

Application for the

2014 Malcolm Baldrige National Quality Award



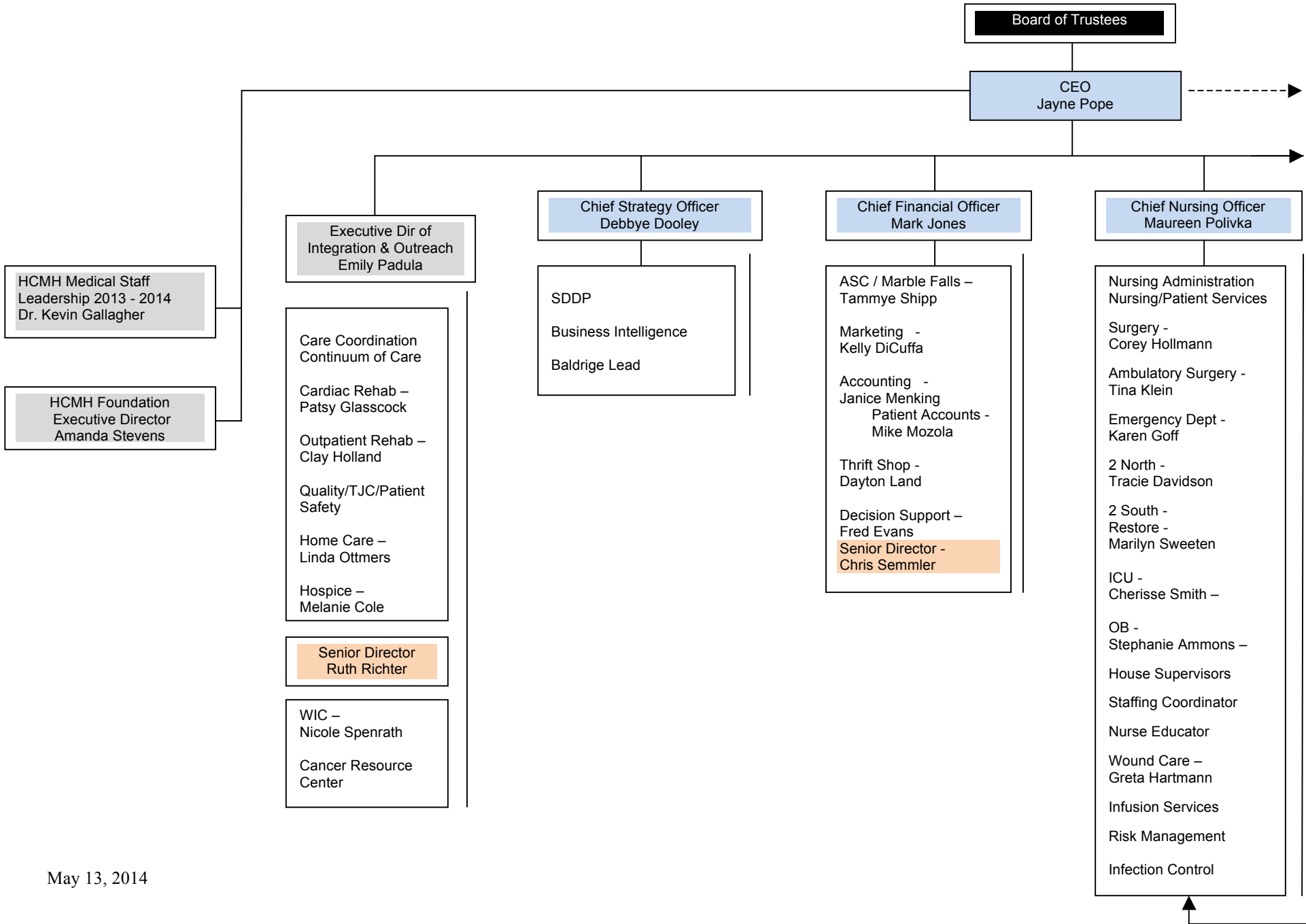
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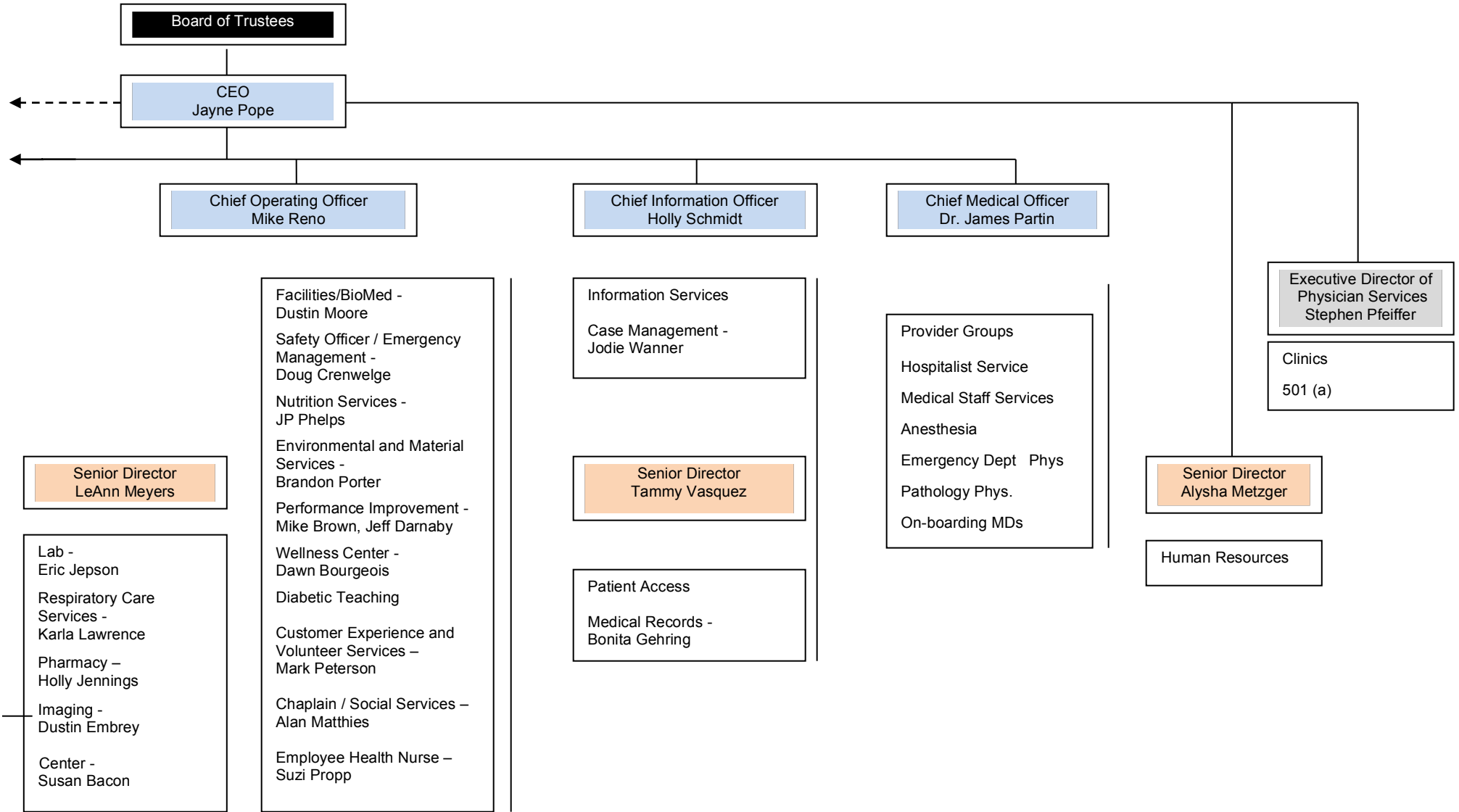
HILL COUNTRY
MEMORIAL




Table of Contents

Eligibility Certification Forms	
Organization Chart(s)	0-1
Glossary of Terms and Abbreviations	G-1
Page A-1	
Organizational Profile	i
P.1 Organizational Description	iv
P.2 Organizational Situation	
Category 1: Leadership	1
1.1 Senior Leadership	1
1.2 Governance and Societal Responsibilities	4
Category 2: Strategic Planning	8
2.1 Strategy Development	8
2.2 Strategy Implementation	10
Category 3: Customer Focus	13
3.1 Voice of the Customer	13
3.2 Customer Engagement	15
Category 4: Measurement, Analysis, and Knowledge Management	17
4.1 Measurement, Analysis, and Improvement of Organizational Performance	17
4.2 Knowledge Management, Information, and Information Technology	19
Category 5: Workforce Focus	21
5.1 Workforce Environment	21
5.2 Workforce Engagement	23
Category 6: Operations Focus	27
6.1 Work Processes	27
6.2 Operational Effectiveness	30
Category 7: Results	32
7.1 Health Care and Process Results	32
7.2 Customer-Focused Results	38
7.3 Workforce-Focused Results	41
7.4 Leadership and Governance Results	45
7.5 Financial and Market Results	48







 - Cycle of refinement

403 (b) – A retirement plan for HCM employees

457 plan – A retirement plan available to senior leaders

501 (a) – Tax exempt not-for-profit corporation

A

ACA - Affordable Care Act

ACHE – American College of Health Care Executives

AHA – American Hospital Association

AMI – Acute Myocardial Infarction (heart attack)

AOS – Available On Site

APQC – American Productivity and Quality Center

AR – Accounts Receivable

ARRA – American Recovery and Reinvestment Act of 2009

AS – Ambulatory Services

ASSHRA -

B

BEG – Business Ethics Guidelines: All persons associated with HCM have a responsibility to act in ways that merit trust and confidence of peers, as well as the general public.

BOOM – Employee Health Screen and Coaching Program is being expanded to provided similar services for employer’s external to HCM.

BOT – Board of Trustees

BSC – Balanced Score Card; a tool to display measurable outcomes and trend process improvements

BSN - Bachelor of Science in Nursing

C

CAUTI - Catheter-Associated Urinary Tract Infection

CEO – Chief Executive Officer

CFO – Chief Financial Officer

CHC – Community Health Center

CIO – Chief Information Officer

CLABSI – Central Line Blood Stream Infection

CLEAR - Contact & Communicate, Learn about patient, Establish mode of transfer, Assess all needed equipment, and Review & Proceed if all CLEAR

CMO – Chief Medical Officer

CMP – Complaint Management Process

CMS – Center for Medicare and Medicaid Services

CNO – Chief Nursing Officer

Code of Conduct – Standards of behavior for physicians practicing at Hill Country Memorial

COI – Conflict of Interest

COO - Chief Operating Officer

COS – Chief of Staff

COO – Chief Operating Officer

COS – Chief of Staff

CRC – HCM Cancer Resource Center

CSO – Chief Strategy Officer

D

DIVER – Decision support tool that provides department directors access to real-time data to monitor revenue, expenses, productivity, and volumes

DOH – Department of Health

DOL – Department of Labor

DVT – Deep Vein Thrombosis

E



EC – Executive Council: Chief Executive Officer, Chief Operating Officer, Chief Information Officer, Chief Branding Officer, Chief Nursing Officer, Chief Financial Officer, Chief Strategy Officer, Chief Medical Officer

ECT – Employer of Choice Team

ED – Emergency Department

EEOC – Equal Employment Opportunity Commission

EHDG – EMS/Hospital Disaster Group

EHR – Electronic Health Record: The electronic recording of clinical data for a patient within a single system

EOC – Environment of Care

EOP – Emergency Operations Plan

EPM – Enterprise Process Model

ER – Emergency Room

Evidence-based Medicine – Medical decision making based on the best available clinical research

EWP – Employee Wellness Program

F

FDA – Food & Drug Administration

FFI – Financial Flexibility Index

FMEA – Failure Mode Effects Analysis: a tool for identifying potential failure modes when developing a solution

FQHC – Federally Qualified Health Centers

FTE – Full-Time Equivalent

FY – Fiscal Year

G

GAAP - Generally Accepted Accounting Principles

GCLDS – Golden Compass Leadership Development System

Golden Compass – Leadership reward and recognition

program

GPO – Group Purchasing Organization

GSC – Good Samaritan Center is a local clinic that operates with a limited staff on donated funding, along with volunteer assistance. HCM provides lab and imaging diagnostic services to GSC at a 95% discount.

H

HAC – Hospital Acquired Condition

HCAHPS – Hospital Consumer Assessment of Healthcare Providers and Systems – CMS’s standard survey of patient’s hospital experiences, which measures key drivers of patient’s hospital experience.

HCM – Hill Country Memorial

HF – Heart Failure

HHCAHPS – Home Health Consumer Assessment of Healthcare Providers and Systems

HHC – Home Health Care

HHS – Health and Human Services

HICS – Hospital Incident Command Center

HIMSS – Healthcare and Management Systems Society

HIPAA – Health Insurance Portability and Accountability Act

HIS – Health Information System

HOSA – Health Occupation Student Association

I

ICU – Intensive Care Unit

IHI – Institute for Healthcare Improvement

Ingenix – A leading provider of comparative clinical and financial results

IRS – Internal Revenue Service

IT – Information Technology



J

JD - Juris Doctor

Joint Commission (TJC) – Joint Commission on the Accreditation of Healthcare Organizations: the independent agency that surveys and accredits health care organizations

L

LDI – Leadership Development Institute

Lean (Toyota Lean Model) – A method to maximize value while minimizing waste. This means creating more value for customers with fewer resources.

Living Wage – A set minimum amount that is above the required federal minimum hourly rate for all entry-level positions throughout the organization

L&OD – Learning and Organizational Development

LOS – Length of Stay

LOV - Living our Values

LVF – Left Ventricular Failure

LVN – Licensed Vocational Nurse

M

MBA – Masters of Business Administration

MD – Medical Doctor

MEC – Medical Executive Committee

Meditech – HCM's core software program that supports Online clinical, administrative, and financial functions

MHA – Masters of Healthcare Administration

MRI – Magnetic Resonance Imaging

MS – Medical Staff

MU – Meaningful Use

MVP – Most Valuable Performer; reward and recognition program

N

NA – Nursing Assistant

NDNQI – National Database of Nursing Quality Indicators

NIMS – National Incident Management System

NMHS – North Mississippi Health System – a 2012 MBNQA recipient

NPSG – National Patient Safety Goals

NQF – National Quality Forum

O

OB – Obstetrics

OB/GYN – Obstetrics and Gynecology

OFI – Opportunity for Improvement

OIG – Office of Inspector General

OSHA – Occupational Safety & Health Administration

P

PACS – Picture Archiving Communication System

PBM – Process-Based Management

PDCA – Plan, Do, Check, Act (Quality Improvement Cycle)

PG – Press Ganey Associates, Inc.

PI – Performance Improvement

PIT Crews– Performance Improvement Team

PN – Pneumonia

PRMC – HCM's direct competitor is Peterson Regional Medical Center, located in Kerrville, Texas.

PRP – Pathway of Remarkable Practice

PTO – Paid Time Off



Q

QCP – Quarterly Coaching Plan

R

RCA – Root Cause Analysis

Remarkable – HCM leaders define remarkable as achieving and maintaining results in the top 10% of national comparative databases

Restore – HCM's Total joint replacement program is one of their main service offerings.

RMOC – Regional Medical Operations Center

RN – Registered Nurse

ROI – Return on Investment

Rounding (staff) – Leaders and supervisors visit routinely with their staff to ensure staff know they care about them, that the employee has the tools they need to do their job, for the employee to alert supervisor to any system or safety issues and to manage up a peer or physician to be recognized for remarkable performance.

R & R – Reward and recognition

S

Safety Committee – Under the direction of EC, creates and promotes a culture of patient safety.

SBI – Strategic Breakthrough Initiatives

SCIP – Surgical Care Improvement Project

SDDP – Strategic Development and Deployment Process

SO – Strategic objective

SWOT – Strengths, Weaknesses, Opportunities, Threats

T

TAPE – Texas Award for Performance Excellence

Texas Medical Foundation – A quality-focused group

that assists hospitals and others improve outcomes by educating on best practices

THA – Texas Hospital Association

TJC – Joint Commission on the Accreditation of Healthcare Organizations: the independent agency that surveys and accredits health care organizations

TMF – Texas Medical Foundation

TORCH – Texas Organization of Rural and Community Hospitals

TOWS - Threats, Opportunities, Weaknesses, Strengths

Truven (Formerly Thomson-Reuters) – A leading national source of comparative information for health care and other business organizations utilizing industry expertise with technology

TX – Texas

V

VAP – Ventilator acquired pneumonia

VBP – Value Based Purchasing

VMV – Vision, Mission, Values

VOC – Voice of the Customer

VTE – Venous Thromboembolism

VTO – Voluntary turnover

W

WC – Wellness center

WebEOC – A virtual emergency operations center Internet tool

Welcome to Remarkable – This is a one-day education session designed to orient and train new workforce members on HCM's VMV, standards of behavior, and culture.

WIC – Women, Infants & Children (Public Health Program)

Workforce Forums – Quarterly open meetings led by the CEO and senior leadership with the workforce

Organizational Profile

P.1 Organization Description

Hill Country Memorial’s (HCM) *Journey of Remarkability* originates from an auspicious heritage. HCM opened in 1971, and ninety-three percent of Gillespie County households contributed to building the hospital. Today, HCM is a non-profit, non-tax-supported 86-bed general acute care community hospital. HCM is located in the small, Hill Country town of Fredericksburg, Texas, in which original settlers were called to give of their time, treasures, and talents to serve others. Today, hospital employees, physicians, and volunteers reflect diverse backgrounds, but the principal motivation of doing worthwhile work and making a difference is a thriving inheritance. The result is an organization that exceeds patient needs and helps fulfill community goals. As Fredericksburg has grown, the hospital has paralleled that growth by broadening available services, improving quality, continuing to recruit great physicians, and adapting to health care trends. Health care is being reshaped today, and HCM is not only planning for the future, it is emerging as a leader in this time of health care reform. **HCM systematically evaluates and improves its processes, and throughout this application, cycles of learning are reflected with the symbol ☺.** The patients, community, employees, volunteers, physicians, and students are proud of the *Remarkability* of HCM. Annually, HCM serves over 3,500 inpatients, performs more than 4,000 surgeries, handles more than 15,000 emergency department visits, performs more than 50,000 outpatient diagnostic and therapeutic procedures, cares for 350 Hospice patients and their loved ones at the end-of-life, and welcomes over 500 babies.

The community’s history of consistently supporting the hospital both through time and monetary donations is substantiated by annual volunteer hours that exceed 45,000 and in charitable donations of more than \$30 million in the past 16 years. The HCM Foundation, HCM’s primary partner, was founded in 1989 by the community to ensure HCM’s long-term sustainability and works together with HCM leaders to engage the community in strategic initiatives.

P.1a Organization Environment

P.1a(1) HCM provides a patient-focused continuum of care throughout the organization. It offers a broad spectrum of inpatient (surgical services including Restore, general medical), outpatient, (primary care, laboratory, imaging, Home Health, Hospice) and emergency services. These services are delivered directly to patients in the hospital, through physician offices, and through home health. Additionally, wellness and prevention offerings are provided to help achieve our Vision to “Empower Others, Create Healthy.” Community needs assessment, environmental scanning, and organizational capability, and capacity analysis provide a framework for HCM leaders to determine the most appropriate service offerings to achieve its vision, mission, and strategic objectives.

P.1a(2) The *Always Culture* (Figure P.1-1) is HCM’s unique and active approach to engaging and aligning the workforce on the *Journey of Remarkability*. HCM captures and understands key stakeholders’ requirements and strives to exceed their expectations by living the HCM values, flawlessly executing the mission, reaching strategic *Always Goals and*

objectives, and ultimately achieving the vision. Based on feedback from its first Baldrige application, the HCM *Always Culture* was refined ☺ in 2012 to include employee Quarterly Coaching Plans (QCPs). These plans ensure alignment at all levels of the workforce with organizational strategic direction and propel successful *execution* of Strategic *Always Goals*.



Figure P.1-1 HCM Always Culture

HCM is a Values Driven organization. The *Remarkable* HCM Values (Figure. P.1-2) are integrated into the decisions, actions, and behaviors of the HCM team. The *Remarkable* HCM Values were redefined ☺ in 2012 under the leadership of a team including Board of Trustees (BOT) members, executive council (EC), workforce representatives, former patients, and community members. Anne Rhodes, former Chief People Officer at Southwest Airlines and author of the book, *Built on Values*, guided the team to further enhance the HCM *Always Culture* and performance through the development of expected behaviors for each value. The team conducted listening tours to engage the workforce in the redesign and incorporated changes based on the feedback. Through this approach, HCM ensured successful deployment by engaging the workforce, expanding integration of the *Remarkable* HCM Values into processes and decision-making, and embedding these into the culture. The Texas Organization of Rural and Community Hospitals (TORCH) awarded HCM the 2012 Leadership Culture Award for the values redesign process and in 2013, The Malcolm Baldrige National Quality Program recognized HCM with a Leadership Category Best Practice.

The HCM Vision and Mission (Figure. P.1-2) were refined ☺ in 2013. The new vision better reflects HCM’s focus on providing *Remarkable* Health Care, while also being a role model rural health care organization that enables wellness and innovative approaches to address health care reform. HCM defines *Remarkable* as achieving and sustaining clinical process and outcome results along with patient experience and workforce results in the top 10% of national comparative databases. As good stewards of available resources, HCM senior leaders take a conservative approach to financial management. Mirroring the community’s support of HCM, senior leaders strive to make health care affordable and accessible to all stakeholders. Therefore, profit margins and other financial indicators might not be as robust as those

realized by larger and for-profit health systems. HCM senior leaders believe a focus on delivering *Remarkable* patient outcomes, service, and workforce engagement and satisfaction, along with innovative health and wellness offerings will lead to strong long-term financial performance. HCM’s short-term financial goals are to achieve top quartile performance and long-term goals to achieve top decile financial performance.

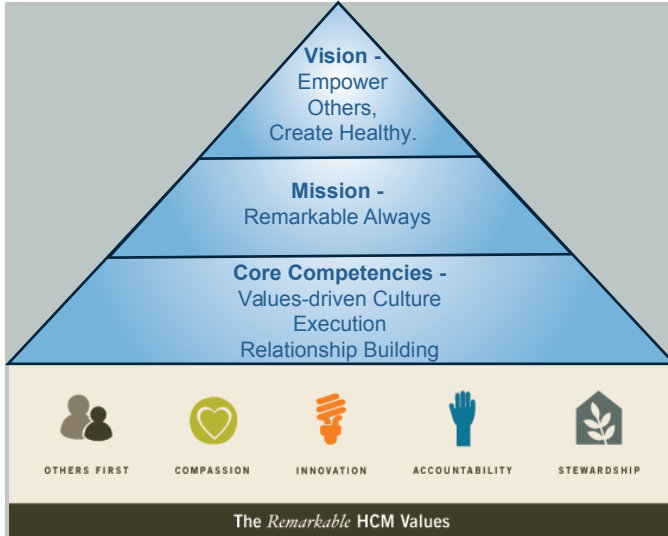


Figure P.1-2 HCM Vision, Mission, Core Competencies, Values

To accomplish its mission and vision and differentiate its health care services from other providers, HCM leverages its core competency of *Values-Driven Culture* in every decision that is made. Through the core competency of *Execution*, HCM ensures fact-based decision-making and provides its workforce with the training, tools, and empowerment to ensure that the services provided to key stakeholders are high quality, memorable, personal, and aligned with HCM’s strategic direction. HCM leverages its core competency of *Relationship Building* to engage its patients, workforce, and key stakeholders in delivering *Remarkable*. These core competencies contribute to the achievement of *Remarkable* clinical outcomes and patient experience results as evidenced by: leading the nation in HCAHPS scores; ranking of 57th out of 3,195 hospitals on Centers for Medicare and Medicaid Services (CMS) Value Based Purchasing (VBP) scores (**Figure 7.1-2**); 2013 Truven (formerly Thomson Reuters) Top 100 Hospital designation for the third year in a row; top 10% performance on CMS clinical process, outcome, and patient experience measures; and numerous other quality and patient safety awards demonstrated in **Items 7.1 - 7.5**.

P.1a(3) The HCM workforce (employees, medical staff members, volunteers, and students) is a high-performance team committed to delivering *Remarkable* through its VMV. All team members agree to follow the *Remarkable* HCM Values and associated behaviors, and beginning in 2012 all potential new applicants undergo a values screening before being considered for positions. Recognizing the linkage between an engaged workforce and an engaged patient, HCM is committed to providing each team member a meaningful and fulfilling work life and equipping them to deliver *Remarkable*. HCM’s employee profile is shown in **Figure P.1-3**.

Job Category	%	Tenure	%
Nursing (RN/LVN)	27	<2 Years	22
Other Professional Clinical	14	2-5 years	28
Clinical Support	11	6-10 years	22
Non-Clinical	48	>10 years	28
Status	%	Ethnicity	%
Full-time	70	Caucasian	82
Part-time	10	Hispanic	16
PRN (as needed)	20	Other	2
Education Levels %			
No High School Diploma	5	Associate Degree	13
High School Diploma	32	Undergrad Degree	28
Technical/Vocational Certificate	17	Graduate/MD Degree	7

Figure P.1-3 Staff Profile

Employees. As the largest employer in Gillespie County, HCM has 470 FTEs in diverse capacities across the organization. The workforce is segmented by departments and managed through the executive lines of: nursing, operations, finance, IT/revenue cycle, marketing/growth, and physician relations. Additional segmentation by job category is used for wage analysis and benefit offerings. HCM’s ethnic diversity closely mirrors that of the community. HCM has no organized bargaining units.

HCM’s commitment to professional growth and development is evidenced by a generous tuition reimbursement program. The leadership development aligned with the leadership system attributes **[1.1a(3)]**, and many professional educational opportunities. The HCM Foundation provides funding for education through scholarships and stipends aligned with identified capability and capacity needs. HCM is currently partnered with Schreiner University to provide discount tuition for BSN candidates. Individual growth goals are integrated into the QCP, and leaders assist team members in achieving goals.

Medical Staff (MS). A robust and systematic physician recruitment program and a desirable location have resulted in a large and diverse MS. HCM has 132 providers on the MS in a wide variety of medical and surgical specialties, ensuring the organization’s ability to meet the health care needs of the community. Potential members are credentialed after a multi-step screening process in which final applicants are approved by the BOT. MS leaders may also take advantage of HCM’s continuing education funding.

HCM has a 501a corporation that employs nine physicians, two nurse practitioners, and their office staff. The corporation was founded to facilitate physician recruitment to meet identified capability and capacity needs.

Volunteers. The more than 200 HCM volunteers provide support in delivering a *Remarkable* Customer Experience and a vital connection between the organization and community. Volunteers model a spirit of volunteerism and inspire other volunteer programs in support of the organization. These volunteer endeavors have played a fundamental role in guaranteeing HCM is actively linked to its key stakeholder and strengthening community engagement.

Students. HCM provides a learning experience for approximately 80 students each year, including Schreiner

University BSN students. All students are oriented and are expected to understand and model the HCM Always Values. They also receive training on how to deliver a Remarkable experience for patients with whom they interact. The Executive Council (EC) identifies key workforce motivation factors (Figure P.1-4) through annual workforce surveys, along with feedback gathered in other listening methods described in Figure 1.1-3 Key Communication and Workforce Engagement Methods.

Workforce Segment	Key Motivation Factors/Requirements	Results
Employees	Meaningful Work Shared Purpose Recognition	7.3-26 7.3-25 7.3-27
Physicians	Quality of Care Communication Valued Team Member	7.3-29 7.3-29 7.3-29
Volunteers	Ability to Contribute Communication Recognition/Appreciation	7.3-30 7.3-30 7.3-30
Students	Positive Learning Environment Respect Collaboration with Team	7.3-31 AOS 7.3-31

Figure P.1-4 Key Workforce Motivation Factors

HCM offers a robust benefits package, including an innovative Employee Wellness Program (EWP) that is mutually advantageous for employees and the organization. The EWP includes reduced insurance premiums, discounted Wellness Center membership, healthy lifestyle coaching, and personalized health assessments for employees and family members. HCM began offering the EWP in 2002, and it has been through multiple cycles of refinement based on participant feedback, demonstrated results, and incorporation of best practices identified during the annual review process [5.2a(3)].

Health and Safety Requirements. HCM provides all workforce members a healthy, safe, and secure work environment. Our approaches to address these requirements include programs and activities targeting risks in particular settings, such as exposure to diseases, blood and body fluids, hazardous materials, and other workplace safety concerns. HCM employs an employee health nurse to oversee the employee health and safety program. Health and safety requirements are introduced before employment, continue during orientation, and are sustained through ongoing education, immunizations, and testing. HCM meets all regulatory requirements including OSHA and Joint Commission requirements. HCM does not hire tobacco users, provides tobacco cessation programs, and provides reduced insurance premiums for non-tobacco users.

P.1a(4) HCM’s facilities include a 14-acre campus that houses the hospital, wellness center, and MRI unit; an ancillary 4.7-acre campus encompassing administrative offices, physician offices, and numerous HCM departments; and an outpatient rehabilitation center. A 2008 acquisition of 53 undeveloped acres within one mile of the campus allows for future growth.

The main hospital is currently undergoing a three-year facility renovation initiative to build a new hospital from within. This is a \$4.5 million investment, \$3 million of which is being funded by the HCM Foundation. The remodel, expected to be completed in 2014, includes updating patient rooms for use as

single-patient rooms to remove stress factors and reduce the risk of cross-infection; replacing and upgrading infrastructure; and other initiatives that enhance the healing environment and provide a more pleasant patient and family experience. Currently the foundation is conducting a feasibility study to evaluate funding for hospital and programmatic expansions totaling \$135M.

Technologies and Equipment. Over the past five years, HCM has invested over \$5 million in information technology (IT). HCM is at the forefront of Electronic Health Record (EHR) implementation. EHR capabilities, utilization, integration, and performance are a high priority of senior leaders and the BOT. EHR is a key component of SDDP and associated operating and capital budgeting. HCM achieved HIMSS level 5 compliance in February 2012; a feat achieved by only 150 hospitals across the nation. Through the Meditech Client Server platform, HCM achieved Meaningful Use (MU) Stage 1 with a successful attestation for CMS fiscal year 2012 and 2013. This achievement resulted in \$1.96 million in 2012 and \$1.5 million in 2013. MU Stage 2 compliance planning and project plans are developed with a goal of attestation in 3rd quarter CMS FY 2014. To date, 11 of the 16 core objectives are already met or exceeded. The annual capital equipment budget has averaged \$3.5 million over the last three years. Changes or additions are determined through the SDDP. The capital budgeting prioritization process is a best practice implemented from lessons learned at the Advisory Board Leadership Development Institute.

This process identifies those capital investments that best align with the strategic objectives. HCM communicates its strategic plan and capital needs to the HCM Foundation. The Foundation works with HCM leadership to align its strategic plan to HCM’s and ensure its development goals reflect the needs of HCM. As a component of the development strategy, the Foundation identifies donors whose philanthropic goals match the needs of HCM. Recent large capital equipment purchases funded by the HCM Foundation include a new CT scanner and stereotactic breast equipment. The HCM Foundation is currently raising funds for digital breast tomosynthesis equipment that reduces radiation doses, decreases scan time, and increases diagnostic capabilities.

P.1a(5) Health care is a highly regulated environment. HCM complies with or surpasses all local, state, and federal regulatory requirements. Figure P.1-5 provides a brief listing of agencies to which HCM reports.

Agency/Organization	Purpose	Results
Texas Department of State Health Services	Licensing	Figure 7.4-13
CMS	Regulation	Figure 7.4-13
IRS	Regulation	Figure 7.4-13
TJC	Accreditation	Figure 7.4-13
OSHA	Regulation	Figure 7.4-13
EEOC	Regulation	Figure 7.4-13

Figure P.1-5 Regulatory and Accreditation Environment

P.1b Organizational Relationships

P.1b(1) The HCM structure and governance system consists of a BOT, Executive Council (EC), and Medical Executive Committee (MEC). Fourteen volunteer board

members representing the diversity and interests of the patients and the community make up the BOT. Additionally, to improve communication and coordination, the CEO, CNO, and CMO serve as ex-officio members of the MEC and all EC members attend BOT meetings. A liaison member of the HCM BOT serves on the HCM Foundation BOT. BOT committees include Executive, Governance, Quality, Compensation, and Audit / Finance. All members of the BOT have committee assignments and EC works with the chairs to facilitate the committees.

P.1b(2) HCM’s key market segments and customer groups align with its primary delivery mechanisms of inpatient, outpatient, and emergency care. HCM’s key stakeholders are patients, the workforce, and the Gillespie County community. Key customer requirements include: high quality care, exceptional service, effective communication/education, and value. Key workforce requirements are in **Figure P.1-6**.

Stakeholder	Requirements	Results
Inpatients	High Quality	7.2-1
	Responsiveness of Staff	7.2-7
	Communication/Education	7.2-2
Outpatients	High Quality	7.2-4, 5
	Timeliness	7.2-8
	Communication/Education	7.2-8, 10
Emergency Department	Courtesy	7.2-11
	Timeliness	7.2-11
Key Stakeholders		
Community	Quality Outcomes	7.4-21
	Education/Support	7.4-20

Figure P.1-6 Stakeholder/Customer Groups and Requirements

P.1b(3) Outlined in **Figure P.1-7** are key partners, suppliers, and collaborators; the roles they play in work systems; supply chain requirements; and relationship and communication mechanisms. HCM works with partners, suppliers, and collaborators to deploy innovative activities designed to achieve the vision, mission, and strategic objectives and goals of the organization. Collaboration with St. David’s Health System in Austin, TX, is the result of the 2010 strategic planning process and the identified need to have a long-term organizational sustainability plan. While HCM has the desire to remain independent, this might not be feasible in the current health care climate without strong collaborations with larger organizations. St. David’s was selected as the collaborator of choice after careful analysis of alignment of organization culture, quality of care results, and leadership philosophies. Senior leaders from both organizations meet routinely to discuss mutually beneficial programs, business opportunities, and most importantly to share best practices. Using this collaborative model, HCM has a similar arrangement to assist Heart of the Hills Hospital, a small critical access hospital 60 miles to the west, to create long-term sustainability and ensure high quality health care as close to home as possible.

P.2 Organizational Situation

P.2a Competitive Environment

P.2a(1) As part of a vibrant growing community, the future of HCM is a bright one. HCM is the market leader in the primary service area of Gillespie County. HCM also serves patients in the surrounding counties of Blanco, Kendall, Kerr, and Mason. HCM’s chief competitor is Peterson Regional

Medical System, a 125 bed independent not-for-profit system located 22 miles south of HCM in a community that is three times larger than Fredericksburg. The competitor offers similar services. Exceeding a distance of 60 miles, hospitals in the nearest metropolitan areas of San Antonio and Austin are not considered major competitors as patient migration data reveal that most admissions to these hospitals are either transfers from HCM or for services not provided. Scott & White, which merged with Baylor Health Care System in 2013, is an emerging competitor that owns land in our secondary market. It could pose a formidable competitive threat in HCM’s secondary market.

HCM’s primary market encompasses the 1,061 square miles of Gillespie County. Patients in the secondary market travel to HCM to receive services not available in their community or because they are familiar with HCM’s reputation for providing *Remarkable* care.

P.2a(2) HCM’s core competencies of *Values Driven Culture, Execution*, and *Relationship Building* provide a competitive advantage as all team members align their efforts to deliver *Remarkable* clinical quality outcomes and a positive, memorable patient experience. HCM outperforms its nearest competitor and the majority of regional metropolitan hospitals in clinical quality process and outcome measures along with patient experience results. A disciplined, continuous improvement focus and values-based decisions ensure HCM maintains these competitive advantages.

Key changes taking place in HCM’s competitive environment include technology and treatment advances along with health care reform and current economic constraints that are moving traditional inpatient health care services to a focus on outpatient, wellness, and prevention. Scott & White could provide a more aggressive competitive threat if it selects to build on its property. Another significant change in the competitive environment is the consolidation of health care entities to address population health needs.

P.2a(3) Key sources of comparative and competitive data include Truven, Texas Medical Foundation (TMF), Press Ganey (PG), Baldrige recipients, CMS, The Joint Commission (TJC), Texas Hospital Association (THA), National Database of Nursing Quality Indicators (NDNQI), and Ingenix. HCM uses the best available comparative data when top 10% is unavailable. If meaningful comparative data is unavailable, HCM uses internal historical data to develop benchmarks that surpass previous performance.

Comparative data from outside the industry include wage surveys, benefit offerings, and relevant Baldrige recipients. Because of its size and ownership status, HCM has limited resources to purchase comparative data. Therefore, HCM leaders identify and strategically select which comparative data will be purchased. Acquiring direct competitor performance data is a challenge, although some limited information is available in publicly reported patient satisfaction and quality outcomes.

	Name	Work System Role	Innovation Role	Supply Chain Requirements	Relationship/Communication
Partners	HCM Foundation	Philanthropy	New & increased funding streams	Culture of philanthropy	BOT representation
	Providers	Health care delivery	Involved in teams, key stakeholders	High quality care, Remarkable service	Face-to-face, structured meetings
Suppliers	Owens & Minor	Delivery of products	Creative inventory solutions	Quality, accuracy, cost, & timeliness	Electronic data interchange
	Meditech	IT software/support	Advanced clinical technologies	Support & consultation	Contracted HIS
	Contract Services (EMCare, CEA, PASA)	Health care delivery	Best practice sharing	Provision of care	Shared provider Regular meetings
Collaborators	Good Samaritan Center (GSC)	Health care delivery	Indigent health care	Provision of care	Shared provider Regular meetings
	Frontera FQHC	Health care delivery	Indigent health care	Provision of care	HCM serves on Board Regular Meetings
	St. David's Health System	Health care delivery and long-term sustainability	Long-term HCM sustainability	Transparent communication	Guests at Board meetings

Figure P.1-7 Key Types of Partners, Suppliers, and Collaborators

P.2b Strategic Context

Figure P.2-1 reflects HCM’s key strategic advantages and challenges associated with organizational sustainability. These strategic advantages and challenges are reviewed and updated annually during SDDP and are the basis for strategic objectives, initiatives, and action plans. The strategic business initiative (SBI) process added in 2012 and associated review process [2.2a(6)] provides a systematic process to validate the advantages and challenges on a quarterly basis and enable agility in an unpredictable health care environment. The strategic challenge of dependence on governmental payors (Medicare and Medicaid) is the primary focus of business growth and *Innovation* strategic objectives and initiatives. Senior leaders are looking outside traditional hospital and health care delivery models to innovate new health offerings that will not rely on governmental reimbursements.

Strategic Advantages	Context
Remarkable Clinical Quality Outcomes Remarkable Patient Experience	Health Care Service
Reputation Community Support	Societal
Workforce Engagement	Human Resources
Strategic Challenges	Context
Out Migration New Competitors Entering Markets	Health Care Services
Meeting Increasing Patient Expectations Revenue Pressures/Reorientation in Economic Models	Operations
Transition to Population Health Management	Societal Responsibilities
Ability to Recruit and Retain Talent Physician Alignment/Engagement	Workforce

Figure P.2-1 Strategic Advantages and Challenges

P.2c Performance Improvement System

A focus on performance excellence and organizational learning is embedded in the HCM culture and reinforced through systematic strategic driven processes and use of the Baldrige Criteria for Performance Excellence. Coordinating Councils integrate, drive, and manage HCM’s Journey to Performance

Excellence. Step ① of the Performance Improvement System begins with the strategic plan and setting the direction that will drive achievement of the strategic objectives and *Always Goals*. In Step ② we apply criteria to define the improvement or *Innovation* opportunities. This criteria assists senior leaders in identifying those opportunities that will result in both continuous and breakthrough improvement and *Innovation*. In Step ③, the opportunities are classified as strategic facilitated initiatives, SBIs, and departmental improvement initiatives. Once the improvement opportunities are defined, teams are selected to execute the *Innovation* or improvement effort. The team follows PDCA and uses Lean and *Innovation* tools, as appropriate. Additionally, the project/team leaders select improvement tools using a tools matrix. Executing the improvement is Step ④ in the system. Measuring and evaluating success of processes and projects occurs in Step ⑤ through HCM’s Performance Review Cycle (Figure 4.1-3).



Figure P.2-2 Performance Improvement System



Figure 1.1-1 Leadership System Category 1 - Leadership 1.1 Senior Leadership

HCM’s senior leaders, the Executive Council (EC), guide the organization through the HCM Leadership System (Figure.1.1-1). This system was designed in 2012 to articulate leadership attributes, with defined behavioral expectations available on site (AOS), for each attribute. In a cycle of improvement in 2014, leadership development was refined to fully align to the Leadership System. The HCM Leadership System leverages each of our core competencies of *Values Driven Culture, Execution, and Relationship Building*. The system begins with the *Remarkable* HCM Values that define who we are as an organization. The *Remarkable* HCM leader demonstrates the leadership attributes - the behaviors we model as leaders, and *executes* each of the leadership processes to ensure a successful and sustainable organization. EC reviews the leadership system to determine effectiveness based on Balanced Scorecard (Figure 7.4-23) results, learning needs assessment, leadership team feedback, and employee satisfaction survey results. The HCM Leadership System processes are integrated with the Enterprise Process Model (EPM) (Figure 6.1-1) as shown in Figure 1.1-2.

Leadership Process	EPM Linkage
Sets and Communicates Figure Direction	EPM 1.2 Set and Deploy Direction EPM 5.5 Communicate Effectively
Integrates	EPM 4.5 Deliver Remarkable Quality
Organizes and Aligns	EPM 1.2 Set and Deploy Direction
Performs to Plan	EPM 4.5 Deliver Remarkable Quality
Reviews and Learns	EPM 4.7 Review, Analyze, and Act on Performance
Sustains HCM Culture	EPM 1.1 Identify and Align VMV

Figure 1.1-2 Integration of Leadership Process in EPM 1.1a Vision, Mission, and Values (VMV)

1.1a(1) The HCM VMV were first created over 20 years ago and have been through multiple cycles of refinement. Through the Set and Communicate Direction process, EC annually evaluates the effectiveness and relevancy and, if necessary, refines the VMV during Step 2 of the SDDP (Figure 2.1-1). Recent cycles of refinement include the 2011 refinement of the *Remarkable* HCM Values and the 2013 revision of the vision to *Empower Others - Create Healthy* and the mission to *Remarkable Always*. This cycle of refinement increased clarity, simplified and made the vision and mission more memorable, and addressed an expanded focus on health and wellness [P.1a(2)]. The refinement of the values in the Fall of 2011 was executed through a systematic and comprehensive process. EC brought together a diverse task force including

front-line staff, directors, physicians, volunteers, and former patients to redefine the values. This task force and EC met with Ann Rhodes, former Southwest Airlines Chief People Officer and author of the book *Built on Values* to begin the journey. The task force reviewed the current values and worked to redefine the values to be reflective of the workforce and community. Additionally, it developed a definition of each value, icons to represent the values, and a list of behaviors expected of team members to support each value. The task force then conducted a listening tour to get additional input and buy-in to the refined values. Based on the feedback acquired, the task force revised and finalized the *Always Values*. As described throughout this application, the *Remarkable* HCM Values support the core competency of *Values Driven Culture* and are *Executed* by integration into interviewing, hiring, orientation and training, credentialing for physicians, employees, and volunteers, quarterly coaching plans (QCPs), annual performance reviews, contract negotiations, supplier/vendor selection and scorecards, and daily decision-making.

EC deploys the VMV through **EPM 5.5 Communicate Effectively**. Recognizing that effective deployment requires not only knowledge, but also commitment and skills, EC first engages the heads of the HCM team in understanding the VMV through multiple communication mechanisms (Figure 1.1-3). EC then enhances deployment through storytelling to connect to the heart, and empowers the hands of the workforce through skill-building, integration and alignment of processes and culture. Each EC member demonstrates a personal commitment to the *Remarkable* HCM Values by role modeling expected behaviors with all stakeholders and by aligning decision-making with the values. To ensure full deployment and integration of the VMV into daily operations and the organization’s culture, EC weaves the VMV into every presentation, personally presents the VMV at Welcome to *Remarkable* (new workforce orientation), integrates a commitment to *Remarkable* HCM Values into partner, supplier, and collaborator discussions, contracting, and evaluation. EC members drive a culture of transparency and personal accountability.

Most recently, EC implemented a Just Culture and worked with medical staff leadership to implement a proactive approach to disclosure of errors to patients and their families. Based on the Institute for Health Care Improvement (IHI’s) disclosure best practice, EC members and medical staff leaders personally meet with families to disclose medical errors, not limited to sentinel events, and take full accountability/responsibility for any expenses, both medical and personal, resulting from the error. These personal actions, along with deployment of the VMV, have resulted in decreases in employee turnover (Figure 7.3-2 through 7.3-4), significantly improved patient

satisfaction and loyalty (7.2), and workforce satisfaction and engagement survey results (7.3), and a significant decrease in malpractice claims experience (Figure 7.4-9).

1.1a(2) Senior leaders promote an environment that fosters, requires, and results in legal and ethical behavior through: 1) personal behaviors and decision-making that role model the *Remarkable* HCM Values; 2) promoting a Just Culture; 3) communicating with full transparency in all compliance matters; 4) deliberately building the *Always Culture* (Figure P.1-1); and 5) deploying the Code of Conduct internally to all workforce members and externally to vendors; 6) and evaluate staff quarterly on demonstration of HCM values. For example, EC and the BOT made several key business decisions demonstrating this commitment as they deployed the values screening process for potential employees, physicians, volunteers, and suppliers; severed two long-standing vendor relationships based on unethical business practices by the vendors; and terminated a key provider for an ethics violation. EC shared these decisions and the process followed to reach them with directors at the monthly leadership development sessions. EC members also annually review the Business Ethics Guidelines (BEG) and sign Conflict of Interest (COI) statements.

EC further cultivates an environment of legal and ethical behavior by incorporating such topics as harassment, EEOC, compliance, and regulatory requirements in the leadership development curriculum [1.1a(3)]. An EC member serves as the organization's compliance officer, oversees the compliance plan and its annual review, and provides annual reports to the BOT on compliance activities, findings, and action plans. Furthermore, legal and ethical behavior requirements are included in all contracts. EC members also serve as leaders or liaisons to committees such as Clinical Practice Council, Billing Integrity, BOT Quality and BOT Finance and Audit.

HCM leaders use workforce survey results to gauge perceptions related to legal and ethical behaviors and develop action plans when needed to drive improvement. The effectiveness of these approaches is evident in workforce perceptions (Figure 7.4-1 through 7.4-7).

1.1a(3) EC creates a sustainable organization by executing the leadership processes within the Leadership System. Senior leaders set and communicate direction through the SDDP (Figure 2.1-1). Through *execution* of EPM 4.5 *Deliver Remarkable Quality*, EC aligns all levels of the organization to achieve the mission through the *Always Culture* (Figure P.1.1). Through QCPs, EC members and other leaders ensure alignment from organizational goals to individual performance to fully leverage the strategic advantage of workforce engagement. EC systematically reviews and analyzes performance (EPM 4.7) to identify areas for improvement.

Senior leaders enable an environment for organizational learning through their commitment to execution of the Baldrige framework and systematic evaluation and improvement of organizational processes. Individual learning is enabled through commitment of resources (time and money) for training, tuition reimbursement, cross-training, and involvement in improvement and *Innovation*.

In a 2012 cycle of learning, EC deployed the Strategic

Business Initiative (SBI) process [2.1a(1)] to further enhance achievement of strategic objectives and goals. This best practice, adapted from the 2010 AHA-McKesson Quest for Quality Prize winner, McLeod Regional Medical Center, provides a framework for alignment of organizational improvement initiatives that will most significantly impact achievement of strategic objectives and goals. This refinement enhanced execution of strategic action plans as evidenced by moving from 46% achievement of strategic goals in 2011 to 86% in 2013 (Figure 7.1-35 and 7.1-36).

EC began the Baldrige journey in 2009 with a self-assessment and training. The EC leads the Baldrige journey, and members serve as sponsors for the Coordinating Councils. EC uses Baldrige feedback to prioritize and align opportunities for improvement with strategic objectives, goals, and action plans. EC assesses effectiveness of action plans through Baldrige feedback and BSC results. In 2012 EC identified process discipline as a strategic challenge during SDDP Step 1 (EPM 1.2). In a cycle of refinement to Perform to Plan and process management, EC defined an Enterprise Process Model (EPM) based on the American Productivity and Quality Center (APQC) best practice Process Classification Framework (6.1-1). Additionally, they have deployed Process Based Management (PBM) based on a best practice from Boeing Aerospace Support and in 2014 deployed additional improvement tools to leaders and teams. This refinement enhances consistent *execution* of processes, performance improvement and *Innovation*, workforce engagement, and accomplishment of strategic objectives and goals.

EC integrates *Innovation* and intelligent risk-taking into the *Remarkable* HCM Values with a specific value of *Innovation* with defined behaviors that support it, the Leadership System attribute of Pioneers, and supporting behaviors, and through a defined process for *Innovation*. Success of these approaches is evidenced by employee satisfaction on questions, "My job provides me the opportunity to be creative and innovative" (Figure 7.3-34), and "Employees in my workgroup do everything they can to make this organization successful" (Figure 7.3-25).

In 2012 EC refined its historic informal succession plan into a formal process for senior leadership and key positions through an approach adapted from K&N, a 2010 Baldrige recipient. Additionally, EC has developed a career progression plan, aligned with individual employee QCPs and organizational capability and capacity needs [5.2c(3) & Figure 5.1-2].

EC members actively participate and present in leadership development through the Leadership Development Institute (LDI). Leadership development has experienced numerous cycles of improvement, the latest in 2014, where a comprehensive curriculum is being deployed to align specifically with the processes and attributes expected of leaders as defined in the HCM Leadership System.

EC members develop and enhance their own leadership skills through multiple approaches. EC members participate in graduate education (five of the eight members have Masters degrees, the CNO has a JD, and one is actively pursuing an MBA). Additional approaches include attendance at conferences with an emphasis on those outside traditional

health care, membership in professional organizations, reading, and researching leadership best practices.

1.1b Communication and Organizational Performance

1.1b(1) EC communicates with and engages the entire workforce through the Communication Process (**EPM 1.5**). Through this process, HCM 1) identifies the communication objective, 2) assigns a communication owner, 3) develops the message, 4) determines the appropriate communication message, 5) implements the communication strategy, 6) monitors effectiveness, 7) closes the loop and reviews the communication strategy. This process ensures frank, two-way communication. EC uses workforce surveys and BSC results to assess effectiveness and refine approaches. For example, through a 2013 SBI refinement, HCM’s social media plan was enhanced to better connect, communicate, and collaborate with the workforce and other stakeholders.

Face-to-Face	Freq.	1/2 Way	Key Decision	Audience
Huddles	D	2	*	E,MS,ST,V
Welcome to Remarkable	M	2		E,V,ST
Workforce Forums	Q	2	*	E,V,MS,B,ST
1x1 Meetings	M	2		E,MS,V
QCP Meetings	Q	2		E
Department Meetings	M	2	*	E,V,ST,MS
Volunteer Meetings	Q	2	*	V
Medical Staff Meetings	M	2	*	MS
Board Meetings	M	2	*	B,F
Communication Meeting	M	2	*	E
Cascading Messages	M	2	*	E,V,ST,MS
Patient Advisory Council	Q	2	*	P
Rounding	D	2		E,V,MS,P
Focus Groups	P	2		All
Open Door Policy	O	2		All
Contracting Negotiations	P	2		S
Technology	Freq.	1/2 Way	Key Decision	Audience
Intranet	O	2	*	E,MS
Internet	O	2		All
Email	O	2	*	All
Stakeholder Newsletter	Q	1	*	All
Public Area Postings	C	1		All
Thank-You Notes	P	1		E,V,MS,S
Newspaper Articles	P	1	*	All
Community Benefits Report	A	1		All

Legend: E=Employees, V=Volunteers, MS=Medical Staff, P=Patients, B=Board, C=Community, S=Suppliers, F=Foundation, ST=Students
 Freq: D=Daily, M=Monthly, Q=Quarterly, O=On-going, P=Periodic, A=Annual

Figure 1.1-3 Key Communication Approaches

EC ensures a culture of patient safety through **EPM 4.4 Focus on Safety Always**. Central to safe care and safe outcomes for patients is the core competency of being *Values Driven*. As part of its commitment to patient safety and ethical treatment of employees, HCM senior leaders enhanced the commitment to patient safety in 2011 through implementation of Just

Culture. Rather than judging those involved in an adverse event or poor behavior choice based on its outcome, individual decisions are evaluated. When things do not go as expected, investigations uncover system deficits, human error, at-risk behavior, reckless behavior, or some combination of these. Errors are addressed through corrective action plans. As part of this effort, leadership is also creating a Learning Culture, in which the entire workforce holds each other accountable to actively learn from mistakes, and a Reporting Culture, where all are expected to speak up when they make a mistake. Just Culture is presented to staff and leaders in orientation, forums, council leader training, committee training, and individual and department evaluations.

EC takes an active role in Reward and Recognition programs to reinforce high performance and a patient and health care focus (**Figure 5.2-3**). Senior leaders write a personal message on Living our Values (LOV) cards and award the True North Values Awards. In addition, Senior leaders host and participate in numerous recognition approaches:

- ❖ Resource a departmental-level recognition budget,
- ❖ Special events to celebrate accomplishments,
- ❖ Public recognition, (newspaper/Internet)
- ❖ Annual Service Awards celebration,
- ❖ Publicly sharing patient letters of commendation,
- ❖ Rounding on all shifts and personal thank-you notes,
- ❖ Participating in volunteer R & R events, and
- ❖ Physician recognition.

Systematic evaluation and improvement of HCM’s R & R programs are described in **5.2a(3)**. To further enhance R & R programs, a Reward and Recognition toolkit was implemented in the first quarter of 2013. The development of this toolkit was an SBI sponsored by the COO.

1.1b(2) EC creates a focus on action through the *Always Culture* (**Figure P.1-1**). This culture integrates efforts of all workforce members in achieving the vision, mission, and strategic *Always Goals* and objectives. EC refined the Strategy Map in 2012 to add the Strategic *Always Goals* to demonstrate a commitment to increasing value of care and services to our patients and stakeholders and align the work for the organization. To help EC quantitatively define patient and stakeholder value, prioritize goals accordingly, and identify needed action, EC learned from a national best practice, and in 2011 adopted a value equation for use during SDDP Step 1 (**Figure 2.1-1**).

$$RV (\text{Remarkable value}) = \frac{E (\text{experience}) + O (\text{outcome})}{C (\text{cost})}$$

The value equation is integrated not only into the strategic planning process but also into the job requisition process, decision matrix, business plan development, performance improvement initiatives, and day-to-day operating decisions. EC personally share the value equation through the communication methods outlined in **Figure 1.1-3** to enhance front line understanding of the importance of creating value for the patients and community. Senior leaders aligned the strategic *Always Goals* with the value equation.

- ❖ Finance & Growth: Embrace and drive *remarkable* value and increased profitability – *aligned with cost*
- ❖ Service: Deliver a *remarkable* experience to exceed customer expectations – *aligned with experience*

- ❖ Quality: Redefine health care for increased patient value – *aligned with outcome*
- ❖ People: Be a team of champions – *required to successfully execute the value equation and other Always Goals.*

Other approaches EC uses to create a focus on action include those outlined in **Figure 1.1-4** and the process refinements described below:

- ❖ The 2010 refinement of **Remarkable** stretch goals to the BSC encourages the workforce to develop and implement innovative solutions to exceed stakeholder expectations.
- ❖ A Whole Systems Shared Governance (WSSG) model was adopted by HCM in early 2014 expanding shared leadership philosophy and structure throughout the organization. The structure aligns all teams and councils around the **Always Goals** and achievement of strategic objectives. The philosophy supports front-line team members in owning the processes and results of their work. WSSG empowers team members to innovate because they are given clear accountability for outcomes and authority for redesigning processes.

Transforming Strategy into Action - EC Actions	Individual EC Member Actions
QCPs – aligning individual goals with Always Goals and strategic objectives	Coaching Active Listening Career Counseling
SBIs – aligning key performance improvement initiatives with Always Goals and strategic objectives	SBI Sponsorship Coaching
Departmental goals, Alignment boards - aligning departmental performance to Always Goals and strategic objectives and creating visibility	Quarterly Review Reward and Recognition
Just Culture – providing a safe environment to report errors to drive improvement	Proactive vs. Reactive Problem Solving Focusing on the System, not the Individual
Transparency – providing visibility of BSC results and disclosure of errors	Clear and Honest Communication Put Others First
Fact Based Decision Making – providing access through DIVER to real-time data/information	Lead with the Facts Coach Others to Understand Data
Enterprise Process Model - a high-level depiction of the end-to-end work of the organization	Lead with Process Discipline Mindset

Figure 1.1-4 Key Strategy to Action Methods

To support agility, **Innovation**, intelligent risk taking, and action, EC uses SDDP, BSC, and DIVER (HCM’s Business Intelligence Software) to continuously collect internal and external data relevant to current and future strategies. Senior leaders have established built-in rapid response mechanisms, such as contingency funds and reprioritization of capital budget allocations, to enable agility and maintain a competitive advantage. For example, when physicians came to senior leaders outside the budget cycle and presented a proposal for developing the Restore Joint Center, EC quickly developed a business plan and realigned strategic priorities and capital dollars to implement this world-class program. Through this agility, EC was able to ensure HCM’s continued orthopedic

market dominance, achieve targeted growth goals, capitalize on strategic advantages SA1, 2, 4, & 6, and address strategic challenge SC3 (**Figure P.2-1**).

1.2 Governance and Societal Responsibilities

1.2a Organizational Governance

1.2a(1) Figure 1.2-1 demonstrates how HCM achieves key aspects of its governance system. To ensure transparency of operations and prevent unethical governance activities, BOT and all members of the management team annually read the BEG and sign COI statements. These COI statements are reviewed by the Governance Committee and reported to the full BOT. If a conflict exists, the member must abstain from voting on related issues. BOT members receive compliance and Sarbanes-Oxley training. The VMV, BSC, and organizational action plans are posted in public areas of the organization. Additionally, HCM submits the IRS Form 990 for full public disclosure of financial information.

Key Aspect	Processes
Managerial Accountability	Review and analyze performance (EPM 4.7) Examples include BSC, external audit reports, workforce survey results, performance appraisals. Variety of internal and external audits – Baldrige,- Joint Commission BOT involvement in performance review
Fiscal Accountability	BOT Audit and Finance Committee reports BOT Monthly Financial reports Systematic Financial Processes (EPM 2.2) External Annual Audit following Generally Accepted Accounting Principles (GAAP) 990 Review Involvement in EC compensation 403B Committee
Transparency in operations	BSC full visibility Publicly reporting health care metrics Culture of disclosure Conflict of Interest statements COS attendance at board meetings and reports of MEC activities BOT member attendance at MEC meetings Just Culture
Independence in Internal and External Audits	Annual selection of external audit firm Multiple independent audits Baldrige assessment State Department of Health CMS Joint Commission
Protection of Stakeholder Interests	Stakeholder representation on BOT Just Culture Culture of disclosure
Succession Planning for Senior Leaders	EPM 5.7 – Ensure effective succession planning QCP Process Leadership Development Initiative

Figure 1.2-1 Key Aspects Of Organizational Governance

The Compliance Committee conducts ongoing internal auditing and monitoring of high-risk areas such as Health Insurance Portability and Accountability Act (HIPAA) and billing integrity identified by the organization or OIG work plan (**Figure 7.4-14**). Additionally, regulatory agencies conduct scheduled and unscheduled reviews. Internal and external audit results are reported to the BOT (**Figure 7.4-12**).

The BOT makeup and SDDP Phase I [**2.1a(1)**] ensure protection of stakeholder interests. The BOT uses a matrix of needed

skills and demographics to select new board members with the goal that board composition protects stakeholder interests. Systematic evaluation and improvement of these approaches is completed annually through the BOT’s self-assessment process [1.2a(2) & Figure 7.4-10] and Compliance Plan updates. Based on a recent BOT self-assessment, governance educational opportunities are now made available on a monthly basis ☺.

1.2a(2) EC members are evaluated using multiple systematic approaches. In 2013, the BOT refined the executive bonus structure to use a formula based upon quality (core measures and HCAHPS) and financial performance ☺. The EC refined the employee bonus structure to be based upon a decision matrix developed by the EC. Key elements included on the decision matrix include performance on *Always Goals*, external recognition (Top 100, Baldrige Best Practice, etc.), and community engagement. The BOT evaluates the CEO’s performance annually based upon achievement of organizational BSC goals. The CEO in turn evaluates each EC member’s performance. Additionally, the CEO completes QCPs for each EC member with individual goals aligned with organizational strategic objectives and goals. EC members use this evaluation in conjunction with workforce survey results, personal development goals, and informal input to further develop and improve their personal leadership effectiveness. EC reviews, and as necessary, refines evaluation tools annually during SDDP Phase I. To strengthen leadership skills and succession planning, EC incorporated personal development goals into the QCP ☺ in 2012 and each EC member actively works to continue to develop his/her own leadership capabilities. For example, the CEO is working with an Executive Coach, the CNO is in a mentoring relationship with a long-tenured CNO from St. David’s Hospital, and two EC members have served as Baldrige examiners.

As part of the annual employee compensation review, the BOT Executive Compensation Committee works with an executive compensation consultant using state and national salary market survey data to set executive salary ranges. The BOT makes compensation decisions based upon annual executive performance appraisals, in conjunction with market surveys and executive compensation recommendations. Quarterly, EC collectively reviews its performance as a team, identifies opportunities for improvement, develops action plans, and monitors progress. The BOT has formal job descriptions and receives performance feedback on an organizational/individual level.

- ☛ Annual board self-assessments and external experts are used to identify and prioritize improvement opportunities and implement action plans.
- ☛ The BOT Governance Committee conducts individual board member appraisals at the end of each term. The appraisal data provide opportunities for the BOT Governance Committee to evaluate board member performance, provide feedback, and identify educational opportunities. This review process led the BOT to develop a matrix identifying the skills necessary for an effective board ☺. The BOT currently uses the matrix when identifying candidates for open positions.

- ☛ Based on results of system and individual assessments, the Governance Committee identifies and prioritizes areas for improvement and education. The BOT has set a requirement for each board member to attend at least four hours of continuing education each year (Figure 7.4-11).

1.2b Legal and Ethical Behavior

1.2b(1) As an integral part of the community, HCM prides itself on understanding and minimizing adverse societal impacts of health care services and operations. Leaders consider regulatory requirements as they develop or redesign service offerings and programs. HCM leaders define potential impacts and concerns and anticipate public concerns with current and future services and operations through Voice of the Customer (VOC) Listening Methods (Figure 3.1-2) and through leadership involvement in various community boards and activities. HCM also captures lessons learned and best practices by participating in a variety of professional health care groups and collaboratives such as THA Partnerships for Patients, ACHE clusters, and Texas Organization of Rural and Community Hospitals. Finally, to further solicit feedback, HCM leaders meet at least annually with collaborators, partners, stakeholders, local non-profit organizations and charities, Chambers of Commerce, Economic Development Commission, and service organizations. These data are aggregated and used in SDDP Step 1 to prepare for any societal impacts and concerns in a proactive manner.

Potential Impact	HCM Response
Radiation Safety	Promote best practice in safe handling and use of radiation sources in compliance with State regulations and National Quality Forum (NQF) Safe Practices
Patient Safety	Set a Remarkable Stretch goal to eliminate preventable harm, foster a Just Culture and promote best practices in compliance with NQF Safety Practices
Environment of Care	Work proactively with staff and other resources to assess actual and potential risk management issues related to the physical plant, grounds, vehicles, property, equipment, and services.
Disaster & Emergency Preparedness	Oversee the ongoing development and implementation of disaster and emergency preparedness at HCM through ongoing education, drills, and community involvement

Figure 1.2-2 Processes to address Public Concerns

HCM continually monitors risk and changes in regulations to keep the community, organization, and workforce educated and prepared to handle any changes that may affect HCM or its patients. Figure 1.2-2 shows potential impacts on society and HCM’s response. In 2011 the HCM Imaging Department implemented Image Gently, Image Wisely, an innovative solution to decrease radiation exposure for our patients. The Imaging Department worked with Peterson Regional Medical Center to share imaging reports to lessen repeat and/or unnecessary tests. Additionally, the department gives each patient a radiation exposure pocket card to carry that is updated at each visit, enabling the patient to share this history with other health care providers.

- ☛ To deliver *Remarkability* HCM recognizes that achieving and surpassing regulatory, legal and 2014 Malcolm Baldrige National Quality Award

accreditation requirements is fundamental to successful and long-term sustainable operations. HCM’s systematic approach focuses on compliance with federal, state, and local laws; promotion of good corporate citizenship; prevention and early detection and resolution of misconduct; identification of and education regarding high-risk areas; and risk management to reduce exposure to government enforcement or other potential liability. As part of its comprehensive approach, HCM workforce receives compliance education as part of orientation and a compliance module is included in required, annual employee education. Compliance and ethics education is also provided to BOT members. Finally, ethics education is required as a part of the medical staff credentialing process (EPM 5.4).

laws and regulations, evaluate how these changes will impact HCM operations, and proactively implement and deploy appropriate policies and procedures.

- ❖ Consider potential public concerns and development of action plans during service line expansion.
- ❖ Utilize green construction techniques in development and budget for new construction or remodeling projects.
- ❖ Effectively manage the supply chain through Lean management.
- ❖ HCM Foundation monitors and addresses legal and ethical requirements governing fund raising.

EC members are involved in and promote key compliance processes, measures, and goals related to achieving and surpassing regulatory, legal, and accreditation requirements and risks associated with health care services and other operations as outlined in **Figure 1.2-3**.

1.2b(2) HCM leaders ensure a culture that promotes and ensures ethical behavior in all interactions by deploying systematic processes including policies, procedures training, tracking performance, and taking appropriate action as needed. Workforce members sign BEG at Welcome to *Remarkable*, Leaders, BOT, and MEC receive BEG on an annual basis and sign COI statements. Volunteers attend Welcome to *Remarkable*, sign COI statements as appropriate, and participate in relevant ethics education. Ongoing compliance education is tailored to workforce segments and must be completed annually. Through the vendor (supplier) credentialing program (**6.2b**), all vendors sign the Standards of Behavior. EC members encourage direct reporting of ethical concerns through a number of venues including an open-door policy, reporting to a direct supervisor and chain of command, or calling the anonymous compliance hotline number published on the intranet and in the employee handbook. Information for patients and families on how to report concerns is printed in the patient handbook and posted in the registration and emergency department lobbies. HCM monitors and responds to trends and activities related to the organizations ethical and legal environment (**Figure 7.4-14**).

HCM further demonstrates a commitment to ethical behavior by ensuring that it treats patients within its scope of service regardless of ability to pay. To the extent that it is practical and possible, HCM involves patients, their legal representatives, and/or their identified significant others in the care the patient receives. Through effective informed consent processes, HCM informs all patients about therapeutic alternatives and the associated risks to enable them to make informed decisions. The decisions of the patients or their legal representatives are accepted and supported, provided they do not conflict with HCM ethical standards. If there is a potential conflict of interest or a question of ethics concerning a patient’s care, the hospital will have the Ethics Committee assist in the resolution of the issue. Patients and their families are provided information regarding the ethics policies and their rights and responsibilities in the Patient Information booklet. If there is a question of medical ethics, patients, their families, staff, and physicians are educated and empowered to voice their concerns. These concerns are referred to the Ethics Committee where they are reviewed and recommendations made to assist in the resolution of the issues.

Organizational indicators of ethical behavior are shown
2014 Malcolm Baldrige National Quality Award

	Process	Measure	Goal
Accreditation/Licensure	JC	Accreditation	Full Accreditation
	CAP	Accreditation	Full Accreditation
	CMS	Accreditation	Full Accreditation
	TDSJS	Accreditation	Full Accreditation
	Medical Staff	Licensure	100%
	Employees	Licensure	100%
	Facility	Licensure	100%
Compliance	OSHA	Findings	0
	OIG	Compliance	100%
	IRS	Violations	0
	IRS	990's Filed	100%
	FDA Reporting	Compliance	100%
	HIPAA	Violations	0
Ethics	Compliance Training	% Complete	100%
	Physician Ethics CME	Compliance	100%
	Ethical, Legal	Violations	0
	HIPAA Complaint	Incidents	0
	HIPAA Terminations	# of Terminations	0
	Compliance Hotline Calls	% Investigated	100%
	EEOC	Complaints filed	0
	EEOC lawsuits	# of suits filed	0

Figure 1.2-3 Legal, Regulatory Behavior, Accreditations Processes, Measures and Goals

Physicians must demonstrate adherence to Texas Board of Medical Examiners ethical CME requirements. An expectation of ethical behavior is also incorporated into physician credentialing and peer review. To ensure the legal and ethical practices of clinical manufacturers, HCM uses Vendor (supplier) Credentialing Services to provide ongoing credentialing of sales representatives and their respective companies.

HCM addresses legal and ethical behavior in a proactive manner through the SDDP and daily operations. Approaches used to ensure legal and ethical behavior include:

- ❖ OIG screening of physicians, volunteers, students and employees against the noncompliance list.
- ❖ Criminal background checks on all potential workforce members and rechecking at designated intervals
- ❖ EC, in conjunction with the Compliance Committee and legal counsel, monitor actual and anticipated changes in

in **Figure 1.2-3**. HCM leaders enforce a zero tolerance for significant breaches in ethical behavior. The Human Resources organization or legal counsel investigate all reported potential breaches in ethical behavior. When the investigation reveals that an ethical breach has occurred, progressive counseling and discipline, up to and including termination, are *executed* (**Figure 7.4-14**). Physician-related incidents are reported directly to the CEO, Chief Medical Officer (CMO) or Chief of Staff (COS) and addressed in compliance with MS policies. The BEG, COI, and reporting processes are reviewed annually by the Compliance Committee to identify improvement opportunities. Changes are recommended to the BOT for approval.

1.2c(1) As an integral part of the community, HCM is committed to contributing to the community’s overall health and well-being. HCM addresses the following through strategy and daily operations:

HCM developed a long-range plan to decrease its carbon footprint through replacement of HVAC and other infrastructure. To decrease landfill waste, HCM has implemented an internal cardboard recycling program and eliminated styrofoam in Nutrition Services with a move to biodegradable products. An HCM leader serves on the Fredericksburg Recycling Committee.

HCM is the largest employer in Gillespie County, and 78% of HCM employees live within the county. Therefore, the HCM payroll has an annual \$163 million economic impact within the county. In 2008, after reviewing turnover rates by job category and the cost of living in Fredericksburg, EC recommended, and the BOT approved, the Living Wage Philosophy [**5.2a(3)**], which dramatically decreased turnover rates (**Figure 7.3-2**). The Living Wage is evaluated annually during SDDP step ① and any changes incorporated into the operating budget in SDDP step ② (**Figure 2.1-1**). To support the local business community, HCM first approaches local businesses when sourcing suppliers to determine if they can meet the organization’s needs. HCM leaders serve on the Gillespie County Economic Development Commission Board, Chamber of Commerce Board, and Planning and Zoning Commission.

HCM’s community support activities focus on our vision of Empower Others. Create Healthy. as described in **1.2c(2)**. For over a decade, HCM has operated the Community Health Clinic (CHC) to provide access to women’s health, prenatal, and well-child to care for the medically underserved population. In the advent of the Affordable Care Act, decreased Family Planning funding from the state of Texas, and limited primary care access for Medicaid patients, the EC sought alternative health care delivery models to meet community needs and to reduce a significant financial loss. HCM investigated possible solutions and identified a strategic opportunity to transition CHC to a Federally Qualified Health Clinic (FQHC). The EC evaluated both the benefits and potential risks of this approach and took the intelligent risk to collaborate with Frontera. Through this collaboration, HCM and Frontera have successfully transitioned the CHC to a FQHC model of care. HCM is subsidizing the FQHC \$80,000 a year for the first two years of operation to ensure a successful transition.

1.2c(2) HCM systematically supports and strengthens its key communities by leveraging its core competencies of *values based culture, execution* and *relationship building*. While the

focus for many years was on supporting Gillespie County, in a cycle of refinement, HCM now purposefully develops a health calendar with scheduled events not only in Gillespie County, but also in secondary service communities. Through the SDDP, HCM expanded its definition of key community to include both primary and secondary service areas. **EPM 1.6 Support Key Communities** provides a systematic approach to understand and provide community support and assess effectiveness and impact of the support. In Step 1 leaders of community organizations identify needs and share the information with HCM. Concurrently, in Step 2, HCM EC establishes priorities for volunteer opportunities/support for community, and in Step 3, communicates priorities to the community and to HCM workforce. In Step 4, community leaders align their needs to HCM priorities and share that with the EC. HCM leaders assess internal capability/capacity to support the community needs in Step 5 and make final decisions on which needs to support to best leverage HCM’s core competencies. In Step 6, HCM workforce members or teams provide the support and in Step 7, assess the effectiveness and impact of the support. Examples of community health initiatives (**Figure 1.2-4**)

Programs	Objectives
Health Care Exchange Support	Partnership with FQHC to provided one-on-one counseling to community members to enroll in the Health Care Exchanges. (Spanish and English)
FQHC Collaboration	Create Healthy by expanding access to affordable health care to medically underserved population.
QuickDraw	Low-cost lab testing. Marketing and website content in both Spanish and English. (Fredericksburg and Marble Falls)
Wellness Center	Empower Others. Create Healthy. This is accomplished through an olympic-sized pool, fitness equipment, personal trainers, health education programs, CPR training, immunization clinics, and health screening at no charge.
Score	Free heart screening for hypertrophic cardiomyopathy, the leading cause of sudden cardiac death for active teens. (Bi-annual)
Por Vida Healthy Food	Partnership with HCM’s kitchen, local restaurants, and Gillespie County Coalition for Healthy Eating to provide healthy menu options.
Health Education	Girl Talk, Well-Informed Women, Healthy YOU, Vascular Connection, Destination Restore, Diabetes Education, Stroke Support
Health Fairs, Screenings	Marble Falls Lake Fest, Blanco County Wild Women Weekend, Eldercare Fair, Johnson City Health Fair, Transforming Texas: Healthy Communities in Burnet County, etc.
Bereavement Support	Finding a New Normal (weekend retreat for bereaved individuals and family), Living with Loss Support Group, Suicide Loss and Child Loss, Memorial Service
Salud for You	Provide health screenings and dietary consults for 500 low income employees of local businesses

Figure 1.2-4 Sample of Community Health Initiatives

HCM also has a generous charity care program and provides extensive unreimbursed care (**Figure 7.4-18**). EC and staff demonstrate personal commitments to improving key communities and building community health through leadership and membership positions in numerous service organizations and volunteer efforts.

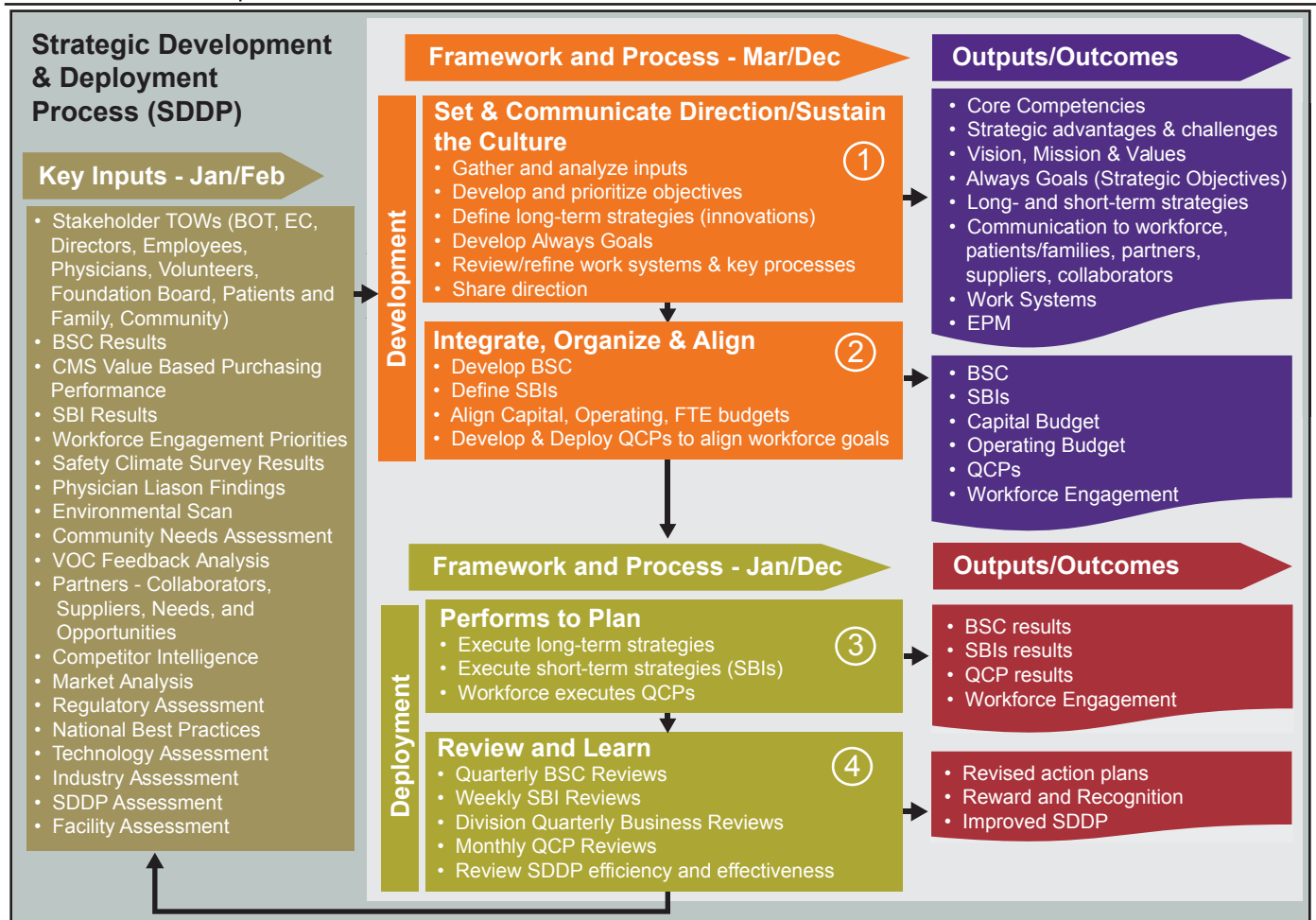



Figure 2.1-1 Strategic Development and Deployment Process

Category 2 – Strategic Planning

HCM leverages its core competency of *execution* to develop and deploy its strategic plan and associated action plans through the systematic Strategy Development and Deployment Process (SDDP – **Figure 2.1-1**). This process results in deployment of action plans at all levels of the organization to enhance *execution* of organizational strategy. The SDDP has undergone multiple cycles of refinement  as shown in (**Figure 2.1-2**). These improvements, along with the refinements to the strategy map, ensure a laser focus on *execution* of strategy to deliver the mission and achieve the HCM vision.

Year	Improvements
2011	Assigned EC ownership to strategic initiatives Added volunteer SWOT to inputs Added value equation consideration in goal and action plan development
2012	Developed new business development process Implemented SBI process to enhance execution Implemented QCP process to ensure alignment
2013	Added supervisor SWOT to inputs Aligned HCM Foundation and HCM strategic plans Aligned EPM 1.2 Set and Deploy Strategic Direction with Leadership Processes
2014	Transitioned from SWOT analyses to TOWS Modified approach to capturing stakeholder TOWS Added Community TOWS and physician TOWS

Figure 2.1-2 SDDP Cycles of Refinement

2.1 Strategy Development

2.1a Strategic Development Process

2.1a(1) The SDDP is directly aligned with HCM’s Leadership System Processes (**Figure 1.1-1**). The strategic plan is developed through process steps ① **Set and Communicate Direction and Sustain the Culture** and ② **Integrate, Organize and Align**, and deployed through steps ③ **Perform to Plan** and ④ **Review and Learn**.

Numerous stakeholders are involved in development and deployment of the HCM strategy. The workforce, community, partners, suppliers, and collaborators provide key inputs into strategy development. Step ①, **Set and Communicate Direction and Sustain the Culture** is performed by the EC, and the BOT is engaged in understanding and ultimately approving the plan. The EC, Directors, and Workforce are involved in Step ②, **Integrate, Organize, and Align**. In Step ③, **Perform to Plan**, the entire workforce, key suppliers, partners, and collaborators are engaged in deployment through execution of *Innovation* and major improvement initiatives, SBI action plan implementation, and delivery of QCP goals. Step ④, **Review and Learn** is executed by leadership at all levels of the organization who review progress through the Performance Review Cycle, and learning occurs among all key stakeholders.

In response to the rapidly changing health care environment and associated technologies, the short-term planning range is one year and long-term is three years. These planning horizons balance focus on immediate and future strategies while allowing

for the agility to change direction in response to immediate opportunities and threats. The annual plan development supports organizational agility and operational flexibility. Additionally, the plan can be revised at any time during the year as new strategic opportunities are identified or new challenges defined.

Senior leaders develop long-term *Always Goals* (Strategic Objectives) within four areas of focus: People, Quality, Service, and Finance and Growth. These *Always Goals* are supported by sub-objectives, and by short and long-term stretch goals that encourage workforce engagement. The *Always Goals* are achieved through long-term initiatives and short-term SBIs that encourage *Innovation*. SDDP effectiveness and efficiency are evaluated as part of SDDP Step ④ **Review and Learn**, in December-January based on BSC results, feedback from participants, and adherence to SDDP time line.

Step ① - Set and Communicate Direction and Sustain the Culture – The SDDP begins in January and February of the year before the SP is implemented. EC members gather and analyze comprehensive inputs from a variety of sources including the workforce, community, patients, suppliers, partners, and collaborators (**Figure 2.1-2**). In March, these inputs are shared with the entire EC during a SDDP workshop. The EC use these inputs to develop a preliminary Threats, Opportunities, Weaknesses and Strengths (TOWS) assessment. Following this workshop, Stakeholder TOWS are developed. In 2014, TOWS assessments were conducted ☺ in face-to-face facilitated sessions with patients, community leaders, physicians, BOT, Foundation Board, Directors, employees, and volunteers. In March/April, EC analyzes the TOWS, validates or refines the VMV, *Always Goals* (strategic objectives), sets long-term goals, and identifies strategic opportunities. In May-June EC conducts analysis to determine opportunities that will be intelligent risks and identifies long- and short-term key initiatives. In August, the plan is presented to the BOT for approval and when approved, shared with all key stakeholders. Outputs of this SDDP step are shown in **Figure 2.1-1**.

Step ② – Integrate, Organize, and Align - From August to December, EC develops detailed action plans and supporting capital, operating, and FTE budgets. In December directors define departmental goals and begin working with staff to define first quarter QCP goals to support the strategic plan.

2.1a(2) HCM defines *Innovation* as: creating new value for stakeholders by embracing an approach or technology that is new or new to its proposed application. The outcome of *Innovation* is discontinuous or breakthrough change in results, services, or processes. New value could come from new service lines, revenue streams, cutting-edge technology, market entry, or refined service delivery models. While *Innovation* has been accomplished for many years at HCM, the EC recognized an opportunity to define and share an approach to *Innovation* that would result in more consistency in process and results. An initial process, **EPM 1.3 Deliver Innovation**, was defined in 2013 and refined in 2014 to the current 11-step *Innovation* Process (AOS). All large-scale *Innovation* projects and many SBI projects, for which HCM received the 2012 THA *Innovation* Award, use **EPM 1.3**. The outcome of the Deliver *Innovation* process is breakthrough versus incremental change.

Strategic opportunities are identified through the Stakeholder TOWS analysis conducted in Step ① of the SDDP

where inputs are gathered and analyzed. Strategic opportunities are also identified through best practice research, attendance at conferences, and networking. The EC determines which opportunities are intelligent risks by conducting a comprehensive due diligence analysis to identify potential benefits, and weigh potential risks to the organization, of pursuing the opportunity. In the most recent SDDP process, several key opportunities were identified that are currently being evaluated to determine if they will, in fact, be intelligent risks. These include: developing a comprehensive strategy to expand to the Boerne, Texas, market and developing a comprehensive elder care service line. Once an opportunity is selected for implementation, the EC continues to conduct due diligence to evaluate the outcomes of the initiative, and if necessary to discontinue pursuit of the strategic opportunity.

The BOOM program is one such example. In 2011, the EC defined a strategic opportunity to expand its highly successful Employee Wellness Program from an internal program to a service line that could be marketed to executives around the state of Texas. The EC conducted extensive research to determine if further deployment of BOOM would constitute an intelligent risk. Through their analysis, it was determined that creation of a BOOM service line would be worth pursuing as it met a market need, addressed the HCM long-term goal of Maximizing Key Business Opportunities, and leveraged HCM's strategic advantages. The EC chartered a BOOM *Innovation* team that developed and piloted the BOOM service line to mid- and small-size employers. Results of the pilot were not as favorable as expected, and HCM leaders modified the scope. BOOM has now been rebranded as Salud for You and the services are now being provided to a large number of local workers with no insurance.

EC creates an environment supportive of *Innovation* through the HCM *Remarkable* Values, the leadership attribute of Deliver *Remarkable* defined in the Leadership System, the *Always Value of Innovation*, identification of Deliver *Innovation* as a key process and through engagement of team members to drive *Innovation*. EC has also invested in developing internal expertise by recruiting and hiring an individual with a Master's Degree in Health Care *Innovation* to facilitate training and development of *Innovation* skills.


2.1a(3) EC *executes* a robust data collection and analysis process to identify HCM's strategic advantages and challenges, understand risks to sustainability, identify potential blind spots, and ensure its ability to *execute* the plan. The process includes assessments with critical content detail outlined in **Figure 2.1-3**. These inputs and critical content details are evaluated during the annual SDDP review process. The list is updated each year with revisions and additions to ensure relevancy to current needs. Additionally, HCM identifies potential blind spots by involving multiple stakeholders in its planning process. A key element in development of the TOWS analysis is the consideration of internal or external factors that could illuminate potential blind spots. In a 2014 cycle of refinement ☺, additional stakeholder TOWS analysis were completed with community leaders from both primary and secondary service areas, physicians, employees, and the Foundation board.

2.1a(4) HCM's key work systems are: Leadership Work System, Clinical Work System, and Support Work System.

Input	Sample Content
Stakeholder TOWS	(BOT, Foundation BOT, Directors, Volunteers, Medical Staff, Patient Advisory, Community Leaders including Collaborators)
CMS Value Based Purchasing Performance	Core Measures, HCAHPS, Outcome Measures, Projected VBP
SBI Results	Team Results, Process analysis
Workforce Engagement	Survey results, turnover (Employees, Physicians, Volunteers)
Safety Climate Survey Results	Survey results, key focus areas, results of safety improvement efforts
Physician Liaison Findings	Informal physician feedback, issues, information, potential new service offerings
Environmental Scan	Demographics, payor mix, population growth rate, economic conditions
Community Needs Assessment	Community health care needs, community support needs, hot health care issues
VOC Feedback Analysis	Press Ganey Patient Survey Results, HCAHPS, Ratings and Reviews, Complaints, Overall satisfaction/ engagement trends
Collaborators & Supplier needs & opportunities	Informal collaborator and supplier feedback, issues, concerns, areas for partnering
Competitor Intelligence	Competitor growth strategies, strengths, areas of vulnerability, new competitors in market
Market Analysis	Market share trends Market challenges and opportunities
Regulatory Assessment	New/changed regulations Regulations on the horizon / being discussed
Technology Assessment	IT Strategic Plan, ARRA level, Biomed issues / opportunities
Industry Assessment	Emerging industry trends
SDDP Assessment	Effectiveness of previous SDDP Cycle/ Process
Facility Assessment	Master Facility Plan EOC Assessment
Workforce capability & Capacity	Workforce needs analysis, capability analysis, identification of challenges
Service Line Assessment	Volumes, quality results, patient satisfaction and engagement

Figure 2.1-3 Strategy Considerations

EC makes work system decisions during SDDP Step ① to ensure the identified work systems support *execution* of the strategic plan, build upon HCM’s *Values Driven Culture*, advance integration of the workforce and processes, and ultimately enable achievement of the vision and mission. The decision to keep, revise, or add key work systems is made based on evaluation of the SDDP key inputs.

HCM’s work processes are defined in the Enterprise Process Model (EPM),  a refinement based on a Boeing Aerospace Support best practice. During SDDP step ① EC reviews the EPM and identifies which processes are key to plan *execution*.

EC uses a decision matrix to determine which key processes will be accomplished internally or externally. Additionally,

maintaining and enhancing HCMs strategic advantages of *Remarkable* Outcomes and *Remarkable* Service are key in supplier and partner selection decisions. HCM generally outsources when a process when that process is outside of HCM’s core competencies or when the process can be delivered more efficiently or effectively by an external supplier or partner. Through the selection process, EC ensures that the outsource vendors are a values match to HCM and will deliver expected levels of service.


EC evaluates current core competencies, and as necessary, identifies future core competencies in SDDP Step ②. For example in 2014, through the data analysis conducted using comprehensive inputs, EC identified *relationship building* as a core competency, and identified the need to develop process discipline as a future core competency through the SWOT analysis performed in 2012.

2.1b Strategic Objectives

2.1b(1) HCM’s key strategic objectives, most important goals, and timetable for achieving them are outlined in the Strategy Map (**Figure 2.2-2**).

2.1b(2) **Figure 2.2-1** demonstrates how strategic objectives address strategic challenges and leverage core competencies, strategic advantages, and strategic opportunities. Both short- and long-term horizons are depicted on the Strategy Map and the SBI process supports both these planning horizons by implementing specific innovative breakthrough initiatives that will move the organization forward toward the long-term *Innovation* objectives. The Strategy Map is designed to consider and balance the needs of all key stakeholders through the four key areas of focus, and the community, represented as the cornerstone of the map.

2.2 Strategy Deployment

HCM implements its strategy through its *Always Culture*, (**Figure P.1-1**) which aligns all levels of the organization to accomplish strategic objectives and goals. This is accomplished by ensuring that every workforce member’s goals are aligned to the *Always Goals* and by engaging the workforce in *Innovation/* improvement teams. Based upon Baldrige feedback, the deployment process was improved  by defining a systematic approach to determine what type of effort is needed to execute a specific strategy and by designating improvement initiatives as: large-scale facilitated projects that will work with one of HCM’s lean experts and generally address long-term strategies; SBI projects that will be a short-term (one quarter) initiative and target business improvement; or department/individual improvement initiatives that will be a more narrowly focused project that does not necessarily require cross-functional expertise. *Innovation* can be achieved through any of these approaches.

2.2a Action Plan Development and Deployment

2.2a(1) In Step ③ of the SDDP, action plans for short-term SBI projects and for longer-term strategy teams are created using a standard action planning template, provided on the shared drive. Action plans define tasks, responsibilities, key milestones, projected due dates, and actual completion dates. SBI or large-scale facilitated teams oversee action plan implementation, monitor progress, make midcourse corrections, and report progress to the EC on a weekly basis for SBI projects

and at least monthly for long-term strategy projects. **Figure 2.2-1** shows HCM's key short- and longer-term action plans and their alignment to strategic objectives.

2.2a(2) HCM deploys action plans through the *Always Culture* (**Figure P.1-1**) alignment and the Leadership System Processes (**Figure 1.1-1**).

1. Set and Communicate Direction – In Step ① of the SDDP process, EC identifies and prioritizes strategic opportunities and defines key large-scale improvement/*Innovation* strategies. Once approved by the board, the Strategy Map is communicated to the workforce and key stakeholders through Key Communication and Workforce Engagement Methods shown in **Figure 1.1-4**.
2. Integrates – The EC ensures that strategy is fully integrated across the organization through use of cross-functional SBI or large-scale facilitated teams. Integration is further ensured as department directors define department-level action plans that support organizational SBIs and strategic objectives and goals.
3. Organizes and Aligns – EC selects SBI and large-scale facilitated team leads and chooses team members. These teams follow a disciplined PDCA process (**Figure 6.1-4**) for improvement and **EPM 1.3** for *Innovation*. SBI and large-scale facilitated teams include workforce members (employees, physicians, volunteers, students), patients, community members, suppliers, partners, and collaborators, as appropriate. Additionally, individual goals are aligned to departmental and organizational goals through the QCP process.
4. Perform to Plan – Action plans are implemented according to project tasks.
5. Review and Learn – Process pilots, data analysis, and workforce feedback support immediate enhancements to action plans. SBI teams report progress weekly to promote accountability, best practice sharing, and early identification and elimination of barriers. Large-scale facilitated teams report progress to EC and to the BOT on a quarterly basis. Department directors review QCP progress and provide coaching and feedback to enhance individual team member learning.
6. Sustain – SBI and large-scale facilitated teams develop in-process and outcome measures to ensure key outcomes are maintained. Additionally, each SBI and large-scale facilitated team provides quarterly updates to EC, and they also review performance one year following full implementation to ensure longer-term sustainability. In a 2014 cycle of refinement, Ⓢ EC added a quarterly Strategy Workshop where key inputs into strategy are reviewed, SBI and large-scale facilitated team progress and outcomes are evaluated, and where SBI projects are selected for the second quarter following the Strategy Workshop. Additionally, EC affirms or refines the Strategy Map as needed based

upon key factors, providing a more systematic approach to ensuring agility in the SDDP process.

2.2a(3) Resource requirements necessary to support achievement of long-term plans are identified through **EPM Process 1.2.6 Business Planning**, and through the SBI process to support achievement of short-term plans. EC coordinates the SDDP process with the annual capital and operating budgeting process to ensure that needed resources are allocated to plan *execution*. Integration of the capital, operating, and FTE/Education budgets occurs in SDDP Step ② to ensure financial and other resources are available to support achievement of action plans.

Financial and other risks are identified in Step ① of the SDDP through the comprehensive TOWS analysis. These risks are addressed through the development of short- and long-term strategies. Risks are also evaluated in SDDP Step ② as SBIs are defined. EC also uses the SBI weekly review to manage the financial and other risks associated with the plan to ensure successful plan *execution*.

2.2a(4) Sample workforce action plans are shown in **Figure 2.2-1**. Other action plans are available on site (AOS).

2.2a(5) Key measures to track the achievement and effectiveness of HCM's action plans are shown in **Figure 2.2.1**. Performance on these measures is monitored through the Performance Review Cycle described in **Figure 4.1-3**. HCM uses BSC measures (**Figure 7.4-23**), along with key in-process and outcome measures to track achievement and effectiveness of action plans (**Figure 6.1-3**). Using BSC measures to track effectiveness reinforces organizational alignment.

2.2a(6) Individual SBI action plans are reviewed weekly by team leads and EC members to rapidly identify modifications. Long-term Strategy action plans are reviewed quarterly. Additionally, EC reviews the entire Strategy Map in the quarterly Strategy Workshop. This comprehensive review process allows modification of SBIs if circumstances require a shift in plans and rapid *execution* of a new plan. In a 2014 cycle of refinement Ⓢ, the Strategy Workshop was expanded to include an update of key planning factors and a corresponding update of the TOWS analysis.

At daily huddles, EC members share information, knowledge, and data that may require a shift in plans and resources and rapid *execution* of new plans. If such a circumstance is brought forward, EC reviews current action plans, reprioritizes as necessary, assigns ownership, and sets objectives and goals.

2.2b Key Performance Projections

HCM's performance projections are shown in **Figure 2.2.1**. These projections are determined in SDDP Step ② through analysis of historical trends, competitive benchmarking, and projected impact of implemented short- and long-term strategies. Performance projections are incorporated into the development of the strategic stretch goals.

Always Goals (Strategic Objectives)	Long-term Goals	CC, SC, SA, SO Linkage	Long-term Action Plans (L) Strategic Business Initiative Short-term (S) Action Plans	Balanced Scorecard Measures of Success	Remarkable Stretch Goals / Projections		Projected Performance to Competitor/ Benchmarks
					2013	2015	
Embrace and drive community value and increase profitability.	Strengthen Financial Independence	CC2,3 SA 4,5 SC1,4	<ul style="list-style-type: none"> Achieve Strong Income statement, balance sheet, and cash flow (L) Complete a GPO RFP evaluation and selection (S) Implement EDI purchasing/invoicing system (S) Decrease RAC denials (S) 	Financial Flexibility Index (Ingenix)	85th %tile	90th %tile	Top Decile
	Maximize Key Business Opportunities	CC1-3 SA1-6 SC1,2,3,4,7	<ul style="list-style-type: none"> Expand our health care boundaries (L) Develop a community health and wellness plan (S) Achieve market expansion in the County Market (S) Achieve market expansion in County Market (S) Execute a Center for Remarkability Business Plan 	Market Share Total Joint Replacement Burnet County Inpatient Kerr County Inpatient Burnet County Outpatient	+1% + 1%	+10% +20%	Exceed Competitor Growth Rate
Deliver a Remarkable experience.	Achieve Engagement through Relationships.	CC1-3 SA 1-6 SC 2,3,7	<ul style="list-style-type: none"> Benchmark and implement world-class service standards (L) Develop and implement a Patient /Family Advisory Council (S) Conduct a community needs assessment (S) Innovate patient medication communication process(S) Innovate pain management communication processes (S) Remodel main facility and update infrastructure 	Patient/Family Satisfaction / Engagement Press Ganey Surveys HCAHPS Survey Results Online Ratings & Reviews	95th %tile 95th %tile 4.8 Star Rating	95th %tile 95th %tile 4.8 Star Rating	World Class
Reshape health care for Remarkable outcomes.	Eliminate Preventable Harm	CC 1-3 SA1-6 SC 3,7	<ul style="list-style-type: none"> Identify, evaluate, and implement best practices (L) Innovate the patient hand-off process (S) Decrease unplanned 48 hour returns to the ED (S) Successful implementation of computerized physician documentation and e-prescribing (S) Innovate pressure ulcer prevention processes (S) Develop and implement an end-of-life care philosophy and action plan (S) 	Hospital Acquired Conditions (HACs)	0 HACs	0 HACs	Top Decile
	Improve Community Health	CC 1-3 SA1-6 SC 3,5	<ul style="list-style-type: none"> Identify, evaluate, and implement best practices (L) Implement a heart failure chronic disease management program (S) Achieve Joint Commission Total Joint Certification (S) Develop and implement an OB Center of Excellence plan (S) Achieve Joint Commission Stroke Certification (S) 	Risk Adjusted Mortality Rates Risk Adjusted Complication Rates	90th %tile 90th %tile	95th %tile 95th %tile	Top Decile
Be a team of champions	Develop a High Performance Team	CC 1,3 SA 6 SC 6,7	<ul style="list-style-type: none"> Recruit, Retain, and Promote Champions (L) Develop and implement innovative/standardized interview process (S) Develop and implement a leadership handbook Develop and implement an innovative reward and recognition tool kit (S) Execute formal succession plan for key positions Redesign policy and procedure database for increased usability (S) Achieve ANA Pathway to Excellence certification (S) 	Employee Retention Rate Physician Retention Rate Volunteer Retention Rate	95% 95% 95%	95% 95% 95%	Top Decile

CC (Core Competencies): CC1-Values Driven Culture, CC2-Execution, CC3-Relationship Building
 SA (Strategic Advantages): SA1-Remarkable clinical quality outcomes, SA2-Remarkable patient experience, SA2-Technology, facilities, and equipment, SA4-Management by Fact, SA5-Community Support, SA7-Workforce Engagement
 SC (Strategic Challenges): SC1-Out Migration, SC2-New competitors, SC3-Increasing patient expectations, SC4-Revenue pressures, SC5-Transition to population health, SC6-Recruit and retain talent, SC7-Physician alignment and engagement

Figure 2.2-1 HCM's Performance Projections

Category 3 - Customer Focus

By delivering *Remarkable* patient care, support, and service, and by leveraging HCM’s core competency of *Relationship Building*, HCM has developed a significant strategic advantage. HCM consistently achieves world-class results in measures of patient satisfaction and engagement as evidenced by sustained top decile performance in Press Ganey (PG) results for inpatient, outpatient, emergency departments, and home health (**Figures 7.2-1 through 7.2-18**). **HCM also outperforms its nearest competitor**, Peterson Regional on all publicly reported HCAHPS and HHCAHPS data. HCM is proud to be *among the top ten hospitals in the nation* for the HCAHPS component of the CMS Value Based Purchasing Program. Additionally, HCM has earned numerous national patient experience awards (**Figure 7.1-1**). HCM achieves these results through *execution* of systematic processes aligned with our vision, mission, and *Remarkable* HCM Values.

Patient satisfaction results and action plans are integrated into the BSC, SBIs, department goals, QCPs, and physician feedback reports. HCM evaluates its performance results to the best-of-the-best and is achieving top decile performance compared to the Press Ganey (PG) database, and outperforming the PG Baldrige peer group comprised of all Baldrige recipient organizations within that database.

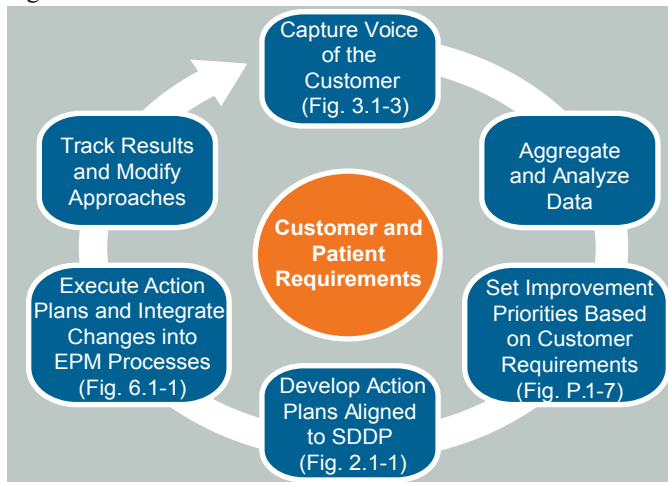


Figure 3.1-1 VOC Input to Action System

3.1 Voice of the Customer

3.1a(1) HCM’s systematic VOC Input to Action System is shown in **Figure 3.1-1**. Through this system, HCM integrates the VOC Listening and Learning Methods described in **Figure 3.1-2** with the SDDP (**Figure 2.1-1**) to set priorities, with the EPM (**Figure 6.1-1**) processes to *execute* on improvements and deliver on customer requirements, and with the Performance Review Cycle (**Figure 4.1-3**) to evaluate performance and modify approaches as appropriate. The Service Coordinating Council (formerly the Customer Service PIT) evaluates the VOC Input to Action Model and VOC Listening and Learning Methods annually. These approaches have been through several cycles of refinement including adding social media to VOC (2011), ratings and reviews (2013), and expanding use of Truven and Crimson data bases (2014),

In 2012, HCM innovated its VOC listening and learning approaches by becoming the first health care organization in the country to use the Ratings and Reviews product to

allow patients to review their experiences in a social media forum. Reviews are tracked continuously, and responses are provided for each review. Potential patients can access these reviews (favorable or unfavorable) to gather an independent assessment of care and services. This tool supplements the PG survey by providing immediate information to HCM. In a 2014 cycle of refinement, HCM purchased Truven and Advisory Board products that significantly expanded HCM’s ability to analyze patient and market information. The Truven database provides mail lists for high propensity marketing of products. Additionally, the database provides population demographics, outpatient procedure estimates, inpatient demand estimates, physician demand estimates, and state data analytics that are used in HCM’s market share intelligence/competitor data. The Advisory Board’s Crimson product provides physician-based revenue data for hospitals, clinics and free-standing facilities, loyalty/facility utilization by service line, sales details/office preferences, and business risk assessments. These data significantly expand HCM’s analytical capabilities to understand current physician referral patterns, identify areas of competitor encroachment, and identify opportunities to meet needs in the primary and secondary market areas.

Step 1 – Capture the Voice of the Customer – HCM listens and learns from its patients, their families, and the community through various formal and informal methods. As shown in **Figure 3.1-2**, these methods vary by customer and patient life cycle stages, patient groups, and customer market segments. For example, the Restore VOC Listening and Learning Methods include road shows; pre-operative classes, rounding, surveys, and graduation classes for the engaging stage; and Reunion Luncheons for the sustaining stage. Through these various methods, several refinements have been made to the Restore program including improving the pain management protocol and modification of educational materials.

Step 2 – Aggregate and Analyze Data – The Service Coordinating Council oversees the aggregation and analysis of all VOC information and data. Quarterly, the team reviews aggregated patient satisfaction, HCAHPS, HHCAHPS, Online Ratings and Reviews, comment trends (compliments and complaints), and service recovery data. This analysis is shared with the EC at the Quarterly Strategy workshop. Aggregated PG and HCAHPS data are also available on DIVER at the organization and department levels. Annually the team reviews and analyzes VOC feedback as inputs into SDDP Step ① and presents that analysis at the spring SDDP workshop.

Step 3 – Set priorities for Improvement Based on Customer Requirements – Upon analysis and aggregation of the data, the Service Coordinating Council validates and/or updates customer requirements and sets priorities to address performance gaps. Priorities are based upon the following criteria: alignment with VMV, customer requirements, Strategic Plan, and ability to execute.

Step 4 – Develop Action Plans Aligned to SDDP – Customer focus priorities are aligned with the SDDP and decisions are made to *execute* the plans through Facilitated PDCA projects, organizational SBIs, departmental PDCA projects or individual PDCA efforts defined in QCPs.

Step 5 – Execute Action Plans and integrate into EPM Processes – Action plans are implemented using PDCA

Patient/Customer Groups	Life Cycle Stages		
	Courting	Engaging	Sustaining
Patients	<ul style="list-style-type: none"> Market Share Reports Patient Advisory Council Surveys Social Media Pre-operative classes Truven and Crimson Data Bases 	<ul style="list-style-type: none"> Focus Groups Support Groups Rounding Patient Relations Discharge Calls Complaint Management Graduation Classes (Restore) 	<ul style="list-style-type: none"> Press Ganey Surveys Ratings and Reviews Best Practice Research Industry Collaborations Patient Advisory Council Reunion Luncheons (Restore) Ratings and Reviews
Potential Patients and Customers	<ul style="list-style-type: none"> Market Share Reports Social Media Road Shows Community Needs Assessment Volunteer activities Board of Trustees Input Business Development Team 	<ul style="list-style-type: none"> Support Groups Social Media Community Education Wellness Screenings Health Fairs/ Outreach Support Groups Ratings and Reviews 	<ul style="list-style-type: none"> Focus Groups Board of Trustees Feedback Volunteer Activities
Former Patients and Customers	<ul style="list-style-type: none"> HCM Website Focus Newsletter Social Media 	<ul style="list-style-type: none"> Survey 	<ul style="list-style-type: none"> Discharge Calls Surveys Patient Council
Competitor's Patients and Customers	<ul style="list-style-type: none"> HCM Website Social Media HCAHPS and HHCAHPS Data Out-migration data 	<ul style="list-style-type: none"> Community Education Wellness Screenings Ratings and Reviews 	<ul style="list-style-type: none"> N/A

Figure 3.1-2 VOC Listening and Learning Methods

methodology and various improvement tools including Lean and process reengineering. To ensure that improvements made are sustained, changes are integrated into EPM processes. For example, when the opportunity was identified to improve discharge planning, a Discharge SBI team was named that included front-line nursing staff, case managers, pharmacists, and a former patient. This team researched best practices and based upon their findings, revised the discharge process (**EPM Process 4.3.1**) to include teach-back patient education and the development of a discharge checklist. The team educated staff and patients, and monitored in-process measures of checklist and patient education completion and outcome measure of HCAHPS discharge satisfaction (**Figure 7.2-7**) to ensure that improvements were sustained.

Step 6 – Evaluate and Refine Actions – Action plans are systematically reviewed throughout plan *execution*. SBIs are reviewed weekly by the EC with team leaders and, as needed, plans are modified. Once improvements have been implemented, performance is monitored through the Performance Review Cycle (**Figure 4.1-3**) and actions taken to achieve desired results.

3.1a(2) Approaches used to capture the voices of potential patients and patients of competitors are shown in **Figure 3.1-2**. HCM listens to competitor’s patients through monitoring HCAHPS, in and out migration for the competitor’s primary service area, Restore Road Shows, and customer focus groups. Additionally the marketing department monitors print, radio, and social media for competitor patient intelligence. Competitor satisfaction is one input considered in SDDP step ①. HCMs Business Development team has four individuals who systematically capture information on competitors through visits to physicians’ offices to capture feedback about unmet needs that result in their referring patients to HCM’s competitors. The addition of Truven and Crimson databases provides the Business Development team with significant information on out-migration, captures physician-based revenues, and provides business risk assessments.

3.1b(1) A wide range of quantitative and qualitative information is gathered from the various listening and learning approaches shown in **Figure 3.1-2**. Determining patient and other customer satisfaction and engagement begins with VOC Input to Action Process Step 2 – Aggregate and Analyze Data. PG surveys provide the primary method for determining patient satisfaction and engagement along with internal surveys for outpatient ancillary departments (Imaging, Lab, etc.), and other VOC Listening and Learning methods. Survey questions are tailored by market, customer segment, and services. HCM evaluates mean score, and percentile ranking compared to the PG national peer group, hospital peer group, and Baldrige peer group. HCM added the Baldrige peer group in 2011 as a cycle of refinement to compare our organization with the best-of-the-best. HCM also captures satisfaction and dissatisfaction through on-line Ratings and Reviews.

HCM translates patient satisfaction and engagement data/information into action plans using the VOC Input to Action Model (**Figure 3.1-1**). Through this approach, HCM aligns all levels of the organization in delivering a *Remarkable* experience to exceed customer expectations. This focus on action keeps patient and other customer satisfaction and engagement in the forefront at all levels of the organization. Although HCM consistently ranks in the top decile on the engagement question related to willingness to recommend HCM to family and friends (**Figure 7.2-16 through 7.2-18**), senior leaders wanted to strengthen the long-term engagement of patients and, using the SBI process, formed a Patient and Family Advisory Council in the first quarter of 2013. This council, facilitated by the Patient Experience Director, includes former patients and family members who had both positive and negative experiences at HCM. The council’s purpose is to enable former patients to offer input and perspectives on initiatives and to work on improvement projects that are personally meaningful.

3.1b(2) HCM obtains comparative data for all customer groups through PG satisfaction surveys and through HCAHPS.

PG results are compared with the national (PG) database, the PG small hospital peer group, and with the PG Baldrige peer group. HCAHPS data are publically reported, thus allowing comparisons to its direct competitor.

Additional information on HCM’s closest competitor is collected through a variety of mechanisms, including the competitor analysis completed as part of the SDDP; local media; competitor web sites, advertisements, and press releases; and feedback from patients who have been treated there. Other information on satisfaction relative to competitors is obtained through contacts with peers and employees of other organizations, physicians who may work at various hospitals, participation in community organizations and activities, and the BOT. Senior leaders continuously review and research best practices to learn what other facilities are doing to take patient satisfaction and loyalty to even higher levels. HCM also participates in the regional and national PG conferences, and reviewing approaches from Baldrige award recipients also allows learning from other organizations both within and external to health care. Identified best practices are assessed for adaptability for HCM and implemented as appropriate. Comparative data are used to identify opportunities for improvement and as inputs to the SDDP. Market analysis is also conducted by the Business Development Team to understand outward migration patterns and to identify opportunities to add or expand service lines or grow market share.

3.1b(3) The Service Coordinating Council determines patient dissatisfaction through analysis of the PG and internal survey results, Online Ratings and Reviews, and Complaint Management data analysis. Trends in dissatisfaction are used to develop action plans at the organizational and department levels, and incorporated into Facilitated PDCA, SBI, departmental, and individual QCP action plans to meet current and future requirements and expectations.

3.2 Customer Engagement

3.2a(1) HCM systematically captures patient, other customer, and market requirements for health care service offerings through the comprehensive VOC Listening and Learning Methods outlined in **Figure 3.1-2**. These data are used in Step ① of the SDDP (**Figure 2.1-1**) to analyze customer requirements, conduct a TOWS analysis and define strategies (including new service offering, services, or new markets) to meet customer requirements. Once a strategy is defined to develop or adapt a service, or to enter a new market, a team is formed to *execute EPM process 2.1 Assess and Develop Health Services and Markets* (**Figure 3.2-1**).

For example, in 2013 the EC identified a strategic opportunity to leverage the success of the Restore program and develop a similar program for bowel surgery that would include: pre-operative patient education, minimally invasive and pharmacologic advancements, optimal pain management, dedicated nurses trained to work with colon surgery patients, nurse navigator-care oversight and patient advocacy. A team was formed to research the market, identify best practices, and conduct a financial feasibility analysis. HCM’s marketing team worked with physicians, executives, and nursing leaders to assess interest in developing such a program and to consider clinical issues. The team conducted market research and a financial analysis. This assessment considered current internal

volumes, assessed general surgeon interest, market share in target markets, and assessed budget implications. Based on this analysis, the team developed and presented a proposal to the EC. EC reviewed the research and business plan and made the intelligent risk to implement the program. The team developed and deployed a comprehensive plan to define processes, develop marketing and promotional materials, provide nursing education, and develop a comprehensive implementation strategy. The process was piloted and based upon results, deployed as *Renew*.

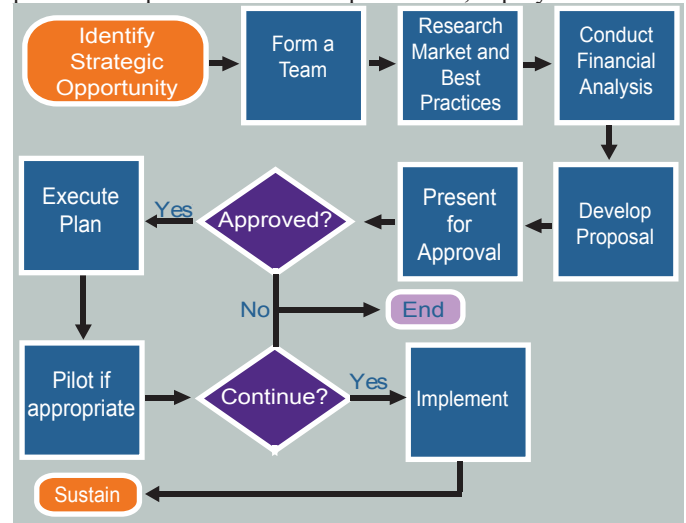


Figure 3.2-1 Develop/Assess Services and Markets

3.2a(2) Patients and other customers are enabled to seek information and support through a comprehensive range of approaches. Patients and community customers can obtain health care services and support and provide feedback through: the Internet, advanced directive counseling, the Women, Infants and Children (WIC) program, support groups (bereavement, diabetes, cardiac, cancer survivors), the Physician Referral Line, pastoral care, the Patient and Family Advisory Council, surveys, the patient advocate and childbirth classes. Patients are provided additional support through the EHR, patient rounding, financial assistance, the Infant Loss program, Pennies for Prescriptions, home care, the transition nurse program, case management, the Restore pre-operative class and reunion program, and interpreter services. The community is also supported through community events such as health fairs, screenings, Relay for Life, and the Wills Clinic.

Many of these mechanisms are tailored to specific customer group or market segments. For example, Google translator is provided on the HCM website’s Krames Stawell health library for non-English speaking patients. HCM also targeted uninsured women with little access to health care for the Friend-to-Friend Event, collaborating with local organizations to bring free and lost-cost screenings to an underserved community.

Key patient and other customer support requirements are systematically captured through the approaches shown in **Figure 3.1-2**. These requirements are incorporated into the development of new service offerings and are also used to assess performance of support approaches. Key support requirements are communicated and deployed to all staff through Welcome to *Remarkable* orientation, ongoing education and internal communications, and to specific groups as needed through training and huddles. The effectiveness of these deployment

mechanisms is evaluated through customer focus results.

3.2a(3) HCM identifies current and anticipates future patient and other customer groups and market segments through SDDP Step ① Set and Communicate Direction and Sustain the Culture (Figure 2.1-1). During the SDDP, multiple key factors are collected and analyzed. These assessments include Stakeholder TOWS, an environmental scan, a community needs assessment, competitor intelligence, and a comprehensive market analysis. Through this data analysis, EC validates current patient and other customer groups and market segments and identifies/anticipates future patient and customer groups and market segments. The selection of future market and customer opportunities is based on comprehensive analysis of market share data, competitive position, growth potential, community needs, and organizational capability and capacity. HCM’s Business Development organization significantly improved its approaches in 2013, expanded access to actionable data in 2014, and is aggressively working with physicians in the primary and secondary markets to identify and act on opportunities to grow market share. These approaches enable the EC to identify strategic opportunities to grow customer groups and market segments, to make data-driven decisions which will be intelligent risks, and to develop a comprehensive business plan to execute the strategies.

For example, in the 2014 SPP workshop, EC identified a strategic opportunity for market expansion into Boerne, TX. This is an affluent community that could potentially have a positive impact on HCM’s financials. EC is currently conducting a comprehensive business case analysis to assess if this strategic opportunity will be an intelligent risk.

3.2b(1) HCM has developed *Remarkable* patient and other customer relationships through successful *execution* of the systematic Relationship Management Process (Figure 3.2-2). Through this process HCM identifies potential patients and other customers through approaches described in 3.2a(3) and *executes* the Relationship Management Process to acquire patients and other customers and to build market share. A key step in the process is working with patients and families to develop care plans that are tailored to meeting their unique needs and helping to set realistic expectations for care and outcomes. Once the organization understands requirements and establishes plans for care, it works with the patients and families to meet those requirements. Our direct care providers use key words at key times and have deployed evidence-based practices to deliver a *Remarkable* patient experience. When concerns or complaints are expressed, HCM works through those issues by being empathetic, transparent and responsive. Communication with the patient and families is open and honest. Customer care workforce members consistently ask for feedback and use this information to improve the patient experience. Through this systematic approach, HCM has consistently performed in the top decile of Press Ganey results and currently ranks #1 on HCAHPS scores nationally. HCM supplements the relationship-building process with social media to further enhance patient and other customer engagement through the innovative Ratings and Reviews; Google Analytics, to understand website traffic; and Facebook to engage with stakeholders. The HCM website has been revised to better meet the needs of targeted audiences.

3.2b(2) HCM *executes* the Complaint Management

Process (CMP) (Figure 3.2-3) to provide timely complaint

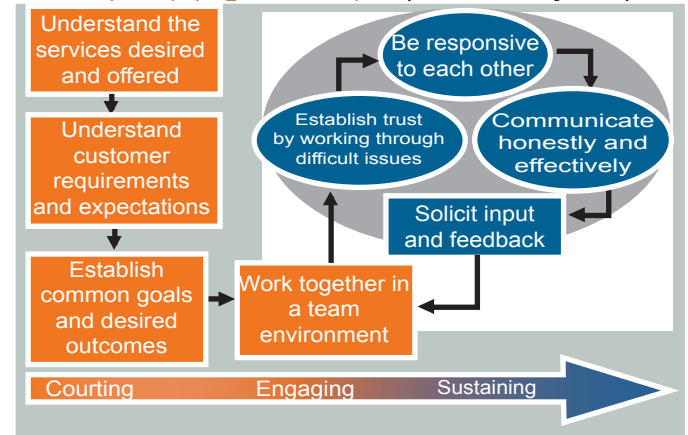


Figure 3.2-2 Relationship Management Process

resolution and learns from complaints by aggregating information, identifying trends, determining root causes of issues, and using this information to drive performance improvement. This approach ensures that complaints are resolved promptly and effectively and allows for recovery of patient and stakeholder confidence to enhance satisfaction and engagement. Complaints are resolved as close to the point-of-contact as possible through the Service Recovery Program. All staff is empowered and encouraged to solicit and resolve complaints through routine training, education, and reinforcement. Using established criteria, the Patient Relations department assigns a severity level with response and resolution time frames. Complaints assigned a high level of severity require immediate response and communication with the expectation that the problem will be resolved or action taken within 7 days.

The CMP has been through four cycles of refinement the most recent of which was to aggregate complaint data to identify highest opportunities for improvement. These aggregated data are used as input to the SDDP annual workshop and are also reviewed as part of the Quarterly Business Review. In 2013, analysis of customer satisfaction and engagement as well as complaint data about the Emergency Department (ED) led the EC to request proposals for and ultimately to hire a new physician group to provide ED services.

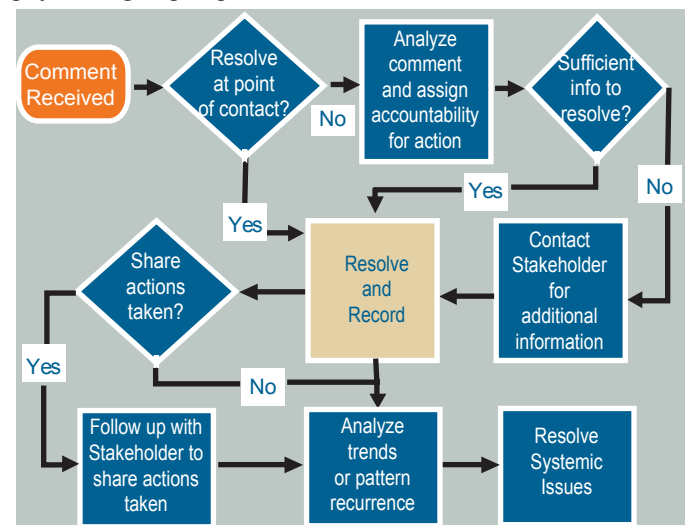


Figure 3.2-3 Complaint Management Process

Category 4 - Measurement, Analysis, and Knowledge Management

4.1 Measurement, Analysis and Improvement of Organizational Performance

4.1a(1) Review and Analyze Performance - EPM 4.7 (Figure 4.1-1) guides HCM leaders and workforce in selecting, collecting, aligning, and integrating data and information for use in tracking daily operations and overall organizational performance. This process supports HCM’s core competency of *Execution* through alignment of goals at all levels of the organization to the Strategic *Always Goals* (strategic objectives) and builds on the HCM *Remarkable Values* of Accountability, *Innovation*, and Stewardship.

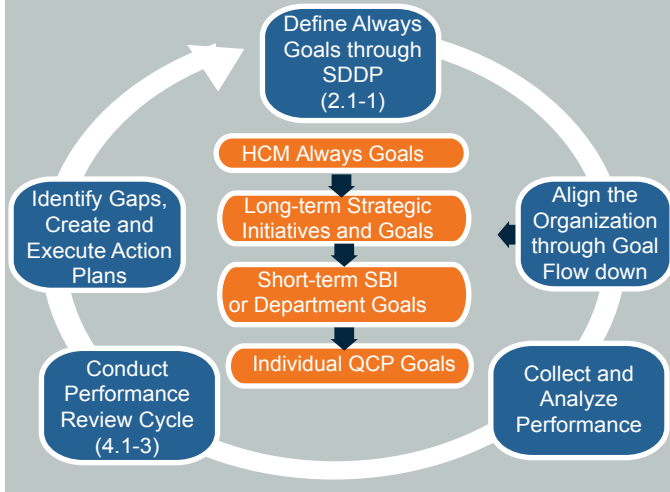


Figure 4.1-1 Review /Analyze Performance (EPM 4.7)

Define Always Goals -- Senior leaders define *Always Goals* and associated measures through Step ① of the SDDP (Figure 2.1-1). **Align the Organization through Goal Flow Down** In this step, leaders ensure organizational alignment by defining measures at subsequent levels of the organization that support the *Always Goals*. Departmental and process measures are selected through the Measurement Selection Process (Figure 4.1-2) along with appropriate comparative data. Outcome and in-process measures are selected as part of this process. Departmental measures are tracked through dashboards, and individual measures are tracked through QCPs.

Collect and Analyze Data and Information Performance is captured and analyzed at every level of the organization through the *Always Culture*. This includes analysis of BSC metrics, progress on SBI action plans, department or process performance, as well as progress on QCPs. Organizational and department-level data and information are available through DIVER to support daily operations and decision making. DIVER is an end-to-end business intelligence platform, providing all of the components needed to implement and deploy actionable information across HCM. DIVER provides powerful analytics, integration and dashboard capabilities at the organizational and departmental level. Dashboards are available online and are automatically emailed to leaders daily to facilitate near real-time decision-making.

Review performance through the Performance Review Cycle -- Daily and operational performance are systematically reviewed through the comprehensive Performance Review Cycle (Figure 4.1-3). Measurement results support

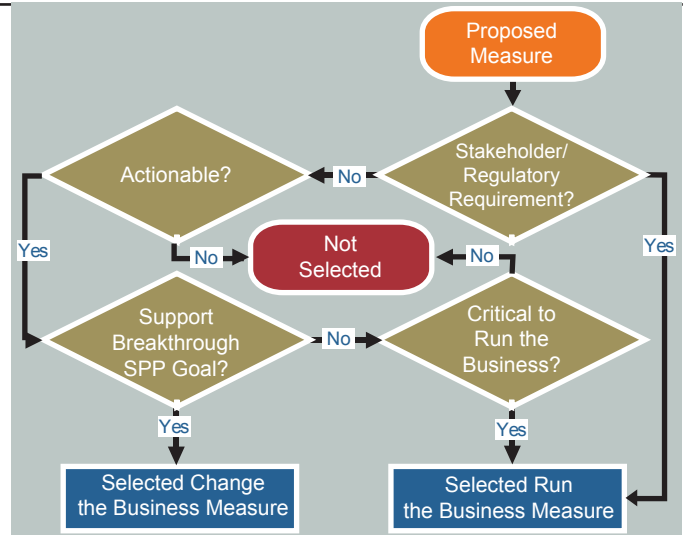


Figure 4.1-2 Measurement Selection Process

decision-making, continuous improvement, and *Innovation*. Measure results also provide key inputs into SDDP Step ②.

Identify Gaps, Create and Execute Action Plans During Performance Review, gaps are identified. Gaps may be related to performance compared to goal, competitors, or benchmarks. When gaps are identified, action plans are developed to address gaps. Action plans may be *executed* through large-scale facilitated projects, SBIs, QCP goals, or departmental/work improvement initiatives.

Key long-term organization measures are reported in Figure 2.2-1 and short-term operational measures in Figure 6.1-3.

4.1a(2) Using HCM’s formal decision-making process, leaders identify and select the best comparative data sources to meet strategic and operational planning needs and objectives. Leaders use defined criteria to determine appropriate comparisons. These criteria include: 1) database size, 2) availability of competitor data, 3) applicability to HCM service offerings and size, 4) best practice guidance, 6) cost, and 5) credibility of the vendor or organization. As part of SDDP, comparative data sources are reviewed and reassessed to ensure continued effectiveness. Effective use of comparative data drives *Innovation*, collaboration, accountability, and realization of the Vision. In the 2011 SDDP effectiveness review, the need for easier access to and use of comparative data was identified as an opportunity. To address this deficiency, a data analyst was dedicated to ensure all members of the management team have quick and easy access to comparative data through DIVER to support early identification of negative trends and rapid cycle improvements.

4.1a(3) Selecting and ensuring effective use of VOC and market data and information is incorporated into the VOC Input to Action System (Figure 3.1-1) and SDDP Step ① (Figure 2.1-1). VOC data and information are deployed through and integrated into the strategy map, SBIs, department goals, QCPs, physician feedback reports, LDI, workforce training, and reward and recognition. VOC and market information are systematically evaluated through the Performance Review Cycle (Figure 4.1-3) and improvement actions are identified and executed. The use of VOC and market information support operational and strategic decision-making and build a more patient-focused culture as evidenced by world-class

performance in patient satisfaction and engagement (Item 7.2).

Researching VOC best practices across industries, HCM leaders incorporated social media development as an SBI. Following a formalized selection process, leaders launched an innovative, web-based Ratings and Reviews platform similar to that used on Amazon.com. HCM was the first hospital in the nation to use this innovative social media approach. Initial low response rates prompted leaders to survey customers on system usability. Based on feedback, the site was redesigned and redeployed successfully. The Patient Experience Director monitors feedback received through this mechanism, responds to every comment, incorporates complaints into the CMP (Figure 3.2-3), and identifies opportunities for recognition. These data are reviewed by EC through daily emails, weekly reports, and by the Service Coordinating Council on a quarterly basis. The effectiveness of the Online Rating and Review program is evaluated annually by the Service Coordinating Council. In a 2011 cycle of refinement a new process was implemented to respond online to every comment – a best practice learned from Trip Advisor. The Patient Experience Director also monitors social media posts through Google Alerts, Facebook, and sites such as Yelp. The data captured in these reviews are incorporated into the Service Coordinating Council’s quarterly review.

4.1a(4) HCM performance measures are updated annually as part of the SDDP Step (Figure 2.1-1). Additionally, frequency of reviews outlined and flexibility to adjust measures and goals outside SDDP are key aspects of agility in HCM’s performance measurement system. Measures can also be added, deleted or modified by Process Owners who recognize a change that requires different measures. DIVER measures can be changed, added, or eliminated in real time.

4.1b Performance Analysis and Review

Organizational performance and capabilities are reviewed in a structured, multi-tiered manner through the Performance Review Cycle (Figure 4.1-3). HCM’s approach to performance analysis and review ensures that 1) performance measurements are aligned to Always Goals, 2) performance is assessed using a balanced set of measures, 3) performance results are analyzed to provide leadership information for decision making, and 4) improvement plans are developed and implemented. A variety of analyses are conducted including comparative, quantitative, root cause, trend, Pareto, variance, and correlation analyses.

EC reviews organizational BSC (key organizational performance measures) results, including financial performance, monthly and presents the results to BOT, MEC, and Directors. Departmental, medical staff, volunteer, and workforce forums, along with posting BSC results on the Intranet and in the main lobby serve as primary communication mechanisms. HCM compares performance, progress, and success to its primary competitors, Malcolm Baldrige recipients, and national top 10% when benchmarks are available. In 2011 HCM added the Baldrige peer group comparison to patient satisfaction reports to better compare the organization to the highest performing group in the nation. Unannounced regulatory surveys from TJC and CMS and thorough organizational audits, corroborate key performance measure results.

The BOT, EC, directors, and MEC/physicians review performance to monitor progress relative to SOs and action

Forum	Freq	Participants	Purpose/Measures
BOT	M	BOT, EC, COS	BSC review
BOT Audit and Finance	M	Committee members, CFO, Comptroller	Financial Report
BOT Quality	M	Committee members, CSO, CNO, Med Staff, Quality Staff	Quality/Patient Safety reports / measures
EC Huddles	D	EC	Daily operational metric review
Director Comm	M	EC, Department Directors	BSC results Strategic planning and SBI reports
MEC/Med Staff	M / Q	MEC members, CNO, CMO, other EC as appropriate	BSC Results Quality and Patient Safety metrics
Department Meetings	M	Department Directors staff Volunteers	Project updates Review results (org and departmental)
SBI reviews	W	EC SBI team Leads	Review progress Report results
Quarterly Business Reviews	Q	EC member Department Directors	Departmental operational results Best practice identification / sharing
Shared Governance	M	Committee members	Project updates Review results
Baldrige Category	M	CSO Team Members	Project updates Review results
QCP Reviews	M	Leader Staff member	Review progress Address barriers
Department Huddles	D/W	Directors Staff	Daily operations review Communicate key info
PI Team Meetings	W/M	Leader Team Member	Review progress Address barriers
Frequency: D = Daily; W = Weekly; M = Monthly; Q=Quarterly			

Figure 4.1-3 Performance Review Cycle

plans, note successes, and identify OFIs. Frequency of performance reviews at all levels in the organization ensures HCM’s ability to respond rapidly to changing organizational needs and challenges in the operating environment. This meeting structure has been refined over time with the latest cycle of improvement in 2014 being the addition of a monthly Communications Meeting for Directors to share information immediately following the monthly BOT meeting.

4.1c(1) High performing departments are identified through analysis of performance on financial, service, quality, and people results. HCM defines best practices using the following criteria: 1) demonstrates evidence of success; 2) affects organizational achievement of strategic goals and objectives; and 3) potential for replication/adaptation to other units. Internal and external best practices can be identified by SBI teams, Action Learning Groups, or coordinating councils.

EC members conduct quarterly business reviews within their lines to review data. Best practices are identified based on this review, and EC members share these best practices at their daily huddles as well as in departmental meetings, LDI and other appropriate forums. **4.1c(2)** Annually, in Step of SDDP, senior leaders follow a formalized process (Figure 4.1-

4) to systematically project future performance. During SDDP Step ①, EC analyzes HCM’s performance review findings (BSC, budget variance) and key comparative and competitive data in light of historical trends. They also assess short and long-term strategic goals, internal capabilities, capacity, and regulatory and environmental factors. They set goals for BSC performance and make projections of future performance. These projections are integrated into all budgeting processes.

Because the action planning process is integrated into Step ② of the SDDP, there are rarely situations where action plan projections do not reconcile with projections established in the BSC process. In the rare occasions when this does occur, EC members work with action plan owners to review data used to set projections and mutually agree on appropriate projections.

Future Performance Projection Process
Step 1 – Evaluate past performance and historic trends
Step 2 – Review goals
Step 3 – Monitor regulatory requirements
Step 4 – Review strategic plan, Always Goals, key strategies
Step 5 – Evaluate market and comparative/benchmark data
Step 6 – Develop projections

Figure 4.1-4 Future Performance Projection Process

4.1c(3) Performance review findings drive the development of priorities for continuous improvement and *Innovation* through cascading goal deployment in the *Always Culture*. Performance review findings provide key inputs into SDDP Step ① (**Figure 2.1-1**) and drive the definition of long-term action plans and prioritization of short-term SBIs. As these are developed, teams are selected and made responsible for developing action plans to achieve desired improvement. Improvement initiatives are shared through the HCM Strategy Map to align the entire workforce. Department directors use the organizational long-term initiatives and SBIs, along with departmental performance results, to prioritize departmental goals for continuous improvement and work with individual staff to align goals in their QCPs. Suppliers, partners, former patients, and collaborators are included on improvement teams, as appropriate to ensure organizational alignment. HCM and the HCM Foundation have aligned strategic plans to support innovative philanthropy goals to meet the long-term needs of the organization.

4.2 Knowledge Management, Information, and Information Technology

4.2a(1) HCM’s long-term sustainability is dependent on managing and growing its knowledge assets. The organization has moved from a culture of informal knowledge management to a formal knowledge management process (**Figure 4.2-1**) that promotes fact-based decision-making, drives a culture of *Remarkable*, supports organizational and individual learning, and is inclusive of all stakeholders. HCM captures knowledge from multiple stakeholders including the workforce, patients, suppliers, partner, collaborators and the community. Information is captured through multiple sources including performance data, patient and workforce surveys, advisory groups, rounding, community needs assessment, interviewing, etc. Knowledge is captured in multiple electronic systems, policies and procedures, reports, education. Leaders

and process owners analyze information to determine the most appropriate use of the knowledge. Knowledge is used to execute processes, to drive improvement, to develop new products/services and processes, to build relationships, and to achieve desired outcomes. Knowledge is shared with the workforce through multiple approaches such as: face-to-face leadership, Medical Staff, BOT, and Staff Meetings; Daily Huddles; LDIs; Print Media; Policies/ Procedures; the Intranet/ Internet; and staff training. Information and knowledge is shared with patients and family members face-to-face in the patient-care setting, through print media, marketing materials and on the internet. HCM shares knowledge and information with suppliers, partners, and collaborators through formal and informal mechanisms including structured meetings, electronic data exchange, and involvement in improvement projects.



Figure 4.2-1 Knowledge Management Process

Best practices are shared through multiple systematic approaches including daily huddles, the Performance Review Cycle, and the shared governance structure. Best practices are implemented through the Performance Improvement System and implementation is tracked through the Performance Review Cycle. Once implemented, performance is tracked to ensure that desired outcomes are being achieved.

In 2014, HCM significantly improved how knowledge and information are being used in the Strategic Planning Process by adding quarterly Strategy Workshops. Based upon a defined calendar, the EC reviews various key inputs each quarter and use the information to update the TOWS analysis and, as necessary make adjustment in the strategy.

All *Innovation* initiatives capture internal knowledge and information such as current process performance and organizational capabilities and capacity. Additionally, they research external best practices and technology and use these data to develop the business case for the *Innovation*. This knowledge is used by EC to determine what strategic opportunities would constitute an intelligent risk.

4.2a(2) Organizational Learning is built upon the foundation of HCM’s core values of *Innovation, Accountability* and *Stewardship*; and application of the *Baldrige Criteria for Performance Excellence*. HCM makes data driven decisions by ensuring that key processes are systematically measured and performance results are evaluated and used to drive improvement. A similar approach is used to ensure that

improvement efforts are achieving desired outcomes. Both outcome and in-process measures are defined for improvement processes, and progress is evaluated through the Performance Review Cycle (Figure 4.1-3). Annual Baldrige assessments provide the opportunity to internally evaluate process maturity and effectiveness and to receive external feedback to help drive process improvement.

4.2b Data, Information, and Information Technology

4.2b(1) Figure 4.2-2 outlines how HCM manages the properties of organizational data, information and knowledge to ensure accuracy, integrity, reliability, timeliness, security and confidentiality. Annual review of these properties and methods has resulted in improvements such as: changes to security and confidentiality education based on analysis of breeches (accuracy), development of new DIVER reports to provide automated audits (timeliness), and development of job specific HIS and facility access controls (security and confidentiality).

Property	Management Approach
Accuracy	Workforce education Audits (internal & external) Validity testing Integrated systems Automation and electronic interfaces
Integrity & Reliability	Data entry and Permission controls Audits (internal & external) Documentation policies and procedures Testing & pilots Mock surveys Trending data consistency
Timeliness	Integrated systems Data entry controls Real-time entry Auto-capture Electronic interfaces
Security & Confidentiality	Education and Personal sign-ons Firewalls and spam filters Password authorization/expiration Data file hard copies in secure location Audits (internal & external) Policies, building security & access control

Figure 4.2-2 Data and Information Approaches

4.2b(2) HCM deploys needed data and information to the workforce, suppliers, partners, collaborators, patients, and stakeholders through the mechanisms presented in Figure 4.2-3. With web access, authorized staff members can remotely access email, shared drives, and virtual desktop. A secure portal exists for physicians to access real-time patient records from their home, office, or smart phone. HCM uses BSC and patient and workforce survey results to evaluate the effectiveness of these deployment methods. Changes have been made to the clinical documentation system, computerized physician order entry system, and Intranet site based on analysis and feedback.

4.2b(3) HCM uses several integrated processes, reviewed annually for effectiveness, to maintain hardware and software security, reliability and user-friendliness. These include a hardware life-cycle planning process, systematic checks and balances to maintain software reliability. For example, HIS upgrades are tested in a separate system before live introduction to ensure reliability and uninterrupted production, 24/7 IS support, redundancy technology and nightly system backups, regular internal audits conducted to monitor system

use. Additional reliability and security measures are outlined in Figure 4.2-2. Workforce members are included in system selection, pilot projects, system updates/upgrades, and education sessions.


	Access/Availability	Types of Data/Information
Patients and Family	- Internet - Printed materials - Classes - Newspaper - Patient Care - Telephone - Mail - Teams/Councils - Signage - White Boards	- Electronic Medical Record - Patient Handbooks - Education, schedules, appointment - Disease/wellness information - Diagnostic testing results - Patient care plans - Medication lists - Statements, payments, insurance claim status - Wayfinding
Employees	- Internet/Intranet - Email - Media - Meetings and Huddles - Communication Boards - Remote Desktop - Secure wireless	- Electronic Medical Record - DIVER - BSC metrics - Departmental metrics - Policies and Procedures - Departmental IT modules - Payroll/HR benefits
Physicians	- Physician Portal - Remote Desktop - Secure Wireless - Meetings - Email - Blast Fax	- PACS - Electronic Medical Record - News and information - Policies and Procedures - Physician feedback reports - Quality/Patient Safety/ Patient Satisfaction metrics
Volunteers	- Internet/Intranet - Email - Meetings - Phone	- Scheduling - News and information - Policies and procedures
Partners/ Coll.	- Email - Phone - Meetings	- News and information - Strategic plan - Program and Business Plan Development
Suppliers	- Electronic data exchange - Email - Phone	- Orders - Vendor Scorecards - Strategic plan - Program and Business Plan Development


Figure 4.2-3 Data and Information Access Approaches

4.2b(4) Extensive contingency planning ensures the continued availability of hardware and software systems and data and information in the event of an emergency. IS performs regular, server backups, and tapes are stored in a secure off-site location and provide redundancy. Meditech technicians and local IT staff are on call 24/7. These precautions provide HCM with support for business continuity during disaster situations. The Emergency Operations Plan (EOP) [6.2c] documents priorities and procedures for restoring facilities, systems, and services in an emergency. HCM departments have computer downtime procedures in place to ensure availability of data. Regular testing of these procedures is done in patient care areas during EOP drills. Debriefings are held after drills and actual emergencies to solicit participant feedback, assess plan effectiveness, and develop action plans.

Develop and Manage HR Planning, Policies, & Strategies	Recruit, Select, and On-board Workforce	Develop the Workforce	Engage the Workforce	Ensure Effective Succession Planning	Manage Separation	Manage Employee Information	Ensure Workforce Safety, Security & Wellness
<ul style="list-style-type: none"> - Understand SDDP Always Goals and Key Strategies - Analyze HR Implications of Always Goals - Develop Capability and Capacity Plans - Develop Key HR Strategies - Deploy Strategies - Execute/Track Plan - Adjust 	<ul style="list-style-type: none"> - Complete approved job requisition - Post job on HCM website - Recruit - Conduct Values Interview - Check References - Leadership Interview - Peer Interview - Make Hiring Decision - Extend Offer 	<ul style="list-style-type: none"> - Identify specific need for development - Assess potential solutions to meet the need - Select appropriate solution - Implement solution - Evaluate effectiveness of solution - Start again 	<ul style="list-style-type: none"> - Share the Culture - Align Goals - Identify/Validate Requirements - Build Trust - Ensure Communication - Assess Performance - Respond to Concerns - Reward and Recognize - Providing on-going Coaching 	<ul style="list-style-type: none"> - Assess talent - Gather Input from Executive - Define Potential Successors - Define plan for Development - Implement Education Plan - Review QCP Progress - Update SPP Planning Docs - Assess process effectiveness / modify as needed 	<ul style="list-style-type: none"> - Receive Notification of Separation Process paperwork - Conduct Exit Interview - deactivate Badge - Deactivate Team Member in systems - Director submits Termination - Update Meditech to reflect "Term" 	<ul style="list-style-type: none"> - Team Member Completes - HR Processes New Hire - HR Creates Personnel File - HR send items to appropriate departments - HR adds New Team Member to License and Competency Matrix - Maintain file 	<ul style="list-style-type: none"> - Conduct EOC Assessment - Define Key Safety Risks - Remediate and Eliminate Safety Risks - Train the Workforce


Figure 5.1-1 Team of Champions System

In a 2012 cycle of refinement  HCM integrated the EPM with human resource processes to clearly articulate its Team of Champions System (Figure 5.1-1). Through **EPM 5.1**, effective plans, policies, and strategies are defined to address workforce capability and capacity needs, recruitment, and staff development. This process is aligned with SDDP Step ② Integrate, Organize and Align and individual staff capability goals are integrated into QCPs.

HCM's core competency of *Values Driven Culture* drives every step in **EPM 5.3**. A values screening interview is the first step of the recruitment, selection, and on-boarding process. Standardized values screens for employees, volunteers, and physicians  were developed in a 2013 SBI to support the long-term Strategic Stretch Goal of Recruit, Retain, and Promote Champions. To ensure a capable workforce, **EPM 5.6** includes coaching, mentoring, workforce and leadership training. The QCP process, LDI, and Action Learning Groups are key deployment mechanisms. In **EPM 5.10**, HCM engages the workforce through improvement/*Innovation* efforts; communication, reward and recognition; benefits; and evaluates the effectiveness of these approaches through assessment of workforce satisfaction and engagement. When opportunities for improvement are identified, action plans are developed and deployed to execute needed improvement. HCM's employee engagement ranks at the 90th percentile nationally (Figure 7.3-21 through 7.3-25). Formal succession planning is completed for all executive-level positions in **EPM 5.7**. Succession planning for other workforce members is accomplished through the QCP process. **EPM 5.6** provides systematic policies, procedures, and processes to support professional growth and development through internal promotions and reassignment. Successful transitions of either voluntary or involuntary separation from the organization are also accomplished through **EPM 5.8**. **EPM 5.1.3** ensures management of workforce information is compliant with all regulations and confidentiality standards. Through multiple cycles of refinement in **EPM**

5.9, HCM ensures a safe, secure, and healthy environment.

5.1a Workforce Capability and Capacity

5.1a(1) EPM 5.2 Workforce Capability and Capacity Planning (Figure 5.1-2) is integrated into SDDP Step ②. In Step 1 of Capability and Capacity Planning, EC analyzes current work force composition through review of historical capability and capacity trends, productivity and staffing mix. They correlate these to quality, service, and people BSC results. In a 2014 cycle of refinement , the EC started using the Truven Action OI database that provides detailed benchmarks to national peer groups for elements such as patient days and number of procedures. These data are reviewed quarterly and adjustments are made to ensure alignment with national benchmarks. EC and Senior Directors also use this analysis to forecast future capacity needs based on volume projections, and strategic business plan development to understand the number of people required to perform the work. EC assesses capability needs in Step 3 to determine knowledge, skill mix, and proficiency requirements. In Step 4 EC determines both capability and capacity gaps. In Step 5 EC, HR, and department directors develop capability and capacity strategies to close identified gaps. FTE plans include the skill mix and staffing levels necessary to meet productivity, quality, and service goals. Each director develops an annual education budget to address competency and certifications necessary to *execute* quality, service, and productivity goals. Strategies are implemented in Step 6 through **EPM processes 5.3 Recruit, Select and Onboard the Workforce, 5.6 Develop the Workforce, and 5.10 Engage the Workforce**. Capability and Capacity metrics are monitored and evaluated in Step 7 through the Performance Review Cycle (Figure 4.1-3). Long-range capability and capacity needs are supported through individual employee QCP goals, EC involvement on the Hill Country University Board, generous tuition reimbursement for employees, scholarships, RN stipend, leadership development program, serving as the clinical site for various nursing and clinical programs, and support of the local high school Health Occupation Student Association (HOSA) program.

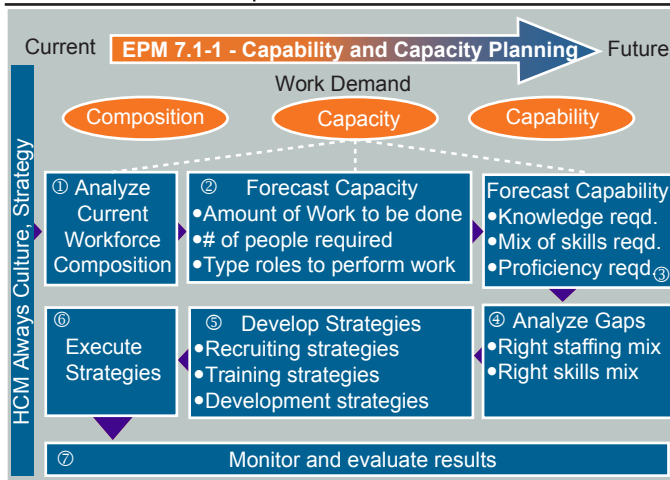


Figure 5.1-2 Capability and Capacity Model

5.1a(2) A key component of HCM’s core competency of *Values Driven Culture* is the recruitment, hiring, placement and retention of new workforce members. HCM has systematically integrated the HCM *Remarkable* Values into **EPM 5.3 Recruit, Select and Onboard Workforce** along with **EPM 5.4 Recruit, Engage, and Align Physicians** to ensure a values alignment and enhance *execution* of strategic objectives and achievement of *Remarkable* results.

In order to deliver *Remarkable*, HCM builds its Team of Champions through systematic approaches. An annual recruitment plan is developed through **EPM 5.1** and *executed* through **EPM process 5.4**. Multiple approaches are deployed to recruit champions. Approaches include: online recruitment sites, professional organizations, college campus job fairs, printed media, recruitment firms, and workforce referrals. Based on Baldrige feedback, HCM refined its recruitment strategies to enhance its ability to ensure a diverse workforce and expanding its recruitment network to include Internet sites focused on Hispanic, veteran, and women’s job offerings. In 2012, HCM deployed a Pipeline recruiting model with the primary focus of building a pool of pre-qualified, pre-screened, high-quality candidates who will be available to rapidly fill new vacancies. Through this approach the human resources team maintains contact with high potential applicants to ensure their continued interest and contacts them when a position becomes available.

Step 1 of the hiring process includes a 2013 cycle of refinement moving to a standardized values screen for all employee, physician, and volunteer applicants. This standardized screen, was developed in a SBI and includes specific behavioral questions related to each HCM value. HR scores the values screen to determine if the applicant will proceed. If yes, HR provides the hiring leader with the values screen results and specific behavioral areas to probe during their interview. In Step 2, the hiring leader conducts an interview to assess values fit, job specific competency, and qualitative attributes such as adaptability, decision-making, and time management. In Step 3, a peer interview (a 2012 cycle of refinement) is conducted for employee and physician applicants recommended for hiring by the leader. The peer interview assesses teamwork skills and team fit, and if feedback is positive, the position is offered to the applicant in Step 4. To ensure successful placement of volunteers, HCM uses Volgistics to match volunteer skills to

available jobs enabling HCM to leverage the talented retiree pool in Fredericksburg to place volunteers in challenging positions.

New employees, volunteers, and physicians participate in Welcome to *Remarkable* orientation. The Nurse educator provides an orientation for students that encompasses the same elements. Welcome to *Remarkable* is led by an EC member and focuses on the *Always Culture* (Figure P.1-1).

New member workforce retention was identified as an opportunity for improvement in the 2009 SDDP. Through several cycles of refinement since 2010, HCM has implemented robust orientation processes to enhance retention of new workforce members. A 2012 SBI resulted in the development and deployment of standardized on-boarding checklists that actively engages new team members in their orientations and provides a framework for global, departmental and position perspective training. The implementation of this checklist results in shared ownership for on-boarding among the new workforce member, trainer, and the department leader. As a result of these and other refinements, HCM has achieved a 44% improvement in voluntary turnover since 2010.

5.1a(3) HCM organizes its work through functional departments and manages and aligns the workforce through the *Always Culture*. Additionally, HCM’s Leadership System (Figure 1.1-1), job descriptions, QCPs, strategy map, and organizational and departmental policies and procedures guide the workforce in the accomplishment of the organization’s work. The alignment of the workforce through the *Always Culture* capitalizes on HCM’s core competencies of *Values Driven Culture* and *execution* by ensuring all team members focus on the most important strategic goals and objectives. Implementation of individual employee QCPs, interdisciplinary SBI teams, and the Nursing Shared Leadership Council structure have further enhanced *execution* by empowering team members to own process improvement and results. In a 2014 cycle of refinement, shared governance was expanded to the entire organization through the development and deployment of Coordinating Councils organized around each *Always Goal*. These councils have responsibility for defining processes, measuring processes and outcomes, reviewing performance and ensuring appropriate actions are systematically deployed to address needed improvement/*Innovation*.

The vision, mission, and HCM *Remarkable* Values reinforce a focus on patients, other customers, and health care. The strategic focus areas of Finance and Growth, Service, Quality, and People along with the *Always Goals* (strategic objectives), strategic initiatives, measures, and associated action plans further reinforce this focus to all team members. The QCP process provides a direct linkage between an individuals’ work and goals to the HCM *Always Goals* and has positively impacted employee satisfaction and engagement. The QCP process provides employees a vehicle to identify personal, professional, and education goals and enables leadership coaching through quarterly discussions.

5.1a(4) HCM prepares the workforce for changing capability and capacity needs through transparency, planning, and disciplined *execution* of action plans. Throughout its history, HCM has avoided large-scale, forced layoffs in the workforce by disciplined execution of this systematic

approach. For example, during the 2012 SDDP Step ②, EC identified the need to downsize the workforce by 20 FTEs. EC, in coordination with department directors, identified job categories for reduction, developed targets, and implemented a strategic workforce reduction plan to successfully avoid a staff layoff. The plan included a first-ever early retirement option, not filling non-critical vacant positions, and planned reduction through attrition. Continuity of processes is ensured through training, education, frequent communication, policies and procedures, cross-training, and internal career ladders. To better manage FTE creep, HCM improved the job requisition process in 2011 ③ to require directors to document data analysis to support all staffing changes. The addition of Truven Action OI in 2014 provides better benchmarking data to systematically manage workforce capacity. Although HCM has not experienced a period of workforce growth recently, such an opportunity would be identified during SDDP through **EPM 5.1** and managed through **EPM 5.3**.

Capability changes are similarly addressed. For example, based on analysis of NDNQI skill mix metric, HCM began a strategic move in 2011 from a mix of LVNs (licensed vocational nurses) and RNs (registered nurses) to an all RN staff without a layoff of LVNs. This is being accomplished through career counseling, tuition reimbursement, job retraining, and attrition. For example, LVNs are now serving in roles of surgical scrub and pharmacy technicians. Additionally, nursing leaders met with area nursing programs to inform them of this change and collaborate for program redesign to meet HCM's needs.

5.1b Workforce Climate

5.1b(1) Workforce safety, security, and accessibility are addressed through HCM's annual safety plan that monitors specific performance measures and develops action plans for any indicator not performing to goal. These measures include: employee ED utilization, EWP participation, preventative screening, lost time injury rate, lost days case rate, and participation in annual safety education.

The Environment of Care Safety Council monitors workplace safety and security to minimize work related injuries and illnesses. When a workplace safety or security incident occurs, timely incident reports and investigation ensure environmental factors are corrected. The safety committee reviews, aggregates, and analyzes trend data related to employee safety, security, and infection control to identify opportunities for process improvement and implement action plans. For example, in 2012 it identified an opportunity to improve employee influenza immunization and deployed an action plan to address this issue. Review of data, best practices, and regulations identified a strategic opportunity to hire an employee health nurse to provide education, monitor employee safety trends, and partner with the injured employee to facilitate a return to work plan. A recommendation was made to EC during SDDP Step ①, incorporated into the FTE and operating budgets and the Employee Health Nurse was hired in 1st quarter 2013 ④.

Over ten years ago, in an effort to promote healthy lifestyle choices, HCM began offering employees an annual credit of \$200 and significant discount at the HCM Wellness Center. A commitment to employee health and wellness was the driving force in the 2002 decision to develop a formal EWP. This program encourages and provides incentives for

healthy lifestyle and work-life balance choices. Participation rates have increased annually, and participant claim costs have decreased (**Figure 7.3-9**). Preventive screening compliance has increased, and health risk factors are improving (**Figure 7.3-10**). Integration into the Employee Health Plan began in 2009 with discounted health insurance premiums for EWP participants. Through this innovative program, HCM has received The American Heart Association's Platinum Seal of Approval and Texas Heart Smart Site Level Start! Fit Friendly Company designations in 2010, 2011, 2012, and 2013.

5.1b(2) HCM supports its staff via policies, services and benefits intentionally designed to offer employees the flexibility to meet their diverse needs. HCM offers a health plan focused on wellness and prevention with discounted premiums for wellness program participants and non-tobacco users. Optional benefits include participation in group dental, vision, life, long-term care and supplemental insurance; childcare and medical spending accounts; and spiritual and emotional counseling. Meal and Wellness Center discounts are available to all members of the workforce including employees, volunteers, and physicians. HCM provides free immunizations to all workforce members. Clinical staff members that work 12-hour shifts have the option to work 72 hours per pay period and receive full-time benefits. HCM provides onsite representatives to assist with financial planning and supplemental benefits. HCM has a generous paid time off (PTO) benefit with increasing benefits related to tenure, and an above-industry-average employer match to the 403(b) retirement plan option for eligible employees and a 457 plan for senior leadership, tailored to part- and full-time employees. Annually, as part of SDDP, HCM reviews and revises workforce benefit offerings, services, and policies based on feedback, resources, and identified best practices.

5.2 Workforce Engagement

5.2a Workforce Performance

5.2a(1) To determine the key elements that affect workforce engagement, senior leaders evaluate engagement results and communication methods outlined in **Figure 1.1-4**. Additionally, senior leaders consult with Press Ganey and The Advisory Board experts to determine engagement elements for workgroups and segments in the industry. Using these qualitative research elements and the quantitative data obtained from surveys, the EC defines engagement factors. Factors are validated through QCP discussions, engagement survey action planning, and workforce forums. **Figure 5.2-1** outlines sample approaches to address these key elements of engagement. These elements are key inputs into SDDP and inform the development of action plans to support the strategic **Always Goal** of Be a Team of Champions. For example, a first quarter 2013 SBI was the refinement ⑤ of workforce reward and recognition programs. The SBI team gathered inputs from the workforce and developed a reward and recognition toolkit with specific criteria for each level of recognition, reward and recognition best practices, and low cost reward and recognition opportunities. The People Coordinating Council evaluates the effectiveness of these refinements through annual surveys.

5.2a(2) HCM fosters an organizational culture characterized by open communication, high performance work, and an engaged workforce through the **Always Culture** and core competencies of **Values Driven Culture** and **Relationship**

Engagement Element	Employees	Physicians	Volunteers	Students
- Meaningful Work - Empowerment - Ability to Contribute - Collaboration with Team	- SBI Teams - Large-scale Projects - Always Goal Councils - Peer Interviewing - Huddles - Action Learning Groups	- SBI Teams - Large-scale Projects - Medical Staff Department Meetings - Huddles - Task Forces	- SBI Teams - Large-scale Projects - Huddles - Advisory Councils - Task Forces	- SBI Teams - Clinical Rotations Aligned to Learning Goals
- Shared Purpose	- Remarkable Values - Welcome to Remarkable - Aligned Goals - QCPs	- Remarkable Values - Welcome to Remarkable - Aligned Goals	- Remarkable Values - Welcome to Remarkable	- Remarkable Values - Nurse Educator Orientation
- Relationship - Valued Partner - Respect - Recognition/ Appreciation	- Workforce Surveys - Performance Bonus - Thank-You Notes - Recognition (Figure 5.2-2)	- Workforce Surveys - Reward and Recognition - Performance Bonus - Recognition (Figure 5.2-2)	- Workforce Surveys - Recognition (Figure 5.2-2)	- Workforce Surveys - Recognition (Figure 5.2-2)
- Quality of Care	- QCPs/APRs - Alignment Boards - Just Culture	- Always Goals - Patient Safety Focus - Care teams	- Always Goals - Patient Safety Goals	- Always Goals - Patient Safety Goals
- Communication	- Approaches shown in Figure 1.1-4			
- Positive Learning Environment	- Tuition Reimbursement - QCP - RN Program Stipend - Scholarships - Mentoring/Cross Training - Action Learning Groups - Nursing Path to Remarkable Practice	- Online CME Access - References Available Online - Conference Attendance Reimbursement (MS Leaders)	- Cross-Training - Volunteer Leadership Development - Annual Education	- Education Linked to Learning Objectives

Figure 5.2-1 Key Elements of Workforce Engagement and Sample Approaches

Building. When revising the values in 2011 [1.1a(1)], EC empowered front line staff, volunteers, physicians, and former patients to identify key behaviors to support each of the **Remarkable** HCM Values (AOS). These draft behaviors were shared with the workforce for feedback and refined based on their feedback. To foster continued alignment of **Values Driven Culture** and **Execution** core competencies, the **Remarkable** HCM Values and behaviors are integrated into the interview process, Welcome to **Remarkable** orientation, the QCP and Annual Performance Review, and decision-making. Additionally, each Leadership Attribute identified in the Leadership System (Figure 1.1-1) was similarly developed and is supported by leadership behaviors and integrated into the above-listed processes. HCM leaders engage the workforce through the Key Communication and Workforce Engagement processes (Figure 1.1-4), QCP and Annual Performance Review Processes, transparency of balanced scorecard results, and SBI, large-scale facilitated improvement teams, interdisciplinary and department improvement teams, and **Remarkable** Strategic Stretch Goals. These approaches are **executed** through EPMs 4.5 Deliver Remarkable Quality, 5.5 Communicate Effectively, and 5.10 Engage the Workforce and sub-processes of 5.10.1 Develop teams, 5.10.2 Evaluate, Reward, and Recognize, 5.11 Provide Benefits, and 5.12 Assess Workforce Satisfaction and Engagement. HCM benefits from the diverse ideas, cultures, and thinking of the workforce through performance improvement teams, committees and task forces, Coordinating Councils, adherence to **Values Driven** behaviors, and QCPs.

5.2a(3) HCM’s Employee Performance Management Process is a component of **EPM 5.10.2 Evaluate, Reward, and Recognize**. This process underwent a cycle of refinement

in 2012 with the addition of the QCPs and changes to the annual performance appraisal. Based on review of best practices, the annual performance appraisal is now conducted in the first quarter of the year for all employees. The annual review is the culmination of the QCP process and highlights the employee’s most significant accomplishments, contributions, and strengths along with opportunities for improvement that will strengthen performance in the next year. While the QCP process is focused on setting goals, the APR focuses on documenting the achievement of those goals. Workforce members are evaluated based upon their performance and on living the Remarkable HCM Values that address **Innovation** and Others First. Additionally the workforce discretionary bonus supports intelligent risk taking and delivery of **remarkable** customer service. Physicians are credentialed by the BOT biennially and receive performance feedback reports semi-annually focused on performance relative to clinical quality, patient satisfaction, professionalism including code of conduct, and interpersonal and communication skills. Implemented in 2010, a performance appraisal tool mirroring that of a Baldrige recipient provides feedback to volunteers and recognizes their contribution to the organization. Students’ performance is evaluated through their school.

The BOT has adopted a philosophy on wages to ensure equitable and competitive salaries. A comprehensive review of comparative industry wage surveys at the regional, state, and national levels, followed by an in-depth analysis of each job classification, is completed at least annually. Total compensation includes an hourly rate, plus benefits worth an additional 32% of salary. In 2008, EC demonstrated its commitment to the **Others First** value by implementing a Living Wage at HCM increasing the starting wage to a minimum of \$10.00 per

hour for all positions. This change dramatically decreased turnover for those departments most impacted (nutrition and environmental services) (Figure 7.3-10).

In 2012, to support the *Strategic Always Goal* of Be a Team of Champions HCM moved from an individual merit-based increase to an annual team performance bonus. This bonus is paid at the discretion of the EC based upon achievement of strategic goals set for finance, service, quality, and people.

Reward and Recognition	Staff	Physician	Volunteers	Students	Freq.
Hospital & Nurse Week Celebrations	•	•	•	•	Annually
Service Award Picnic	•		•		Annually
Most Valuable Performer	•		•		Quarterly
Golden Compass Leadership Award	•				Annually
All Star Banquet	•				Annually
Director Values Award	•				Monthly
Living Our Values Peer-to-Peer Cards	•	•	•	•	Ongoing
Thank-you Notes	•	•	•	•	Ongoing
Volunteer Luncheon			•		Annually
Volunteer Week			•		Annually
Hospice Volunteer Week			•		Annually
Hospice Volunteer Picnic			•		Annually
Doctor's Day Celebration		•			Annually
Department Recognition Week	•			•	Annually
Grateful Patient Program		•		•	Ongoing
Appreciation Dinner		•	•		Annually

Figure 5.2-3 Key Reward and Recognition Approaches

The Pathway of *Remarkable* Practice (PRP) was developed in 2011 for nurses who provide bedside patient care. Program purpose is to: provide opportunities for professional growth and increased satisfaction for the front-line nurse; recruit and retain highly competent nurses to the front line by developing a non-management route of recognition for clinical expertise and excellence; improve patient outcomes and satisfaction (affecting value-based purchasing reimbursement) through the professional practice of nursing; set clear objectives for *Remarkable* practice; and augment staff education, competency management, and evidence based practice advancement resources without the addition of staff. These objectives are accomplished by the activities in the PRP Program. Expectations, responsibilities, and bonus awards are based on the number of points accrued. Progression through the program is open-ended and based on clinical and educational criteria.

5.2b Assessment of Workforce Engagement

5.2b(1) HCM uses both formal and informal approaches to assess workforce satisfaction and engagement. **EPM 5.12 Assess Workforce Engagement and Satisfaction** is the primary process to measure workforce satisfaction and engagement and includes employee, physician, and volunteer satisfaction/engagement surveys. In Step 1, HCM selects the survey tools, vendors, and benchmark groups. In Step 2, survey tools are reviewed to determine any gaps and add custom questions if needed. Participation goals are set and communicated in Step 3, the survey is conducted in Step 4, and in Step 5 results are

aggregated and analyzed. Leaders communicate survey results to the workforce in Step 6, and leaders identify opportunities for improvement in Step 7. EC also reviews turnover (Figure 7.3-2, 7.3-3), productivity (Figure 7.3-1), and safety results (Figure 7.3-12,13), correlating these elements to patient satisfaction and engagement. From this analysis, EC sets and aligns priorities and develops action plans to achieve desired improvement. Leaders communicate progress on action plans to the workforce in Step 8, and in Step 9, process effectiveness is evaluated. Survey results are segmented by tenure, department, division, and job category. Employee and physician satisfaction/ engagement results include external benchmark data. Volunteer survey results are trended over time to assess effectiveness and compared to previous Baldrige recipients in health care when possible. Workforce survey results provide key inputs into SDDP. Informal processes to assess satisfaction and engagement include those outlined in Key Communication and Workforce Engagement Methods (Figure 1.1-4).

5.2b(2) Annually during SDDP Step ①, EC correlates workforce satisfaction and engagement survey results to BSC results to understand workforce engagement elements that most directly impact organizational results. In addition to workforce engagement, EC reviews turnover and workforce safety, and correlates these results to patient satisfaction and engagement as well as to productivity, and takes action to address potential issues. For example, when indicators revealed an issue with workforce morale, leaders determined that the low morale was negatively impacting patient satisfaction and engagement. Through their analysis, leaders determined that the high use of agency staff was creating the morale issues. Senior leaders made the decision to reduce agency staffing, and as a result, patient and employee satisfaction, financial, and clinical performance improved.

5.2c Workforce and Leader Development

5.2c(1) HCM's learning and development (L&OD) system supports the organization's and personal development needs through *execution* of **EPM 5.6 Develop the Workforce**. In Step 1, EC and department directors review outputs of SDDP Step ① to identify L&OD training needs. In Step 2, EC identifies and prioritizes organizational L&OD needs and submits to HR for inclusion in the annual plan and budget. Department Directors identify and prioritize departmental L&OD needs and submit for inclusion into the annual plan and budget in Step 3. HR develops the L&OD budget in Step 4. In Step 5, the plan is shared with the HCM Foundation to identify possible donor funding. In Step 6, Individual QCP personal development goals are developed. In Step 7, learning and development are delivered internally or externally through multiple approaches including traditional classroom learning, computer-based training, webinars, conferences, university programs, etc. In Step 8, development is assessed to ensure effective use of resources and positive learning outcomes.

In a 2014 cycle of refinement ②, leaders completely reengineered the approach to workforce development. In this redesign, the team defined needed competencies for employees, volunteers, and students, as well as needed leadership competencies. These competencies were linked to the Leadership System (Figure 1.1-1) processes and leadership competencies were defined to support the leadership attributes. Expected behaviors were identified for each competency and linkages were

Focus Area	Sample L&OD Approaches	Audience	Evaluation	CC/SC	Action Plans
Patient and other Customer Focus	Welcome to Remarkable HCAHPS Conferences and Webinars Patient Safety Competency Training	E, V, P E, V, P E E,P E	Reaction Results Learning Results Learning	CC 1, SC 4 CC1, 2 CC1, 2 CC2 CC 1, 2	Service Service Service Quality/Service Quality/Service
Performance Improvement & Innovation	Team Training Lean Process Management THA Collaboratives SBI Training QCPs	E E,V, P E E E, V, P E	Reaction Results Behavior Results Results Behavior	CC2, SC 2 CC2, SC 2 CC2, SC 2 CC2, SC 2 All All	People Quality/Finance Quality/Finance Quality All All
Ethical Health Care and Business Practices	Just Culture HIPAA EEOC Business Ethics Medical Ethics	E, P E, V, P E, P E, P E, P	Behavior Results Results Behavior Behavior	CC 1,2 SC2 CC 1 CC 1, SC 2 CC1, 2 CC1	Quality/People Service People All Quality
Leadership Development	LDI for Directors/Managers LDI for Supervisors Post-graduate degree programs Retreats, National Conferences, Professional Organizations Just Culture	E E E E E E	Learning Learning Learning Learning Learning Behavior	All All All All All All	All All All All All All

Legend: E-Employee; V- Volunteer; P - Patient; CC - Core Competency; SC - Strategic Challenge; Figure 2.2-1

Figure 5.2-4 Learning and Development Approaches

defined to training/development approaches. LDI curriculum is now being delivered in alignment with this competency model. To supplement the learning, Action Learning Groups have been chartered to deliver projects that will leverage their learning and result in significant improvement/*Innovation*.


HCM uses various methods to ensure knowledge transfer from departing or retiring workers. These methods include cross-training, documented procedures, and succession planning (**Figure 5.2-4**). The implementation of Lean standardized work (utilizing the Lean model and the Enterprise Process Model) facilitates a formal method of knowledge transfer. When possible, new employees begin work in a time-frame that overlaps the exiting employee's departure, so that a one-to-one knowledge transfer takes place.

Reinforcement of new skills and knowledge occurs through approaches including: checklists, testing, competency verification sheets, mock surveys, mock codes, clinical preceptorships, drills, and audits. As applicable, reinforcement for new knowledge and skills occurs in a test environment such as a classroom or through a skills labor virtual system. Medical Staff follows a documented process for the introduction of new technologies and procedures. New volunteers have a competency checklist.

5.2c(2) Learning and development system effectiveness is determined in Step 8 of **EPM process 5.6** through participant evaluations (reaction), surveys (behaviors), competency assessments (learning), organizational metrics, accomplishment of SOs and BSC goals, and patient, stakeholder, and workforce feedback (results). Examples of evaluations are shown in **Figure 5.2-4**.

5.2c(3) Career progression for workforce members is managed through the QCP process incorporated into **EPM 5.6.1**. Sample approaches are outlined in **Figure 5.2-5**.

Historically, HCM had an informal succession planning process for senior leaders. In 2013, through the work of a SBI team and adoption of evidenced-based best practices, HCM

developed a formal process , **EPM 5.7 Ensure Effective Succession Planning**. In Step 1 of **EPM 5.7**, EC understand strategic and workforce planning decisions made in SDDP Step 2. In Step 2 of **EPM 5.7**, both short and long-term bench strength gaps are identified. In Step 3, leaders identify talent and gain commitment from individuals to further develop their capabilities. In Step 4, employees define succession plan strategies through QCP goals and implement those goals in Step 5 through QCP action plans. In Step 6, leaders monitor and evaluate the effectiveness of the succession plan through the QCP review process and annual performance appraisals. Succession planning and development for medical staff leadership positions is outlined in **Figure 5.2-5**. Volunteer leadership succession planning is achieved through the use of a skills matrix, similar to that used by the BOT.

Executive Leaders	Senior Leader Succession Plan, conference attendance, executive coaching, Action Learning Groups, Baldrige examiner training, tuition reimbursement, Administrative Call
Physicians	Annual identification of physicians for key leadership roles, Successive roles of increasing responsibility, conference attendance, mentorship
Senior Directors	One-to-one coaching, conference attendance, tuition reimbursement, Action Learning Groups, mentorship, Advisory Board Fellowship, Baldrige/TAPE examiner training, special projects, Administrative Call
Directors	One-to-one coaching, conference attendance, tuition reimbursement, Action Learning Groups, mentorship, Baldrige/TAPE examiner training, special projects
Supervisors	Action Learning Groups, 1x1, coaching, tuition reimbursement, special projects, mentorship
Non-clinical Staff	Career ladders, one-to-one coaching, tuition reimbursement, mentorship, conference attendance
Clinical Staff	CPATH/Career ladders, one-to-one coaching, tuition reimbursement, conference attendance, continuing education, mentorship

Figure 5.2-5: Career Progression and Succession Planning

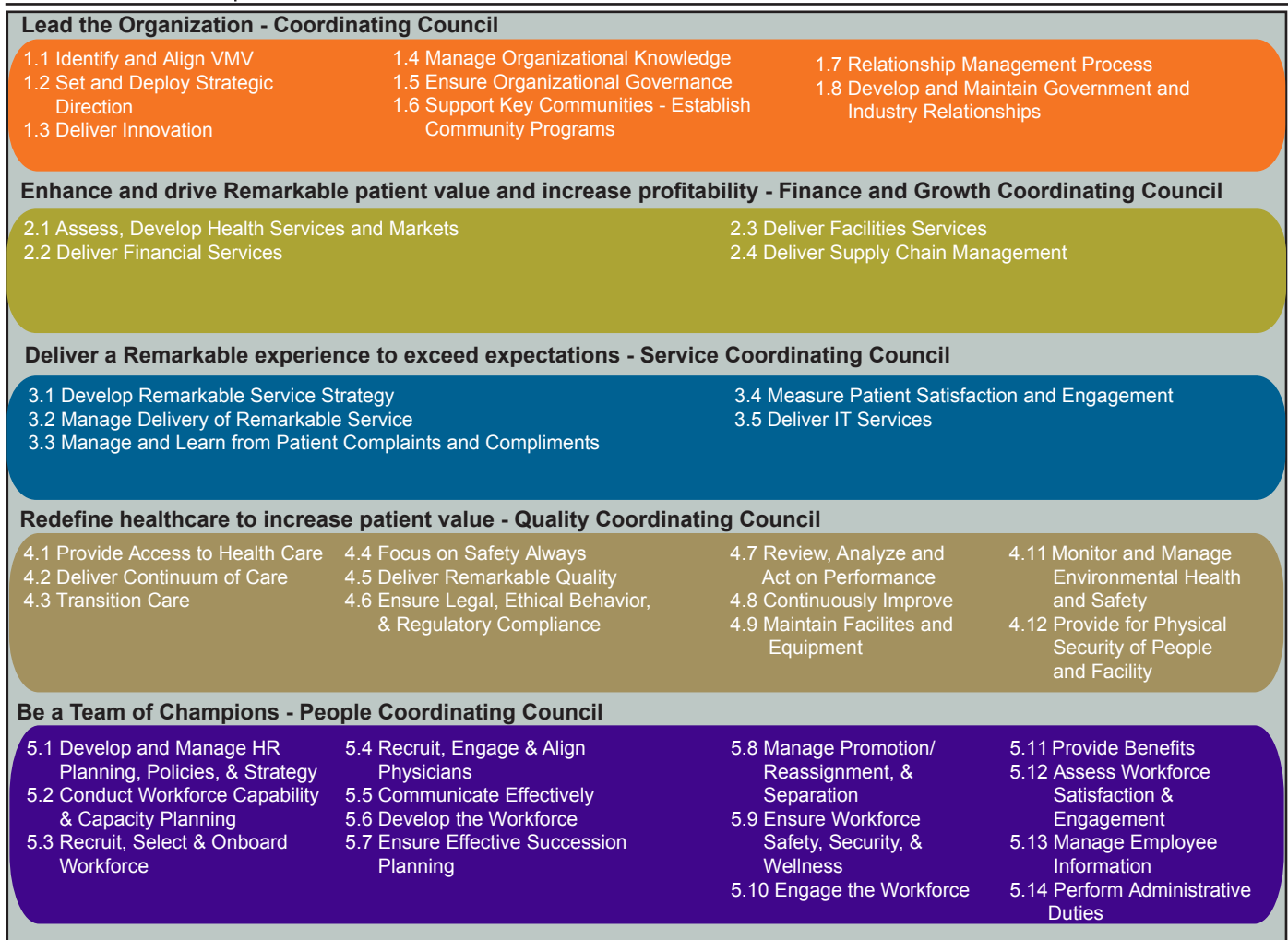


Figure 6.1-1 HCM Enterprise Process Model
Category 6 - Operations Focus

HCM’s ability to *execute Remarkable* quality and service is achieved through a focus on designing, managing, improving, and innovating work processes at multiple levels of the organization. The focus creates value for the customer by providing high quality care and service at a reasonable cost as evidenced in **Category 7** results. While HCM has delivered high quality performance for many years, during the 2012 SDDP, HCM senior leaders identified disciplined process management as a strategic challenge. Based upon benchmarking with Schneck Medical Center, they developed and deployed the HCM Enterprise Process Model (EPM) as the framework to take the organization to the next level of performance to ensure long-term sustainability and success. The initial EPM was designed to align work processes with its key work systems of Lead the Organization, Clinical Work System, and Support Work System. In a 2014 cycle of refinement the EPM was refined to align with the *Always Goals* and the improved Council structure. The high-level EPM (level one processes) is shown in **Figure 6.1-1** with the detailed EPM AOS. EC defined which of these processes are key and determined process owners for each of the key processes. Key processes are reviewed as part of Step ① of the SDDP and refined to support the SP. All process owners participated in a two-day workshop in early 2013 to introduce the EPM and focus on deployment of Process Based Management (PBM).

6.1 Work Processes
6.1a Service and Process Design

HCM designs, manages, and improves its health care services and work processes to meet all key requirements through disciplined *execution* of PBM (Figure 6.1-2). Process design occurs in Step 1 Define the Process. In this step the process owner and team start process design by developing a high-level SIPOC that defines the process suppliers, inputs, process steps, outputs, and customers. The process team determines key requirements of the process from these stakeholders. Once requirements are defined, the team designs the process flow to deliver on those requirements while ensuring flexibility and documents each process step in a swimlane flowchart. Best practice research supports the incorporation of new technologies into process design/redesign. For example, the process owner for **EPM 2.2.2 Perform Revenue Cycle Management**, identified variation in how insurance co-pays, deductibles, and coverage limits were obtained resulting in denials and lower-than expected point-of-service collections. The process owner researched best practices and identified a technology that would streamline and standardize this process. The business office is currently piloting this solution and collecting data to determine effectiveness. HCM employs teams to design and improve processes to capitalize on organizational knowledge through individual team member contributions.

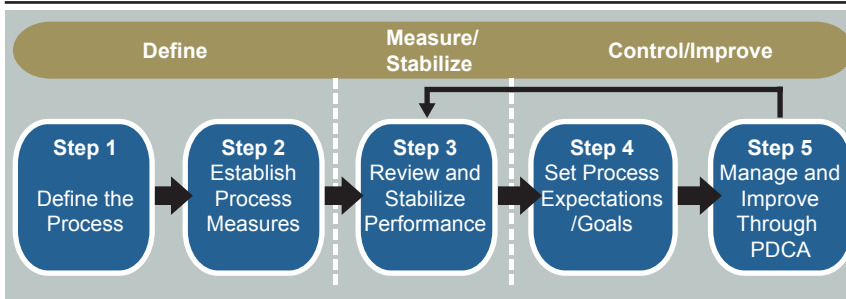


Figure 6.1-2 Process Based Management (PBM)

In Step 2 Establish Metrics, process teams identify key in-process and outcome metrics to evaluate process performance. Process design includes metrics to meet or exceed customer expectations based on HCM’s *Remarkable* Definition of national top 10% performance. Teams develop data collection plans, and collect baseline data. To the extent possible, process teams incorporate technologies such as Meditech and DIVER to facilitate data collection, aggregation, and trending. Process teams track performance of the new process and make process flow refinements until process performance is stabilized in Step 3 Review and Stabilize Performance. In this step, continued analysis of process flow and involvement of all stakeholders identifies sources of waste, variation, and rework. Process owners/teams develop potential solutions and implement action plans within the Performance Improvement System (Figure P.2-2) to stabilize process performance. Performance improvement tools selected to stabilize performance might be documentation of standardized work, root cause analysis, or failure modes and effects analysis (FMEA). Once the process is stabilized, in Step 4 Set Process Expectations/Goals, process owners set targets for process performance to meet customer requirements, and where possible, determine appropriate benchmarks. In Step 5 Manage and Improve through PDCA, process owners and teams manage the process and drive needed improvement using the PDCA methodology. To ensure process agility, all key processes are reviewed, and refined as needed, to respond to the changing health care environment.

6.1a(2) HCM determines key health care service requirements aligned with the Value Equation [1.1b(2)]:

$$V \text{ (value)} = \frac{E \text{ (experience)} + O \text{ (outcome)}}{C \text{ (cost)}}$$

Process owners define key stakeholders through the SIPOC process. They identify, capture, and prioritize stakeholder requirements based upon input from these key stakeholders captured through the VOC tools referenced in Figure 3.1-2 (such as customer surveys, community focus groups, various face-to-face meetings). Additionally, process owners consider data collected through audits and regulatory recommendations, legal requirements, performance benchmarking, and industry research. Through synthesis and analysis of this information, a balanced set of requirements is identified and translated into process performance measures in Step 2 of PBM. HCM’s key work processes and requirements are outlined in Figure 6.1-3.

6.1b(1) HCM ensures day-to-day operations of work processes meet key process requirements through PBM Step 5 – Manage and Improve (Figure 6.1-2). This is accomplished through adherence to organizational policies and procedures, standardized work, effective communication, audits, resource

allocation and planning, workforce training, and monitoring of in-process and outcome measures. Additionally, if processes are not performing to requirements, process owners implement action plans. The process measures are further reviewed through Performance Review Cycle (Figure 4.1-3) to ensure HCM leaders and workforce maintain a focus on work process performance. Process measures are integrated into SBIs, department goals, and QCPs. Key process measures are outlined in Figure 6.1-3 and relate to the quality of outcomes and performance of health care services through alignment with the HCM Value Equation.

6.1b(2) HCM solicits patient and family input at all stages of the patient relationship to consider and realistically set each patient’s expectations, and ensure patient preferences are addressed. Care teams engage patients in development of care plans and in setting daily goals and use this tool to help set realistic expectations. Leaders and staff also capture input on expectations through rounding and patient education. HCM involves patients and family members in decision-making through informed consent procedures where patients are informed of risks, benefits, and alternatives to set realistic expectations and allow them to make informed decisions. During the discharge planning process, patients are provided options regarding available alternatives to allow them to participate in the decision-making process related to their transition of care.

Based on feedback from patients, nurses, SBI Fall Reduction Team, and the SBI Discharge Improvement Team, the Nursing Division embarked on a journey to improve HCM’s ability to further enhance patient and family engagement in health care decisions through a 2012 redesign of the communication boards in each patient room. Staff and former patients were engaged to provide input and were involved in the process redesign. HCAHPS scores on the question, “Nurses listen carefully to you”, improved 4.5 mean points 2011-2012, and HCM is now performing at the 92nd percentile in the national Press Ganey database.

6.1b(3) Annually EC reviews the EPM (Figure 6.1-1) and determines which support processes will be key to achievement of HCM’s vision, mission, and strategic plan. For example, **EPM 5.6 – Develop the Workforce** was selected as a key support process in 2013 based on the need to hardwire the QCP process to achieve the HCM Strategic Always Goal of Be a Team of Champions. HCM leaders aligned leadership development training to support *execution* and deployment of the QCP process. Key support processes and the in-process and outcome measures for each are outlined in Figure 6.1-3. HCM executes the same process discipline (PBM Step 5) as described in 6.1b(1) to ensure day-to-day operations of support processes meet key process requirements. Support measures are reviewed through the Performance Review Cycle and process owners develop and deploy action plans when performance is not at expected levels.



Key Process		Key Process Requirements	Outcome/In-Process Measures	Results
Leadership System	1.2 Set and Deploy Direction	Values Based, Effective, Deployable	BSC Results SBI Results	7.4-23 7.1-47
	4.5 Deliver Remarkable Quality	Values Based, Remarkable Quality, Service and Safety	VBP Core Measures HCAHPS Safety Measures	7.1-1 through 7.1-16 7.2-1 through 7.2-3 7.1-21 through 7.1-29
	5.4 Recruit, Engage/Align Physicians	Values Based, Access, Remarkable Quality	Physician Satisfaction Physician Turnover	7.3-19 through 7.3-20 7.3-4
	5.5 Communicate Effectively	Values Based, Effective, Timely	Sat with Communication	7.4-5 and 7.4-6
Clinical Work System	4.2 Deliver Continuum of Care	Remarkable Quality, Positive Patient Experience, Cost Effective	VBP Core Measures HCAHPS Safety Measures	7.1-1 through 7.1-16 7.2-1 through 7.2-3 7.1-21 through 7.1-29
	5.9 Ensure Workforce Safety, Security and Wellness	User Friendly Preventive	Screening Rates Participation Rates	7.3-10 7.3-9 through 7.3-11
	4.3 Transition of Care – Inpatient Discharge	Timely Coordinated	Length of Stay Readmission Rates	7.1-44 through 7.1-46 7.1-18 through 7.1-19
Support Work System	5.2 Conduct Workforce Capability and Capacity Planning	Accurate Efficient	Vacancy Rate Productivity	7.3-5 7.3-1
	5.6 Develop the Workforce	Values Based Effective	QCP Coaching Tuition Reimbursement Internal Promotions	7.3-33 7.3-31 7.3-32
	5.10 Engage the Workforce	Engagement Effective	Engagement Measures Turnover Rates	7.3-21 through 7.3-24 7.3-2 through 7.3-3
	2.2.2 Perform Revenue Cycle Management	Timely Accurate	Days in AR Claim Denial Rate Point of Service Collections	7.1-51 AOS 7.1-52
	3.5 Deliver IT	Reliability Timeliness Security	System Uptime Customer Satisfaction Security Breaches	7.1-54 AOS AOS
	2.3 Deliver Facilities Services	Timely Reliable	Biometrics Compliance	7.1-55

Figure 6.1-3 Key Work Processes

6.1b(4) At the heart of all process improvement is a focus on creating value for customers through the HCM value equation. HCM identifies opportunities to improve services and performance and reduce variability through the PBM Step 5 and executes improvement through the PDCA process. In a 2014 cycle of refinement, senior leaders defined a systematic process to evaluate improvement/*Innovation* opportunities. In this assessment, leaders determine if the project can be completed in a short time frame (3 months or less) or if it will require a longer effort. Additionally, leaders determine if the opportunity is organizational in scope or contained within a particular function/discipline, and finally, whether the project is of a complexity that requires the skills of a Project Manager or Lean expert. Based upon this analysis, the project is defined as: a PDCA Strategic Business Initiative (SBI), a small improvement or *Innovation* PDCA Project, or a Facilitated large improvement or *Innovation* PDCA Project.

Improvement/*Innovation* projects reduce variability through documenting policies and procedures, defining standardized work, documenting process flow, training the workforce in the refined process, and monitoring in-process and outcome measures for sustainment. In 2013 a cross functional Lean PDCA Project team was deployed in the Operating Room to assess, identify, and make improvements in On-time starts, Premium Pay paid hours, and increasing capacity within


the existing OR suites. The team successfully implemented standardized pre- and post-operative processes, developed in-process measures and signals, streamlined workflows, and implemented a new staffing model that matched capacity with demand. These improvements resulted in optimal Work Load Balance, improved on-time start percentages, and increased resource utilization efficiency, as reflected: Call-back hours reduced from 9.1% in 2012 to 2.7% in 2014;


On-time starts were improved from 71.6% in 2012 to 81.1% in 2014; surgical procedure capacity was increased by 16% in 2014 from 2012, the equivalent of adding 40 operating days with the same resource utilization; surgical volume increased 338 cases in 2014 from 2012 or 7.6%.


PDCA Methodology	
1. Clarify the problem	Plan
2. Break down the problem	
3. Set a target	
4. Analyze the root cause	Do
5. Develop improvement or Innovation countermeasures	
6. See countermeasures through	Check
7. Monitor both results and process	
8. Standardize successful processes	Act

Figure 6.1-4 14-Step PDCA Process

6.2 Operations Effectiveness


6.2a HCM has aligned its Vision, Mission, and Strategic Plan to the IHI Triple Aim, improving the patient experience (including quality and satisfaction); improving the health of the population; and reducing the per capita cost of health care. The emphasis on the value equation in executing PBM (**Figure 6.1-2**) ensures the highest quality care delivered in the most cost effective manner. Overall costs of work processes are controlled through systematic approaches of strategic planning, budgeting, aggressive goal development and performance reporting through the Performance Review Cycle (**Figure 4.1-3**). Cycle time, productivity, and other efficiency and effectiveness factors are incorporated into work processes through development of standardized work, effective use of technology, and monitoring of in-process measures. In a 2014 cycle of refinement , HCM purchased Truven Action OI, a product that delivers tools to evaluate operational and financial data against best-in-class organizations and facilities of similar size, payer mix, complexity, and patient population. ActionOI has the largest comparative database in the industry and enables HCM to conduct in-depth analyses to support decision-making.


In a 2014 cycle of refinement , cost reduction teams were chartered to further address cost reductions. These teams, each led by an HCM executive, have already achieved significant cost savings.

The HCM Always Quality Goal of *Redefine health care for increased patient value* includes a Long-term Strategic Action plan to Eliminate Preventable Harm. Short-term action plans are deployed through SBI and alignment of departmental and individual QCP Goals. For example, following the RCA of two significant near misses and staff concerns expressed during the 2012 Safety Climate Survey, HCM leaders prioritized a 2013 SBI to improve the patient hand-off process . The team developed the CLEAR (Contact & Communicate with receiving nurse or department; Learn about Patient; Establish mode of transfer; Assess all needed equipment; and Review & Proceed if all CLEAR) process for patient hand-offs. They piloted the hand-off process with manual tools, then integrated the hand-off tool into the electronic medical record, and they monitored compliance. HCM uses Lean methodologies and tools, proactive process reviews such as FMEA, and automation (including BMV) to prevent rework and errors and reduce patient harm. The methods are deployed through education, performance improvement teams, medical staff Care Oversight Committee, Department goals, Safety Committee, policies and procedures, and standardized work (including the use of checklists, printed orders, and mandatory fields in the EHR.)

HCM conducts required and value-added inspections and audits to ensure regulatory compliance, patient safety, and operational excellence. To the extent possible, inspections and audits are real-time and at the point-of-service. Examples of point-of-service auditing include the use of checklists, printed orders or mandatory fields in EHR, safety rounding, regulatory tracers, Environment of Care (EOC) rounds, and NPSG observation audits such as hand hygiene. The costs of inspections, tests, and performance audits are minimized by automation and training of front-line staff to perform inspections. Early identification of potential problems is provided through in-process measures and real-time reporting systems and alerts.

HCM balances the need for cost control with the needs of patients and other customers through the **Remarkable** HCM Values, the four areas of focus on the strategic plan, balanced scorecard, and the values equation. To further support this balance, HCM has defined **remarkable** as national top 10% for quality, safety, service, and workforce measures, while senior leaders determined that top 25% financial performance would be **Remarkable**.

6.2b HCM systematically manages its supply chain. This approach incorporates data including inventory turns, fill-rate analysis, par utilization, and pricing analysis in addition to other criteria. HCM is an active member of a Group Purchasing Organization (GPO) which provides services and data to assist HCM in vendor selection. The GPO contracts include expectations of the vendor to ensure that performance is enhanced. Vendor credentialing ensures suppliers are qualified and adhere to HCM's VMV. When selecting suppliers, HCM uses a decision matrix that includes performance enhancement, values alignment, cost, and patient and stakeholder satisfaction in the criteria. In a 2012 cycle of refinement , HCM implemented a vendor scorecard modeled after a recent non-health care Baldrige Recipient, to evaluate supplier performance. This scorecard is developed at least annually for primary suppliers and assesses the following criteria; response to issues/complaints, pricing, and on-time delivery. The directors review the scorecard with the vendors and work with them to develop and **execute** action plans for low performing areas. In 2013, HCM went through a systematic process to hire a new GPO. This process included definition of key supplier requirements, structured interviews around these requirements by the hiring director and the EC using a scoring matrix, and a values assessment. The new GPO's performance is being assessed through a vendor scorecard.

6.2c(1) HCM provides a safe operating environment through its Long-term Strategic Objective of Eliminate Preventable Harm, adoption of a Just Culture, **Remarkable** HCM Value of Accountability, HCM Leadership System, and active patient, workforce, and environment of care safety processes, metrics, and improvement initiatives. Accident prevention is accomplished through review of near miss events, FMEA, best practice implementation, environment of care rounds, and review of industry trends. Root cause analysis is conducted on all significant events, and in 2012  refined to be a more robust real time analysis. The quality and Lean staff worked together to develop a real or near-real time recreation of the event to enhance learning and get the full perspective of all involved. For example, nursing staff members now conduct an immediate post-fall huddle to understand the root cause of any fall and immediately communicate process failures and implement process changes, as necessary. Inspections are conducted through environment of care rounds, results shared with department directors, and action plans developed and reported at the Safety Committee. In 2013, the Patient Safety Committee was expanded to include a former patient to provide a patient's perspective on issues, findings, and action plans.

6.2c(2) The HCM Emergency Operation Plan ensures a safe, effective, and functional environment for patients, visitors, and the workforce. The plan, which is reviewed and updated annually by the Safety Committee, is designed to

assess and minimize risks and to develop, coordinate, manage, and evaluate activities during actual or potential emergencies/disasters. The plan embodies four principles of effective emergency management: preparedness, response, recovery, and mitigation and implements the 17 elements of the National Incident Management System (NIMS) for hospitals.

HCM is one of 53 hospitals that belong to the EHDG, which supports joint planning and response for regional disasters and implementation of Hospital Incident Command System (HICS) within all hospital systems. HCM co-chaired a project to help small, rural hospitals struggling to address HICS requirements related to activation of key personnel during emergencies. Based on best practices from the University of Nebraska, the innovative solution significantly streamlined paperwork and logistics for EHDG's 13 rural hospitals.

Preparedness includes actions taken to avoid an incident. HCM utilizes intelligence received from local law enforcement and public health authorities to implement deterrence activities, heighten surveillance, and monitor interactions of health and disease prevention among people, domestic animals, and wildlife. An education and training program is in place for disaster recovery and response. Preparedness activities include integration with community resources to develop emergency response plans, organize response and recovery activities, and conduct exercises to evaluate and improve plans. HCM cooperates with all local and regional emergency management activities. HCM employees serve as members of the community emergency management system and coordinate disaster readiness activities with other regional agencies. The HCM Incident Command System links directly with the community's command structure.

This risk mitigation phase of the Emergency Preparedness Plan involves identification and elimination or reduction of hazards, and development of specific processes in preparation for these potential hazards. Mitigation also includes regular inspection and maintenance of equipment and support systems. An annual vulnerability analysis assesses the risk and impacts of various natural and man-made disasters on the work systems and processes and provides the framework for planning, training, drills, and equipment needs.

The Emergency Operating Plan directs short-term activities during the onset of an emergency/disaster. These activities include implementation of the command structure, mobilization of resources (including workforce, equipment, and supplies), damage assessment, securing facilities, steps to ensure patient safety, and coordination with community resources. In the event of an emergency/disaster affecting the local medical community and/or its resources, the Regional Medical Operations Center (RMOC) and EHDG may be activated. EHDG facilitates cooperative planning with health care organizations across South-Central Texas. HCM uses innovative Online tools such as:

- ❖ WebEOC, a virtual emergency operations center tool that allows sharing of information, bed availability, patient tracking, transfer capabilities, equipment and supply status, and availability of medications.
- ❖ EMSsystems an online status system that tracks bed availability and diversion status of all regional hospitals and can be used for routine and emergency operations.

Furthermore, HCM has adopted emergency code colors and nomenclature that are standardized across the region, thus ensuring volunteers from other area health care organizations can easily contribute to continuity of operations and patient care. This standardization also streamlines the training process for new employees.

This business continuity phase of the plan involves long-term actions to bring facilities and operations back to normal. These actions include relocating facilities and functions, evacuating patients to other health care facilities, replacing equipment lost during the event, altering operations and work schedules, providing critical stress reduction programs for the workforce, and reviewing and updating emergency response plans.

6.2d Innovation is managed through **EPM 1.3 Deliver Innovation Process** and **EPM 1.2.2 New Business Plan Development Process** to determine which strategic opportunities are intelligent risks worth pursuing [2.1a(2)]. Financial and other resources are made available through SDDP step ② with the development of FTE, operating, and capital budgets. If the opportunity is presented outside the usual SDDP cycle, EC determines the need to reprioritize opportunities and reallocate resources to support a higher-priority opportunity. **Innovation** projects are managed by the EC who review SBI plans on a weekly basis and long-term **Innovation** projects at least monthly. In these performance reviews, EC assesses adherence to the master schedule and cost projections. When projects are on schedule and on cost, EC may use these reviews to provide project guidance and to recognize team efforts. If projects are not on schedule and on costs, EC will work with the team to eliminate barriers they are encountering or provide a needed support to get the project back on target. As necessary, EC will end a project when it becomes evident that the project will not achieve expected outcomes. Post implementation reviews are conducted one year following implementation of **Innovation** projects to ensure not only that initial results were achieved, but also to confirm that improvement is being sustained.

Category 7 - Results

7.1 Health Care and Process Results

7.1a Health Care and Patient-Focused Process Results

HCM is committed to providing *Remarkable* Care for our patients, identified *Remarkable* Quality as a Strategic Advantage, and has defined *Remarkable* as national top 10% performance. If top decile data are not available, HCM uses the best available comparative data or internal trends to demonstrate performance. **Figure 7.1-1** outlines measures related to specific service offerings and market segments. We have selected measures that best represent HCM’s performance on health care and work process results for presentation in the application. Due to size limitations many other metrics are available on site (AOS).

Award	2012	2013	2014
Truven Top 100 Hospitals	*	*	*
CareChex Top 5%			
Overall Surgical Care Medical Excellence	*	*	*
Joint Replacement Medical Excellence	*	*	*
Major Orthopedic Surgery Medical Excellence	*	*	*
Major Bowel Procedures Medical Excellence	*	*	*
CareChex Top 10%			
Overall Hospital Care Medical Excellence	*	*	NYR
General Surgery Medical Excellence	*	*	NYR
Overall Hospital Patient Safety	*	*	NYR
Joint Replacement Patient Safety	*	*	*
Major Orthopedic Surgery Patient Safety	*	*	*
Major Bowel procedures Patient Safety	*	*	*
Healthgrades			
Patient Safety Excellence Award		*	*
General Surgery Excellence Award	*	*	*
Gastrointestinal Care Excellence Award	*	*	*
Joint Replacement 5 Star Recipient		*	*
Total Knee Replacement 5 Star Recipient		*	*
Total Hip Replacement 5 Star Recipient		*	*
Hip Fracture 5 Star Recipient	*	*	*
Pacemaker 5 Star Recipient			*
NYR Not Yet Released			

Figure 7.1-1 Awards Received

HCM is first and foremost a clinical enterprise serving as THE Community’s hospital. The majority of our key health care outcomes compared at the national level perform at or near the top decile. **Figure 7.1-2** illustrates external validation of excellence of our overall quality care outcomes and serve as milestones in our Journey to *Remarkability*.

The CMS Value Based Purchasing (VBP) program rewards quality of care through payment incentives. VBP measures represent an organization’s performance related to quality, efficiency, safety, and cost. **Figure 7.1-2** represents the national ranking of HCM’s VBP score. Performance data on individual VBP quality metrics are provided in **Figures 7.1-2** through **7.1-16**.

Hospital	2013	2014
Hill Country Memorial	148	32
Competitor	974	1114
Baldrige Recipient #1	179	128
Baldrige Recipient #2	619	1206
HCM is ranked #1 in the State of Texas		

Figure 7.1-2 Value Based Purchasing

HCM monitors overall inpatient mortality rate as the universal indicator of inpatient health care quality (**Figure 7.1-3**). HCM outperforms its nearest competitor and performs at near the national top 20% (best available benchmark). A review of the slight increase in the 2012 rate determined issues related to physician documentation of co-morbid conditions. A 2013 action plan expanded concurrent review of physician documentation. Additionally, we have had a zero percent mortality rate for the Restore program since its inception in 2010.

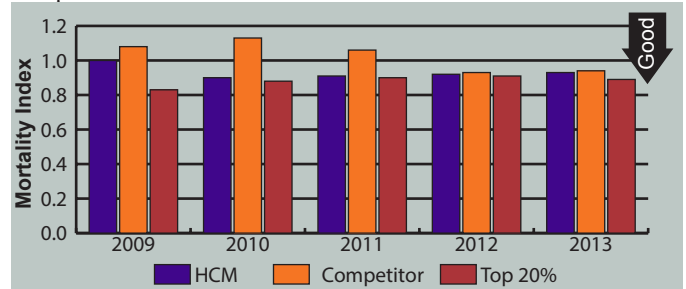


Figure 7.1-3 Mortality Index

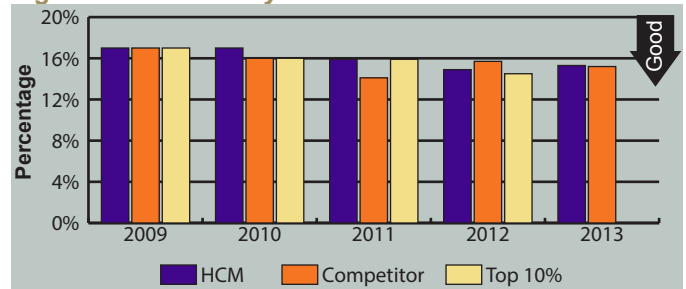


Figure 7.1-4 AMI Risk Adjusted Mortality Rate

Inpatient AMI mortality rate is a 2014 VBP measure. HCM has a very small number of AMI patients admitted, as most are transferred directly from the ED to a higher level of care. Only patients at the end of life and comfort care patients are admitted to HCM. Even with these conditions, HCM outperforms its nearest competitor and is meeting the national top 10%.

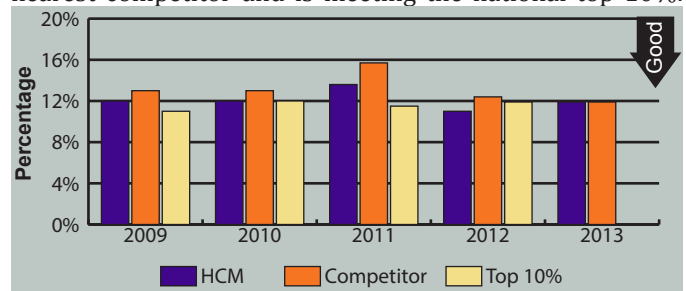


Figure 7.1-5 Heart Failure Risk Adjusted Mortality Rate

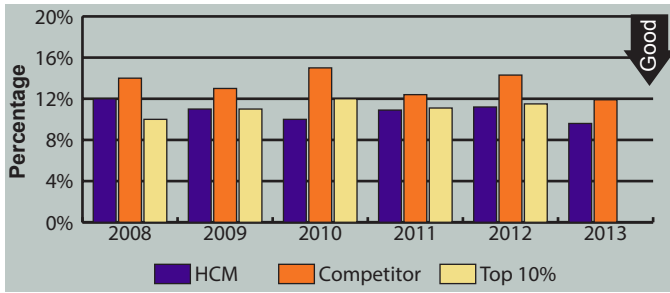


Figure 7.1-6 Pneumonia Risk Adjusted Mortality Rate

HCM comfort care patients are admitted to HCM. Even with these conditions, HCM outperforms its nearest competitor and maintains national top 10% performance.

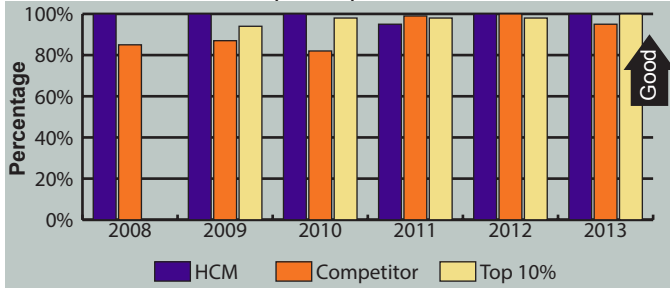


Figure 7.1-7 VBP - Heart Failure Discharge Instructions

Figures 7.1-8 through 7.1-16 represent HCM's performance on the 2014 VBP process measures. On these measures HCM consistently outperforms its nearest competitor and is at or near national top 10% performance.

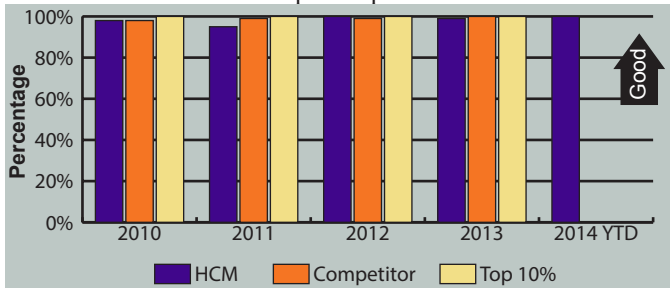


Figure 7.1-8 VBP - PN - Blood Culture prior to Antibiotic

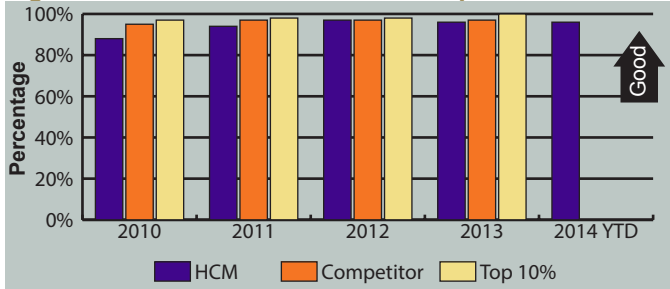


Figure 7.1-9 VBP - PN - Appropriate Antibiotic

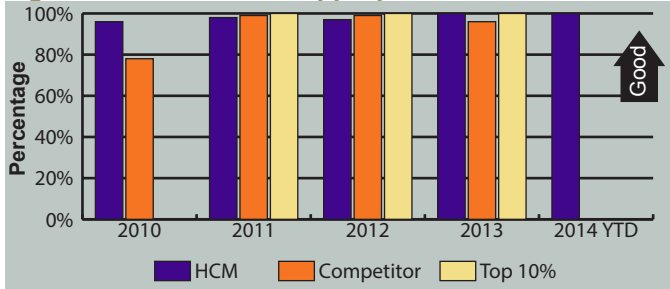


Figure 7.1-10 VBP - SCIP - Appropriate Beta Blocker

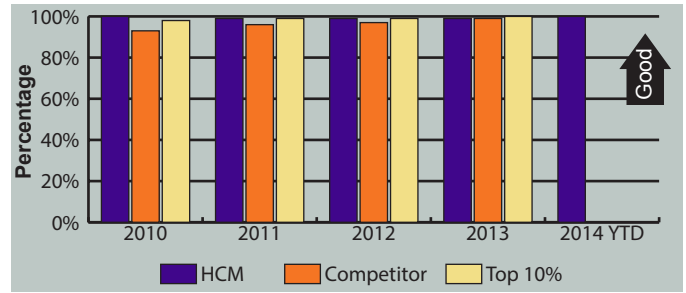


Figure 7.1-11 VBP - SCIP - Timely Pre-operative Antibiotic

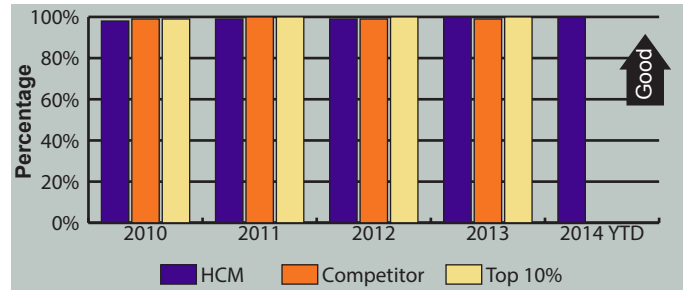


Figure 7.1-12 VBP - SCIP - Appropriate Antibiotic for Surgical Patients

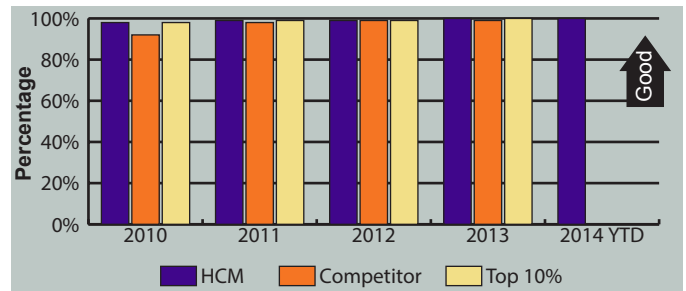


Figure 7.1-13 VBP - SCIP - Antibiotic Discontinued in a Timely Manner

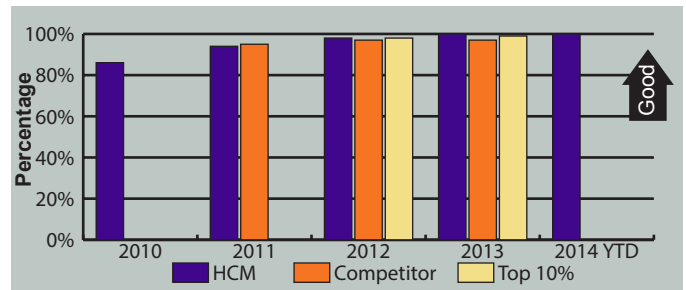


Figure 7.1-14 VBP - SCIP - Timely Post Op Urinary Catheter Removal

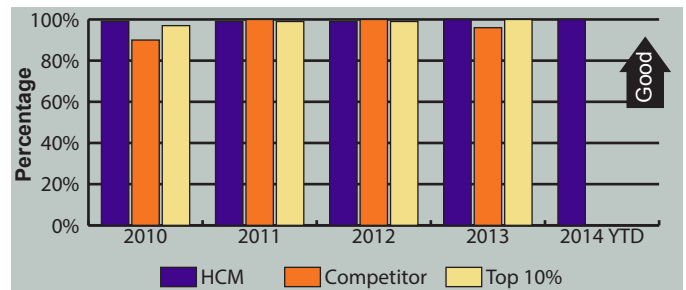


Figure 7.1-15 VBP - SCIP - Timely Administration of VTE Prophylaxis

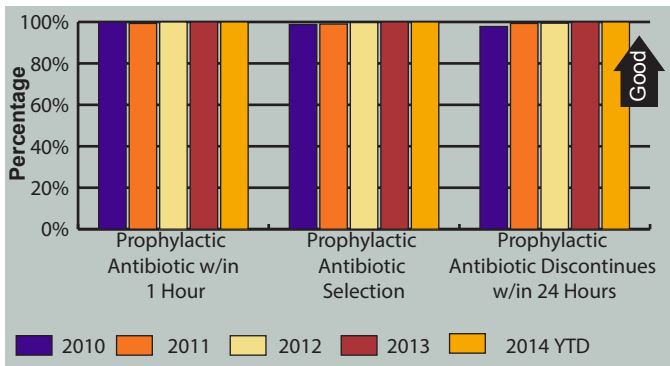


Figure 7.1-16 VBP - Restore Measures

Figure 7.1-16 represents segmented RESTORE performance on the relevant 2014 VBP measures. No competitor data is available at this level of segmentation

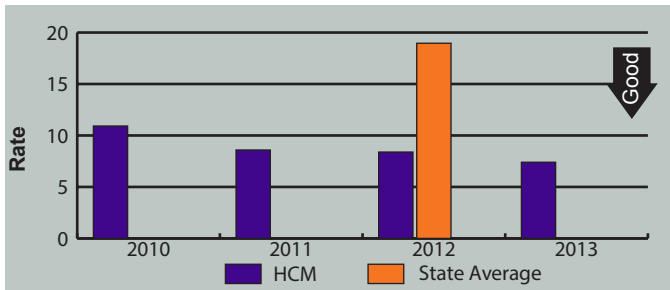


Figure 7.1-17 Risk Adjusted All Cause 30-Day Readmission Rate

HCM's all cause 30-day readmission rate is the 3rd best in the state of Texas.

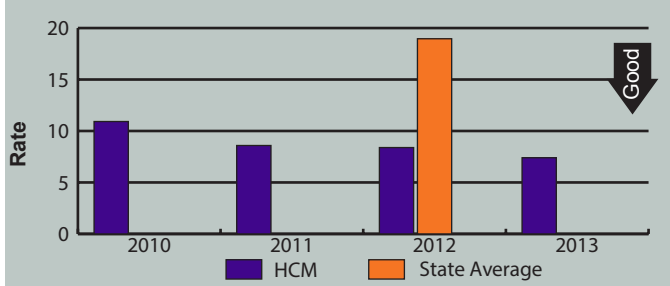


Figure 7.1-18 Risk Adjusted AMI Readmission Rate

Inpatient AMI (heart attack) 30-day readmission rate is a component of the Affordable Care Act. HCM has a very small number of AMI patients admitted, as most are transferred directly from the ED to a higher level of care. Only patients at the end of life and comfort care patients are admitted to HCM. Even with these conditions, HCM outperforms its nearest competitor and the national top 10%.

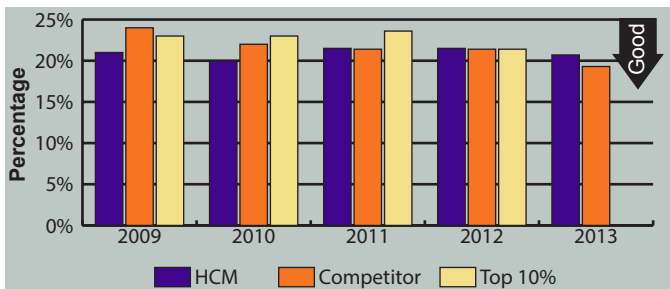


Figure 7.1-19 Risk Adjusted HF Readmission Rate

Inpatient heart failure 30-day readmission rate is a component of the Affordable Care Act. HCM performs at the national top 10%.

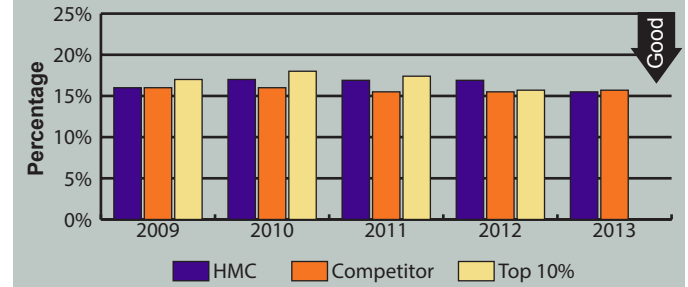


Figure 7.1-20 Risk Adjusted PN Readmission Rate

Inpatient pneumonia 30-day readmission rate is a component of the Affordable Care Act. HCM performs at the national top 10%.

Hospital	Spring 2012	Fall 2012	Spring 2013	Fall 2013	Spring 2014
HCM	A	A	A	A	A
Competitor	B	C	C	B	B

Figure 7.1-21 Leapfrog Hospital Safety Score

The Leapfrog Hospital Safety Score is an A, B, C, D, or F letter grade reflecting how safe hospitals are for patients. Only 25% of hospitals across the nation earn an A. HCM has earned a Leapfrog Hospital Safety Score of A in all three reporting periods. The Hospital Safety Score includes process, structural, and outcomes measures.

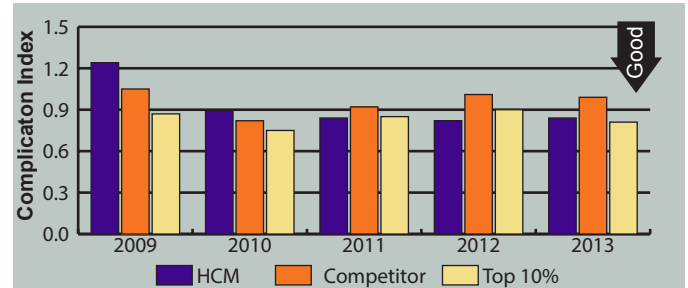


Figure 7.1-22 Inpatient Risk Adjusted Complications Index

Keeping patients free from potentially avoidable complications is a goal for all health care providers. A lower complications index indicates fewer patients with complications. With an emphasis on eliminating preventable harm, HCM has developed a laser focus on decreasing complications from care. The HCM leadership, clinical, and medical staffs continually review complication data for trends and develop action plans. The effectiveness of these plans is evidenced by a 5 year 35% improvement and national top 10% performance.

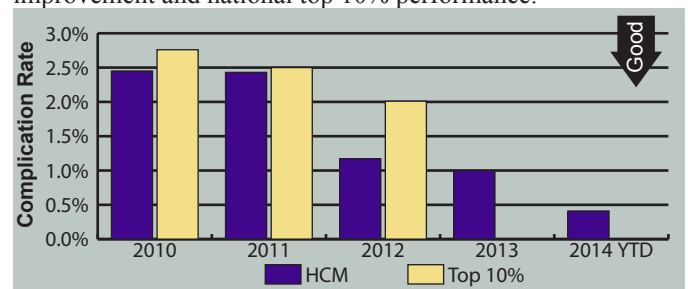


Figure 7.1-23 Restore Risk Adjusted Complications

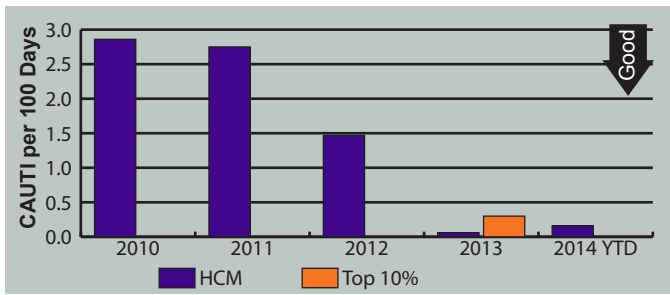


Figure 7.1-24 Inpatient CAUTI

In 2011 and 2012, HCM participated in the Texas Hospital CAUTI prevention collaborative and implemented best practices to decrease urinary catheter utilization and infections. HCM successfully decreased utilization by 33% and decreased CAUTI incidence by 200%.

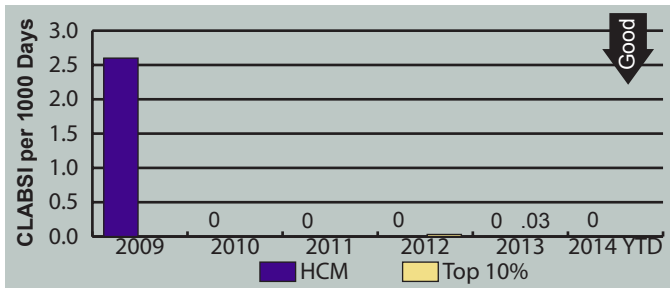


Figure 7.1-25 Inpatient CLABSI

In 2010 HCM implemented all components of the Institute for Health Care Improvement CLABSI bundle.

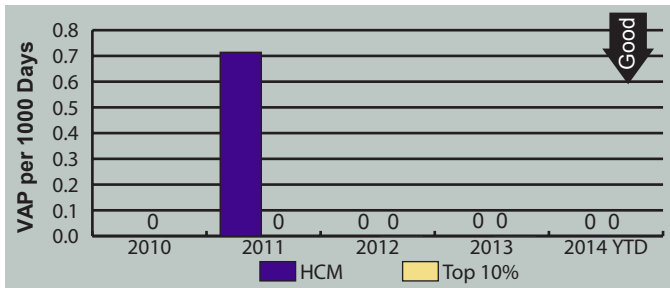


Figure 7.1-26 Inpatient Ventilator Associated Pneumonia

In 2011 HCM experienced 1 VAP. HCM has implemented the IHI VAP prevention bundle.

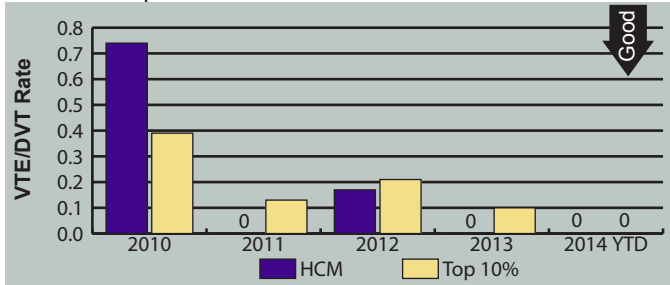


Figure 7.1-27 Risk Adjusted Post-Op VE/DVT Rate

HCM has implemented evidenced-based DVT/VTE processes and order sets. In 2012 HCM experienced only one post-operative DVT.

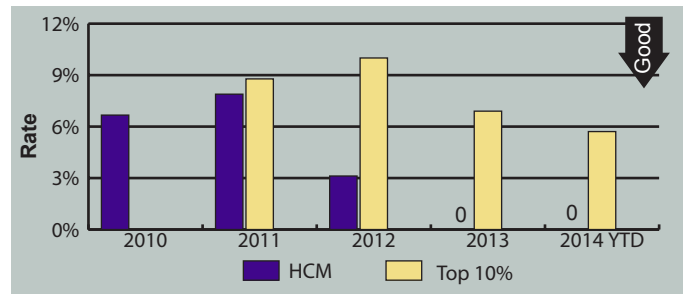


Figure 7.1-28 Risk Adjusted Surgical Deaths with Treatable Complications

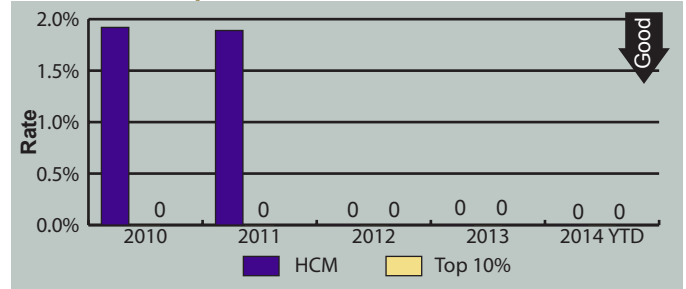


Figure 7.1-29 Post-Operative Sepsis Rate

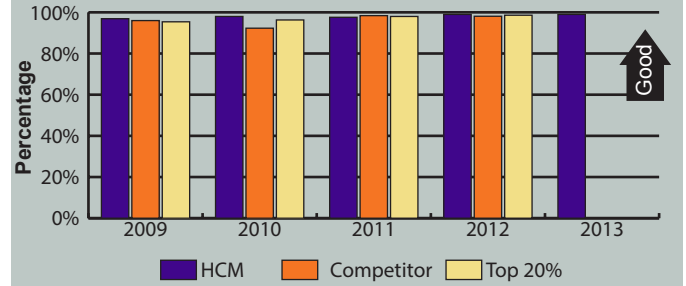


Figure 7.1-30 Core Measure Composite Compliance

HCM focuses on compliance with all CMS and Joint Commission Core measures, even those beyond the selected VBP measures. **Figure 7.1-30** represents the overall hospital composite compliance with all core measure indicators.

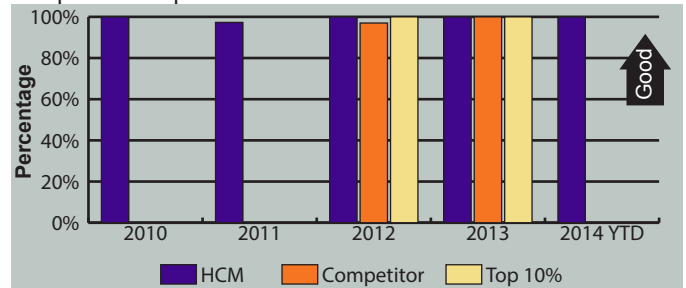


Figure 7.1-31 ED - Aspirin on Arrival for AMI

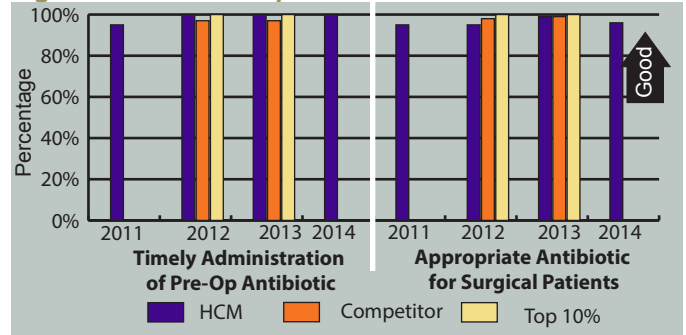


Figure 7.1-32 Outpatient SCIP

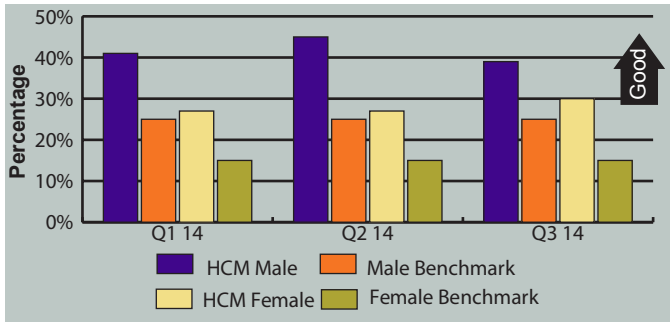


Figure 7.1-33 Colonoscopy Adenoma Detection Rate

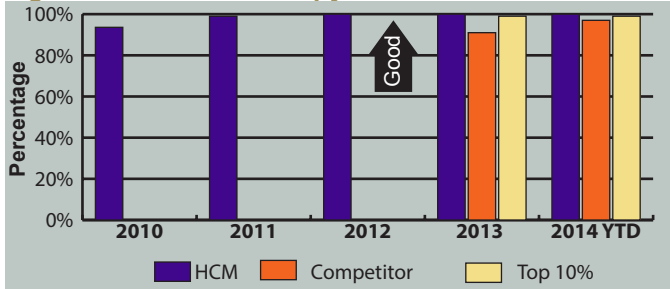


Figure 7.1-34 Home Health - Pressure Ulcer Prevention 7.1b Work Process Effectiveness Results

7.1b(1) Performance of key processes is reflected in Figures 7.1-35 through 7.1-48. Other process measures are presented throughout Category 7.

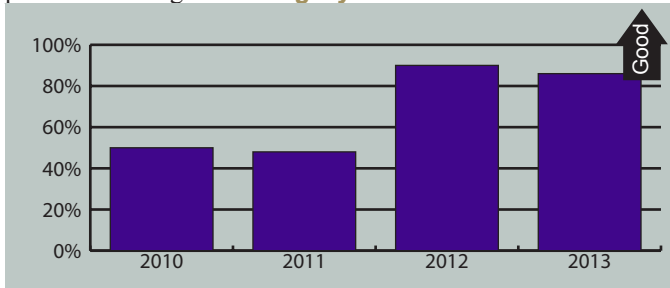


Figure 7.1-35 SDDP Effectiveness

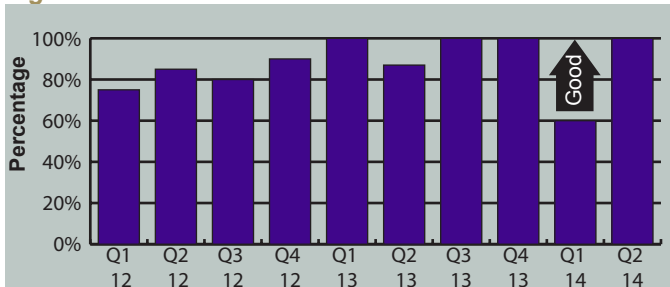


Figure 7.1-36 SBI Plan Effectiveness

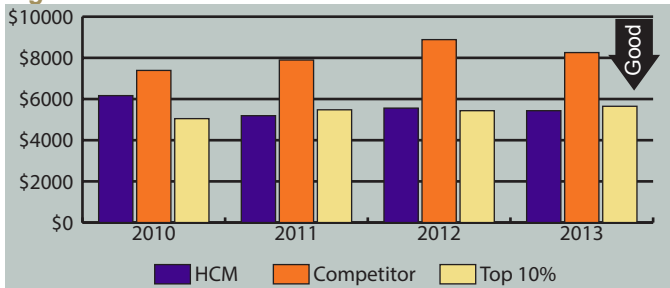


Figure 7.1-37 Adjusted Inpatient Expense per Discharge

In addition to all graphs in 7.1a, Figures 7.1-38 through

7.1-42 represent process effectiveness and efficiency for the key work process EPM 4.2 Deliver Continuum of Care.

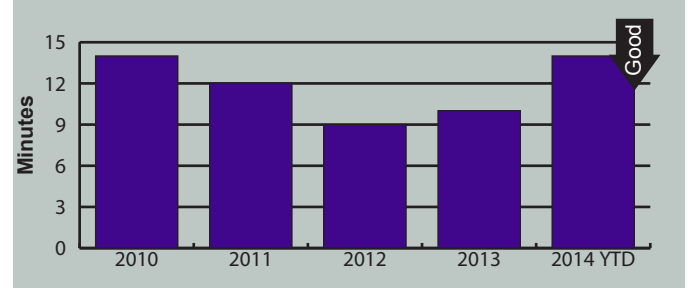


Figure 7.1-38 Outpatient Lab Turnaround Times

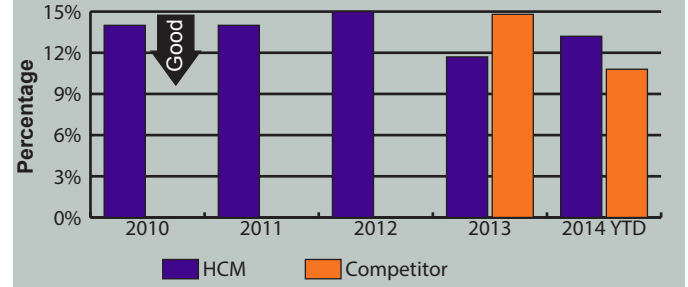


Figure 7.1-39 Mammography Recall Rate

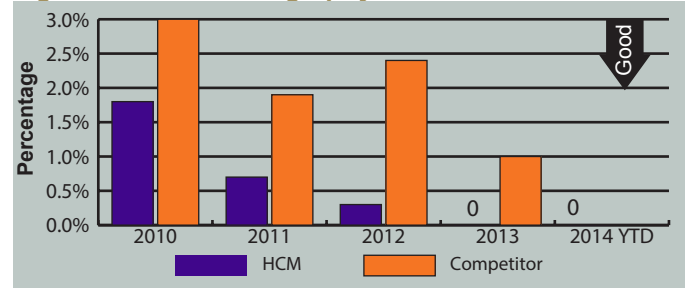


Figure 7.1-40 ED Left Without Being Seen

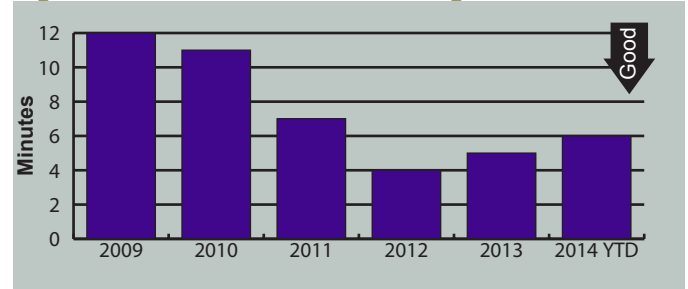


Figure 7.1-41 ED Door to Triage

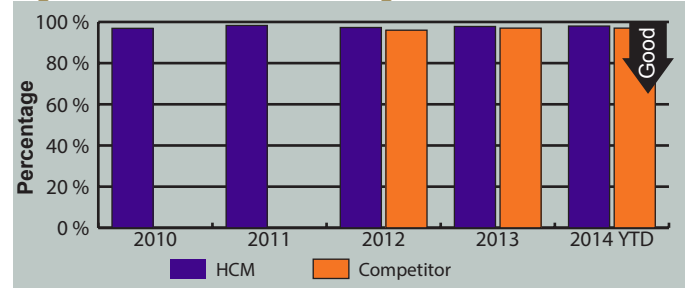


Figure 7.1-42 Timeliness of Start of Home Health Care

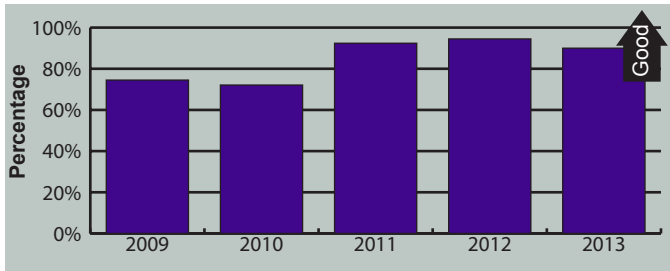


Figure 7.1-43 Employee Wellness Participation

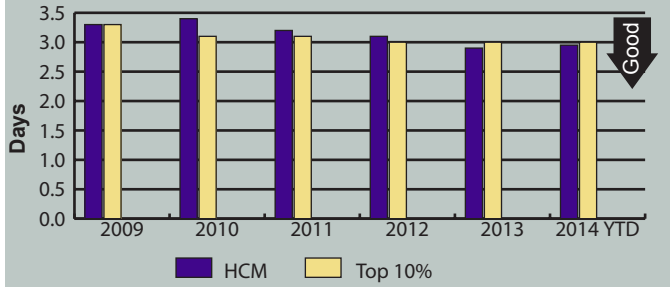


Figure 7.1-44 Inpatient Risk Adjusted Avg LOS

Figures 7.1-45 and 7.1-46 represent Process Effectiveness and efficiency of EMP 6.1 Discharge Process.

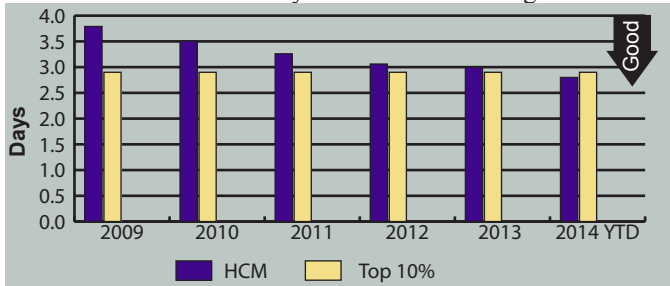


Figure 7.1-45 Restore Risk Adjusted LOS

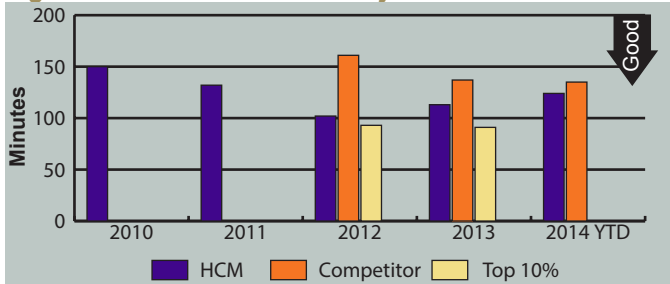


Figure 7.1-46 ED LOS

Figure 7.1-46 represents a 16% improvement in emergency department length of stay.

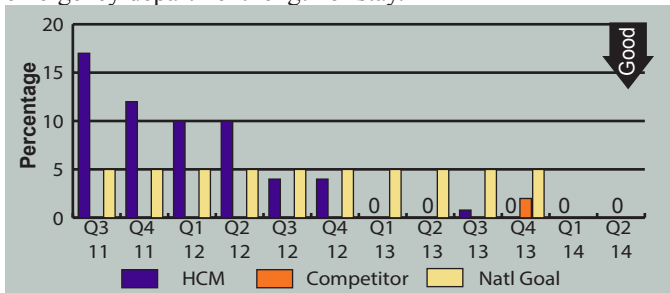


Figure 7.1-47 SBI - Elective Inductions < 39 Weeks

In a 2012 SBI project, HCM successfully implemented processes to decrease < 39-week induction rates.

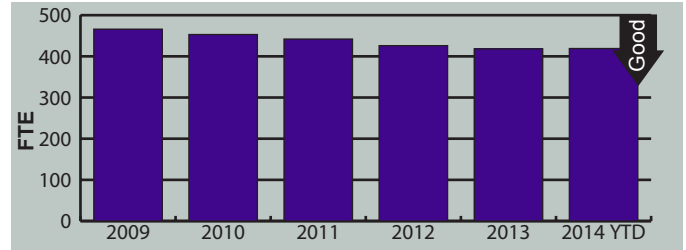


Figure 7.1-48 Workforce FTE Count

Figures 7.1-49 and 7.1-50 represent process effectiveness and efficiency for the key support process EPM 5.2 Conduct Workforce Capability and Capacity Planning.

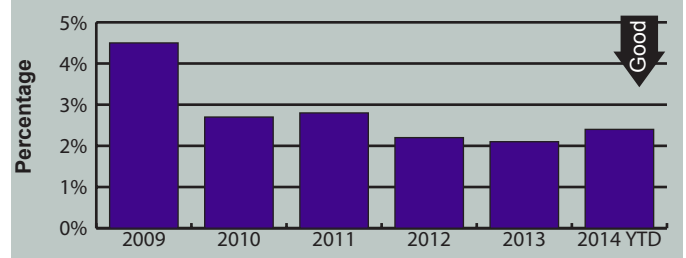


Figure 7.1-49 Overtime

In 2009 HCM began a concentrated focus on decreasing overtime expense without increasing FTE counts. Over three years and 1/2 years, HCM has saved 2.169 million dollars in overtime costs with a corresponding decrease in total work FTEs and a 44% increase in productivity,

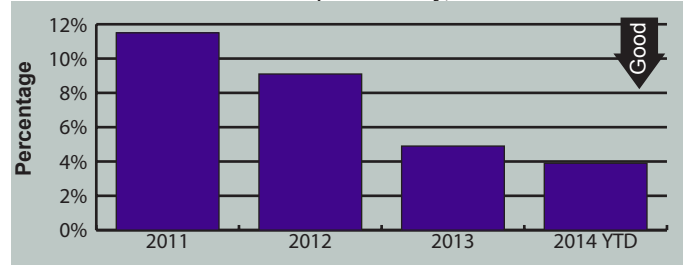


Figure 7.1-50 OR Premium Call Pay

Through application of Lean tools to level load the schedule, the OR has reduced Premium call pay by 75% since 2011 and saved over \$200,000 in the same time period. This was accomplished without an increase in total worked hours and improving ontime starts and increasing surgical volumes.

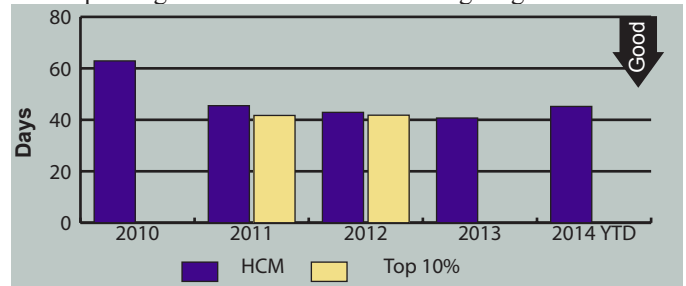


Figure 7.1-51 Days in Accounts Receivable

Figures 7.1-52 and 7.1-53 represent process effectiveness and efficiency for the key support process EPM 2.2.2 Perform Revenue Cycle Management.

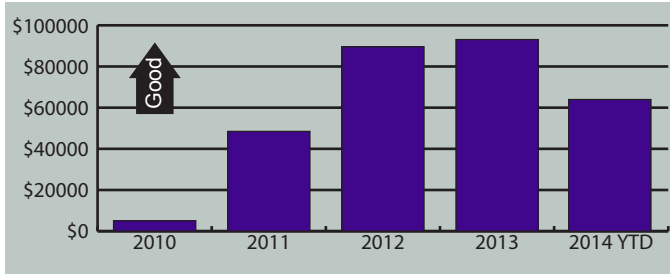


Figure 7.1-52 Revenue Cycle ER Upfront

In August 2011, as a part of the ED Lean project, registration staff implemented upfront collection processes, scripting, and patient flow redesign increasing ED point-of-service collections by over \$88,018 annually.

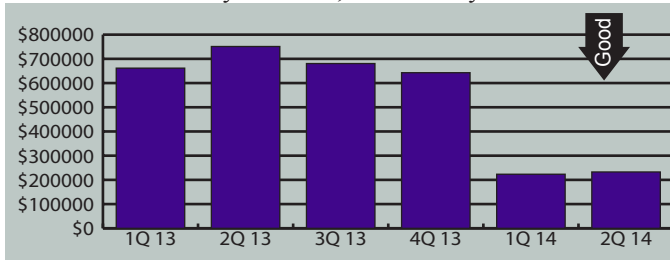


Figure 7.1-53 Revenue Cycle Denials

A 3rd quarter 2013 SBI resulted in revision of several processes and in these improvements in denials. The team continues to meet weekly to trend denials, identify opportunities for improvement, and implement action plans.

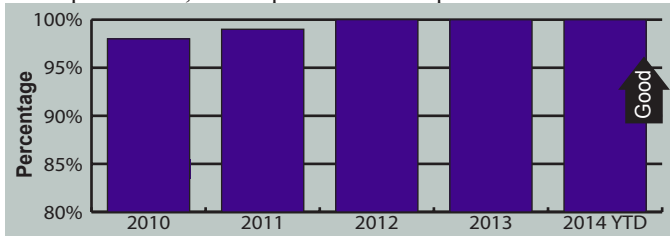


Figure 7.1-54 System Uptime

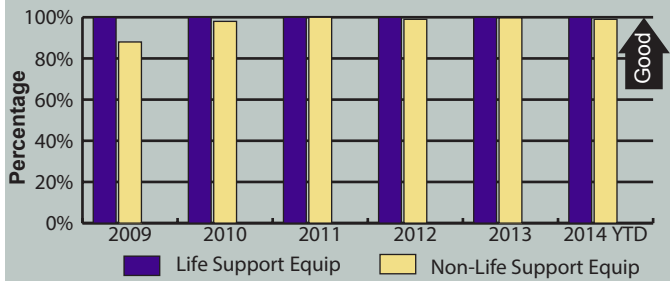


Figure 7.1-55 Medical Equip Preventative Maintenance

7.1b(2) Emergency Preparedness

Measure	2009	2010	2011	2012	2013
Annual Workforce Education Compliance	96%	98%	100%	100%	100%
Fire Drill Compliance	100%	100%	100%	100%	100%
Code Pink Drill Compliance	100%	100%	100%	100%	100%
Internal Emergency Pre-Exercise Compliance	100%	100%	100%	100%	100%
Community Emergency Prep Exercise Compliance	100%	100%	100%	100%	100%
Action Plans Developed After Drill	100%	100%	100%	100%	100%

Figure 7.1-56 Emergency Preparedness

7.1c Supply Chain Management Results

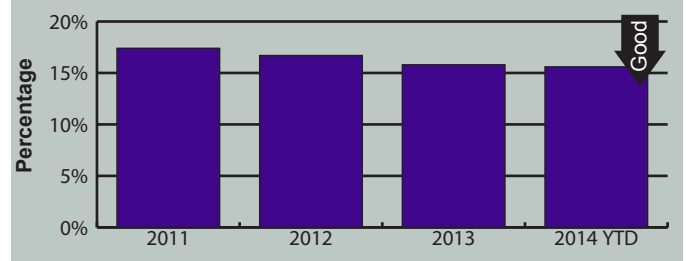


Figure 7.1-57 CMI Adjusted Supply Expense

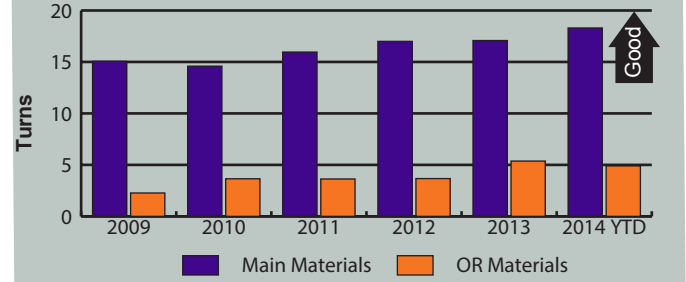


Figure 7.1-58 Supply Chain Inventory Turn

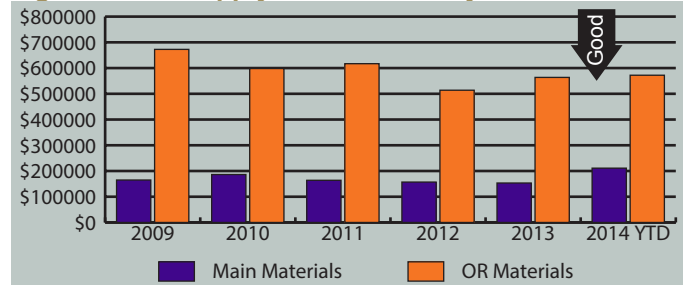


Figure 7.1-59 Supply Chain Inventory Value

7.2 Customer-Focused Results

Providing a positive patient experience and exceeding patient expectations are core to HCM's ability to execute its Mission of *Remarkable* Always. HCM has identified a *Remarkable* Patient Experience as a Strategic Advantage as evidenced by the results presented in this section of the application. Due to space limitations, HCM has presented only those satisfaction and engagement results that best answer the Baldrige criteria questions. Additional metrics are AOS.

The Patient Experience represents 30% of the CMS VBP score. Hill Country Memorial achieved a 2013 VBP Patient Experience score of 95 out of a possible 100 for 2013 and 2014 VBP Patient Experience score of 98 for 2014. HCM is ranked 1st in the State of Texas and 1st in the Nation. Individual HCAHPS categories are reported throughout this category to address specific Baldrige criteria questions. These will be denoted as VBP HCAHPS results.

Competitor data are not available for ambulatory surgery, ED, outpatient surveys, and some inpatient survey questions. For the Inpatient HCAHPS survey, PG has allowed HCM to compare its performance against the PG Baldrige recipient peer group to provide a world-class benchmark.

7.2a(1) Patient and Other Customer-Focused Results

HCM uses questions related to the overall patient satisfaction with the quality of care as its primary indicator of patient satisfaction across the continuum of care and in its key market segments. HCM consistently outperforms the PG National 90th percentile and the PG Baldrige recipient peer

group. Competitor data is available on the CMS publicly reported HCAHPS surveys only..

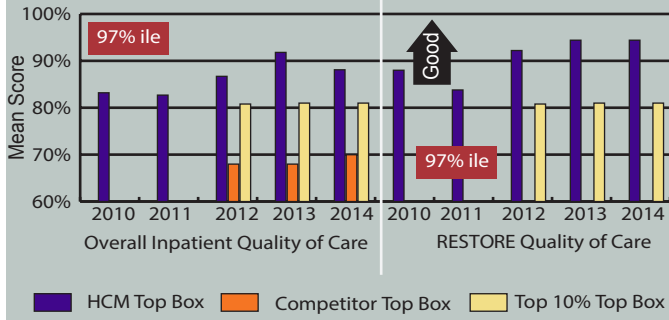


Figure 7.2-1 HCAHPS Inpatient Satisfaction

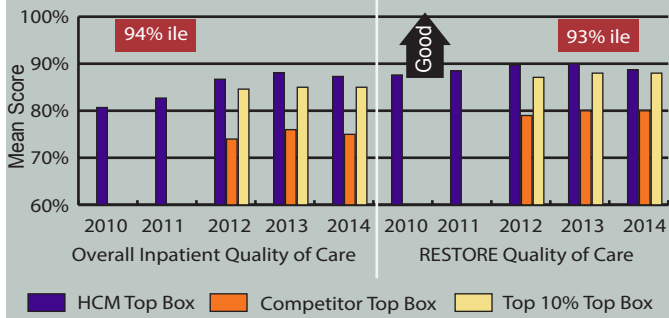


Figure 7.2-2 HCAHPS Communication

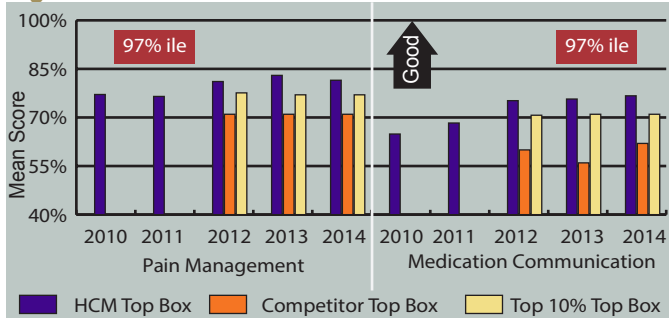


Figure 7.2-3 HCAHPS Pain and Medications

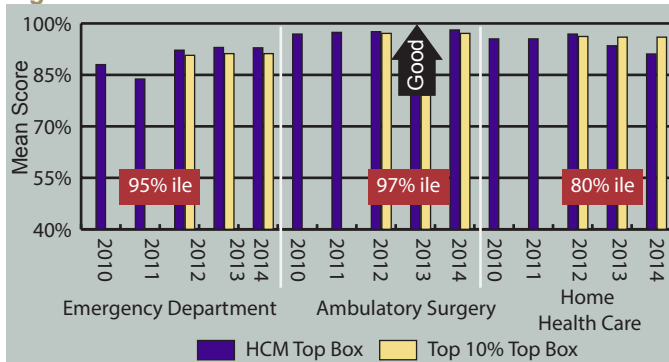


Figure 7.2-4 Patient Satisfaction - Quality of Care

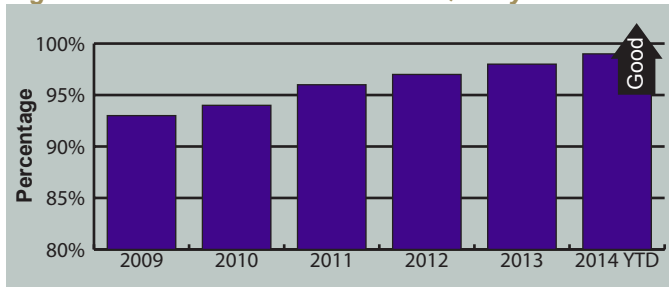


Figure 7.2-5 Outpatient Satisfaction

Many departments performing outpatient services conduct internal customer satisfaction surveys. Due to cost, results are benchmarked against historical trends. In a 2011 cycle of refinement, all survey tools were revised to include standardized questions to improve department-to-department comparisons. Data is segmented by department and AOS.

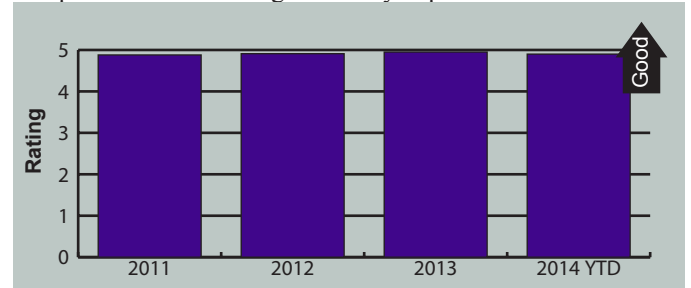


Figure 7.2-6 Online Patient Satisfaction

The Online Ratings and Review program [4.1a(3)] results are reviewed by the Service Coordinating Council along with other patient satisfaction and engagement data to identify opportunities for improvement. The rating scale is 1-5, with 5 being *Remarkable*.

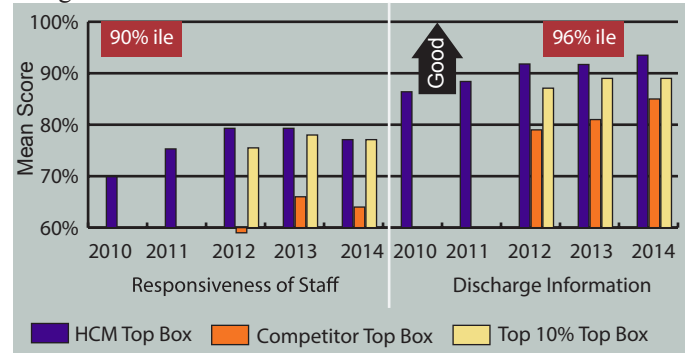


Figure 7.2-7 Inpatient Requirements

Figures 7.2-7 through 7.2-11 represent the trends related to satisfaction on key requirements (Figure P.1-6).

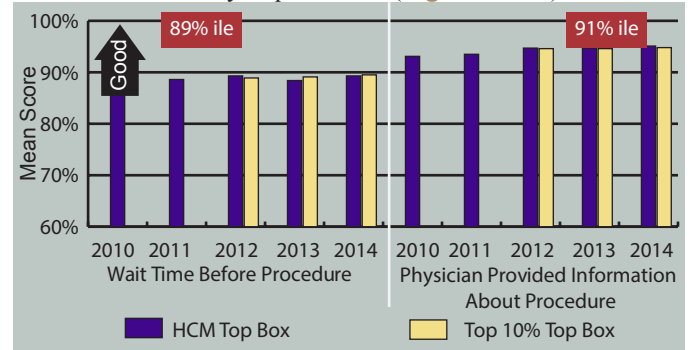


Figure 7.2-8 Ambulatory Surgery Requirements

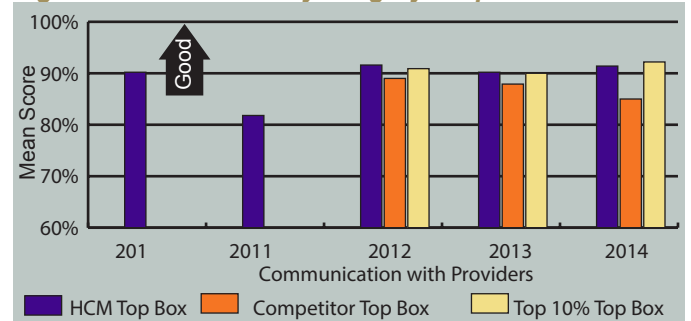


Figure 7.2-9 Home Health Care Requirements

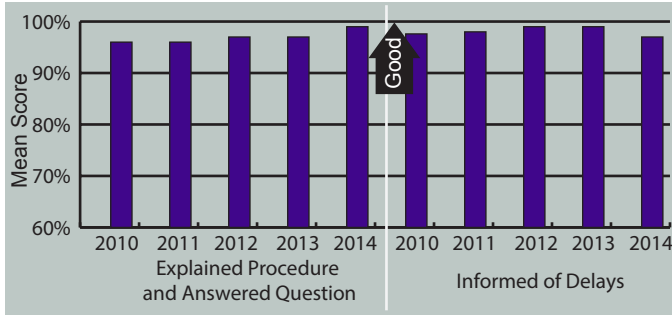


Figure 7.2-10 Outpatient Requirements

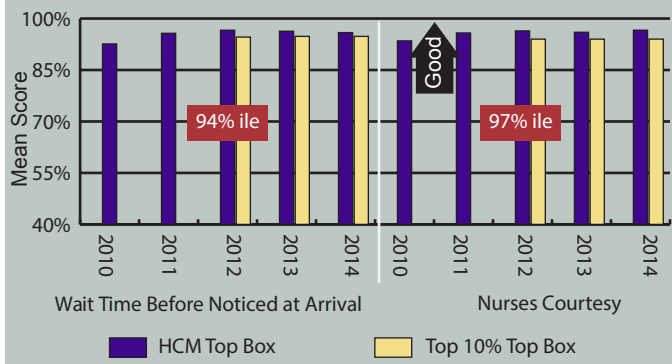


Figure 7.2-11 ED Requirements

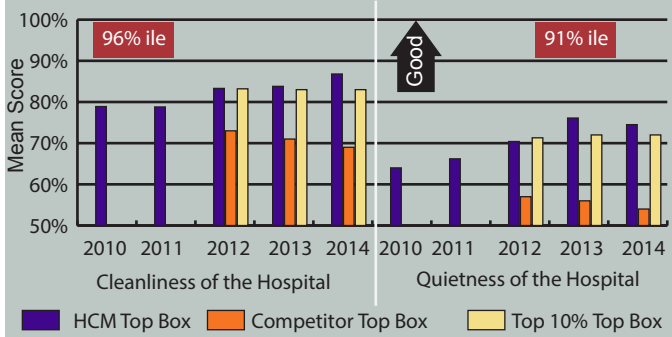


Figure 7.2-12 Inpatient Dissatisfaction

The two lowest scoring PG areas representing dissatisfaction are shown in **Figure 7.2-12**. A SBI focused on Quietness led to breakthrough improvement in this area of dissatisfaction. Additionally, the Environmental Services department implemented a new Green Light to Clean initiative to reduce patient dissatisfaction with cleanliness.

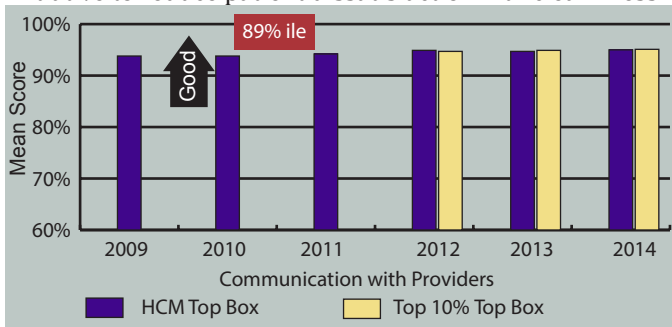


Figure 7.2-13 Ambulatory Services Dissatisfaction

Figure 7.2-13 reflects the lowest scoring item for Outpatient (Ambulatory Services).

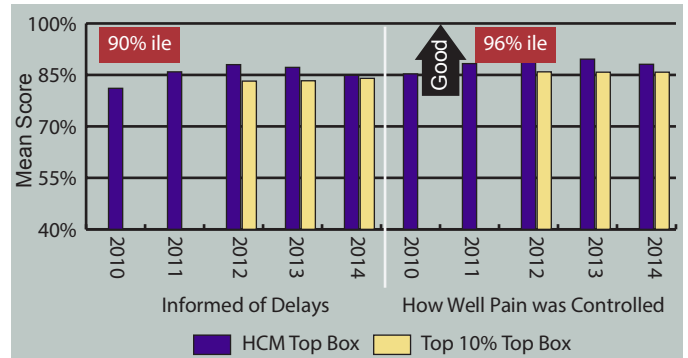


Figure 7.2-14 Emergency Department Dissatisfaction

In 2011 HCM embarked on a comprehensive Lean improvement initiative in the ED [6.1b(4)] to address areas of inefficiency and patient dissatisfaction.

7.2a(2)

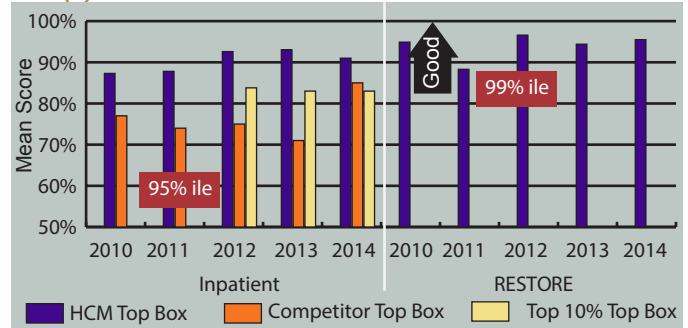


Figure 7.2-15 Inpatient Willingness to Recommend

HCM uses questions related to the willingness to recommend HCM to family and friends as its primary indicator of patient engagement across the continuum of care and in its key market segments. HCM consistently outperforms the PG National 90th percentile and the PG Baldrige recipient peer group. Competitor data is available only on the CMS publically reported HCAHPS surveys.

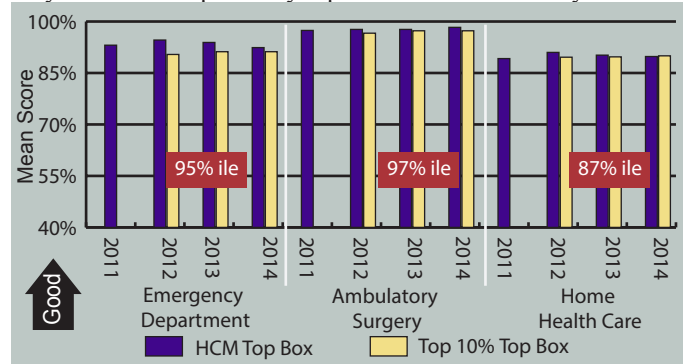


Figure 7.2-16 Willingness to Recommend

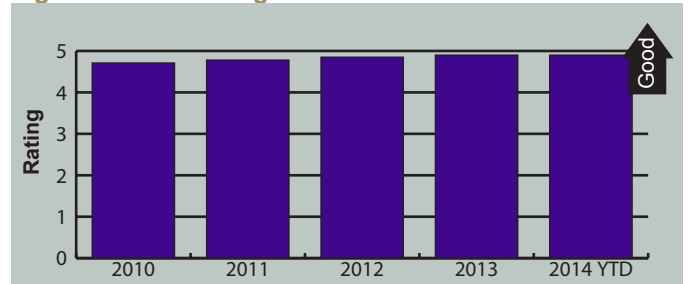


Figure 7.2-17 Outpatient Willingness to Recommend

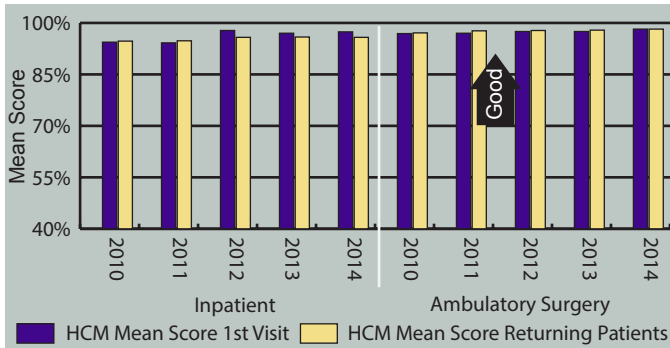


Figure 7.2-18 Patient Engagement - Willingness to Recommend

To better understand relationship building with patients over the course of their relationship with HCM we monitor scores on the question, “Willing to recommend to your family and friends”, for first-time patients compared to returning patients.

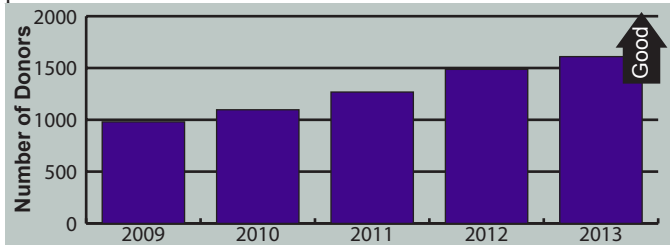


Figure 7.2-19 Grateful Patients

HCM tracks the number of former patients making a donation to the HCMH Foundation Grateful Patient Program as an indicator of former patient engagement. Former patient participation in the Grateful Patient Program has increased 96% over the past 6 years.

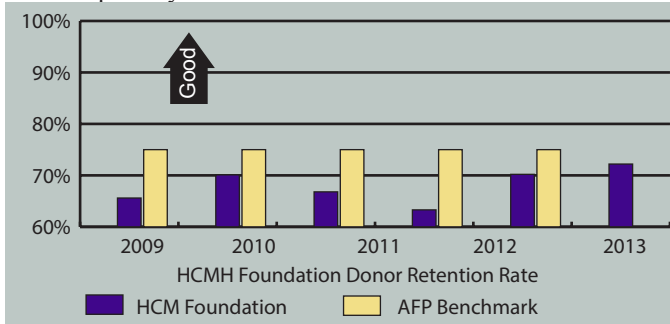


Figure 7.2-20 Community Donor Engagement

Donor retention rates, along with HCM donation trends, (Figure 7.4-20) are used to assess community engagement.

7.3 Workforce-Focused Results

A key component of HCM’s vision Empower Others. Create Healthy. is the empowerment of the workforce through satisfaction, engagement, and professional development. HCM creates a workforce climate that supports these empowerment elements through our core competency of *Values Driven Culture* and our Strategic *Always Goal* of Be a Team of Champions.

Due to space limitations, HCM has presented only those workforce-focused results that best answer the Baldrige criteria questions. Additional metrics and segmentation are AOS.

7.3a(1)

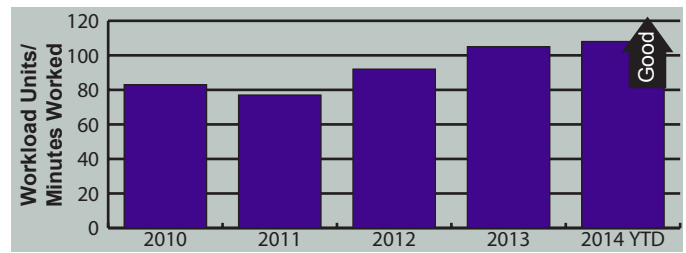


Figure 7.3-1 Productivity

Figure 7.3-1 represents a 28% improvement in productivity. As productivity has improved so have employee partnership results.

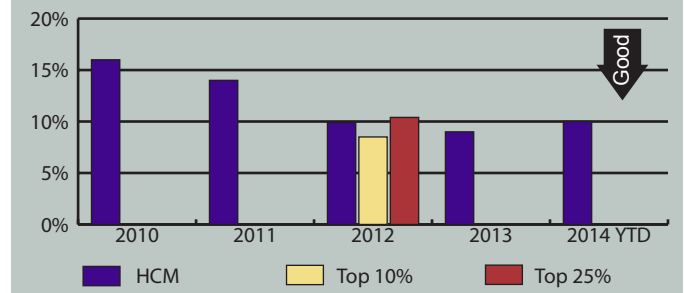


Figure 7.3-2 Voluntary Turnover

Low employee turnover is a strong indicator of employee loyalty and positively supports organizational capability and capacity. Over the past four years HCM has successfully implemented many improvements to the workforce climate that reduced employee turnover. These improvements have led to a four-year 48% reduction in voluntary turnover.

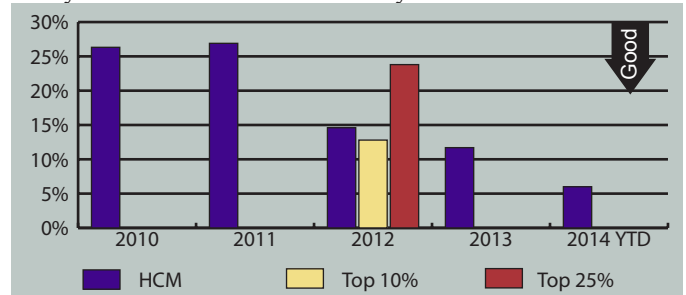


Figure 7.3-3 First Year of Service Voluntary Turnover

The 4th quarter of 2011 implementation of a values screen for all applicants and alignment of on-boarding and orientation with the HCM *Remarkable Values* have resulted in a dramatic reduction in turnover during the first year of service, and HCM is now outperforming the ASHHRA top 10% benchmark.

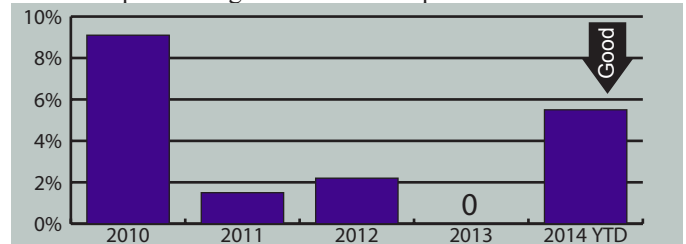


Figure 7.3-4 Physician Turnover

A stable physician staff contributes to organizational capability and capacity.

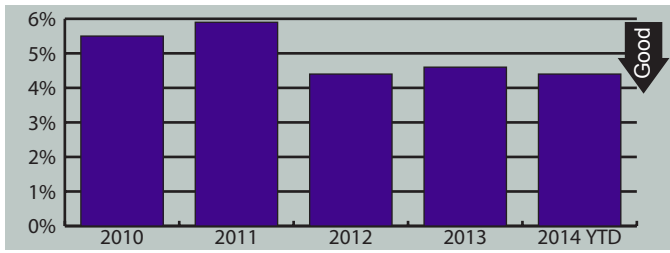


Figure 7.3-5 Vacancy Rates

Low vacancy rates contribute to meeting capacity needs.

7.3a(2)

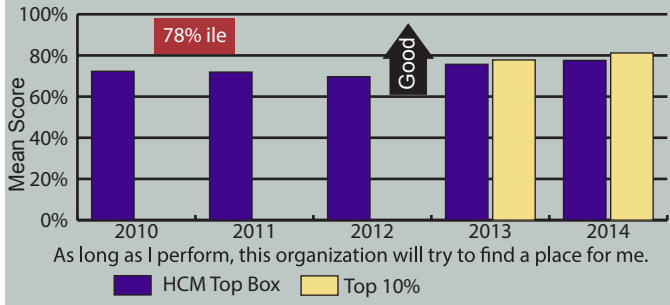


Figure 7.3-6 Employee Satisfaction

Through the QCP process and a focused effort on internal promotions (Figure 7.3-6), HCM improved performance in this question 5.3 points and moved it off the PG opportunity for improvement priority list in 2013.

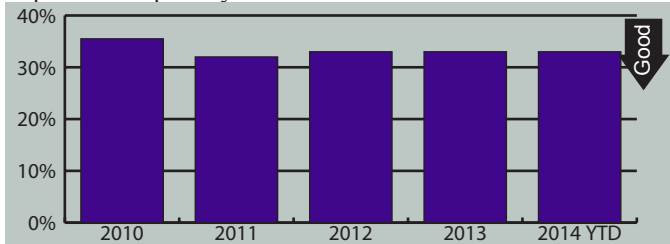


Figure 7.3-7 Benefits as a % of Salaries

HCM has maintained benefits at greater than 30% of salaries while decreasing insurance costs by over \$1.5 million dollars over the past four years. As a self-insured organization, these cost savings are directly related to dollars spent on employee benefits. This \$1.5 million reduction was achieved through a focus on wellness and prevention in the EWP without reducing health insurance benefits or raising employee premiums.

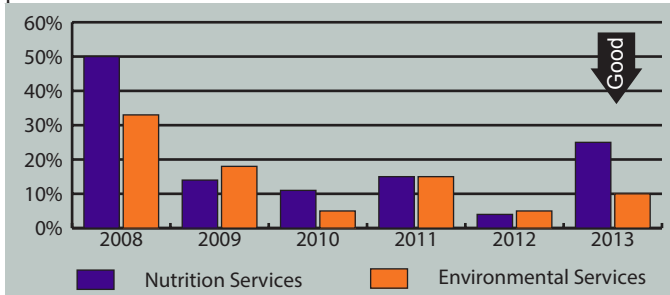


Figure 7.3-8 Voluntary Turnover in Departments most Impacted by Living Wage

Nutrition and Environmental Services are typically high turnover departments. Implementation of the living wage in late 2008 has contributed a 50% reduction in VTO in Nutrition and a 70% reduction in Environmental Services.

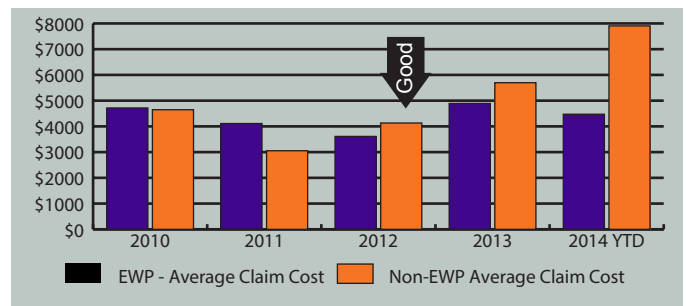


Figure 7.3-9 EWP Effectiveness - Claims vs. Non-Members

The HCM EWP program promotes health and wellness through preventative screenings. HCM has demonstrated high levels and beneficial trends. In 2013, EWP participants experienced an 18% lower claims cost than team members who did not participate.

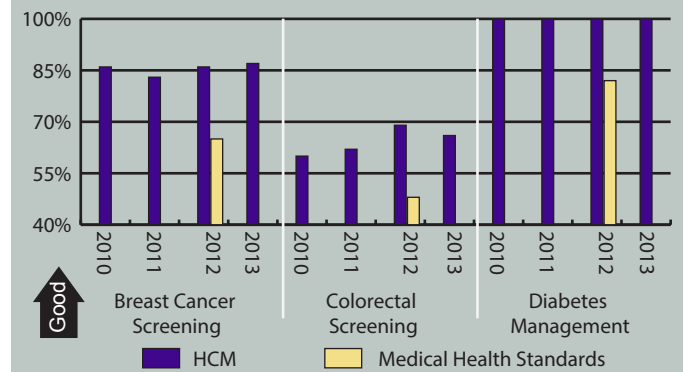


Figure 7.3-10 EWP Screening Rates

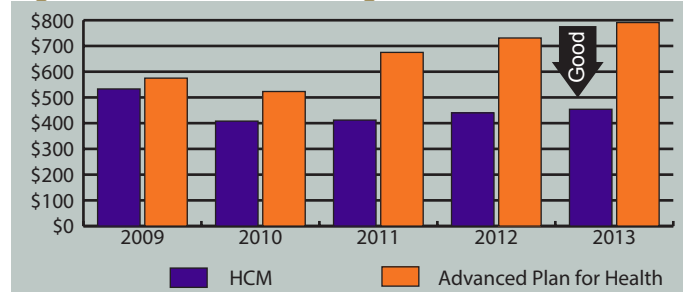


Figure 7.3-11 EWP ED Medical and Pharmacy Cost

While maintaining stable benefits and comparing medical and pharmacy per member costs to the national trend, HCM's health plan strategy has contributed to a 6-year cumulative savings of over \$13 million.

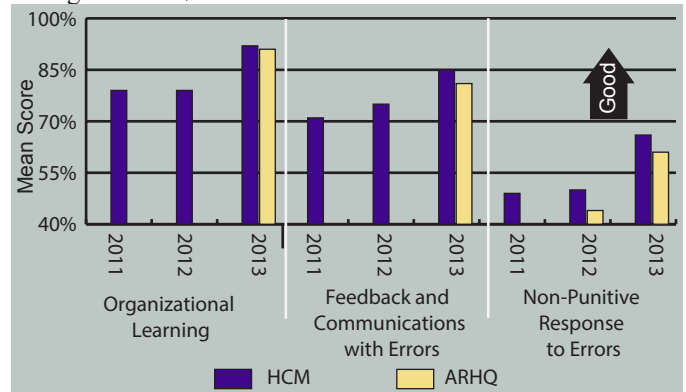


Figure 7.3-12 Culture of Safety

In a 2012 implementation of a *Just Culture*, senior leaders 2014 Malcolm Baldrige National Quality Award

demonstrate a commitment to providing an environment that supports the workforce while they provide quality patient care.

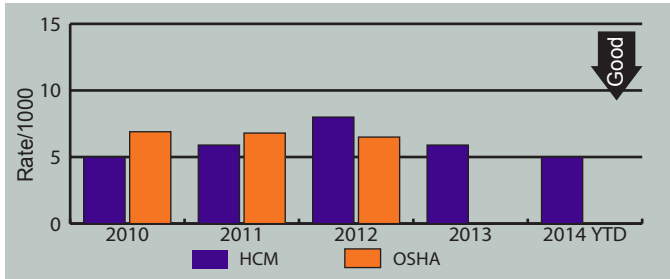


Figure 7.3-13 Employee Injury Rate

Based on the 2012 increase in the employee injury rate, HCM implemented a comprehensive restructuring of the employee health and safety program. The new program includes a monthly dashboard to ensure effectiveness and agility.

7.3a(3)

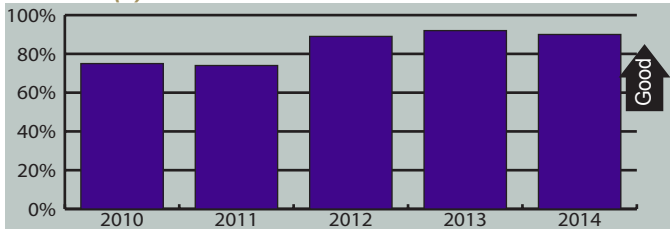


Figure 7.3-14 Employee Partnership Survey Participation Rate

Participation in the annual employee partnership survey is a key indicator of employee engagement. The participation rate has increased 37% over the past five years, and HCM out-performs the PG average participation rate of 45% (best available benchmark).

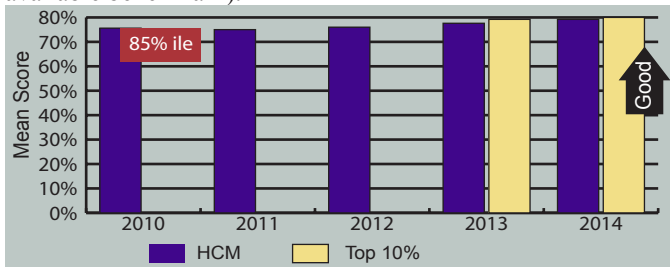


Figure 7.3-15 Employee Satisfaction

The overall partnership score is reflective of employee satisfaction and has steadily improved over the past six years. HCM results are currently at the 80th percentile in its peer group and outperforming 59% of Baldrige recipient organizations in the PG Baldrige peer group.

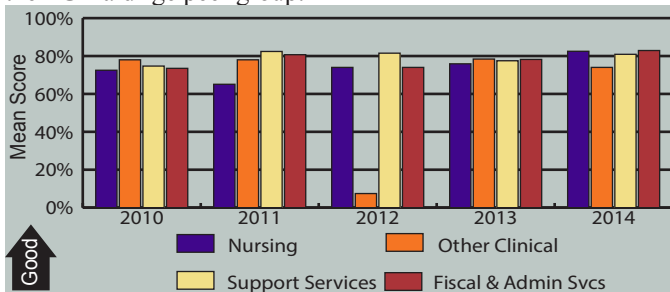


Figure 7.3-16 Employee Satisfaction by Staff Group

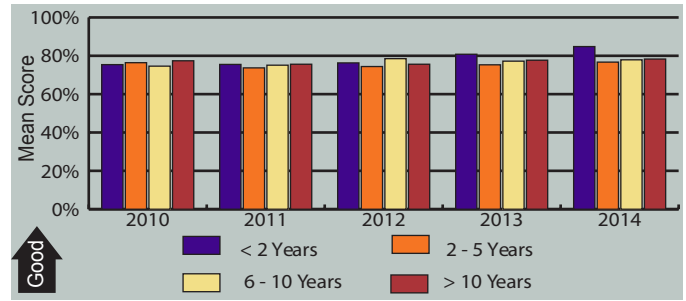


Figure 7.3-17 Employee Satisfaction by Tenure

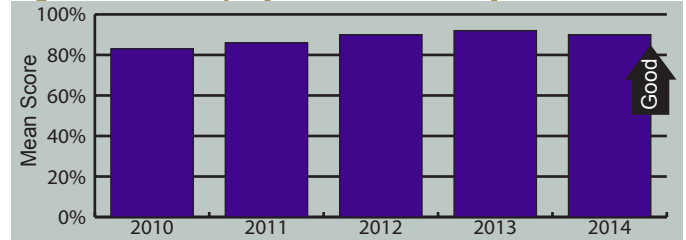


Figure 7.3-18 Volunteer Satisfaction

Over the past three years, HCM leaders have worked to increase volunteer satisfaction and engagement through improved communications, enhancing volunteer opportunities, and directly participating in volunteer recognition.

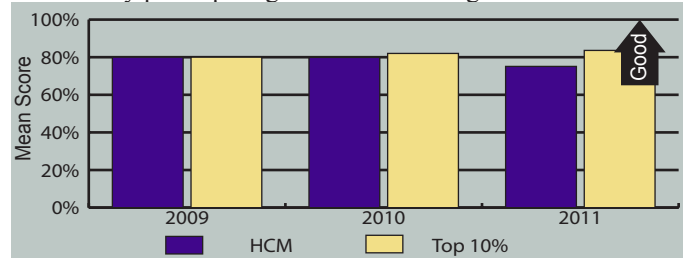


Figure 7.3-19 Physician Satisfaction

Overall participation in the Physician Satisfaction Survey was historically low at 35%. Based on feedback from physicians, the CMO and MEC revised the 2012 survey process, vendor, and tool. This survey was conducted in April 2013, and results indicate top decile performance.

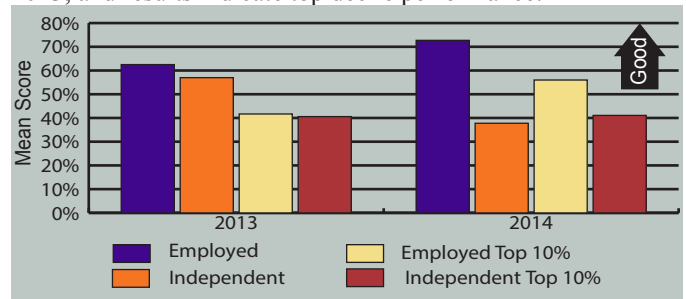


Figure 7.3-20 2013/2014 Physician Satisfaction

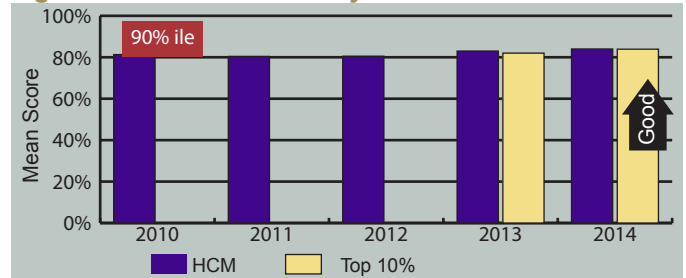


Figure 7.3-21 Employee Engagement

PG provides an employee engagement composite based on questions most closely related to employee engagement. HCM has achieved performance at the 90th percentile in its peer group and is outperforming 70% of Baldrige recipient organizations in the PG Baldrige peer group.

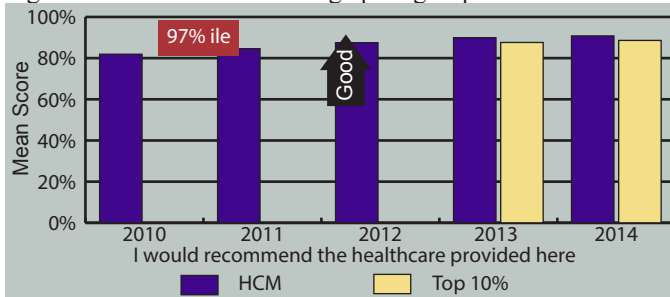


Figure 7.3-22 Workforce Engagement

A second measure of employee engagement is willingness to recommend HCM. HCM has achieved performance at the 97th percentile in its peer group and is outperforming 94% of Baldrige recipient organizations in the PG Baldrige peer group.

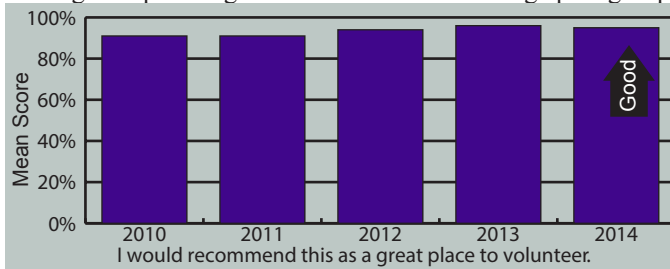


Figure 7.3-23 Volunteer Engagement

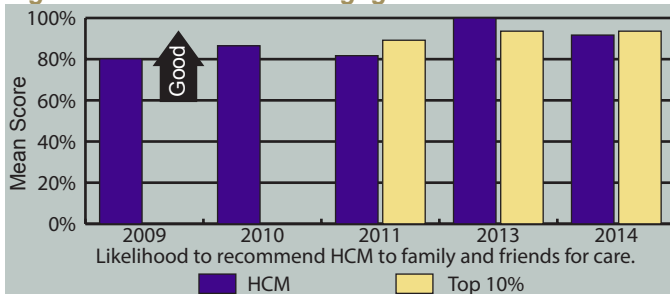


Figure 7.3-24 Physician Likelihood to Recommend



Figure 7.3-25 Employee Rqmt - Shared Purpose

HCM has achieved performance at the 91st percentile in its peer group and is outperforming 78% of Baldrige recipient hospitals in the Baldrige peer group

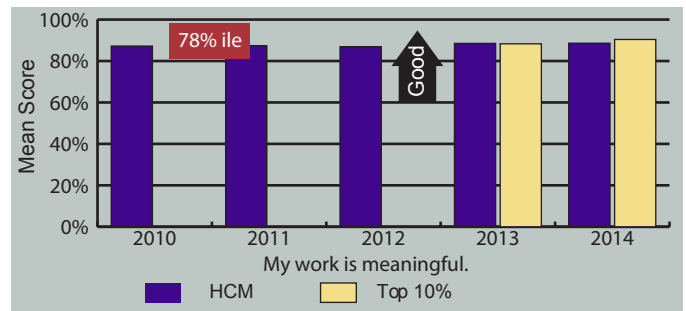


Figure 7.3-26 Employee Rqmt - Meaningful Work



Figure 7.3-27 Employee Rqmt - Recognition

Communication	2013	Top 10%
HCM Employed	62.5%	60.5%
HCM Independent	69.5%	70.8%
Quality of Care	2013	Top 10%
HCM Employed	100%	90.6%
HCM Independent	93.6%	89.5%
Valued Member of the Team	2013	Top 10%
HCM Employed	75%	57.6%
HCM Independent	55.3%	55.0%

Figure 7.3-28 2013 Physician Key Requirements

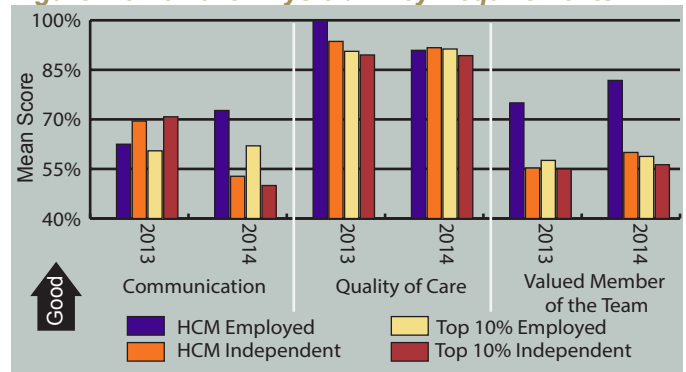


Figure 7.3-29 Physician Key Requirements



Figure 7.3-30 Volunteer Requirements

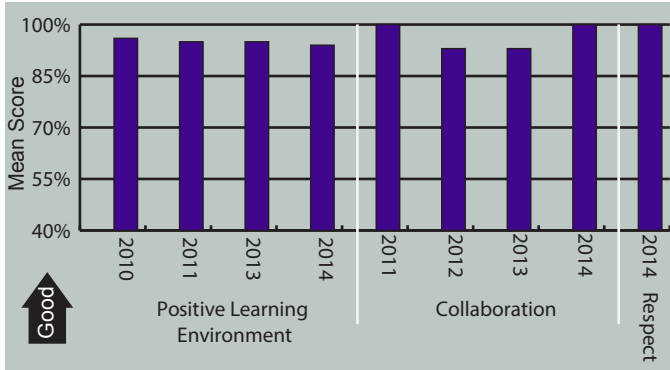


Figure 7.3-31 Student Requirements
 HCM uses the ACC student satisfaction survey. We have asked each program to standardize three questions on the surveys.

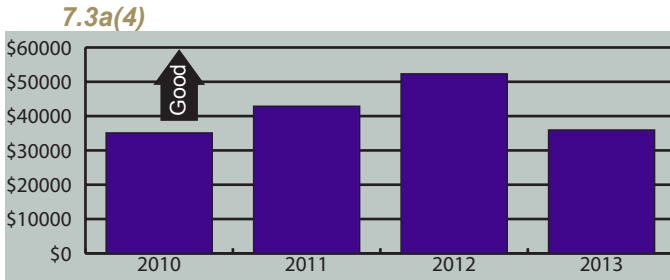


Figure 7.3-32 Commitment to Education
 In addition to the annual Learning and Organizational Development Budget of \$350,000, HCM also assists employees in achieving their personal professional development goals through tuition reimbursement, funding RN stipends for employed RN students, and auxiliary-funded scholarships.

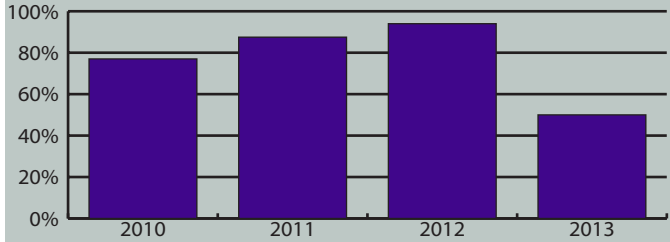


Figure 7.3-33 Internal Promotions
 HCM tracks internal promotions as a measure of the effectiveness of EPM 5.6 Develop the Workforce. In 2013 HCM leaders intentionally filled half of open leadership positions from the outside to create a better balance of internal and external knowledge.

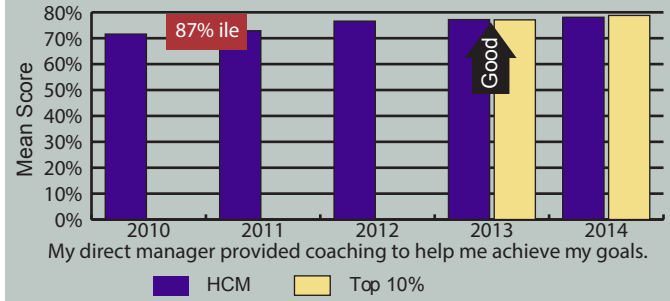


Figure 7.3-34 Coaching

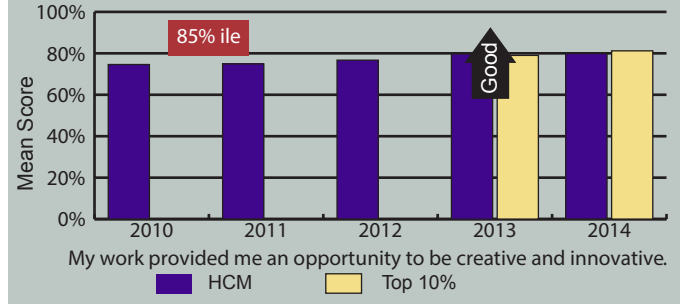


Figure 7.3-35 Creative Work Environment

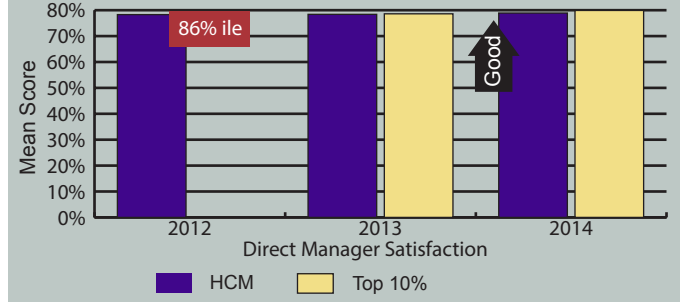


Figure 7.3-36 LDI Effectiveness
7.4 Leadership and Governance Results
7.4a(1)

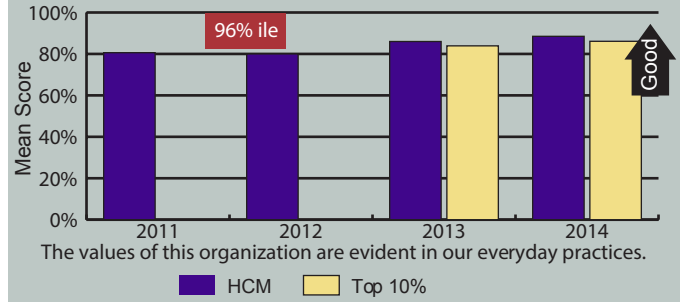


Figure 7.4-1 Employee - Values are Evident

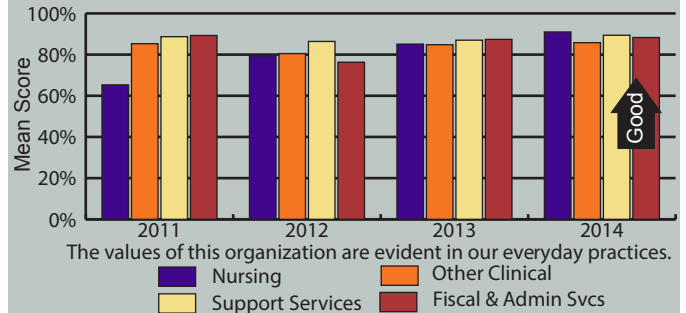


Figure 7.4-2 Values are Evident - Staff

In 2013 and 2014 all segment performance surpassed the peer group 90th percentile mean score.

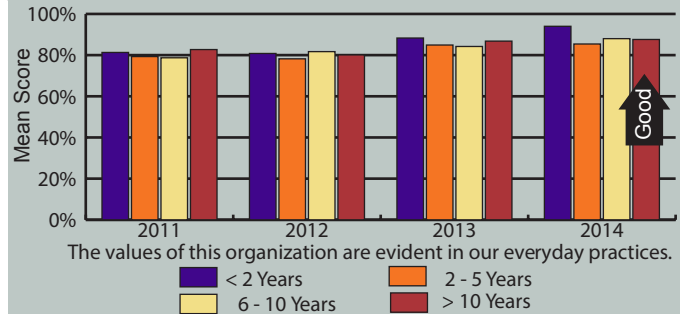


Figure 7.4-3 Values are Evident - Tenure

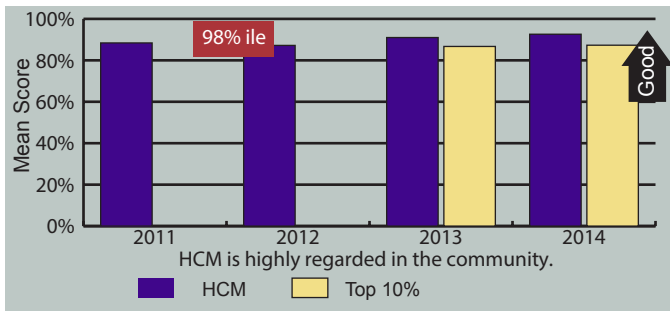


Figure 7.4-4 Employee Pride

An indicator of employee engagement and deployment of the VMV is the pride employees feel in the work done by our organization. HCM has consistently exceeded performance above the 90th percentile and is outperforming 96% of of Baldrige recipient hospitals in the Baldrige peer group.

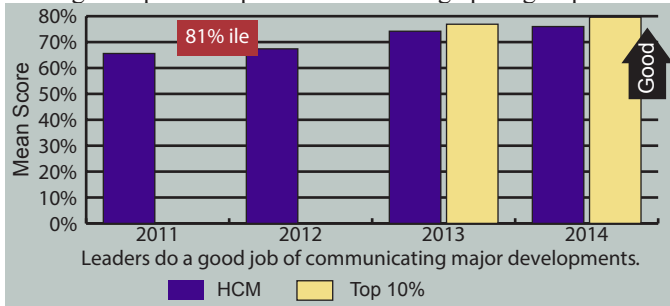


Figure 7.4-5 Communication of Major Developments

Based on employee feedback, EC revised quarterly Workforce Forums in 2013 to improve communication of major developments.

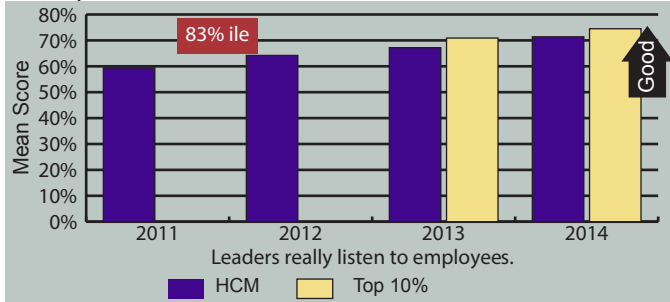


Figure 7.4-6 Leaders Really Listen

Although not at our goal of the 90th percentile, HCM has improved performance from the 48th to 83rd percentile in the last 4 years through CQI.

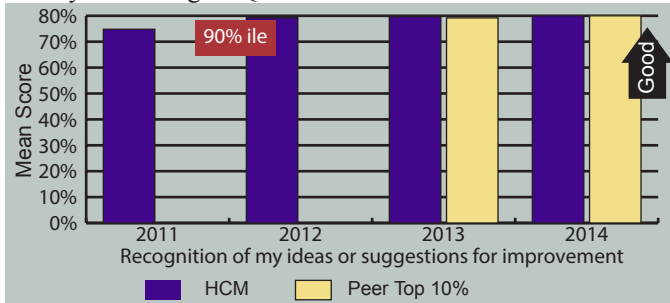


Figure 7.4-7 Focus on Action

Through expanded employee engagement and involvement in improvement activities, HCM has improved performance on this question from the 66th to the 90th percentile in its peer group and is outperforming 85% of Baldrige recipient hospitals

in the Baldrige peer group.



Figure 7.4-8 Volunteer Communication and Engagement 7.4a(2)

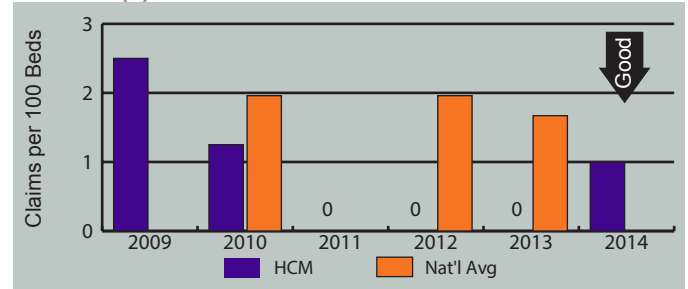


Figure 7.4-9 Malpractice Claims

Led by a commitment to the *Remarkable* HCM Values, senior leaders actively discuss errors and near misses with patients, physicians, and staff [1.1a(1)].

Assessment Statement	2009	2010	2011	2012
The board as a whole understands its role and responsibilities.	100%	100%	100%	100%
The board effectively performs its role and discharges its responsibilities	100%	100%	100%	100%
The strategic plan is consistent to the mission.	90%	100%	100%	100%
The relationship of the board committees to the board is clearly understood by all board members.	90%	100%	100%	100%
The board is well organized and this facilitates effective meetings and performance.	100%	100%	100%	92%
The board is an effective link between the hospital and the community.	82%	90%	91%	92%

Figure 7.4-10 Board Self Assessment

Results of the BOT self assessment are reviewed by the BOT Governance committee, and recommendations are made to the full BOT. Recent improvements include restructuring to a smaller board membership, increasing physician representation, and revising the survey instruments based on best practices of the Governance Institute.

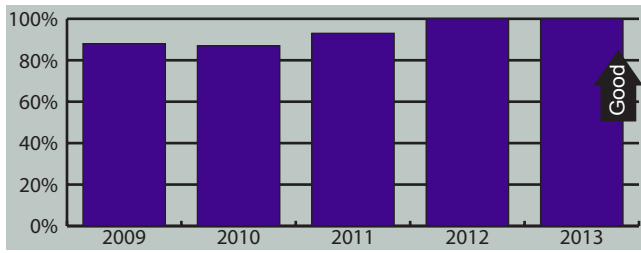


Figure 7.4-11 BOT Continuing Education Compliance

The BOT sets annual continuing education requirements as a member responsibility to ensure members stay current on health care trends and changes. Compliance is monitored, provided to members throughout the year, and considered during reappointment.

Audit	2011	2012	2013
External Financial Audit	Qualified	Qualified	Qualified
External Pension Plan Audit	Pass	Pass	Pass
External Coding Audit	Pass	Pass	Pass
Medicare Cost Report	Pass	Pass	Pass
Medicaid Cost Report	Pass	Pass	Pass

Figure 7.4-12 Summary of Financial Audits

Fiscal accountability results are presented in *Item 7.5*. The HCM financial audit results for the past twelve years have not included any negative audit adjustments.

7.4a(3) Law, Regulation, and Accreditation

Accreditation	2011	2012	2013
The Joint Commission	Full	Full	Full
CAP	Full	Full	Full
CMS	Full	Full	Full
Texas Department of State Health Services	Full	Full	Full
Licensure	2011	2012	2013
Medical Staff	100%	100%	100%
Employees	100%	100%	100%
Facility	100%	100%	100%
Compliance	2011	2012	2013
OSHA Findings	0	0	0
OIG Reporting Compliance	100%	100%	100%
IRS Violations	0	0	0
IRS990 filed	100%	100%	100%
FDA reporting Compliance	100%	100%	100%
Adverse actions/sanctions against HCM for HIPAA violations	0	0	0

Figure 7.4-13 Regulatory Compliance

Issue	2011	2012	2013
Compliance Training Compliance	100%	100%	100%
Physician Ethics CME Compliance	100%	100%	100%
Ethical/Legal Violations	0	0	0
Validated HIPAA Complaint Incidents	0	1	0
Terminations Related to HIPAA	0	0	1
Compliance Hotline Calls	0	0	0
EEOC Complaints Filed/Investigated	0	1	0
EEOC Law Suits	0	0	0

Figure 7.4-14 Ethics Issues

HCM leaders commitment to ethical business practices is evident by these results. HCM has experienced only one EEOC suit in the past 5 years, and this suit was dismissed.

7.4a(4)

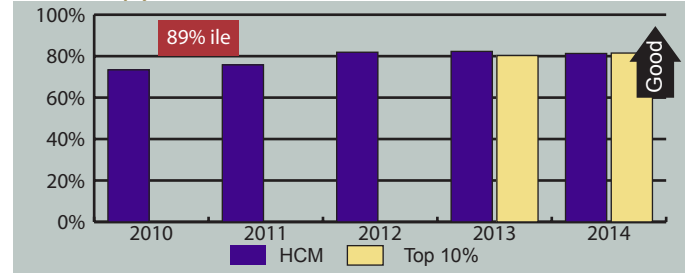


Figure 7.4-15 Employee Trust in Leadership

HCM uses employee trust in leadership as a key indicator of ethical behavior. HCM performs at the 89th percentile of its peer group and is outperforming 82% of Baldrige recipient hospitals in the Baldrige peer group.

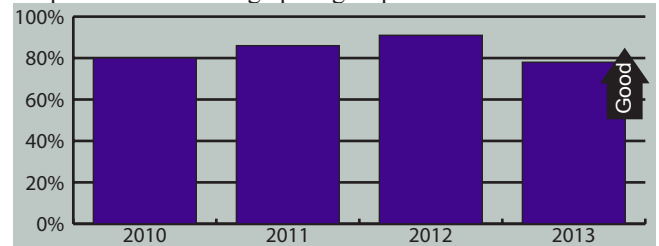


Figure 7.4-16 Volunteer Trust

In 2014 HCM consolidated the three volunteer groups into one to streamline processes, communication, and volunteer opportunities. Some volunteers did not understand the need for this change, and it caused some dissatisfaction. This is being addressed by EC through increased communication.

7.4a(5)

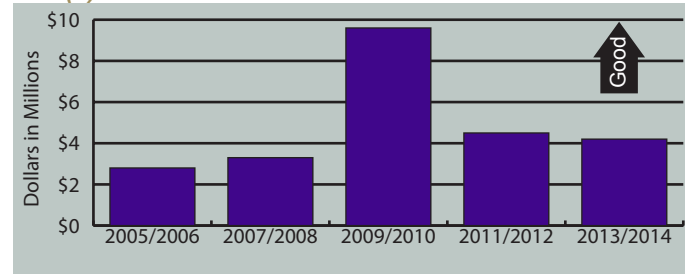


Figure 7.4-17 Foundation Donations

HCM uses foundation donation trends as an indicator of community trust. The HCM Foundation plays a critical role in the future success and sustainability of HCM. The boards of both organizations collaborate on philanthropic initiatives to directly support the HCM VMV and strategic plan. In 2010, the HCM Foundation received a one time \$ 6 million bequest. Excluding this one-time gift, the HCM Foundation giving increased 26% over these six years. The Foundation reports donations in 2-year increments as it hosts a gala every other year.

In the last nine years, HCM has provided more than \$42 million in charity care. HCM is committed to providing access to health care services regardless of an individual's ability to pay. This commitment includes coordination of services with the Good Samaritan Center and discounting those services by 90% to meet needs of the medically indigent patients. In the past

five years, HCM has discounted services to the Good Samaritan Center by over \$3 million. HCM has a generous charity care policy and offers a sliding scale discount for individuals whose income is up to 300% of the federal poverty guideline. HCM supports the FQHC to provide access to health care to the medically indigent and underserved populations in our service area.

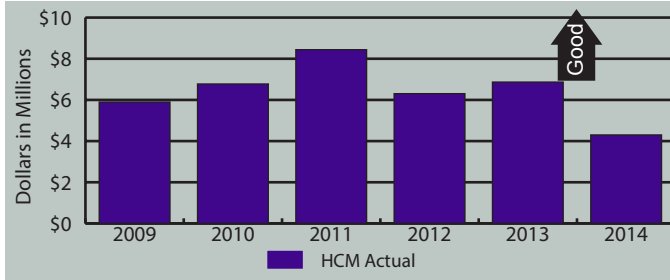


Figure 7.4-18 Charity Care

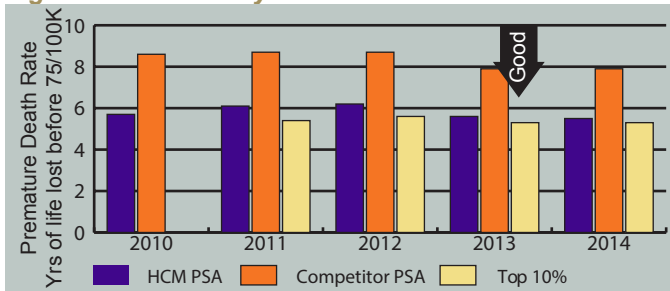


Figure 7.4-19 Community Health Death Rate

Gillespie County is ranked in the top 7% of Texas and near the national top 10%.

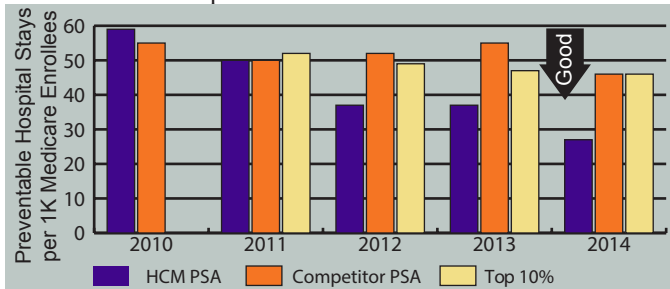


Figure 7.4-20 Preventable Hospital Stays

Gillespie County is ranked 2nd in Texas for clinical care by the Robert Wood Johnson Foundation. HCM's senior leaders and medical staff have achieved a 37% reduction in preventable hospital stays over the past four years and are now outperforming the national top 10% benchmark (Figure 7.4-20).

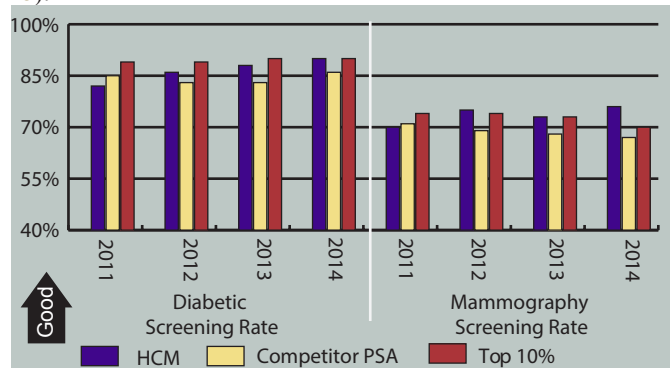


Figure 7.4-21 Community Screening Rates

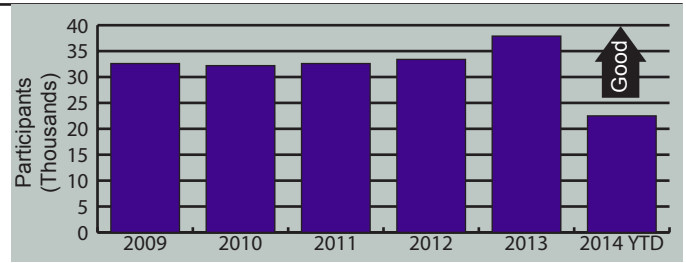


Figure 7.4-22 Wellness Center

Through the Wellness Center, HCM provides access to healthy lifestyle classes, exercise classes, nutrition counseling, health education at area schools, screenings, and health education. In April 2013 HCM and the Fredericksburg High School HOSA students trained 200 7th graders in CPR.

7.4b Strategy Implementation Results

7.5 Financial and Market Results

7.5a(1) As a rural, not-for-profit, independent hospital, HCM defines Remarkable Financial results as those within the top 25% in the nation.

Adopting the best practice of Baldrige recipient Poudre Valley Health System, HCM reports financial indicators in a Financial Flexibility Index (Figure 7.5-1). This provides a balanced approach to the financial health of the organization. The financial flexibility index is a composite measure of seven financial ratios. The seven financial measures included in the index are: net operating income, ROI, days cash on hand, equity financing ratio, cash flow to total debt, average age of plant, replacement viability.

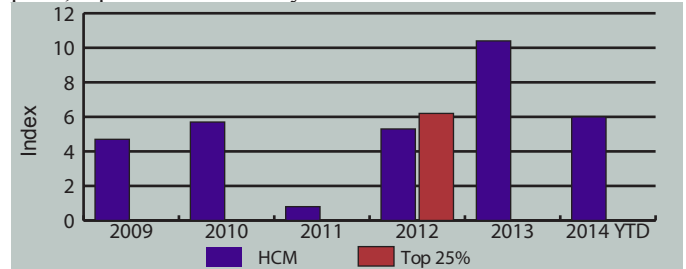


Figure 7.5-1 Financial Flexibility Index

In 2012 HCM and its nearest competitor received notification from CMS that after review, the two organizations did not meet the criteria for Sole Community Hospital Designation and the increased funding associated with this designation. According to CMS the two hospitals were 0.5 miles too close to each other (even though the designation had been approved in 1999). CMS is requiring repayment of approximately \$10 million in enhanced reimbursement dating back for the years 2007-2011 and decreased ongoing reimbursement of approximately \$2 million annually. HCM booked this repayment on the audited 2011 financials. HCM and its' competitor are following the procedures to file an appeal, but this will be a several year-long process. Even with this dramatic decrease in reimbursement, HCM was able to rebound in 2012 and produce a net profit of \$3.5 million. HCM is well-positioned to handle this repayment as the BOT and EC implemented several actions over the past several years to increase cash on hand.

Area of Focus	Measure of Success	2013 Goal (Green)	Balanced Scorecard Stretch Goal (Purple)	2012 Results	2013 Results
Finance and Growth	Financial Flexibility Index	75th %ile	85th %tile	77th %tile	82nd %tile
	Total Joint Market Share	.5% growth	1% growth	5.6% growth	-4%
	Burnet County IP Market Share	.5% growth	1% Growth	Flat	0.8%
Service	IP PG Patient Satisfaction	92nd %tile	95th %tile	95th %tile	94th %tile
	AS PG Patient Satisfaction	92nd %tile	95th %tile	96th %tile	94th %tile
	ED PG Patient Satisfaction	92nd %tile	95th %tile	98th %tile	96th %tile
	HC PG Patient Satisfaction	92nd %tile	95th %tile	94th %tile	90th %tile
	HCAHPS	92nd %tile	95th %tile	95th %tile	95th %tile
	Online Ratings and Reviews	4.5	4.8	4.8	4.9
Quality	Risk-Adjusted Mortality Rate	50th %tile	90th %tile	87th %tile	50th %tile
	Risk Adjusted Complication Rate	85th %tile	90th %tile	92nd %tile	90th %tile
	Hospital Acquired Conditions	3	0	3	2
People	Employee Retention	90%	95%	90.1%	87.0%
	Physician Retention	90%	95%	98%	95%
	Volunteer Retention	80%	90%	89%	85%

Red = poor performance , Yellow = limited improvement, Green= BSC GOAL (good performance), Blue=excellent performance, Purple=Remarkable performance

Figure 7.4-23 2013 Balanced Scorecard Measures

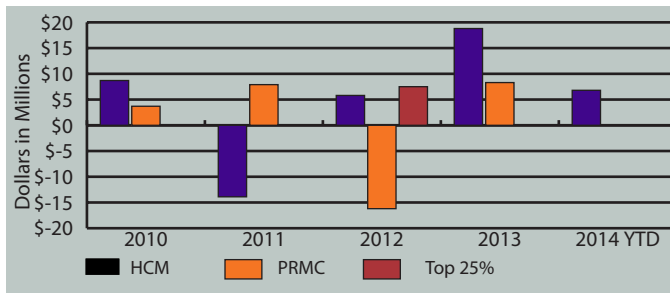


Figure 7.5-2 Net Income

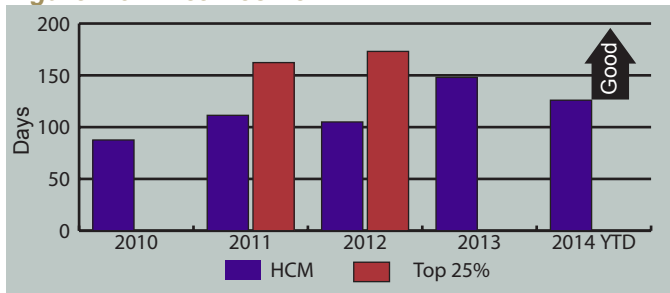


Figure 7.5-3 Days Cash on Hand

HCM has improved days cash on hand 65% in the past three years from performance at the Ingenix national median to nearing the national top 25%.

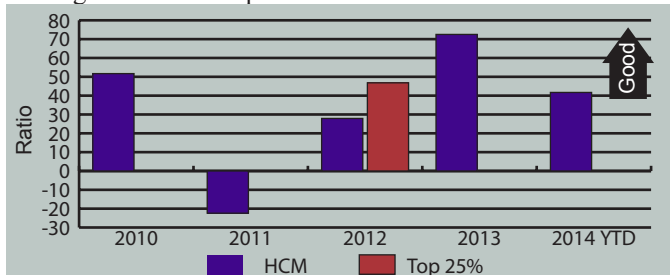


Figure 7.5-4 Cash Flow to Total Debt

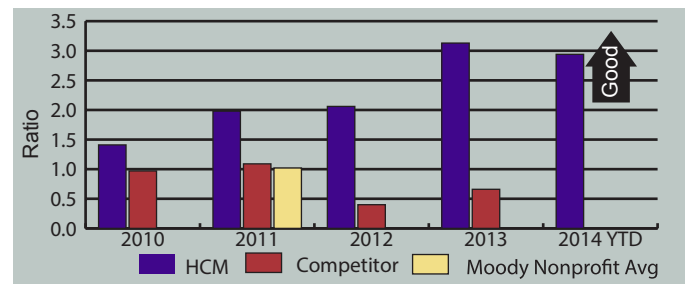


Figure 7.5-5 Cash and Investments to Debt

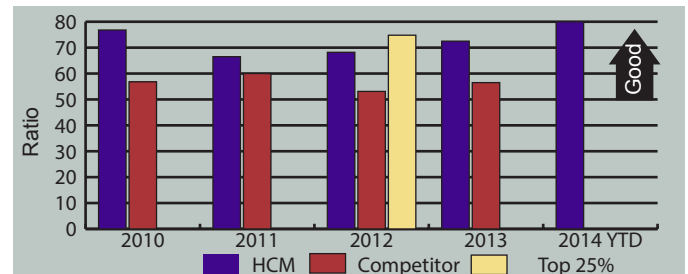


Figure 7.5-6 Equity Financing Ratio

7.5a(2) Marketplace Performance

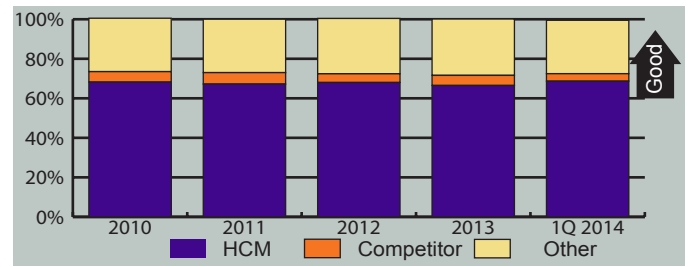


Figure 7.5-7 Inpatient Market Share - Gillespie

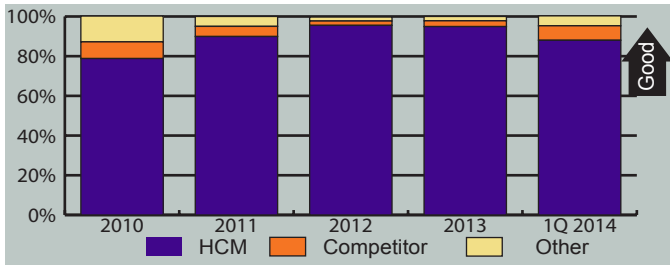


Figure 7.5-8 Total Joint Market Share - Gillespie

As part of the 2014 SDDP process, HCM identified this as a significant opportunity for improvement and increased and redesigned regional marketing efforts and instituted regular meetings with the orthopedic surgeons to discuss our current status.

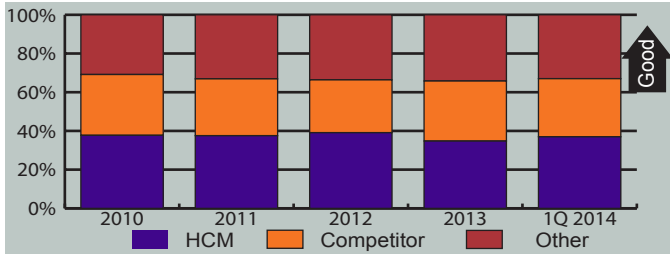


Figure 7.5-9 Total Joint Market Share - Regional

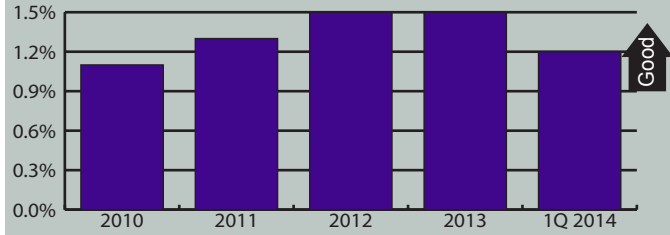


Figure 7.5-10 Burnet County Market Share

Burnet County is a new growth market for HCM. The first entry into this market is through a joint venture ambulatory surgery center.

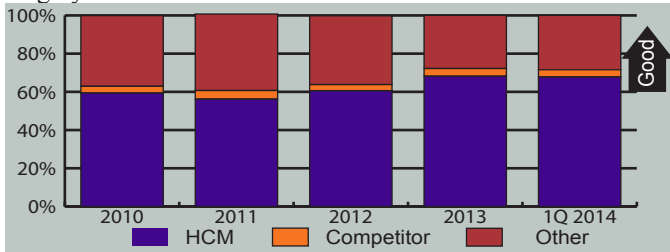


Figure 7.5-11 IP Surgery Market Share - Gillespie

Figure 7.5-11 represents inpatient surgical market share for all surgical procedures, including those not currently performed at HCM.

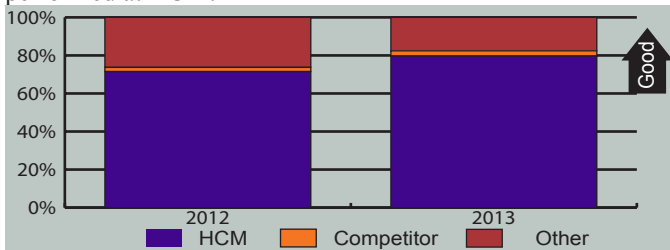


Figure 7.5-12 OP Surgery Market Share - Gillespie

For the first time in 2012, HCM was able to purchase meaningful outpatient market share data.

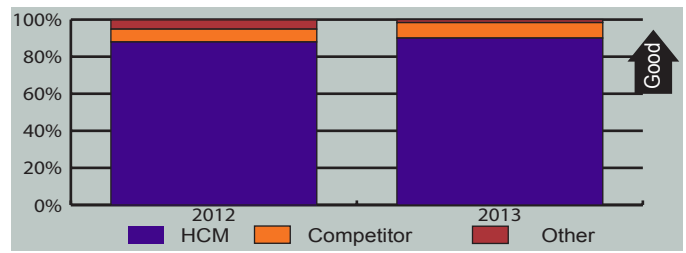


Figure 7.5-13 Emergency Department Market Share - Gillespie

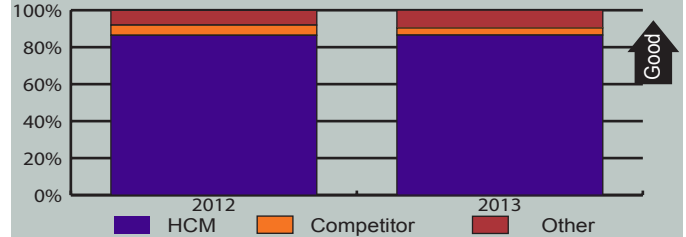


Figure 7.5-14 OP Imaging Market Share - Gillespie

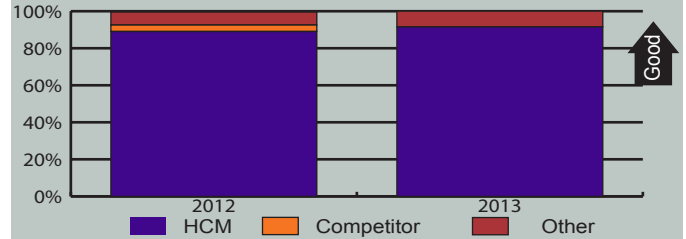


Figure 7.5-15 OP Endoscopic Market Share - Gillespie

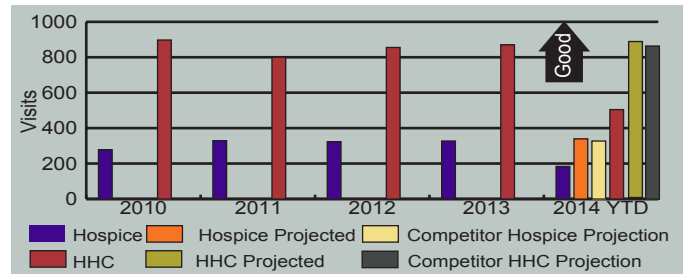


Figure 7.5-16 Hospice, HHC, OP Diagnostic Volumes

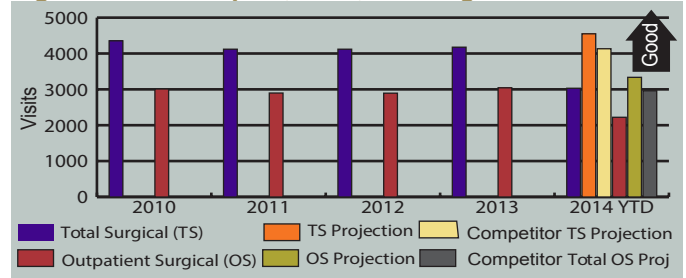


Figure 7.5-17 Total Surgical Admission Volumes