

South West
LOCAL HEALTH INTEGRATION NETWORK

RÉSEAU LOCAL D'INTÉGRATION DES SERVICES DE SANTÉ
du Sud-Ouest

201 Queens Avenue, Suite 700
London, ON N6A 1J1

Phone: 519-672-0445
Toll Free: 1-866-294-5446
Facsimile: 519-672-6562
Email: southwest@lhins.on.ca

201, avenue Queens, bureau 700
London (Ontario) N6A 1J1

Téléphone : 519-672-0445
Numéro sans frais : 1-866-294-5446
Télocopieur : 519-672-6562
Courriel : southwest@lhins.on.ca

www.southwestlhinc.ca

APPENDIX D

Performance Management Framework

October 31, 2006

DRAFT FOR DISCUSSION



TABLE OF CONTENTS

BACKGROUND 3
FRAMEWORK FOR PERFORMANCE MANAGEMENT 4
OUR GOALS AND GUIDING PRINCIPLES 5
OUR APPROACH..... 7
NEXT STEPS..... 10



Background

The Ontario health system is facing several challenges. An aging population is creating new pressures in the management of chronic diseases such as diabetes and asthma. Cardiovascular diseases and cancer, despite a high ranking in the world in terms of related clinical outcomes, continue to be the two main cases of mortality in the province.

The toll these diseases take on the population of Ontario is heavy, as is the economic burden they place on the health system. With approximately 46% of the provincial budget currently spent on health care, and an average annual increase of 8.2% in health expenditures over the last five years, the sustainability of the health system is in question.

Finding a solution to these challenges requires a fundamental rethinking of the way health care services are delivered to the public. To that end, the Ontario government has undertaken system-wide transformation initiatives, including the creation of Local Health Integration Networks (LHINs) and the establishment of Family Health Teams. The goal of these initiatives, as well as numerous others, is to achieve an integrated, patient-centered health system that promotes equitable and sustainable health care.

Performance measurement, reporting, and quality improvement (i.e., performance management) are fundamental to greater accountability, one of the guiding principles for system change. Measurable, outcome-based results will provide the evidence that is needed to monitor and report on the success of these transformation and integration initiatives. Strategic management tools, such as scorecards, will enable the measurement of health system quality, value, and sustainability.¹

In support of the Provincial transformation agenda, the South West LHIN has established a performance management framework. The South West LHIN Performance Management Framework leverages existing tools and supports cascaded performance reporting at multiple levels (e.g., LHIN-level, sector-level, provider-level) to ensure consistency in performance improvement throughout the local health system. The following three strategic elements comprise the South West LHIN Performance Management Framework:

- Provincial Strategies
- LHIN Integration Strategies
- Organizational Strategies

The three key elements of the framework link the performance of the South West LHIN directly to measurable indicators supporting provincial, LHIN-based and organizational strategies for improving health system performance.

¹ Health Results Team for Information Management. (February 2006). *The Ontario Health System Scorecard*, 4-7.



The South West LHIN will provide leadership for performance management locally and implement a comprehensive approach to community (e.g., providers, administrators and clinicians) engagement so that the collective wisdom of our local health system is available to support the creation of a local performance management culture. We will endeavour to keep all partners informed and engaged, foster positive relationships across all sectors of the local health system, and encourage involvement in all aspects of our performance management activities.

Framework for Performance Management

The South West LHIN Performance Management Framework proposes an approach to guide our efforts in monitoring and evaluating the activities of the LHIN as well as enabling the development of specific outcomes and measures for achieving integration and improving local health system performance. The ideas and principles outlined in this framework provide the foundation for more detailed strategies and plans to ensure active participation in every aspect of our work with our partners. We view the Framework as a living document that will evolve and change over time, and we invite input from our partners to help refine it over time.

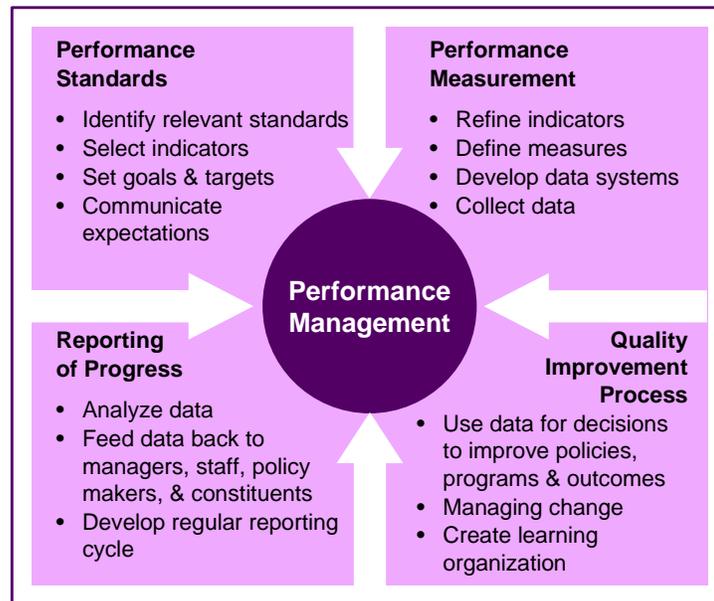
What do we mean by Performance Management?

Our definition of *performance management* is broad and involves any system (e.g., policies, processes, and supports) that aligns organizational action and execution with an organization's strategy and direction. Performance management is the strategic use of performance standards, measures, progress reports, and on-going quality improvement programs to ensure an organization achieves its desired results.

Performance management is often comprised of four strategic quadrants—performance standards, performance measurement, reporting, and quality improvements.

- **Performance standards**—establishment of health system performance standards, targets, and goals to improve health and economic outcomes, and substantial improvements in health system functioning
- **Performance measures**—development, application, and use of performance indicators to assess achievement of such standards
- **Reporting of progress**—performance data and reporting of progress in meeting standards and targets and sharing of such information throughout all levels of the health system

- **Quality improvement**—establishment of programs (i.e., initiatives) or processes to manage change and achieve improvement in health and economic outcomes, and health system functioning based on performance standards, measures, and reports.



Our Goals and Guiding Principles

The South West LHIN's commitment to improving local health system performance at all levels (e.g., LHIN-level, sector-level, provider-level) is demonstrated by our Performance Management goals, as described below:

Enhance local accountability – Achieve sustainable improvements by aligning accountability mechanisms with performance measures and more closely managing health system performance at the local level

Support evidence-based decision making – Employ measurable, outcome-based results that provide the evidence required to monitor and report on quality improvement and integration initiatives as well as the overall performance of the South West local health system

Create a culture of Performance Management – Create programs and structures that institutionalize and sustain performance improvement efforts at all levels throughout the South West local health system



Ensure access & sustainability – Build knowledge and capacity of our local health system to help identify improvement opportunities (and acknowledge our successes) to provide “local services for local people” that are equitable and sustainable

GUIDING PRINCIPLES

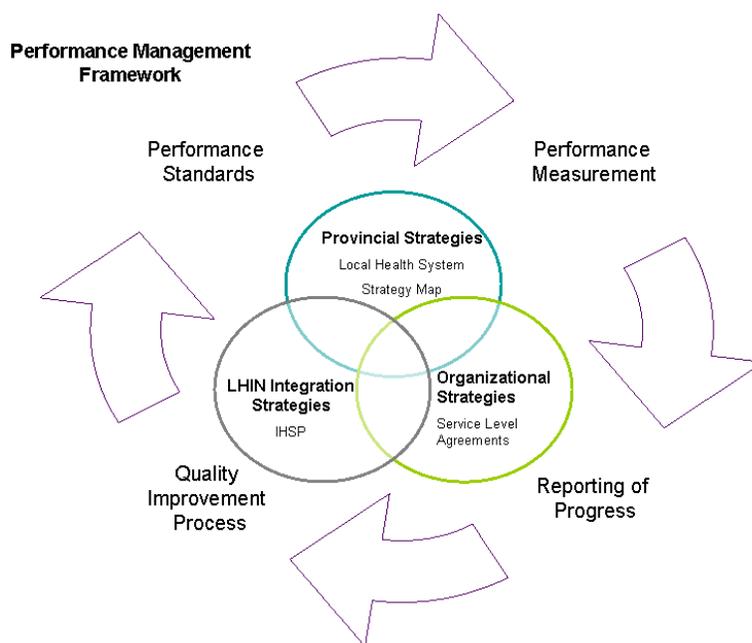
System-wide practice	Performance management achieves the best results when it is an ongoing and system-wide practice, integrated across all sectors and at every level of the health system (e.g., Provincial, LHIN, provider, program).
Linkage to strategies	Successful health system reform relies on the alignment of strategies across different parts of the system. Linkage to strategy makes the alignment of accountability measures and performance measures possible. Health systems work more effectively by aligning performance measures, activities, and funding allocations with strategic priorities.
Leadership support	Health system leadership must regard performance management as being core to the sustainability of the health system. The amount of leadership “buy-in” is directly related to the success of performance management initiatives.
Data quality	Performance management focuses on improving the quality of data, closing information gaps, and reducing the burden of data collection on healthcare providers, while making available data more useful.
Utilization of technology	Information Management/Information Technology are key enablers for health system improvements, specifically assisting with standardization of performance measures, reporting, and improvement initiatives. Consistency in approach and improvement relies on appropriate utilization of information technology

Achievement of our goals depends on a shared commitment to performance management as a successful way of orienting local efforts towards better health and economic outcomes. Our objectives in the coming months will be to:

- Provide local health service providers with baseline performance measures that identify strengths and limitations of our local health system;
- Obtain feedback and recommendations on performance management needs, information gaps, data collection burdens, and opportunities for quality improvement and integration;
- Engage health service providers and clinicians directly to ensure performance management concerns are understood and considered;
- Build and strengthen relationships throughout the South West LHIN to identify and develop performance measures, reporting requirements, and integration improvement initiatives.

Our Approach

The South West LHIN has applied the strategic quadrants of performance management in developing a comprehensive approach that directly links South West LHIN performance to measurable indicators that support provincial, LHIN-based and organizational strategies for improving health system performance. The key components of our approach are exhibited below.



Each of the elements of the South West Performance Management Framework consists of a unique governing mechanism, specific performance standards and measures (i.e., indicators), reporting requirements, and quality improvement programs. At each level of the framework the South West LHIN will engage health care professionals across all sectors, at multiple levels, in its planning, integration, and quality improvement efforts.

Provincial Strategies—Setting the Direction

The Ontario Health System Scorecard has been developed to measure the success of the province in achieving articulated health system strategies. The Local Health System Scorecard is derived from the Ontario Health System Scorecard and provides a linkage between provincial health system strategies and LHIN contributions towards their achievement.

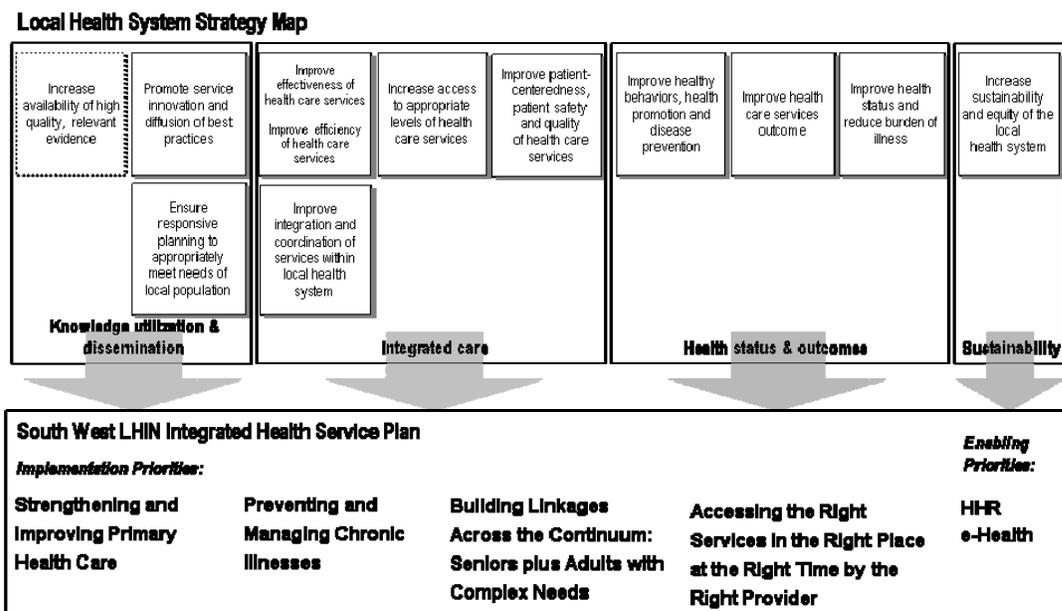
The *Local Health Systems Integration Act* provides for a Ministry-LHIN Accountability Agreement that establishes the performance obligations associated with coordinating health care in local health systems and managing the health system at a local level effectively and efficiently.

The standards, measures, and reporting requirements for this element will be provincially mandated to the South West LHIN. To this end, performance indicators associated with this element of the framework will primarily consist of Local Health System Scorecard measures which are derived from the Local Health System Strategy Map.

LHIN Integration Strategies—Enabling Integration of the South West Local Health System

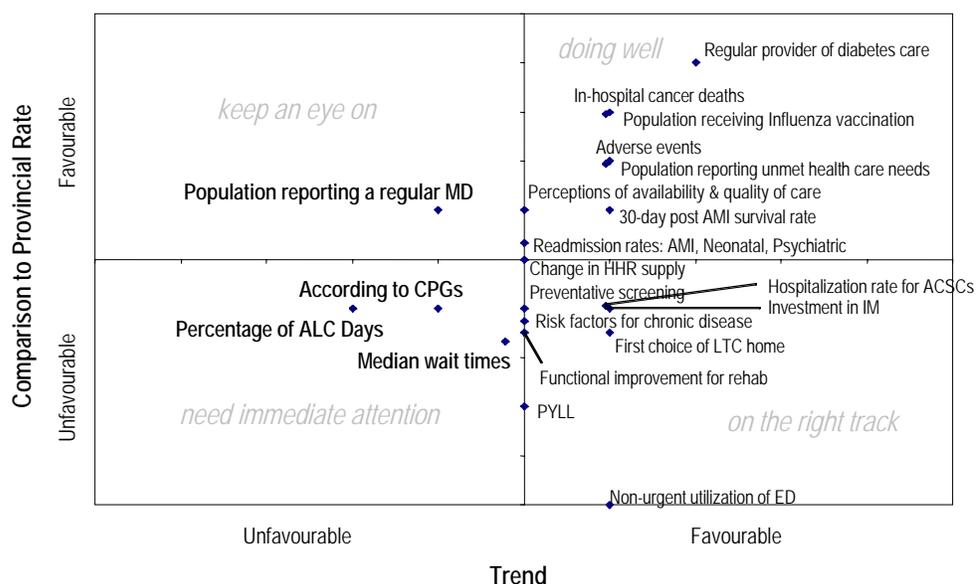
A key deliverable for the South West LHIN is the establishment of its Integrated Health Service Plan (IHSP). Instrumental to achieving the four key priorities as described in the South West LHIN IHSP are specific action plans outlining an objective, description, high-level deliverables for years one through three, and outcomes and performance measures for each action plan. To ensure alignment to provincial strategies, IHSP priorities and individual action plans have been considered in the context of the Local Health System Strategy Map.

A summary of the South West LHIN IHSP priorities and local health system strategy map core dimensions of performance is outlined below:



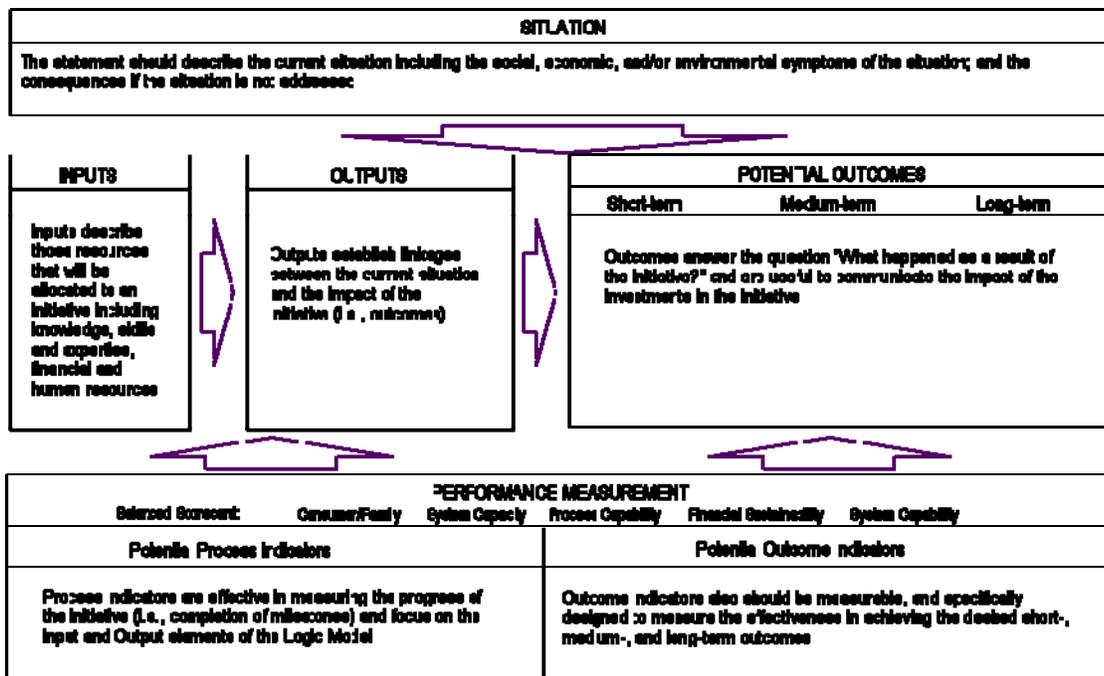
Signifies non-influence of LHIN on this particular dimension of performance
 Source: Ministry of Health and Long-term Care, Health Results Team for Information Management; South West LHIN IHSP; Vidare team analysis

The Local Health System Strategy Map helps ensure alignment of local health system goals to those of the broader health system strategies. A number of performance indicators have cascaded from the Ontario Health System Scorecard to the Local Health System Scorecard as illustrated below:



Strategies developed through the IHSP detailed planning process will focus on ongoing measurement of those indicators where performance improvement is required.

The South West LHIN has chosen to leverage a logic model approach to surface additional performance standards (i.e., outcomes) and measures (i.e., indicators). Two fundamental types of measures or indicators will be established for each of the associated action plans. Process-based measures will track completion of Input and Output milestones toward achievement of the integration priorities, and outcome-based measures will assess the impact of the achievement of those priorities. Outcome indicators will take a “balanced scorecard” approach by identifying indicators associated with the customer/family (i.e., consumer), system capacity, financial sustainability, and system capability. Detailed priority action plan logic models will be developed for each action plan outlined in Part VI of the IHSP. An example of the logic model framework is illustrated below:



Organizational Strategies—Local Health System Performance & Accountability

Individually and collectively, organizations at the local level play a vital role in the successful achievement of LHIN integration efforts towards performance improvements at the local health system level. Organizational strategies and service level agreements will need to work in conjunction with South West LHIN priorities and performance indicators associated with the Local Health System Scorecard. Organizational dashboard reports will be one mechanism to link LHIN-level goals, priorities and performance measures with individual organizational strategies and accountabilities.

Next Steps

The South West LHIN Performance Management Framework is intended to describe a preliminary approach to performance management to be progressively refined through significant stakeholder engagement. We recognize that the development of this Framework is an iterative process and that it will continue to be modified as we evolve and gain more knowledge and expertise.

We look forward to working with you, our partners, and invite your feedback on our proposed Performance Management Framework.