

TA 20

Assistance in the Development of a System for the Evaluation of
the Executive and Medical Director Positions

March 13, 1980

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH CARE FINANCING ADMINISTRATION
HEALTH STANDARDS AND QUALITY BUREAU

MANUALS
RA
399
A3
TA-20
1980



RA
399
A3
TA-20
1980

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
HEALTH CARE FINANCING ADMINISTRATION
Office of the Administrator

TO : Planning and Conditional PSROs
Statewide Councils
Regional PSRO Project Officers

DATE: March 13, 1980

Technical Assistance
Document No. 20

FROM : Administrator

SUBJECT: Assistance in the Development of a System for the Evaluation of the Executive and Medical Director Positions

The Health Standards and Quality Bureau (HSQB) contracted with Hay Associates to assist in the development of a system for evaluation of the Executive and Medical Director positions by the Board of Directors of the PSRO.

Attached are the following documents developed by Hay Associates:

1. PSRO Accountability Management (June 1978)
2. Performance Planning and Measurement Worksheet (Executive and Medical Director)

Since the documents are self-explanatory, it is not necessary to discuss them in detail in this memo. The material is provided as technical assistance for the development of a performance appraisal system which is a requirement of PSRO Transmittal No. 55. This is especially critical for the Executive and Medical Director positions, since any salary increase request must be documented with an appraisal of the individual. It is suggested that a system be implemented for the entire staff of your organization. This would assure equal consideration of all employees.

I hope the attached material will be a useful tool and assist you in the management of your organization.



Leonard D. Schaeffer

Attachments



PROFESSIONAL STANDARDS
REVIEW ORGANIZATION
ACCOUNTABILITY MANAGEMENT
June 1978

THE UNIVERSITY OF CHICAGO
LIBRARY
540 EAST 57TH STREET
CHICAGO, ILL. 60637

TABLE OF CONTENTS

	<u>Pages</u>
<u>INTRODUCTION</u>	1
<u>BASIC CONCEPTS OF ACCOUNTABILITY MANAGEMENT</u>	2
<u>ACCOUNTABILITIES</u>	4
DETERMINING THE END RESULTS - ACCOUNTABILITIES	4
ACCOUNTABILITY STATEMENTS	4
PRIORITIES OF ACCOUNTABILITIES	7
<u>MEASURES OF ACCOUNTABILITIES</u>	9
MEASUREMENT FORMS	9
OBJECTIVITY	10
COMPLEXITY	10
INNOVATION OR IMPROVEMENT	11
MEASUREMENT OF "STAFF" ACCOUNTABILITIES	12
<u>STANDARDS OF ACCOMPLISHMENT</u>	14
<u>TARGETS</u>	16
SETTING TARGETS	17
SAMPLE SET OF TARGETS	17
HOW DIFFICULT	18
WHERE DO TARGETS COME FROM ?	18
HOW TARGET SETTING GETS DONE	19
HOW DETAILED	19
<u>PERFORMANCE EVALUATION</u>	20
WHAT IS AN APPRAISAL?	20
THE PERFORMANCE APPRAISAL PROCESS	21
THE APPRAISAL PROCESS	23
THE PERFORMANCE REVIEW	25
DEVELOPMENTAL NEEDS	26



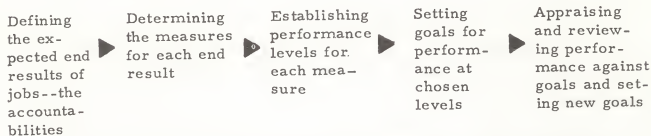
INTRODUCTION

HSQB has studied a variety of approaches to management of the individual Professional Standards Review Organizations and has concluded that use of a system based upon accountabilities or defined end results of PSRO positions offers the greatest probability of success. The principles and methods of such an approach are outlined in the following pages for your consideration. This booklet provides you with an introduction to the philosophy, and procedures of accountability management and functions as:

- A reading assignment for completion prior to your meetings on Accountability Management;
- A meeting notebook for use during the meetings;
- A permanent reference to the basic facts and concepts of the process.

What is Accountability Management? Broadly speaking, it is a management process--a process for communicating, for motivating, for creating the kind of situation in which each person's efforts and rewards are in tune with the Organization's objectives.

Implementation of this process, however, requires that all members of PSRO management understand and use the same rational framework for dealing with their subordinates. And so, Accountability Management is also a multi-stage, disciplined system for:



These are the elements of Accountability Management. In order to practice Accountability Management on the job you need to know all of these elements thoroughly.

The experience of many of the most progressive organizations in this country has demonstrated that the use of a common system of management can directly and significantly improve operating effectiveness and organizational success. We believe that Accountability Management provides the PSRO with such a system.

BASIC CONCEPTS OF ACCOUNTABILITY MANAGEMENT

Every organization is designed to provide goods, services, or satisfactions to some group of potential users. In our case, for example, our services are designed to enhance the quality of medical care provided by hospitals affiliated with the PSRO.

These services are supplied through the PSRO's use of its processes and its human resources, i. e., people. The effectiveness of the PSRO is determined by the management of its resources. It is most effective when all its resources are integrated toward the accomplishment of the same ultimate results.

We can accomplish this one-directional movement--and thereby maximize our effectiveness--by involving all levels of management in one logical system of:

- Defining the end results--accountabilities--expected to be achieved from the doing of each job;
- Determining how to measure each end result--a quantification of just what attainment of the end results involves;
- Establishing the levels of performance possible for each measure, for identification of the quality of performance;
- Setting goals for job performance that are targeted at specific performance levels;
- Appraising and reviewing past performance against goals and setting goals for future performance.

Accountability Management is not an instant, "packaged" program. Nor is it an interesting "idea" that can be used now and again. As suggested before, it is a complete management process, not a secondary procedure or an isolated program attached to other programs. It requires commitment and it requires follow-up support to succeed.

You will find that one of the most significant impact areas of Accountability Management is the utilization of human resources. For after all, people tend to work more effectively when they:

- Know what they are expected to do;
- Define, with appropriate guidance, the means of accomplishing results;
- Measure the degree of accomplishment; and,
- Receive rewards based on measured performance.

DEFINING THE END RESULTS - ACCOUNTABILITIES

Each managerial or supervisory job is answerable for certain actions and the consequences of those actions--this is the job's accountability. We refer to the totality of those expected actions, or end results, as job accountabilities.

When you start an organization, it is fairly easy to know what end results you expect from the proper performance of each job. However, as the organization grows you probably find both managers and subordinates losing track of the expected end results.

Frequently people are aware of their daily duties or responsibilities without knowing "why" the things they do are necessary. In the beginning this lack of understanding probably does not make too much difference. Management worries about "why" and tells people "what" to do and "how" to do it. However, the larger or more complex the organization, the more difficult it becomes for any one person to understand the end results to be produced by each step. The growth of the PSRO has already produced these complex interrelationships.

This situation can be alleviated by implementing a management system which first clearly defines the PSRO's desired end results, and then specifies the end results, or accountabilities, for each job. Thus, specific job accountabilities can be integrated into the larger picture of the PSRO's end results because they deal with the nature of the job itself and not the job's incumbent. Only after we understand the job and its accountabilities can we integrate the incumbent's personal end results into this whole.

For each position or function there are certain accountabilities which can only be accomplished by the incumbent. However, there are others that can and should be accomplished by subordinates. In practice, it may be that several specific accountabilities for a subordinate are derived directly from one aspect of his manager's accountabilities. For instance, a manager may need certain records to accomplish particular end results. In that job, record-keeping may not be an end result for his/her position, but there is frequently a subordinate job for which the major purpose is maintaining timely and accurate records.

ACCOUNTABILITY STATEMENTS

In order to turn in the best possible performance for a job--and, in order for a person to supervise another job most effectively--the person and his/her manager must understand what is required in the job. And, what is required is a collection of the specific, major end results expected.

Thus, an accountability states the WHAT of a job...not how to accomplish it. It states that a position requires, say, "operating within expense budgets"...not how the individual filling the position does that.

A full statement of an accountability for an office or administrative manager might be, "Ensure the development and maintenance of an annual budget adequate to handle current organization needs". The end result is "an annual budget adequate to handle current organization needs". The action prefacing the end results -- "ensure the development and maintenance" -- puts it into perspective. From this we know what kind of action the job takes toward the end result and whether it is a direct or supporting action.

A job's end results do not change unless the job itself is changed. An end result is timeless. Organizations will probably always need some kind of an operating budget. Note, however, that it does not define what is "adequate" (that may change as the organization grows in complexity)... nor does it describe how to "develop and maintain" the financial structure (that will depend on staff size, area covered, work load, etc.)

Sometimes it is helpful in understanding what something is if we understand clearly what it is not. An accountability is not a statement of small details of day-to-day operation. "Handling correspondence" or "Reviewing minutes of Board meetings" are not significant accountability statements. These merely describe some of the "how" of the job...not the "what."

On the other hand, an accountability statement is not worth much if it is so broad and vague that it is difficult to measure performance against it. "Maximize income and minimize costs" or "Manage the Department effectively" are not good accountability statements. Each is vague and does not relate to something measurable.

In the final analysis, statements of accountability should be statements of end results which any person in a management position (regardless of whether or not the incumbent is known) would expect any person in the position to produce.

For managerial jobs the focus of accountabilities is on the elements of management, which include organization, staffing, motivation and development, planning and policy-making, direction of others, coordination, evaluation and control. These managerial actions relate to the end results for the PSRO's effective operation and growth (improved care, lower costs)

The most logical process for developing specific accountabilities is to look at the various components of a particular job (planning, organizing, directing, executing, evaluating, etc.) and consider how the job impacts on these areas and what result is desired by the impact.

Accountabilities can be written in a basic format. One such format that helps clarify the nature of accountability statements includes:

1. A "function" upon or against which action is taken; and,
2. The "end result" or that which is to be accomplished by action on the function.

An example of such a specific accountability statement is:

"Supervision of case reviews to identify excessive hospital stays."

Broken down into its basic components, it may be viewed as:

FUNCTION : Supervision of case reviews
END RESULT: Identify excessive hospital stays

This format should not be viewed as an ironclad formula for writing acceptable accountability statements. There is no guarantee that you will have defined an actual accountability simply because it is in this form. However, when you first begin to develop accountability statements it will be beneficial to organize your thinking in this or some similar manner.

Here's an example of another accountability:

"Maintenance of a trained staff through continuous development of review personnel."

Statements prepared in this format answer the question, "What is the end result for which the position is answerable?" In this format the end result appears at the beginning of the statement and the action verb is understood.

This accountability might be stated in another format as:

"Conduct continuous training of review personnel to assure a competent staff.

ACTION VERB: Conduct

FUNCTION : Continuous training

END RESULT : A competent staff.

Now, what's so different about accountability statements and statements of "job responsibilities?" Simply this: accountabilities for a job delineate the minimum number of key end results which must be achieved for the job to be done. As stated earlier, they are the "what" of the job. Job responsibilities, on the other hand, are statements of how to get the job done. They are "duty statements" rather than statements of end results.

PRIORITIES OF ACCOUNTABILITIES

If we review the accountabilities for a position it appears that not all accountabilities have "equal weight" in terms of accomplishing the total job. There is little question that some accountabilities are more critical to the job than others--albeit all are important to some degree. The problem, of course, is what are the relative importances or priorities of the accountabilities and what are the degrees of differences?

One way to look at the question of "relative importance" is to ask yourself "In which of these accountabilities will below standard performance hurt the most?" Most managers would agree that one of the critical accountabilities is "Achieve speed and accuracy objectives." This is an easy one. How about "Develop and motivate key subordinates to meet current performance objectives?" It is not the purpose here to determine what these relative importances are. That is the job for the person and his/her manager to determine in discussions.

Assigning priorities to accountabilities helps puts things into perspective, and that is an important enough reason to go through the process. But priorities are also useful in the appraisal and review stages which we discuss later. The performance in critical accountabilities is, naturally, most critical...so it would be given the greatest weight in an appraisal. Then would come second and probably third priority accountabilities.

The important thing to keep in mind--here and in Performance Appraisal and Review--is that these are ways of getting manager and subordinate to sit down together and discuss the job and performance in the job, rather than the person and his/her personality.

MEASURES OF ACCOUNTABILITIES

In any system of planning, an important element is a mechanism for reviewing the degree to which expected results are being achieved. For example, a budget is a plan for spending money over a period of time; by reviewing costs and expenses (dollars which were spent) against the budget (dollars planned to be spent), we have a check on action against the plan.

Accountability Management is a planning system. By establishing measures of the accountabilities of each job, it is possible to review systematically the actual end results against those which were expected.

There are four types of measures of accountabilities which can be used. In considering a particular accountability, it is necessary to ask which form of measurement is possible; but no matter what form the measurement takes, the basic question is the same, i. e., How did performance compare to the plan?

With an understanding of what accountabilities should and should not be, and with an understanding that within a list of accountabilities each one is relatively more or less important than the others--the most important area concerning accountabilities can be discussed.

What are the quantifiable measures for judging performance against accountabilities?

MEASUREMENT FORMS

The four kinds of measures are:

1. General descriptions--it is possible for you to learn something about the weather from a statement such as "a clear, cloudless, crisp day" as opposed to "a cloudy, foggy, damp day." However, the information you get is not very accurate and is quite subjective, i. e., depends very highly on who is seeing the day.
2. Judgmental scales--it is possible for a large number of people to agree to use the same set of ratings. For example, a scale of one to seven could be developed to measure weather conditions. One could be "rain is actually falling" and seven could be "there are no clouds visible in the sky." Descriptions for two through six could also be developed. This removes some subjectivity from the judging process, but still allows considerable difference in judgment, depending on the observer. This form of measurement is frequently overlooked by many management people. It is often thought to be too subjective. However, it can frequently be very revealing, e. g., in one insurance company the Director of Research sent out a questionnaire to all other departments asking them to rate: the value of research projects, how the

results were used, were the results understandable, etc. He/she was shocked to learn that most other departments found most of the research projects worthless. This brought about a comprehensive refocusing and reorganization of the Research Department.

3. Ratios--some results are best measured in terms of the relationship of actual performance given or demonstrated to the number of times or opportunities that the same performance could have been demonstrated. This is not the absolute measure of an end result, but since it does involve actual counts, subjectivity is minimized. Examples of commonly used performance ratios are batting averages (hits per at bat) or lapse ratio.
4. Raw data--the most reliable form of measurement is that in which the physical objects, occurrences, happenings, or events are the measures used. Examples are cases reviewed, records audited, games won and number of home runs. In many cases, we limit our observation to a period of time, but for our purposes a measure of cases reviewed per month is equal in reliability and value to a count which does not take time into account, e.g., career home runs.

OBJECTIVITY

In establishing measures of accountabilities, effort should be directed toward finding the least subjective indicator of accomplishment of each end result. In this way we assure the best chance that, regardless of who makes a judgment about performance, the judgment will be the same.

In those cases where measurements must be more subjective, it is possible to increase accuracy by using either (1) more than one indicator or (2) more than one judge. Multiple indicators are more frequently used in business than multiple judges. As a rule of thumb, no more than four indicators should be used for any accountability, since greater numbers tend to create confusion concerning the performance of an accountability.

COMPLEXITY

Another way in which measurement of accountabilities must be considered is to note that end results vary in terms of complexity or the degree to which the method of performance is dictated by the end result to be achieved. If the method is completely specified, measurement by exception is usually most effective. That is, the most likely thing is that the end result will occur, and time and energy are conserved by considering only those times when the accountability was not accomplished. For example, if there is an accountability involving effective utilization of equipment, unscheduled down-time is a key measurement.

On the other hand, a highly complex accountability, such as the conception of an entirely new service, only achieves its end result over a long time period. In this case, review of progress is necessary and can best be undertaken through measuring the rate and relevance of activity. Between these extremes there are many end results which are somewhat complex and can be measured by the accomplishment of secondary results reviewed at established target dates.

In general, measures of activity are less desirable than measures of results. Most organizations come to win ball games not just to play in them.

INNOVATION OR IMPROVEMENT

How should accountabilities involving innovation or improvement be measured? There are two general approaches to this issue; the choice between them varies with the total organizational climate, the nature of a particular unit and the preference of the individual manager.

One can say that improvement or innovation is associated with each accountability; and that while performance "above and beyond the call of duty" will affect judgments of performance level, it does not involve distinct accountability statements. An example of this line of thinking is:

The performance of a file clerk is competent if he/she files "x" folders per day with "y" percent errors. Performance is commendable if in addition to that work, he/she helps others with their work. Finally, performance is distinguished if on top of all this he/she trains others to improve their performance.

On the other hand, it is possible to consider areas for significant improvement or innovation as distinct and separate accountabilities and establish levels of measurement for each result to arrive at performance levels. According to this system--

<u>Basic Accountability Element</u>	<u>Measurement</u>	<u>Performance Level</u>
1. quantity of filing	number of folders per hour	$x/hr.$ = Competent $(x+a)/hr.$ = Commendable
2. quality of filing	number of errors per no. of folders	e/f = Competent $(e-a)/f$ = Commendable
3. helping with overload	number of days per week	1 day/week = Competent 3 days/week = Commendable
4. training others	number of occasions per month	-----

The important consideration with regard to the issue of improvement is that consistent practices be adopted since the two approaches appear overall to have about equal merit.

MEASUREMENT OF "STAFF" ACCOUNTABILITIES

It is frequently found that "line" accountabilities are more readily measured than "staff" accountabilities. When we think of accountabilities which involve cases reviewed, or notices dispatched, ratio measurements or direct counts quickly come to mind. Key staff accountabilities, however, usually are end results which involve either providing a service such as information or problem analysis, or a control such as quality assurance or audit of changing practices and procedures.

In order to measure the accountabilities which have only a contributory impact on organizational objectives, a necessary part of our thinking is to avoid trying to measure the staff unit in terms of the measurements appropriate to the accountabilities with primary impact. For example, to measure the professional relations promotion function in terms of hospitals delegated, or to measure the personnel function in terms of salary costs is usually unrealistic.

Instead, measurements for staff positions must deal with the end results which are to be accomplished by the staff unit. The vital question is-- "What is the output of this position? "

If the staff accountability involves a service, some common measurements are:

- number of occasions on which schedules were missed;
- number of person-hours (or budget) spent per hospital area;
- number of proposals implemented per number of proposals made;
- quality of service as described or rated by hospital;
- number of complaints (or commendations) regarding service from hospitals;
- descriptions of kinds of service provided relative to kinds of service requested;
- audits of effectiveness of service, e.g., studies of audit effectiveness;
- descriptions or ratings of the relevance and pacing of activity on innovative accountabilities, e.g., developed a participant research plan which received the approval of the PSRO Board.

When the staff function is more one of control (a special kind of service to management), some different measurements become important. Some of these are:

descriptions or ratings of relevance and pacing of audit activities;
number of occasions on which audit schedules were missed;
number of person-hours (or budget) spent per assurance area;
number of "exceptions" found by outside sources, e.g., hospital
complaints re quality, or exceptions by outside auditor;
description, rating, or outside audit of relevance of techniques;
comparison of end results with prestated objectives, e.g., "zero
defects" or "zero deficiencies".
descriptions or ratings of relevance and pacing toward implementation
of error-free systems.

These lists are not intended to be comprehensive, but rather should suggest the kinds of measures which are frequently used. In all cases the measures used should relate to the specific accountabilities of a job, and the emphasis dictated by the environment in which it exists. The key to sound measurements is the question--"Will these measurements show the degree to which required end results have been produced?"

STANDARDS OF ACCOMPLISHMENT

Is it possible to set objectives only for competent performance or to include in objective setting the levels of measurement corresponding to all levels of performance? The added refinement is necessary in order to emphasize the ability of the individual to affect his/her own levels of reward.

Standards of accomplishment tell us how well we're doing against our objective, using the measures already determined. A measure is the yardstick. A standard of accomplishment says "at the 18-inch mark performance is good. . . at the 24-inch mark performance is excellent. . . etc."

A discussion of standards between a person and his/her manager comes into play in two important areas:

When the two discuss the accountability measures for the job objectives. This prepares the way for the time they will be evaluating performance later on; both shall have agreed how to "grade" the performance. In other words, during the Performance Review there will be no surprises. Both will know what was expected--both will know what was accomplished--both will know how this actual accomplishment stacked up against expectations.

When the person and the manager actually evaluate past performance. The "standards" agreed upon by the two give guidelines for evaluating that performance.

Thus, although their use is more important later on, setting them is important now.

The person and the manager should have a clear understanding of what the standard is. The person should not think it is Example A or B if the manager thinks it should be Example C.

For any objective, the accomplishment may range well above or below it. PSRO may identify five levels of performance. These can be used to define standards of accomplishment in terms of each objective. The purpose is to define ahead of time the relationship between various levels of accomplishment and the five zones of performance rating.

Distinguished

Accomplishment obviously far above what is required (the objective) and which relatively few incumbents would be expected to achieve.

Commendable	Accomplishment clearly above what is required (the objective). This level is usually achieved only by highly competent, seasoned incumbents.
Competent	Accomplishment that clearly meets the objective in all respects. Most qualified incumbents should be able to attain this level.
Fair	Accomplishment falls short of fully meeting the objective, but the tolerance of error is acceptable. At this level, there is a demonstrable need for improvement.
Marginal	Accomplishment clearly does not meet the objective and needs of the organization.

TARGETS

Accountabilities and measures are rather static. They define the area and the yardstick, but they do not specify what will be accomplished and when. Goals do. They are necessary to "trigger" the desired action.

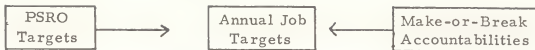
Perhaps a few definitions of how we will use certain words will help at this time, since one of our purposes is to establish a common language for managers.

GOALS These are statements of intent or desire, e.g., "We will be the biggest and the best" or, on a personal level, "I am going to be the best auditor in the PSRO." A goal expresses where you want to go without a plan and without a commitment on how and when it will be reached.

TARGETS These are statements which specify that a certain condition will exist by a certain time, e.g., "We will increase hospital participation by 10% by year-end." In order to make a specific statement like this, several steps leading up to it are prerequisites: analysis of previous conditions; assessment of external events; projection of available resources. With this thinking out of the way, it is possible to establish a **TARGET** and a **PLAN**.

PLANNING The process which develops a plan which, in turn, contains the steps necessary to get from the present to the target.

Within the dynamics of running the PSRO, long-range goals, long-range targets and annual targets are established to set the sights and give direction to the total organization. Within this framework, it is possible to establish targets for each job that contributes directly or indirectly to the overall organization targets. Key job targets are established within a framework of make-or-break accountabilities and the PSRO's annual targets.



Other targets may be established for the general and supporting accountabilities.

SETTING TARGETS

A target is simply an objective which an individual will attempt to reach in a particular period of time. The TARGET is stated in terms of a specific measured level of performance of an accountability. TARGET SETTING is the process in which a superior and subordinate agree to the performance goals for the coming time period--one to two years in most managerial positions. Both people must agree. The manager knows what the targets of this area are, and he/she is required to integrate the functions under him into a cohesive whole. The individual must agree because he/she will work most effectively towards ends which he/she has participated in planning for and since his/her rewards will be based on accomplishment of the agreed-upon targets.

SAMPLE SET OF TARGETS

The following chart will illustrate the relationship of accountabilities, measurements and targets.

EXECUTIVE DIRECTOR

<u>Accountability Area</u>	<u>Measurement</u>	<u>Target</u>
1. Conduct Concurrent Admission Certification	Timeliness of Review	Decrease delay to 2 days
	Completeness of Review	Decrease data deficiencies to 2 items
2. Develop criteria for review of specified medical care	Timeliness	Expedite by 2 months
	Completeness	Survive tests of practicability and applicability
	Application procedures	Development by stated date

<u>Accountability Area</u>	<u>Measurement</u>	<u>Target</u>
3. Promote delegated review capability	Number of hospitals achieving full capability versus total	Periodic increase in qualified hospitals
	Number of hospitals achieving limited capability versus total	Periodic increase in partially qualified hospitals

HOW DIFFICULT

As a rule of thumb, an individual should have about seven chances in ten of accomplishing the targets set in this context. This assures the organization that the planning process is more than just a guess and yet provides a strong requirement for individual effort if the target is to be attained. However, this "rule" should not be applied too literally, since some individuals are likely to be operating close to their capacities and should have nine chances in ten for success. Others must have the pressure of only a 50-50 chance in order to work most effectively.

WHERE DO TARGETS COME FROM?

The accountabilities of a position and their measures are more or less fixed. It is, however, usual that, at a particular time, work toward improvement in all accountability areas is not possible or desirable. The target related to many accountability areas may well be to "maintain current level."

Ideas on which accountabilities are in need of effort come in three general ways:

1. Those areas in which the subordinate is particularly interested, and he has ideas he would like to try or feels he can develop from.
2. Those areas in which the manager believes that the subordinate should work or that are essential to the targets of the organizational unit.

3. Those areas which relate to PSRO-wide targets, opportunities or problems, such as cost reduction, major new service areas, etc.

A balanced emphasis among these areas is important for effective target setting. The manager who insists on imposing all targets on his subordinates is as likely to have limited results as the manager who gives no direction at all.

HOW TARGET SETTING GETS DONE

The major technique in target setting is that manager and subordinate sit down together after individually thinking through ideas from their respective points of view and reach agreement on a desirable package of targets for the coming time period. Such conversations should quickly become part of a normal working pattern; and, in general, the relationship of the two people involved should not vary markedly from their relationship in most other work contexts. Only managers who operate at the extremes of directiveness or lack of direction will find that their styles of behavior are ineffective for target setting and may be forced to change certain usual action patterns or accept minimal impact of the objective setting process.

HOW DETAILED

In setting targets, the manager and subordinate should be very specific about measured levels to be attained. In general, however, best results will be obtained if more initiative is taken by the subordinate in defining methods of achieving targets. This should never be carried to the extreme that the manager withholds information which he/she has on effective methods or fails to give guidance regarding apparently misdirected efforts. Another extreme position is that of the manager who accepts every target uncritically without attention to the plan for successful achievement. Whenever possible, opportunities to seek new or different methods from other organizations or other parts of the PSRO should be used. In all, the manager and subordinates should be very clear about the targets and committed to their accomplishment. Both should recognize the actions which they will have to take to assure success. The person who must achieve a particular end result needs a better understanding of the methods he/she will use while his manager needs only sufficient grasp to be assured that appropriate action is probable.

The degree to which a target can be judged as reasonable depends on the thoroughness of the planning that preceded it. The subordinate should be prepared to outline the plan he/she feels will lead to meeting the target. If he/she does not have a plan, the reasonableness of the target and chance of success should be questioned.

PERFORMANCE EVALUATION

To sum up what has been discussed so far about accountability management: accountabilities are the end results a job must achieve; measures are the tools for analyzing and discussing performance against accountabilities; standards are the means of specifying what level of performance is expected; and targets are the objectives to be reached within a specified time limit.

If each accountability has agreed-upon measures and standards, both an individual and his/her manager can evaluate the individual's performance objectively and constructively. Both have the same understanding of the results expected from the job. Both agree upon the measures to be used in evaluating the performance. Both agree upon the standards of performance which delineate what a competent performance is--and, wherever possible, what other levels of performance are.

With this background, the evaluation of performance becomes a very objective activity. A person knows what is expected in terms of quantifiable measures. When actual results are in--the person knows exactly how he/she has performed. He/she doesn't have to wait to hear what the manager thinks.

These elements of the Accountability Management process have been discussed so far in terms of their components. We now need to put them into a working framework.

Presuming that we have established accountabilities, measures, targets and standards for the current year, we can sit back and await the performance results. With results identified, we proceed.

WHAT IS AN APPRAISAL?

Performance evaluation is a two-part process: performance appraisal and performance review:

Performance Appraisal - this is done separately by the manager and subordinate, as preparation for the performance review. It involves the evaluation of performance against accountabilities.

Performance Review - this is done by the manager and subordinate together, and involves discussion and agreement on their appraisals of past performance against accountabilities, with assignment of a performance rating on the basis of performance levels (Competent, or Commendable, etc.).

THE PERFORMANCE APPRAISAL PROCESS

In the past, most appraisals were made only by the manager--and then the results were explained to the incumbent in what was called a performance review. Most of these appraisals were heavily weighted with subjective factors -- the person's attitude, how long he or she had been with the company, a general "feeling" about progress and personality "traits."

But there are some assumptions that enter into Accountability Management's approach which must affect our own methods of appraisal:

- No one knows better than the person himself or herself what his performance is.
- Potentially the best judge of a person's performance is the person themself -- you of your performance, your men and women of theirs.
- The best definition of the job's end results depends on the person in the job...the best performance levels depend on that person...and the best evaluation of performance depends on the same person.
- Given both the discipline and the opportunity that Accountability Management represents, the person in the job will set high standards for his/her own performance and will be better motivated to live up to them as a result.
- Both the results for PSRO and the rewards for the incumbent will increase when the person in the job is his/her own best judge.

So, because of the discussion of accountabilities, and because the seasoned incumbent knows his own job the best, the incumbent is probably the best appraiser. However, the manager also makes his/her own independent appraisal so that during the discussion the two can compare their two perspectives (one from the viewpoint of doing the job...the other from a viewpoint of more experience on how the job should be done, and also from a higher managerial viewpoint).

The appraisal process considers:

performance against previously set targets plus performance of an unusual nature against any and all accountabilities--for the past six or twelve months.

Note, that targets may be based upon a year's projection of anticipated or hoped for achievement, however, at least one interim review during the year is essential if: (a) The subordinate and superior are to assess "what has been achieved thus far" and (b) What steps can we now take to assure optimum achievement in light of the past six months?

For example, performance against objectives may have been "Competent." However, if performance against another accountability, for which no particular target has been set, was "Distinguished" this should certainly be considered in evaluating overall performance.

Thus, at least annually, every incumbent would evaluate his own performance and discuss it with his manager (comparing the manager's evaluation of the person's performance). The performance evaluated is most concerned with:

- how well were the targets previously set met? What "rating" could be ascribed to the performance against each target -- "Commendable", "Distinguished", "Competent", etc.
- what areas of performance, other than those for which targets were set, were significant to overall performance. That is, what performance occurred that might be rated "Commendable", "Distinguished", "Competent", etc.
- what are realistic, attainable job targets within the next six to twelve months.
- what development needs to occur to assure job targets will be met.

The appraisal does not consider such factors as:

- length of service
- time in position
- personality factors (other than those that directly affect performance against accountabilities)

- performance other than for the intervening period
- potential for advancement

You will note that, although the evaluation occurs every twelve months, targets can (and should) be set for time periods specific to the nature of the task. Some targets may be completed in three months, one month, or eight months. If this is the case, achievements are measured cumulatively.

As a matter of fact, the most professional managers use the process as a daily managerial practice. It becomes second nature to think of the management process in terms of accountabilities, measures, targets and standards.

THE APPRAISAL PROCESS

The Appraisal, then, is a process whereby past performance is evaluated AND future targets are set. When a person appraises his own performance alone--or when a manager appraises a subordinate's performance alone--the steps in the process are:

1. Review each accountability and the targets set for it. You will recall our earlier discussion of the problems with the way in which targets have often been set in the past -- they were "thought up" in regard to a rather vague understanding of what the overall performance had been. There was no particular discipline involved. Therefore, it is important to start out and review accountabilities and targets to start making this discipline work. This is a "refresher" step where you completely familiarize yourself with all aspects of the accountability. It is possible at this stage to come up with some new measures. If so, add them.
2. List actual performance. Here you know quantifiable factors of performance that relate to previously established measures.
3. Compare performance with targets and standards. Were targets reached? Why or why not? What other unusual areas of performance were there, compared to standards for the job?
4. What would be a rating for the accomplishment against each target? Competent? Distinguished?
5. Set new targets for performance.
6. Assign an overall performance rating by scanning all individual ratings and relative importances.

DO NOT engage in mathematics to arrive at an overall rating. Even though there are categories such as Distinguished, Commendable, Competent, etc., and even though there are relative importances--1, 2, and 3--the system is not designed for arithmetical games-playing.

The actual appraisal process (done by the person and the manager alone) can be accomplished using an appraisal form as shown on the following page.

THE PERFORMANCE REVIEW

The Performance Review is the discussion that the person and his/her manager have, based on their individual appraisals of the person's past performance and future targets. The discussion should be an open communications process and can best be accomplished if the subordinate manager always gives his/her analysis and comments first. This keeps the manager from having other than "equal influence" in the process. For example, if the manager gives his/her analysis, rating, and objectives first, then:

- if the person does not agree, he/she is less likely to say so.
- if the person does agree, the words and analysis are not really his/her and his/her commitment is likely to be less.

The process of the Performance Review itself, however, generally follows a rough framework:

1. For the same reasons given in the discussion of one appraisal, each accountability is briefly reviewed--its statement, measures, standards, past targets, past performance, performance rating, development objectives and new job targets.
2. Performance evaluations for all accountabilities are summarized, and an overall rating is agreed upon. New targets, how they will be accomplished (the plan), standards and developmental needs are agreed upon.
3. The subordinate manager has the agreed-upon results typed up (any changes in measurements or standards, past performance facts, past performance evaluation and new targets). He/she makes sure his/her manager receives a copy.

A Performance Review should discuss only: (1) actual past performance over the specified period of time, (2) realistic, work-oriented targets to accomplish in the future, and (3) developmental needs to meet current job targets. That is, it should be a discussion of the person's work -- not traits. It is dangerous to attempt to discuss personal traits because the choice of words too often becomes subjective. If the manager says an employee is "stubborn," the person may think of himself/herself as "aggressive or tenacious." Such a discussion can only cause a defensive reaction on the part of the employee, and the communications climate will most likely become closed.

If the employee and his manager both see that the subordinate manager's output was 2% below the target they had set, then that is something that can be discussed in real, rational terms. And, it is a discussion of the work-- rather than of the person himself.

In planning how to conduct these Performance Reviews, and how often to have them, the manager should keep three principles in mind:

1. The subordinate has a right to know where improvement is expected of him--from the manager's point of view--and whether he/she is making progress in his/her manager's eyes, while he/she still has time to do something about it.
2. Discussions of accountabilities and targets should not be "corrective" sessions. They are open communications sessions based on accountabilities, targets, and actual performance. However, in day-to-day operations employees at any level in an organization need and expect occasional corrective guidance. The subordinate is much more likely to overcome these operational deficiencies successfully if his/her manager lets him/her know about them immediately after they occur than if his/her manager saves them all for discussion once a year. This is not only a poor method of correction, but it also changes the climate of the target-setting discussion from an open exchange to one of directive supervision.
3. The more the subordinate participates in setting his/her own targets for performance, the higher the sense of commitment to achieving the objectives will be.

DEVELOPMENTAL NEEDS

The first and foremost concern is to identify what, if anything, needs to be done to improve current job performance. This may be development to meet the Competent level or development to meet the Distinguished level. Here again, a "problem-solving" approach rather than "words of wisdom" from the superior is most successful. The incumbent should be guided into analyzing why performance did not meet the target and what can be done about it.

Experience has shown that distinguishing as clearly as possible between the managerial processes of judging past performance and of coaching with regard to future performance (development) provides the best chance that objective evaluations will be made and that future results will be at a higher level. This is not to say that the developmental process occurs without awareness of past performance, but that a problem-solving approach to improvement should be taken instead of focusing on whether the judgment was correct or not. Specifically, the question should not be, "Why is your rating fair?" but, "How can your rating become competent?" Development focuses on each accountability area, attempting to find patterns of individual strengths or limitations in Know-How, Problem Solving or Ability to Accept Accountability which relate to demonstrated achievement. The new set of targets should provide for effective utilization of strengths, as well as possibilities for learning new ways to work with or improve upon limitations.

At the point that performance meets or exceeds the Competent standard consistently, assessment of developmental needs can shift from the current job to jobs of greater accountability (promotions). This entails an exploration of the incumbent's aspirations in terms of future job openings and the identification of what the individual needs to do to become a fully qualified candidate. Here the manager can take a more directive approach in defining what the requirements of the promotional job are but should rely on the problem-solving approach to help the subordinate determine what needs to be done.

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

EXECUTIVE DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
<p>1. Ensures a competent, motivated and developing PSRO staff to meet current and perceived requirements.</p>	<p>a. Annual Turnover</p> <p>b. Staff Training Conducted Job Related</p> <p>c. PSRO-Related Training for Hospital Staff</p> <p>d. Staff Development</p>	<p>a. 0-15% Distinguished 15-30% Commendable 30-45% Competent 40-50% Fair 50-100% Marginal</p> <p>b. Dist.-All staff fully job and PSRO oriented Comm.-All staff fully job trained Comp.-Sufficient staff job trained to meet needs Unac.-Less than sufficient staff fully trained</p> <p>c. Dist.-All staff fully job trained and PSRO oriented Comm.-All staff fully job trained Comp.-Sufficient staff fully job trained to meet needs Unac.-Less than sufficient staff fully trained</p> <p>d. Dist.-All Development objectives Comm.-Achievement of substantial # objectives Comp.-Plan prepared with obj. staff concurs Fair -Plan prepared without clear objectives Marg.-No plan prepared</p>		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

EXECUTIVE DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
1. (cont'd)	e. Staff Communication of PSRO goals, programs, etc.	e. Dist.-All staff fully informed with feedback Comm.-All staff fully informed Comp.-Staff usually informed Fair -Staff occasionally informed Marg.-Staff usually uninformed		
2. Manages PSRO financial activities to achieve established objectives within approved internal and external budgets.	a. Performance by Fiscal Quarter b. Achievement of fiscal objectives	a. Dist.- 0-5% below annual budget Comm.- 5-10% below annual budget Comp.-10-15% below annual budget or 1-5% above Fair -15-25% below or 5-10% above annual budget Marg.-More than 25% below or 10% above annual budget b. Dist.-90-100% Comm.-80-90% Comp.-70-80% Fair -60-70% Marg.-Less than 60%		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

EXECUTIVE DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
2. (cont'd)	c. Audit deficiencies and resolution	c. Dist.-No deficiencies Comm.-Minor deficiencies completely resolved Comp.-Substantive deficiencies completely resolved Fair -Substantive deficiencies partially resolved Unac.-Substantive deficiencies not resolved		
3. Oversees performance of nondelegated reviews to identify variances from approved norms, criteria and standards of patient care.	a. Review coordinator accuracy - Error rate b. Timeliness of Reviews 1) Admission Certification 2) Continued Stay Review 3) Medical Care Evaluation including Restudies 4) Profile Development	a. Dist.- 0-5% Comm.- 5-10% Comp.- 10-15% Fair -15-20% Marg.-20-25% b. 1)Comm.-2nd Working Day Acc. -3rd Working Day Unac.-4th Working Day 2)Acc. -Timely Unac.-Not Timely 3)As necessary/appropriate 4)As necessary/appropriate		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

EXECUTIVE DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
<p>4. Oversees the performance of health care delegated reviews to identify variances from approved norms, criteria and standards of health care.</p>	<p>a. Conducts periodic monitoring of hospital review to assure compliance.</p>	<p>a. Establishment of Monitoring Schedule Yes-Competent No -Unsatisfactory Degree of Fulfillment of Scheduled Monitoring Marg. Fair Comp. Comm. Dist. 1 2 3 4 5 Sometimes Generally Always Meets Meets Meets Schedule Schedule or Better Schedule</p>		
<p>5. Provides the governing body with timely and complete information and recommendations concerning new or existing PSRO functions to facilitate sound policy and program guidance, as directed by the GB.</p>	<p>a. Provides timely reports and recommendations to GB re: Delegation Workload and Staffing Relationships Committee Membership and Functioning Budget Performance Quarterly Review Progress and Findings Achievement of Objectives</p>	<p>a.1)Meets scheduled report dates-Competent Marg. Fair Comp. Comm. Dist. 1 2 3 4 5 Sometimes Generally Always Meets Meets Meets Schedule Schedule or Better Schedule a.2)Overall quality of reports related to soundness, practicality and applicability Marg. Fair Comp. Comm. Dist. 1 2 3 4 5</p>		

EXECUTIVE DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
6. Ensures the development and maintenance of knowledgeable and working relationships with governmental agencies, health insurance carriers, health care institutions and other professional organizations.	a. Degree of communications with: Area Governmental Agencies Health Insurance Carriers/ Intermediaries Health Care Institutions Professional Associations b. Signed Memoranda of Understanding and other Agreements	a. Comm. - Open Comp. - Partial Marg. - Limited b. Ratio of Memoranda of Understanding signed <u>vs.</u> required and desired number		
7. Ensures the acquisition of timely and accurate performance data for profile review and analysis.	a. Effective Data Collection b. Effective management of DP contract. c. Quality of Reports Generated	a. Dist.- No backlog Comm.- < 30 days backlog Comp.- 30-60 days backlog Unac.- >60 days backlog b. Comp.-Successful negotiation of contract Comp.-Contractor compliance c. Comp.-Meets requirements for peer review and management analysis		
8. Develops and maintains effective working relationships with administrative staffs of Health Care Institutions.	a. Feedback, various forms	a. Very Positive-Distinguished Positive-Commendable Neutral-Competent Negative-Unsatisfactory		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

EXECUTIVE DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
<p>9. Ensures the reasonable unit cost of review in delegated hospitals.</p>	<p>a. Timely negotiation</p> <p>b. Settlement on schedule</p> <p>c. Achievement of targeted unit costs.</p>	<p>a. Comp. - By beginning of hospital Medicare Cost Reporting Period</p> <p>b. Dist. - 100% on schedule Comm. - 90% on schedule Comp. - 80% on schedule Fair - 70% on schedule Marg. - 60% on schedule</p> <p>c. Dist. - > 6% below target Comm. - 1-5% below target Comp. - 0-5% above target Fair - 6-10% above target Unsatis. - > 10% above target</p>		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

MEDICAL DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
1. Ensures the development and maintenance of effective liaison with physicians and other PSRO-area health professionals and institutions to assure timely and adequate support of PSRO operations.	a. Feedback from medical staffs and other health professionals. b. Broad participation of health professionals and physicians in PSRO activity. c. Ratio of initiatives proposed by Medical Director to those implemented.	a. In general it is $\left\{ \begin{array}{l} \text{Very Positive-Dist.} \\ \text{Positive-Comm.} \\ \text{Neutral-Comp.} \end{array} \right.$ b. Distinguished Commendable Competent Fair Marginal c. Dist. - $> 90\%$ Comm. - 85-89% Comp. - 80-84% Fair - 75-79% Marg. - $< 79\%$		
2. Ensures the development and recommendation of professional policies to the governing body to facilitate PSRO functioning.	a. Timeliness of recommendations b. Appropriateness of recommendations c. Responsiveness to the needs of the GB	a. 1 2 3 4 5 Marg. Comp. Dist. b. 1 2 3 4 5 Marg. Comp. Dist. c. 1 2 3 4 5 Marg. Comp. Dist.		
3. Assures the establishment and maintenance of norms, criteria and standards of patient care.	a. Existence of current norms b. Existence of appropriate criteria c. Existence of an established system to modify norms and criteria d. Ratio of norms, criteria and standards approved vs. number recommended by the Medical Director.	a. Yes-Competent No -Unsatisfactory b. Yes-Competent No -Unsatisfactory c. Yes-Competent No -Unsatisfactory d. $> 90\%$ Distinguished 70-89% Commendable $< 70\%$ Competent		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

MEDICAL DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
<p>4. Ensures the identification and development of training programs and linkages to existing medical education programs for practitioners and hospital staff.</p>	<p>a. The on-going presence or plan for application of education and training programs interfaced with review results.</p>	<p>a. Exists or Planned=Comp. Nonexistent or Non-Planned=Unsatisfactory</p> <p>b. Existing program meets regional needs-degree</p> <p>1 2 3 4 5 Marginally Fully Outstanding</p>		
<p>5. Provides professional medical advice and counsel to the PSRO Executive Director and staff in conduct of the review process to support timely and appropriate performance of the PSRO.</p>	<p>a. Are the necessary medical committees functioning adequately?</p> <p>b. Are medical committees' activities coordinated and integrated?</p> <p>c. Is the Medical Director available to respond with medical advice?</p>	<p>a. <u>Level of Functioning</u></p> <p>1 2 3 4 5 Marg Comp Dist</p> <p>b. <u>Level of Coordination and Integration</u></p> <p>1 2 3 4 5 Marg Comp Dist</p> <p>c. <u>Responsiveness to Needs for Advice</u></p> <p>1 2 3 4 5 Occasionally Usually Always</p>		

PERFORMANCE PLANNING AND MEASUREMENT WORKSHEET

MEDICAL DIRECTOR

ACCOUNTABILITIES	MEASURES	STANDARDS	PERFORMANCE	FUTURE TARGETS DEVELOPMENT ACTION
<p>6. Identifies significant variances from norms, criteria and standards and presents accurate analysis and interpretation to the appropriate peer review group.</p>	<p>a. Existence of a system for identification, analysis, interpretation and follow-up of variances.</p>	<p>a. Quality & Comprehensiveness of System</p> <p>1 2 3 4 5 Marg. Good Outstan.</p> <p>b. Ratio of variances addressed to variances resolved</p> <p>> 90% Distinguished 85-89% Commendable 80-84% Competent 75-79% Fair < 75% Marginal</p>		
<p>7. Ensures the conduct of profile analysis to assist in problem definition resolution and assessment of program effectiveness.</p>	<p>a. Recommendations, based on profile analysis, made to appropriate peer review group.</p>	<p>a. Quality of Recommendations Made</p> <p>1 2 3 4 5 Marg. Comp. Dist.</p>		
<p>8. Provides issue analysis and policy recommendations to the GB related to the medical profession.</p>	<p>a. Timeliness of recommendations</p> <p>b. Quality of recommendations</p>	<p>a. Timeliness of Recommendations</p> <p>1 2 3 4 5 Marg. Comp. Outstan.</p> <p>b. Quality of Recommendations</p> <p>1 2 3 4 5 Marg. Comp. Outstan.</p>		



CMS LIBRARY



3 8095 00014904 3