

LEARNING GUIDE

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HCM 630
Quality Management in
Healthcare - A Systems Approach

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CHAPTER ONE

Concepts of Quality Management

Learning Objectives:



Upon successful completion of this chapter, you should be able to:

1. Describe the concept of quality from a health care manager's perspective.
2. Explain the commonly used quality terms.
3. Explain quality management.
4. Describe a quality continuum for managers.
5. Explain how managers influence the quality of products, services, and the customer experience.
6. Differentiate between Quality Assurance and Quality Improvement.
7. Explain Total Quality Management.
8. Describe the focus of management in the context of health care organization.
9. Explain the JCAHO's review.
10. Explain medical quality and its impact on health care.

Slide 1

Introduction

This chapter discusses about the fundamentals of quality management, and introduces the concepts associated with quality management in healthcare. It explains the common tools used for continuous quality improvement. This chapter enhances manager's literacy and awareness of concepts and practices that are required for effective management of health services organizations in today's changing environment.

OVERVIEW**Slide 2****Highlights:****Why focus on Management? What is Manager's perception of quality?**

- The reason is that all health services are provided within and/or between organizations.
- Scott refers to organizations as “social structures created by individuals to support the collaborative pursuit of specified goals”. As all organizations need to do the following, the focus on management is essential.
 - Define and redefine objectives
 - Induce participants to contribute services
 - Control and coordinate from the environment
 - Dispense products or services
 - Select, train, and replace participants
 - Achieve working accommodation with the neighbors.
- A physician assuming a quality management may achieve it by emphasizing clinical outcomes, a statistician by emphasizing statistical process control, a quality manager by emphasizing a team work and an epidemiologist by emphasizing a root cause analysis. A nurse in this role may emphasize a holistic approach to quality. Likewise a non clinical manager's educational focus can influence his approach to quality.

Notes:**FOCUS ON MANAGEMENT:**

Management mainly occurs within the context of health service organizations. A health services organization's method of operation and specific organizational characteristics may differ according to its purposes, focus and values. However, whether the purpose of health services organization is care delivery, public health, education, or health promotion; whether the focus of a health services organization is primary care, acute care, long term care, or insurance and reimbursement; and whether the operating values of a health services organization are derived from an urban or rural, a public or private, a non profit or for profit, a sole proprietorship or multifaceted institution, or an academic or community setting, all organizations need to do the following (Scott 1988, 10):

- Define and redefine objectives
- Induce participants to contribute services
- Control and coordinate these contributions
- Garner resources from the environment
- Dispense products or services
- Select, train, and replace participants
- Achieve working accommodation with the neighbors.

The scope, focus, perspective, and tactics may vary depending on the level of the managers (e.g. senior administrative, middle management, front line supervisory); however, all persons serving in a management role or holding management responsibilities in an organization are charged with finding ways to accomplish the aforementioned organizational tasks.

Quality is not simply the responsibility of an organization's quality officer; patient safety is not simply the responsibility of the patient safety officer. Persons in these roles may be expert resources for helping managers understand; select; and implement tactics, interventions, and methods. However, responsibility for ensuring quality and safe outcomes for patients, customers, stakeholders, and employees lies with in those who determine how and what organizational objectives are set; how humans, fiscal, material, and intellectual resources are secured, allocated, used, and preserved, and how activities in the organization are designed, carried out, coordinated and improved. The task of achieving quality outcomes from health services organizations is quickly becoming the shared responsibility of clinical professionals and management professionals.

OVERVIEW**MANAGERS' PERCEPTION OF QUALITY:**

Practicing managers in health services organization define and approach quality in the context of their daily responsibilities, however, may be influenced more by their own background and experiences. As a quality manager, a human resources professional may emphasize team work and team based performance appraisal, and an epidemiologist may emphasize root cause analysis. A nurse in this role may emphasize a holistic approach to quality. Likewise a non clinical manager's educational focus can influence his approach to quality. A manager educated in a business school may emphasize strategy, whereas someone trained as an accountant may emphasize the bottom-line. A Manager with a health care administration background may emphasize organizational relationships and structures, and a manager educated in public health may emphasize disease management programs.

According to Dalrymple and Drew (2000, 697), "Quality is conceptually complex and represents a synthesis of lessons, methods, and acquired knowledge from a range of disciplines." As a result, a health care manager can easily become overwhelmed by the complexity and extensive range of views on this topic. However, if the health care manager regards this array of perspectives as an asset rather than a barrier, he or she has the opportunity to draw from an expanded pool of quality lessons, methods, and knowledge.

As with the management practices, the subject of quality in health care organizations has been the object of numerous trends, fads, and attempts at quick fixes. Because departments and professionals with "quality" responsibilities may change their job titles with the latest trend, managers must understand what is being done to promote quality in an organization in addition to how quality related activities are being labeled. The first step for managers is to develop a common understanding of quality terminology.

Slide 3

Highlights:

What are the common terminologies used in quality? What is quality management?



- The common terminologies used in quality are:
 - Medical Quality
 - Quality Assurance
 - Continuous Improvement
 - Total Quality
 - Quality Management
- The term “Quality Management “refers to the manager’s role and contribution to organizational effectiveness.

OVERVIEW**Notes:****DEFINITIONS:**

The terminologies include Medical Quality, Quality Assurance, Continuous Quality improvement, Total Quality and Quality Management.

Medical Quality: Since the early 1970s, Avedis Donabedian's work has influenced the prevailing medical paradigm on defining and measuring quality. In his early writings, Donabedian (1980) introduced the dual nature of medical quality by describing both the technical and the interpersonal components of care. He identified three ways to measure quality

- Structure
- Process
- Outcome

PROCESS: A set of activities that go on within and between practitioner and patients. Elements of the process of care do not signify quality until their relationship to desirable health status has been established.

STRUCTURE: It means the relatively stable characteristics of the providers of care, of the tools and resources they have at their disposal and of the physical and organizational settings in which they work. Structures therefore, relevant to quality in that it increases or decreases the probability of good performance.

OUTCOME: It means a change in patient's current and future health status that can be attributed to antecedent health care.

QUALITY ASSURANCE:

It is defined as a planned and systematic pattern of all actions necessary to provide adequate confidence that the item or product conforms to established technical requirements. A Quality assurance (QA) approach involves eliminating defects. In an assembly line, defects refer to damage found in tangible products; in a service industry, like health care, defects refer to those performers who carry out a task or service poorly.

QUALITY IMPROVEMENT:

It is defined as the measures undertaken in order to increase efficiency of actions and procedures with the purpose of achieving additional benefits for the organization and its users. Faced with the same situation, the manager's interventions will be very different if he uses a quality improvement (QI) approach, which is also referred to as a continuous quality improvement (CQI) approach.

TOTAL QUALITY:

The term "total quality" (TQ), also referred to as total quality management or TQM, is often used interchangeably with the terms "CQI" and "CQI". The following definition clarifies the differences between TQ and CQI. Total quality is "a philosophy or an approach to management that can be characterized by its principles, practices, and techniques. Its three principles are customer focus, continuous improvement, and teamwork. Each principle is implemented through a set of practices... the practices are, in turn, supported by a wide array of techniques (i.e., specific step-by-step methods intended to make the practices effective)" (Dean and Bowen 1994, 394).

From this definition, one can see that TQ and CQI are not the same; TQ is a strategic concept, whereas CQI is one of three principles that support a TQ strategy. Numerous practices and techniques are available for managers to use in implementing the principles of CQI on a tactical and an operational level.

QUALITY MANAGEMENT:

Not only must managers understand the differences between TQ and CQI, they must also understand the differences between quality theory and management theory. Total quality "has evolved from a narrow focus on statistical process control to encompass a variety of technical and behavioral methods for improving organizational performance. Management theory is a multidisciplinary academic field... perhaps the fundamental difference between TQ and management theory is their audiences. Whereas TQ is aimed at managers, management theory is directed [at] researchers."

The term "quality management" refers to the manager's role and contribution to organizational effectiveness. This definition draws from management theory, quality theory as applied to non-healthcare organizations, and quality theory as applied to healthcare organizations to present practical lessons for managers and to integrate the unique characteristics of healthcare delivery and the context in which health services organizations operate. Quality management refers to how managers operating in various types of health services organizations and settings understand, explain, and continuously improve their organizations to allow them to deliver quality and safe patient care, promote quality patient and organizational outcomes, and improve health in their communities.

OVERVIEW

Slide 3

Highlights:

How is the quality continuum viewed for health care organizations?



- Quality management does not just happen; rather, it may be viewed along a maturity continuum.
- Traditional or early attempts at quality represent one end of the continuum; mature approaches to quality represent the other end.

Notes:

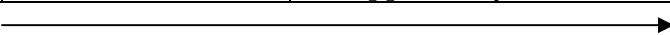
QUALITY CONTINUUM FOR MANAGERS:

Quality management does not just happen; rather, it may be viewed along a maturity continuum. Traditional or early attempts at quality represent one end of the continuum; mature approaches to quality represent the other end.

Hospital leaders demonstrate quality through their actions and through the direction they set for the organization. Quality is the responsibility of everyone in the organization rather than something that is delegated to specialists. Requirements of both internal and external customers and stakeholders are recognized and addressed. All processes in the organization—both clinical patient-care processes and internal operational and administrative processes—are targeted for improvement. Ongoing measurement and feedback promote an understanding of past and current performance to support the organization's ability to continually improve its results for patients and other stakeholders. Although a healthcare organization may occupy a point anywhere along this maturity continuum, the goal of quality management is to continually strive toward the most mature end of the continuum. The following figure illustrates how the continuum may be viewed for health care organizations.

QUALITY CONTINUUM FOR HEALTH CARE MANAGERS:

<ul style="list-style-type: none"> • Meet standards • Eliminate defects 	<ul style="list-style-type: none"> • Products: Healthcare delivery • Processes: Clinical procedures/ support processes • Customers: Patients, Physicians • Clients who buy the products: Patient, payers • Cost of poor quality: Financial 	<ul style="list-style-type: none"> • Products: All products, goods, and services. Whether for sale or not- care delivery, public health care, payers, equipment, supplies. • Processes: All processes- clinical, business, operational, support, manufacturing, decision making, policy. • Customers and other stake holders: Any one who has an expectation of, is interested in, or is affected by the work of the organization- patients, families, internal customers employers, communities, organizations, regulators. • Cost of poor quality: All costs that would disappear if every thing were perfect- financial, quality of life, productivity, opportunity costs
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Less Mature  More Mature

OVERVIEW**Slide 5****Summary**

This chapter discussed about the term “Quality” and the concept of quality continuum in health service organizations. An organization can be successful at quality projects but not at attaining a quality organizational culture; further it explained a more in depth discussions of TQ, beginning with the three principles of customer focus, continuous improvement, and team work. And finally it focused on the quality management by providing health care managers with practical to help them in their journey along with the quality continuum.

DISCUSSION 1:

List the number of studies illustrating the gaps in health care quality in the United States.

SUGGESTION:

- In 2003, U.S. healthcare expenditures totaled \$1.679 trillion and accounted for 15 percent of the gross domestic product (U.S. Census Bureau 2005; OECD 2005).
- In 2003, the United States spent more on healthcare, as measured by percentage of gross domestic product, than did any other country in the world; **yet** of 30 OECD countries, the United States ranked 22nd in male life expectancy at birth and 23rd in female life expectancy at birth, and 26th in infant mortality rate (OECD 2005; 2006).
- Fifty-five percent of those surveyed are dissatisfied with the quality of healthcare in the United States and 40 percent responded that in the past five years quality of care has gotten worse (Kaiser Family Foundation et al. 2004).
- Adult Americans received 54.9 percent of recommended preventive care, acute care, and chronic care (Mc Glynn et al. 2003).
- Between 44,000 and 98,000 deaths per year in the United States have been attributed to preventable medical errors, making medical errors the eighth leading cause of death –causing more deaths than motor vehicle accidents, breast cancer, or AIDS (Kohn, Corrigan, and Donaldson 1999).
- Taking in to account direct costs (e.g., healthcare costs) and indirect costs (e.g., lost income, lost productivity, and disability), preventable medical errors cost the United States between \$17 billion and \$29 billion a year (**Kohn**, Corrigan, and Donaldson 1999).
- In 2003, more than 45 million Americans, or 15.6 percent of the 290 million U.S. - residents at the time, had no health insurance (U.S. Census Bureau 2005).
- In the United States, persons between the ages of 45 and 64 years with the lowest levels of education have 2.5 times the mortality rates of those with the highest levels of education. Poverty accounts for 6 percent of the nation's mortality (McGinnis, Williams-Russo, and Knickman 2002).

DISCUSSION

DISCUSSION 2:

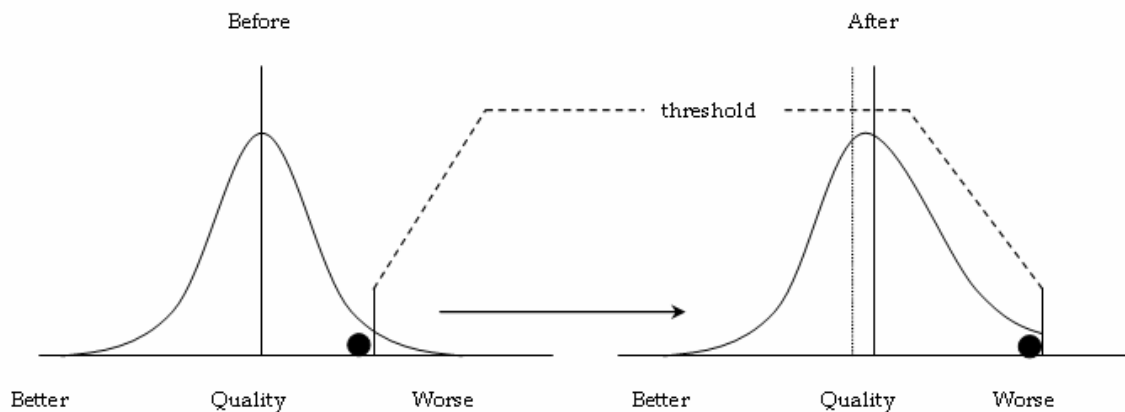
In a department that conducts insurance preauthorizations, several employees can accurately and speedily complete more preauthorization's than any one else in the department. Alternatively, several employees, referred to "as dawdlers", can only consistently complete about half as many preauthorization as the speedy employees. The rest of the employees are somewhere in between.

The department has certain productivity requirements or standards for the average number of preauthorization's completed per day per employee. The manager realizes that the dawdlers are dragging his productivity numbers down, so he sets a minimum daily productivity level for the entire department. After several unsuccessful attempts to meet the minimum productivity goals, the worker with the poorest productivity statistics are let go. With the dawdlers gone, the department's average number of preauthorizations per employee goes up.

QUESTION:

Illustrate the manager's QA approach?

SUGGESTION:



The bell shaped curve on the left, which demonstrates a normal distribution, represents the combined productivity of all the employees carrying out the same process over and over. A measure of central tendency is shown by the vertical line in the middle of the curve and may be represented as a mean (average number of preauthorizations per employee), median, or mode. In addition, performance varies; a number of data points are at the better tail of the curve (the speedy employees), and a number of data points are at the "worse" tail of the curve (the dawdlers).

The variation in employee outputs is represented by the width of the curve or the distance from the mean or average level of performance (the rest of the department).

The bell shaped curve on the left may be thought of as the productivity before the dawdlers are let go. This manager's QA approach is to set a threshold of performance represented by the vertical line at the worse tail of the curve (i.e., the minimum daily number of preauthorizations per employee). This threshold causes the dawdlers to stand out. When the low performance of this group is formally identified and eliminated, the average number of preauthorization per employee increases, which is represented by the dotted vertical line to the left of the mean in the bell shaped curve on the right.

DISCUSSION**DISCUSSION 3:**

The term "total quality" (TQ), also referred to as total quality management or TQM, is often used interchangeably with the terms "QI" and "CQI," students and managers may be easily confused by these two related but different concepts.

QUESTION:

Differentiate TQ and CQI.

SUGGESTION:

TQ is a strategic concept. CQI is one of the three principles that support a TQ strategy.

Total Quality:

Total quality is "a philosophy or an approach to management that can be characterized by its principles, practices, and techniques. Its three principles are customer focus, continuous improvement, and teamwork... each principle is implemented through a set of practices... the practices are, in turn, supported by a wide array of techniques specific step by step methods intended to make the practices effective".

Continuous Quality Improvement:

CQM is defined as a "management approach in improving and maintaining quality that emphasizes internally driven and relatively continuous assessments of potential causes of quality defects, followed by action aimed either at avoiding decrease in quality or else correcting it an early stage".

Dawdlers (pg 8)

Outcome (pg 7)

Process (pg 7)

Products (pg 14)

Quality (pg 6)

Quality Assurance (pg 8)

Quality improvement (pg 9)

Quality Management (pg 11)

Structure (pg 7)

Total Quality (pg 10)

MATCHING - I

Match the Key Term to its Definition.

Key Terms	Key Definitions - Jumbled	Ans
1. Dawdlers	a) The relatively stable characteristics of the providers of care, of the tools and resources they have at their disposal, and of the physical and organizational settings in which they work	<input type="checkbox"/>
2. Process	b) Include all goods and services whether for sale or not, like care delivery, public healthcare, payers, equipment, supplies etc.	<input type="checkbox"/>
3. Outcome	c) Refer to an employee who can only consistently complete about half as many preauthorizations as the speedy employees	<input type="checkbox"/>
4. Structure	d) A set of activities that go on within and between practitioners and patients	<input type="checkbox"/>
5. Products	e) It means a change in a patient's current and further health status that can be attributed to antecedent health care	<input type="checkbox"/>

Match the Key Term to its Definition.

Key Terms	Key Definitions - Jumbled	Ans
1. Quality	a) Measure undertaken in order to increase efficiency of actions and procedures with the purpose of achieving additional benefits for the organization and its users	<input type="checkbox"/>
2. Quality Assurance	b) Manager's role and contribution to organizational effectiveness	<input type="checkbox"/>
3. Quality improvement	c) A philosophy or an approach to management that can be characterized by its principles, practices, and techniques	<input type="checkbox"/>
4. Quality management	d) It is defined as a planned and systematic pattern of all actions necessary to provide adequate confidence that the item or product conforms to established technical requirements	<input type="checkbox"/>
5. Total Quality	e) The degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge	<input type="checkbox"/>

SELF - EXAM**Multiple choice questions:**

1. A health service organization's methods of operation and specific organizational characteristics may differ according to its purposes, focus and _____.
 - a) Values
 - b) Attitudes
 - c) Ethics
 - d) Behaviors
2. The scope, focus, perspective, and tactics may vary depending on the levels of the _____.
 - a) Doctors
 - b) Managers
 - c) Patients
 - d) Nurses
3. _____ is not simply the responsibility of an organization's quality officer.
 - a) Service
 - b) Intervention
 - c) Quality
 - d) Implementing
4. The task of achieving quality outcomes from health services organizations is quickly becoming the shared responsibility of clinical professional and _____.
 - a) Doctors
 - b) Nurses
 - c) Quality controllers
 - d) Management professionals
5. The health care researcher's perspective may dominate definitions and approaches to _____ in many settings.
 - a) Quality control
 - b) Quality Services
 - c) Quality
 - d) Values

6. As with the management practices, the subject of quality health care organizations has been the object of numerous trends, fads, and attempts at _____.
- a) Quick fixes
 - b) Slow fixes
 - c) High fixes
 - d) Low fixes
7. Process is a set of _____ that go on within and between practitioners and patients.
- a) Activities
 - b) Structures
 - c) Outcomes
 - d) Resources
8. A quality assurance (QA) approach involves eliminating the _____.
- a) Processes
 - b) Features
 - c) Defects
 - d) Functions
9. The manager's intervention will be very different if he uses a _____.
- a) Quality Improvement
 - b) Quality Assurance
 - c) Medical Quality
 - d) Quality management
10. Traditional or early attempts at quality represent one end of the _____; mature approaches to quality represent the other end.
- a) Management
 - b) Total quality
 - c) Continuum
 - d) Total quality management

KEY TOPICS**QUALITY CONTINUUM FOR MANAGERS:**

Quality management does not just happen; rather, it may be viewed along a maturity continuum. Following are the illustrations for Quality control managers.

Hospital A is a large academic medical center. More than 12 years ago, its chief executive officer (CEO) demonstrated his support for quality by changing the QA department to the CQI department and hiring a director of CQI. Two employees, the JCAHO coordinator and the CQI coordinator, report to the CQI director. Three staff members report to the JCAHO coordinator; they are responsible for hospital accreditation preparation and for collecting and reporting the performance measures required by JCAHO. Five staff members report to the CQI coordinator; they assist teams throughout the hospital with improvement projects by providing facilitation, teaching improvement tools, and collecting and reporting data on the improvements.

Hospital A goes through a JCAHO review every three years, and the review preparation process has been the same for as long as anyone can remember. Nine months before the review, the JCAHO coordinator develops a master task list. The coordinator and/or his staff meet with every department manager to give out assignments and the timeline for completion. At the monthly hospital manager's meeting, the coordinator provides a progress report and announces the "countdown until Joint Commission." Three months before the review, the coordinator's staff works six days a week. The last month before the review, the CQI staff typically work 12 hours a day, six days a week. The level of stress in the organization gradually increases over the nine months of preparation, and the organization is in a state of frenzy a few weeks before the review. The surveyors arrive. The review is successfully completed, and the hospital even receives high praise for two of the CQI presentations the CQI coordinator prepared.

Hospital B is also a large academic medical center. Until ten years ago, the hospital approached the JACHO review process in a manner similar to that of Hospital A. At that time, a new CEO was hired, and as she was getting acquainted with managers throughout the hospital, she asked a question: "What would happen if we operated every day as if the Joint Commission were coming?" Systematically, she began to create an organizational culture that she believed would be the answer to her question.

Hospital B also had two, separate quality-department groups: one group was focused on accreditation and one group was involved in facilitating CQI projects. The first thing the new CEO did was to merge the two groups into one and rename the department as the quality resources department. Rather than make the quality resources department the entity solely responsible for quality-related activities in the hospital, the CEO redefined the role of every manager throughout the hospital to include expectations for performance results, improvement projects, and JCAHO accreditation.

Each manager was assigned a dedicated quality consultant from the quality resources department who would serve as a resource on measurement; data collection and analysis; JCAHO standards; and improvement tools, methods, and facilitation. Some quality consultants supported many small units, and some quality consultants supported a few large units.

The CEO also set new expectations for the administrators who reported to her. With her administrative team, she began to review monthly reports on patient satisfaction, financial performance, clinical outcomes, and productivity. As a group, they reviewed trends and discussed performance-related issues. After a year, the CEO asked the administrators to set their own performance goals based on opportunities identified from these monthly performance discussions. In turn, the administrators worked with the managers who reported to them to set department-level goals that were consistent with the administrative-level performance goals. All department managers were involved.

The CEO also redesigned the hospital newsletter to include a "CEO Update" column that reported the hospital's performance and any business or market issues affecting the hospital. Finally, the CEO dug out employee satisfaction survey results from the past several years. She studied them as part of setting her own goals to address sources of employee dissatisfaction. She considered it her responsibility to create the culture and to provide the environment, resources, and tools that would best enable employees to deliver quality care to patients.

As the JCAHO review date approaches for Hospital B, announcements are made and final details are addressed. The week of the surveyors' visit is seen as "business as usual." The survey is successfully completed without much stress.

Hospital A exemplifies a traditional or less mature approach to quality. The focus is on meeting standards and eliminating defects. Quality is the job of specialists, while responsibilities for both JCAHO and continuous improvement belong to the CQI department. Progress along the continuum is seen when the hospital adopts CQI techniques to improve work processes. This point is demonstrated by the CQI projects sponsored by Hospital A's CQI department staff.

Hospital B exemplifies an organization that is progressing to a more mature state along the quality continuum.

ANSWER KEY**Chapter One****Matching Exercise - I**

1. c
2. d
3. e
4. a
5. b

Matching Exercise - II

1. e
2. d
3. a
4. b
5. c

Self Exam

1. a) Values (pg 4)
2. b) Managers (pg 5)
3. c) Quality (pg 5)
4. d) Management Professional (pg 6)
5. c) Quality (pg 6)
6. a) Quick fixes (pg 7)
7. a) Process (pg 7)
8. c) Defects (pg 8)
9. a) Quality improvement (pg 9)
10. c) Continuum (pg 11)

