

# Applying Performance Indicators to Health Systems Improvement

**Sheila Leatherman**

President, Center for Health Care Policy and Evaluation  
Adjunct Professor, School of Public Health, University of North Carolina  
Senior Advisor, The Nuffield Trust, London, England

---

## ABSTRACT

---

The cycle of performance measurement and management begins with explicitly establishing goals which are reflected in the adoption of specific performance indicators, followed by analysis and actions aimed at producing change to improve performance in a variety of dimensions such as equity, access, effectiveness, efficiency and social responsiveness. The application of performance indicators may involve simply reporting data to actors for accountability purposes, or it may involve, in addition, taking action to stimulate change.

This paper will first summarize some evidence on the use and impacts of public release of health care performance data, based largely on the American experience (as described in “Dying to know: Public Release of Information about Quality of Health Care” by Marshall, Shekelle, Brook and Leatherman, co-published by The Nuffield Trust and Rand, 2000). Some of the main conclusions from this review of evidence from the US are that: first, currently available report cards are rarely read by individual consumers, and do not seem to have much influence on their decisions to choose health care providers; but second, and although physicians and provider organisations tend to be critical of performance reports, provider organisations seem to be the most responsive to publicly disclosed data.

The paper will then outline a further range of levers that might be used to try to improve performance, where available indicators suggest room for improvement. A careful diagnosis of the underlying causes of problems in the health care system is needed to select the appropriate intervention. Furthermore, the levers for change will vary among countries (or even within different health care systems in the same country) depending upon factors such as underlying values, financing and organizational arrangements, professional culture, and the self-perception of the citizenry as active or passive participants in health care interactions. The selection of the intervention will depend upon who/what is the intended target for behavioral change, for example providers (individual or institutional), professional bodies, citizens, or managers. Though identifying a “best method” to effect change may not be realistic, this paper will identify a range of possible approaches, discuss their strengths and limitations, and (where possible) describe relevant country experiences. Possible approaches, grouped within five categories, will be discussed:

1. External oversight
  - External review/inspection
  - Accreditation, licensing and certification
  - Setting performance targets
2. Knowledge/skill enhancement of providers
  - Peer review and data feedback

- Use of guidelines and protocols
3. Empowering consumers
    - Enacting patient charters/patient rights legislation
    - Providing performance information
  4. Incentives
    - Financial (eg. “pay for performance” or changing the distribution of budgets to enhance equity)
    - Non-financial (eg., “earned autonomy” concept in England)
  5. Regulation
    - Government regulation
    - Self-regulation/professional regulation

Significant challenges exist in using performance indicators to create intentional change in health care systems. First, the state of the art is embryonic, meaning that there is an insufficient evidence base for understanding what works, under what circumstances, and with what intended and unintended consequences. Secondly, the costs - both direct and indirect - are daunting. Thirdly, the complexity of the health care sector, and the multiplicity of audiences and actors, means that there are likely to be both intended and unintended consequences of any approach.

Recognizing these caveats, and the inherent limitations of any one approach, implies the need to carefully employ a blend of approaches with complementary effects.