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”?
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
  - Therapeutics sub
  - Renal dosing
  - Kinetics
  - Nutrition Support
  - ICU Coverage
  - Specialties
  - 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!
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 this 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…

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?

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

[Survey details and data table]

The Survey

[Survey details and data table]
The Survey

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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
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