

How to Analyze a Hospital's Key Performance Indicators

Healthcare Almanac provides complete financial and analytical information to calculate Key Performance Indicators for healthcare providers based on the CMS Medicare Cost Reports. The CMS Medicare Cost Reports are composed of worksheets (like a federal tax return) submitted by all healthcare providers receiving Medicare Program payments. The cost reports are prepared under a set of accounting guidelines required by CMS. This makes all the cost reports "comparable" from one healthcare facility to the next facility. This allows detailed comparisons of financial and analytical information. This allows for a high-level analysis of a Hospital's Key Performance Indicators. In Healthcare Almanac, Cost to Charge Ratios are considered a Key Performance Indicator. Service line reporting at the MDC level is not available in the Medicare Cost Reports.

In addition to industry standard KPI Analysis, you can also include other information from the Medicare Cost Reports. You can include Occupancy Rates, Revenue per Discharge, Medicare Case Mix (from the Final Rule tables), Area Wage Index (from the Final Rule tables) and Net Profit or Loss. This additional information can enhance the value of the KPI Analysis.

Steps for Key Performance Indicators Analysis

1. Using the Desktop Software, select the Key Performance Indicators (KPIs) Reports and the KPI Compare Reports to analyze KPI calculations over 10 years of history. You can see if your facility is improving or meeting goals in over 30 areas of operation. All of the amounts to calculate the KPIs are also available as a KPI. In the website, you can display graphs of the KPIs.
2. Local market area competing providers have the same reports as the Hospital selected for the first step. The KPI Report and KPI Compare Report can show the comparison of your hospital to the local market area. You can see if your facility is performing better or worse than your local competing providers.
3. National peer group can be created based on the revenue ranking. If your goal is to look at the last 6 years, go to the 6th year and create a National based peer group. The KPI Report and KPI Compare Report can show the comparison of your hospital to the National based peer group. You can determine if your facility is out performing facilities in the national peer group. This is an excellent use of KPIs.

Conclusion

The Key Performance Indicators "How To" is one of three How To's that show your Hospital's performance over 10 years, over a local group of well-known hospitals, or over a National Peer Group. Please review the Market Share Analysis and the Hospital Cost Analysis for more analytics that is possible with the CMS Medicare Cost Reports.