Key Performance Indicators (KPIs): Continued

Whether you call them KPI’s, benchmarks, goals or performance metrics, these measurements can be effective if you clearly identify what needs to be measured and clearly define how you are measuring it.

We received multiple requests for more information from readers of a recent Timely Topic “Key Performance Indicators: How Do You Measure Up?” and are pleased to respond to them as follows:

Who publishes KPI benchmarks?

Multiple professional organizations measure and publish KPIs specific to revenue cycle, such as (but certainly not limited to):

- Medical Group Management Association (MGMA)
- Healthcare Financial Management Association (HFMA)
- Healthcare Information and Management Systems Society (HIMSS)
- American Academy of Professional Coders (AAPC)
- American Health Information Management Association (AHIMA)

Some associations may require either membership or a fee to access their benchmarks.

Your Electronic Health Record (EHR) and/or Practice Management (PM) software company could be another valuable resource. If you are using a well-established EHR/PM system, it may identify benchmarks for all practices using that system as well as measure against industry benchmarks gathered from the aforementioned sources or other associations. You may want to check with your EHR or PM to see what metrics they might be able to provide.

Are there standard formulas on how to calculate a KPI?

It is essential to understand the components of each measurement formula. While you may find a KPI with the same name published by multiple sources, you may find on closer review that the formula to determine that measurement differs different from source to source. For example, in measuring your Days in Accounts Receivable (DAR), some sources calculate this KPI based on a quarter, others calculate based on six months, and other calculate based on a year’s worth of data. If your monthly charges and payments are consistent, a month’s worth of data may be adequate. However, if there is significant variety or seasonable changes in your charges and payments it may be more appropriate to use a longer period of time when performing your calculations.
You may also find many financial KPI terms are not specific to healthcare. Accounting and finance sources can be valuable resources in determining the definitions or calculations for these KPIs.

**How can I better understand what the KPI is telling me about the health of my Anesthesiology and Pain Medicine practice?**

Recognizing how the benchmarks can work together to tell the full and complete story requires an understanding of the specific individual components of each KPI (eg, the numerator and the denominator) and how the data points interact or impact each other. After you have determined how best to calculate the KPI, examine each component and understand what can cause each of this numbers to change. A comprehensive understanding of the claims and AR management processes or having someone on your team to answer those questions for you, will help put the numbers to work for your practice.