, where possible, which governing body members should then consult if needed.
- ***Contextual:*** Reports should refer to the provider's strategy, operating environment or other context as necessary.

Regulatory reporting

In addition to the ongoing internal reporting within the provider itself, both to the executive and governing body, providers need to ensure that they continue to meet external reporting obligations. This will include reporting to the Commission and may include reporting to other regulatory bodies (e.g. the Australian Tax Office, the Australian Charities and Not-for-profits Commission (ACNC)). Though not an exhaustive list, the types of regulatory reporting appliable to providers include:

- ***reporting against the Prudential Standards,*** such as reporting to the Secretary of the Department of Health regarding compliance with the Liquidity, Governance, Records and Disclosure Standards – and the submission of an Annual Prudential Compliance Statement (APCS)
- ***quality reporting***, including the ongoing submission of data as part of the QI Program
- the ***reporting of incidents*** in line with SIRS.

Annual report

One of the ways a provider can demonstrate accountability to stakeholders is by publishing an annual report. Many organisations use their annual reports as a way of demonstrating their achievements during the year to help stakeholders to understand how their contributions assisted in achieving the provider's goals. An annual report could include:

- the provider's purpose, vision, values and strategic goals
- statements from the chair of the governing body and the CEO
- profiles of governing body members, executives and, perhaps, staff and volunteers
- information about the organisation's activities within the reporting period, including key statistics and performance data
- financial information, including the organisation's financial report or an extract
- information about what the next period may look like for the provider, including its ability and willingness to embrace any sector reforms.

A provider should consider the openness and transparency of this report (i.e. whether it will be published on the website). It is important to note that a provider's governing documents and any applicable laws may set out requirements in relation to publishing annual reports, such as what it should include, to whom it should be provided and within what timeframe.

Useful tools

- Tool – Performance Report

Useful references and links

Performance Measurement and Monitoring — Developing Performance Measures and Tracking Progress | Australian National Audit Office (anao.gov.au)