Pharmacy KPIs

Have ‘key performance indicators’ (KPIs) for pharmacy lost their meaning through the overuse of the ‘KPI’ term? Adding to the confusion about the value of pharmacy KPIs are a number of questions which are regularly posed including ‘Should KPIs differ for an in-house vs. outsourced service?’, ‘Are there industry standard KPIs for pharmacy?’, and ‘How do I set targets for pharmacy KPIs?’ Despite the uncertainty and even cynicism about KPIs, it remains true that performance should be measured in order to learn and improve.

It is generally accepted that KPIs should be quantifiable measurements, agreed to in advance that reflect the factors by which a service or an organisation could be regarded as successful (i.e meeting objectives). In hospital pharmacy terms these usually relate to performance from a financial, operational, clinical (i.e patient-related) and professional development perspective, and sometimes, including demonstration of initiative, and mission and values.

Too often though, the measures of performance in these key areas are created in isolation of overall hospital goals. To restore this connection and to make the measures of performance as useful as possible, the following staged approach to creating pharmacy service KPIs is suggested:

- **create an environment** where people are comfortable with measurement i.e. where people believe that measurement of performance is a method to learn and improve, not to control and monitor individuals.

- **understand the hospital's key objectives**: assuming the hospital has measurable goals described in terms of patient outcomes, safety, quality, patient through-put, and financial performance, these need to be understood by the pharmacy provider (whether in-house or outsourced), and considered when creating pharmacy KPIs.
• **develop pharmacy KPIs** by encouraging the people who are involved in providing the pharmacy service to consider how they individually and collectively contribute to the hospital meeting its goals. An activity which has been shown to be useful in developing a more positive attitudes to performance measurements is to ask staff to consider their roles as multi-faceted and to ask the question, ‘How does my work help the hospital meet its objectives?’ Additionally asking the staff member to nominate a number from zero to 10 as an indicator of how well they perform each task (e.g. a ‘7’), and then asking them, ‘what would make you, for e.g. an 8?’ helps make performance measurement more personal and meaningful.¹

• **review the KPIs** to ensure that they are objective, measurable and meaningful, reflect the hospital’s goals and are in concert with its strategy.

**Examples of pharmacy-related KPIs**

• Pharmacy operational performance measures (important in assisting patient care and management), could include availability of imprest, dispensed and discharge medication and the provision of discharge medication information and counselling.

• Clinical measures might include frequency of medication order review, provision of drug information and staff in-service education.

• Increasing revenue and reducing cost might be measured by outstanding prescriptions as a percentage of all PBS prescriptions, presentation of timely financial documentation, and pharmaceutical costs.

• Reduction of risk might be measured by medication risk management plans and provision of advice on management of high cost drugs.

¹ The concept of ‘bottom up’ development of performance measures is drawn from the work of Paul Bridle, available at: www.paulbridle.com
KPIs for a pharmacy manager should be not different to those of the pharmacy as a whole since the manager is responsible for the pharmacy performing to meet targets linked to each KPI.

In answer to the questions posed at the start of this article: (1) despite the hackneyed term, KPIs are still an effective method to answer the most important questions that hospital management has about pharmacy performance; (2) there are some KPIs that are the same regardless of the ownership of the pharmacy and some that should differ; (3) although there is no 'industry standard' pharmacy KPIs, there are a number which are consistent in many private hospitals; and (4) targets should be set, and periodically reviewed, according to customer (i.e., patients, nurses, doctors, hospital management) requirements.

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