

7 Using the National Health Performance Framework and benchmarking

Introduction

The NHPC was formed in August 1999. The development of an indicator framework and the start of national reporting have been the focus for the committee during its first two years. During the latter part of 2002, the committee focused both on indicator development and on benchmarking.

The following terms of reference of the committee are specifically related to benchmarking:

- To develop and maintain a national performance measurement framework for the health system, primarily to support benchmarking for health system improvement and to provide information on national health system performance.
- To facilitate the use of data at the health service unit level for benchmarking purposes.
- To encourage the health industry to work within the national performance measurement framework and to use the agreed performance indicators in benchmarking to improve performance.
- To encourage the development of expertise in the use of benchmarking for performance improvement.

It has also been a goal of the NHPC to extend the national performance indicator framework for services other than acute inpatient services, and to include services such as community health, general practice and public health.

During 2002, the NHPC held a major workshop with key stakeholders on benchmarking processes. This chapter highlights the issues raised at this workshop. A related initiative, a review of performance indicators for the purposes of NHPC reporting, was also worked upon in the latter part of 2002.

The 2002 NHPC benchmarking workshop

Whilst the NHPC has reported on benchmarking activities in its previous reports to Ministers on health system performance, there is the need for a further development of benchmarking processes within the broader health industry.

Benchmarking activities have been conducted in the health (chiefly hospital) sector for a number of years. However, while there are examples of excellent work in some areas, generally speaking benchmarking activities have been disorganised and inefficient.

There is a need for further development of benchmarking activities in order to make the practice more effective in achieving desired outcomes. There also need to be formal steps to incorporate public health and general practice in such benchmarking activities.

During the latter part of 2002, the NHPC convened a major workshop with other interested parties to discuss the characteristics of effective benchmarking, the factors that give rise to good benchmarking practices and the barriers to effective benchmarking. The output was a report entitled *Benchmarking to Improve Health Performance* (See <http://www.health.nsw.gov.au/pubs/index.html>) endorsed by AHMAC, to set up the NHPC's workplan in relation to benchmarking over the next few years.

Issues discussed at the workshop

The workshop brought together a wide range of people from across the health sector. These included clinicians, managers, consumers, policy makers and researchers, who provided perspectives from Australian, state and territory governments, hospitals, general practice, community health, allied health and Aboriginal and Torres Strait Islander health services.

The NHPC's vision is for benchmarking of performance across the Australian health system so that:

- all stakeholders would have more useful information on the performance of the health system;
- decision making would be better informed at all levels;
- public accountability and transparency would be enhanced;
- benchmarking would be extended to all sectors of the health system; and
- benchmarking to improve performance would become routine, standardised and collaborative.

It is important to note that participants at the workshop acknowledged that it was important to address the ambiguities and connotations of the terminology used, particularly the term 'benchmarking' itself. It was felt that this term was used imprecisely to mean either the process of measurement and comparison only, or the use of measurement and comparison in order to make improvements. Confusion about the meaning of benchmarking contributed to frustration with the constant collection of data without any apparent outcome. The group also felt that benchmarking had negative connotations of judgement and punishment. It was suggested that a new term be coined to reflect the following core values:

- reflective practice
- transparency and openness
- trust and respect
- collaboration and collegiality
- respect for the rights of individuals.

However, as yet no term has been coined by the NHPC to replace the word 'benchmarking' which would encapsulate the notions of data comparison and action to improve outcomes while at the same time being free from negative connotations. In the absence of an alternative term, therefore, the NHPC feels it important to focus on the values implicit in the term.

Principles of benchmarking

The workshop agreed on a number of principles, that should underpin the benchmarking process, which embrace the values mentioned above.

- The fundamental outcome of benchmarking is improvements in outcomes for patients and consumers.
- Benchmarking exists to support continuous improvement in performance and outcomes.
- Priority is based on potential for improvement.
- Indicators should be methodologically defensible and linked to action.
- Benchmarking should be as simple as possible.
- Effective benchmarking requires appropriate incentives and the removal of disincentives.

Outcomes of the NHPC workshop

Consumers were strongly represented at the workshop. Consumer engagement was seen as vital in the process of developing benchmarking approaches. Given that the fundamental purpose of benchmarking is to improve outcomes for consumers, strategies are needed to enlist consumers as partners in the process of defining and measuring outcomes and proposing strategies for action. The workshop recommended that a consumer representative be included on the NHPC, and that the NHPC encourage representation of consumers on formal bodies at the local level.

Furthermore, the question was raised as to whether the introduction of benchmarking practices can actually lead to health system improvement at the health service unit level, and whether there was any evidence to support this. Participants at the workshop outlined specific examples of benchmarking practice that showed improvements in process and outcome indicators as a result of interventions. However, a literature search indicated that this topic has not been the subject of vigorous scientific examination. It would be advantageous to draw on local Australian experiences that have been shown to work.

The workshop recommended that the NHPC, in conjunction with major benchmarking bodies, commission a piece of work to determine:

- the conditions under which the introduction of benchmarking practices can lead to health system improvement at the health service unit level, within the hospital care setting;
- the conditions under which the introduction of benchmarking practices can lead to health system improvement in the areas of public health and general practice, where the health outcome is determined mainly by health-related interventions; and
- the conditions under which managerial, organisational and motivational factors make the practices outlined above more effective.

The workshop supported the continuing use of the national health performance framework. While the framework has been developed with the intention of structuring reports to Australian Health Ministers on the performance of the health system, it could also provide a useful template for structuring data for a variety of performance reporting and benchmarking activities.

An advantage of the framework is that it directs attention to a broad and balanced range of performance dimensions, even though these dimensions may not always be applicable to specific performance measurement efforts. The proposed criteria for selecting indicators for the framework also provide a useful check list for ensuring that performance measures that

will be effective in performance improvement are identified or developed. This check list includes measures relating to public health and general practice.

The main barriers to effective benchmarking practice were identified as issues of motivation and development of support mechanisms.

More detailed information on the workshop findings and recommendations by the NHPC can be found in the report *Benchmarking to Improve Health Performance*.

A copy of the report can be found on the following web site:

<http://www.health.nsw.gov.au/pubs/index.html>