The Art and Science of Peer Group Selection

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The speaker has no conflict of interest to disclose.

Peer Group

Peer – One of equal standing with another

Merriam-Webster Dictionary 7.1 for Windows Mobile

Peer Group – Or Compare Group – A grouping of like hospitals or departments.

ASHP White Paper "The Effective Use of Workload and Productivity Systems in Health-System Pharmacy"

Benchmarking

The continuous process of measuring products, services, and practices against the (company's) toughest competitors or those (companies) renowned as industry leaders; finding and implementing best practices.

ASHP White Paper "The Effective Use of Workload and Productivity Systems in Health-System Pharmacy"

It ain't easy!

Michael McDaniel - 2009

Benchmarking

- Sounds great in concept
- Is difficult in application
  - Works best when the process being evaluated is essentially the same across the multiple units participating in the exercise
  - Breaks down when variables exist
  - The more variables the more difficult the process of successful benchmarking

Obstacles to Pharmacy Benchmarking

- Managing the variables
  - Different computer systems
    - Different systems = different levels of effectiveness or capabilities
    - Same system – How long can be a significant variable
  - Different distribution systems
    - No automation
    - Carousels – cartfill
    - Carousels – ADC's
    - Robotics – cartfill
    - Robotics – ADC's
    - ADC's – Full profile
    - ADC's – Hybrid with cartfill
  - Centralized practice model
  - Decentralized practice model

More Variables

- Staffing model
  - No specialists
  - Lots of specialists
  - Informatics / Drug Information / Medication Safety
  - Medication Reconciliation staffing
  - Non-traditional pharmacy responsibilities
- Physical Plant – compact or spread out all over creation?
- Staff quality
- Staff turnover rates
- It goes on and on!

Finding a Peer

"Michael, when you've seen one hospital...... You've seen one hospital!"   Saint Francis Vice President at the end of a Solucient discussion.

DOES NOT EQUAL

Benchmarking Issues

- Quality of data
  - Garbage in – garbage out
  - Data definitions sometimes open to interpretation
- Apples versus Oranges
  - Is the same thing actually the same thing?
    - Drug distribution – comparing a cart-fill environment to a Pyxis cart-less environment
- Service Levels
  - Centralized, distribution focused model versus an intensive, decentralized clinical focus
- Quality
  - How well does the "same" service perform
  - To what extent is the service distributed
    - 100% pharmacist lead medication reconciliation versus 100% nurse performed medication reconciliation
- What is the purpose of benchmarking
  - To control staffing?
  - To drive quality?

Peer Group Selection

- What it all boils down to…
  - Who are you compared to (or against)?
- How do you arrive at a rational peer group?
- How do you find those "peers" who have "equal standing"?

3

What is YOUR Environment?

- How is your default peer group selected?
  - Picked for you
  - Standard across all departments
  - Individualized
- What is the perception regarding custom peer groups
  - Gaming the system?
- To what extent is Action O-I data utilized?
  - A sword to live or die by
  - Interesting information reserved for a financial crisis
  - I don't know why we even pay for that?

Selecting Your Peer Group

- Difficulties
  - How do you identify your closest relatives?
    - By patient volumes
    - By types of services (transplant, neonatal, etc)
    - By location (close to you, known by your administration, etc)
    - By reputation
  - Does size matter?
    - Admissions
    - Outpatient Visits
    - Operational beds

Selecting Your Peer Group

- Affiliation
  - Academic
  - Community Teaching
  - Community
  - Non-profit or for-profit
  - Urban, suburban or rural
- Size of Peer Group
  - >10
  - More than 20
  - More than 80
- What is your organization's philosophy
  - One size fits all
  - Custom
  - Something in between

Selecting Your Peer Group

- Departmental Issues
  - Centralized or satellites
  - One or more pharmacies
  - Decentralized clinical staff
    - To what extent
  - Services Offered
    - Therapeutic subs
    - Renal dosing
    - Kinetics
    - Nutrition Support
    - ICU Coverage
    - Specialists
  - To what extent are the above services offered
  - Non-traditional pharmacy services
    - Medication reconciliation / med histories / discharge counseling
    - Clinics, etc

How to Decide

- No easy answer
- Go for what works for you
- Involve your boss in the discussion
- Interview your "candidates"
- Be prepared for "wrong" answers
- There is much "gaming" intentional, or unintentional, in the benchmarking world
  - Some "gaming" is an attempt to produce a more "apples to apples" comparison
  - Some "gaming" is simply to look better against a mandated peer group
- Watch out for systems reporting as if they were a single entity

My Recommendations

- Start with your boss
  - Why do you want a different peer group
  - What questions would be asked if pharmacy develops a custom peer group
  - What is the organization's reasons for using external benchmarking
- Get to know your data coordinator
  - Selecting a peer group is a LOT of work for your coordinator
    - Take donuts or chocolate
  - Help him or her understand your desire for ACCURACY, not just looking better
  - There are some jaded data coordinator's out there

My Recommendations

- If there is a goal, seek to use the peer group to reach that goal
  - If you are pursuing a status or goal that other hospitals have achieved, then get those hospitals into your peer group
- What "well known" hospitals would you all want included in your peer group?
  - Regional
  - The "Mayo" mystique
  - Duke
  - Parkland

My Recommendations

- Closest relatives
  - Stay in your line of business
    - For-profit benchmark with for-profit, non- profit with non-profit
  - Urban, suburban or rural – may not make that much difference
  - Does size/volume matter to you?
    - How small is too small
    - How large is too large
- Peer Group Size
  - Don't go too small
  - Hospitals frequently drop into or out of your compare group due to data quality issues or a failure to report
  - This can cause significant changes in your "rank" if your peer group is too small
  - Larger peer groups can increase the danger to truly non-comparable hospitals being in your group

My Recommendations

- Departmental matching
  - The organization is the start, but what you want to compare is how "efficient" a given department is against its peers
  - What is the value of the "Operating Characteristics" component?
- How do you select a facility with a comparable pharmacy department?
- The dreaded interview!

Slide 1

Facility   1205,Huntsville Hospital   Department   04410,637000, Pharmacy   Data Period 2009Q02

			Previous	Current
Operating Characteristics				
40	Do you dispense more than 500 chemo doses per month?	501 or 5,001?	YES	YES
41	Participate in more than 100 Investigational Drug Service IDS protocols per year?		NO	NO
Does the department:				
42	Provide services to solid organ transplant patients?	Kidney, or heart, or liver or all three?	NO	
43	Provide services to home health patients?		NO	NO
44	Provide services to pediatric patients?	5, or 50 or 100?	YES	YES
45	Provide services to Neonatal Intensive Care Unit (NICU) patients?		YES	YES
46	Mix and prepare chemotherapy IVs?	1 patient per year, or >1,000	YES	YES
47	Provide pharmacokinetic consultation?		YES	YES
48	Distribute large volume IV units to end users?	1 set only, or all sets?	YES	YES
49	Distribute IV sets?		NO	NO
50	Prepare all TPN IVs?		YES	YES
51	Perform clinical research as a principal or co - investigator?		YES	YES
52	Perform nutrition support consultation?	Sure, that one time!	YES	YES
53	Perform pain therapy service (management consultation)?		NO	NO
54	Provide admission / discharge counseling and patient teaching?		YES	YES
55	Respond to Cardiopulmonary Resuscitation (CPR) episodes?		YES	YES
56	Perform rounds?		YES	YES

The EXTENT to which something is done is a critical, but lacking, piece of information in Action O-I

Slide 2

Some "Rough" Remarks

- Peer group size – based on your initial criteria you may end up with a large compare group, unwieldy in size and scope
- Narrow down the larger group using the characteristics as best you can
- Next, learn everything you can about the remaining departments
- Try to end up with about 15 facilities

  Paraphrased from Steve Rough's presentations I've attend in the past few years...

Slide 3

More On Selection

- What is your primary concern?
  - Workload benchmarking
  - Financial (expense) benchmarking
  - Effectiveness benchmarking
- Action O-I does give you a starting point for the first two, it gives you NOTHING on effectiveness
- Key POINT – What is of the greatest interest for your leadership?
  - An inexpensive department or an effective one?
  - Can you really be both?

Interview Tips

- No substitute for the interview
- The methods
  - Site visit – the best, but the most expensive. Should be reserved for the most intriguing hospitals
  - Phone interview – quick and easy – except for getting that call back!
  - Survey Form by e-mail – Static, but easier to do (My preferred method)

Interview Issues

- Beware the wrong answers
- Who is the best person to talk to?
  - Not always the Director!
- Never ask YES or NO questions
- Determine the EXTENT to which a given activity is done

Examples

- OK, do your pharmacists practice in a clinically decentralized fashion?
  - Your perspective "Daily I have 12 clinical specialists and 14 unit based pharmacists rounding and serving our 43 patient care areas (including 9 icu's)
  - Their perspective "Yes (unspoken reality – I have two pharmacists that spend about an hour a day on the units doing IV to PO conversions.)

Examples

- Do you use ADC's for dispensing?
  - Your goal – Are you cartless like we are with 95%+ coming from your 93 locations
  - The answer – yes! But what is really done is first dose / narcotics with the remainder coming from a traditional exchange cart process

Example

- Do you provide a full service kinetics program?
  - Your thought - >2,000 written consults by physicians per month with the pharmacist responsible for supporting labs and writing the medication orders
  - The answer – yes! The reality – Our kinetics service is open to all and gets used at least once per week. The role of the service is to suggest a dose. No labs, no ordering.

Examples

- Is your pharmacy responsible for IV solutions and other related products?
  - Your perspective – Pharmacy supplies ALL IV's to everyone EXCEPT surgery. We also take the expense hit for all syringes, needles, sets, and catheters.
  - The answer – Yes. The truth is the pharmacy is responsible for ALL IV solutions that are dispensed with a patient name on them, and primary sets.

Interview Tips

- Be precise in your questions
- Clarify the answers received
- Don't be afraid to tactfully ask "are you sure?"
- Determine what is more important
  - The workload aspect
  - The expense aspect
  - The whole thing

The Survey

Benchmarking Peer Selection Questionnaire

Your department of pharmacy has been selected as a candidate for inclusion into our peer group. In order to assure as appropriate a peer group as possible (apples to apples) please answer the following questions. For your convenience, our information is provided:

Hospital Name:
Responders Name:

Selection Question	Huntsville Hospital Response	Peer Candidate Response	Comments
Reporting entities in Action O-I listing (please list all)	Main Hospital W&C Hospital		
Nutrition Support Service – size and scope	Every patient is served by NSS, an average of 80 patients per day. We order all TPN's and enterals, as well as supporting medications and labs		
Pharmacokinetics Service – size and scope	Every patient is automatically consulted for 6 different drugs, an average of 40 patients per day		
Therapeutic Interchanges	Over 300 automatic TI's in place		
IV to PO – size and scope	Over 30 automatic IV to PO interchanges approved		
Renal Dosing – size and scope	25+ drugs with automatic authority to change dose or frequency		
Allocation of reported FTE's	• 1 Director • 2 Operations Managers • Pharmacy Supervisors – 5 (50% staffing)		

The Survey

Selection Question	Huntsville Hospital Response	Peer Candidate Response	Comments
	• Clinical Pharmacists – 44 • Clinical Specialists – 17 • Technician Coordinators – 4 • Technicians – 64 • Clerical – 18 • IT – 2 • Residents – 6		
FTE's not reported, or reported elsewhere	• Outpatient pharmacists – 26 • Outpatient technicians – 28 • Med Rec Pharmacists – 3 • Med Rec LPN's – 5		
Automation: • Robot • Carousel • Cartfill • Hybrid • ADC	We have 4 carousels installed, 2 horizontal and 2 vertical. We have 93 Pyxis locations and are totally cart-less		
Type of Service • Centralized • Decentralized	Distribution is centralized, clinical services are 100% decentralized. We support decentralized pharmacists 16 hours per day, 8 on days and 8 on evenings		
Clinical Specialist Ratio	17 clinical specialists, 48 UB		

The Survey

Selection Question	Huntsville Hospital Response	Peer Candidate Response	Comments
	pharmacists		
Do you bear IV Expense?	Huntsville supplies 95% of all of the IV's. We also bear the expense of all needles, syringes, catheters and IV sets of all types.		
Blood Products	We supply albumin and IVIG. We do NOT supply factor VII, but it is rolled into our supply expense in Action O-I		
Other expense issues (anything you consider unusual in your practice)	IVIG consumes 20% of our total drug budget and is used 92% in our outpatient infusion center. This appears to be very unusual.		
Other pertinent information about your department	• Clinical System – GE Centricity Enterprise • OmniceII PharmacyCentral Carousels – 2 horizontal and 2 vertical • 93 Pyxis locations – totally cart-less distribution system • Formulary is based on therapeutic substitution • Two hospital buildings separated by ½ mile – connected by tram • Two separately licensed pharmacies		

The Survey

Selection Question	Huntsville Hospital Response	Peer Candidate Response	Comments
	reporting as one • Significant pediatric component		
Other Questions	Anything you consider "unusual" about your pharmacy process?		

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Peer Group Problems

- Peer groups tend to be unstable
  - Hospitals join, and may match your selection criteria, thus a new hospital pops into your group
  - Hospitals drop from Thomson, costing you a peer member
  - Hospitals may have data problems, or simply not submit data each quarter (some only do annually)
- Peer group availability may change if a department changed from reporting into 04410 (inpatient and outpatient) and starts using 04430 (inpatient only)

Peer Group Problems

- How many cost centers?
  - A decreasing number of facilities use a single cost center for "Pharmacy"
  - Examine your need for additional cost centers
    - Ask your potential peers, or those facilities you are familiar with, what their allocation process is
- How many "drug expense" accounts
  - Fewer facilities lump it all into a single drug expense account
  - We use a single one at Huntsville
  - My last facility we had ten accounts based on large therapeutic categories

Peer Group Problems

- Increasing YOUR data granularity to take advantage of other's data granularity
  - Makes it easier to ascertain similarities and differences
  - Once you know you don't compare favorably, helps you figure out WHERE you don't compare favorably
- Can make budgeting easier
- Can make explaining variances faster and easier
- Something to think about

Points to Remember

- This is more an art, than a science
- Focus on your goal – a fair comparison
- You can only minimize the variables, not eliminate them

Questions??

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The Illinois Council of Health-System Pharmacists

Post Test Questions for:

The Art and Science of Peer Group Selection
Presented by Michael R McDaniel, R.Ph., MBA, FASHP

1. A peer group can be characterized as:
   a. A group of close friends who like to perform the same activity
   b. A group of men or women in England who have been knighted
   c. A grouping of like hospitals or departments
   d. Any group of similar characteristics
   e. Both c and d
2. If you work hard enough, you can eliminate the variables that make benchmarking difficult.   T or F
3. Pharmacy departments are easy to benchmark because we all do the same thing basically.   T or F
4. Which of the following variables can make departmental level benchmarking more difficult
   a. Different computer systems
   b. A director of a different gender
   c. Walls painted a different color
   d. Different distribution system
   e. Both a and d
5. What is the best method to determine if a given facility or department belongs in your peer group?
   a. A telephone survey
   b. OUIJA board
   c. Assign random numbers and use a dart board or dice
   d. Mail or e-mail a written survey
   e. Both a and d