Development and Implementation of a Staff Incentive Bonus Program

Focus Paper

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This paper outline is being submitted in partial fulfillment of the requirements for election to Fellow in the American College of Medical Practice Executives.
Abstract

This paper is focused on the importance of recognizing staff in the healthcare industry through the development and implementation of an incentive bonus program. Beginning at childhood and continuing into work life as an adult, recognition and incentives play a crucial role in reinforcing desired behaviors. Recognition is important to build morale, professional relationships, and achieve consistent levels of growth in performance. The healthcare industry is undergoing constant change in the threat of disruption, which is compounded by staff shortages and turnover. Employees need to be recognized and rewarded for their role in the delivery of service and quality excellence. Financial incentives as recognition can help increase performance and motivation, improve patient safety and quality, and achieve greater financial sustainability. When financial incentives are not implemented correctly, it can lead to team disintegration, a magnified focus on monetary gain, and ultimate dependence for future performance. Taking these into account, developing an incentive program must be aligned with the goals of the organization, be grounded in reliable and objective data, be financially sustainable, and allow for individual impact, all while focusing on a collaborative team approach. If implemented correctly with clear communication and clarity, appropriate measurement and tracking along with action planning for future results, a staff incentive bonus program is a vital component to employee recognition to drive the performance goals of the organization. This will further the ultimate purpose in patient care; to ensure sustained improvement of both clinical and service quality excellence.

Keywords: bonus, engagement, incentive, performance, recognition
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Introduction

Children are often rewarded by their parents for desirable behaviors with incentives. Incentives are meant to reinforce “good” behavior and achieve desired future outcomes. They could include gold stars, prizes or presents, ice cream cones and candy, or any token that would drive the desired outcome. Rewarding a child in this way positively reinforces the behavior, acknowledges them, and builds confidence. The psychology of this incentive program promotes growth and encourages responsibility while motivating to continuously achieve. Then, one day, children grow up and become adults and are working in various career fields that may or may not recognize success or have incentive programs. The bottom line is this: people desire recognition for a job well done and achieving goals. The rewards may change, but the need to be recognized and motivated to achieve more still exists. What good is it to be a top performer at work and get no recognition? Adults don’t need gold stars, prizes, or candy, but incentives such as bonuses, paid time off, or company vacations can become key for employee achievement. Earning any of these adult “rewards” brings about the same feelings, reinforcement, and desire to continue pushing for more in the same way it did during childhood years. Instead of parents handing out the reward it becomes the role of leadership or board of directors. Recognition for performance, by means of incentives, is not just for children and is an effective strategy in the workplace.

Healthcare professionals operate in a complex and ever changing environment; the old adage that the only thing constant is change, certainly applies. Each year in the United States more federal regulation and changes with legislation leads to more complications and volatility, which presents challenges for the entire industry at all levels. Employees, just like providers, need to be recognized for the role they play in the delivery of excellence in service and clinical quality. In order for organizations to ensure they are able to compete in the future, an aligned
incentive program is crucial to engage staff in the direction of the organization for desired performance outcomes, so that they are motivated to achieve more in the future.

The purpose of this focus paper is to help educate healthcare leaders on the importance of recognition and incentives in the healthcare setting, and ultimately the development and implementation of a staff incentive bonus program. To achieve the above purpose, a research combination of literary resources and real world healthcare examples will be used in order to showcase the impact of an incentive program on individual performance that directly impacts organizational outcomes.

The Importance of Recognition

Recognition comes in various forms and can mean different things depending on the person or organization. For purposes of this paper, recognition will be defined by the following explanation (Brun & Dugas, 2008):

Recognition is first and foremost a constructive response; it is also a judgment made about a person’s contribution, reflecting not just work performance but also personal dedication and engagement. Lastly, recognition is engaged in on a regular or ad hoc basis, and expressed formally or informally, individually or collectively, privately or publicly, and monetarily or non-monetarily. (p. 727)

People want to be recognized for the work they do and the role they play in the organization. How often have you heard of employees complaining that they receive too much appreciation, praise, or positive feedback and rewards? A survey conducted by Forbes discovered that more than 70 percent of employees felt their supervisor or employer does not appreciate or value them (Mywatt, 2012) and a Gallup survey indicated that only 30 percent received recognition for doing good work within the last seven days (Mann & Dvorak, 2016). This statistic should be alarming to those in a healthcare setting where there are often challenges
in seeking to retain and develop quality staff, who ultimately are on the front lines and impact the delivery of both quality care and patient experience. There are three major rationale for intentionally showing recognition for employees: morale, relationships, and performance.

Morale

Full-time working adults spend more of their time each day in the workplace than with their own families. Healthcare operations function in many non-standard work schedules, including various shifts and hours to meet the needs of patient care. While healthcare may be a vocation for those desiring the personal reward of being able to serve others and make an impact, people also need to know that while they are engaged in meaningful work, their time isn’t simply spent in vain. Having defined goals and clear objectives, understanding responsibilities and role expectations, and providing opportunities for either personal or professional growth adds to overall positive employee morale ((Buckingham & Coffman, 1999). Whether in a for-profit or not-for-profit healthcare setting, recognizing and rewarding employees for their contributions and achievements helps give greater meaning and a sense of purpose, and provides a greater holistic perspective of their individual role’s importance. (Grawitch, Gottschalk & David, 2006).

Relationships

Recognition can play a vital role in the development and growth of professional relationships in the work environment. In rewarding and recognizing performance, several things can happen as a result. First, the individual being recognized feels valued by leadership for what they contribute to the organization. This helps build trust in the workplace, which is the essential component of any relationship, and aids in combating turnover because an employee who feels valued is less likely to pursue another job opportunity and leave the organization (Dornfeld, 2017). Second, when a person is recognized in the workplace it also reinforces the desired performance, which aids to strengthen the culture (Mann & Dvorak, 2016). Finally, when
recognizing and engaging employees, leaders can better rely on their team to be more engaged in their work and the customer (Mann & Dvorak, 2016). The majority of work related issues (miscommunication, conflicting personalities, harassment, etc.) between employees directly relates to interpersonal relationships. A focus on promoting a healthy work environment in recognizing employees has been shown to build better relationships at all levels and leads to higher performance. This needs to be a priority in order to craft the culture of excellence and strong morale within the organization.

**Performance**

Showing genuine appreciation and recognizing people for the work they perform is crucial to ensuring employee engagement and performance. In fact, by not recognizing employees, there is a danger of people being physically present but not having their heart or mind in the work they perform. It is estimated that these types of employees cost the U.S. economy millions of dollars every year due to poor performance and lost productivity (Reynolds, 2014). Although the adage that “people are an organization’s biggest asset” is overused, employees can easily be overlooked in the bigger strategic picture, especially when it comes to sharing in financial gains for meeting annual goals. People who are recognized and rewarded for their work will not only perform at a higher level in their role but also have more positive interactions with patients (Larson, 2012). In a healthcare environment where patient satisfaction ratings, in the form of HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) or CGCAHPS (Clinician and Group Consumer Assessment of Healthcare Providers and Systems) scores are increasingly tied to financial reimbursement, it is all the more important for recognizing employees to enhance performance for both service and clinical quality.
Types of Incentives

Now that the importance of recognition in the workplace has been established, the specific focus of recognition through various incentives will be addressed. The World Health Professions Alliance (2008) defines incentives as, “the factors and/or conditions within health professionals’ work environments that enable and encourage them to stay in their jobs, in their profession and in their countries” (p. 1). There are two types of incentives in a workplace setting that are given for recognition; financial and non-financial incentives. Depending on the specific situation or goal, both have merit to ensure employees are appropriately rewarded for their performance.

Non-Financial Incentives

Incentives do not necessarily need to involve a financial expense or dollar amount. Non-financial incentives by nature do not involve a direct monetary or tangible expense to the organization, other than potentially time spent for recognition, but may be just as valuable and appreciated. This type of incentive involves investing in people, and could include professional development and education, promotion or career advancement, new challenging work assignments, public praise or acknowledgment. While the focus of this topic is not to unpack non-financial incentives and their use, a brief discussion towards the end of this paper will be included as part of a recognition program.

Financial Incentives

Financial incentives as recognition are another way to motivate employees to achieve certain goals or desired performance. This could include increased salaries, cash bonuses or stock options, and vacation or travel rewards. These incentives are attractive to individuals since they are not part of the original base salary for compensation. The level of incentive can be based on industry demand, role or position, geographic location, employment status (full-time, part-time,
etc.), skillset, and degree of difficulty for achieving results. Financial incentives are contingent on performance and dependent on whatever output is required and may not be achieved (Noe, Hollenbeck, Gerhart, & Wright, 2013). It is a huge investment to offer this type of incentive, which is a factor in why many healthcare organizations may not choose to pursue a bonus program.

Financial Incentives for Recognition

Advantages

Financial incentives, bonuses, or pay for performance are extrinsic rewards. Extrinsic rewards come from an outside source that are based on accomplishing certain measurable criteria, while intrinsic rewards have greater impact on a psychological level but are often intangible (Negussie, 2012). While motivation is inherently intrinsic, healthcare leaders must understand the core driving factor to influence others to achieve desired goals, and build around the core an external system to further enhance this motivation. This system, a staff incentive bonus program, then becomes an extension of the common motivators or intrinsic rewards that drive healthcare professionals to achieve. The major advantages of a bonus program are: 1. Increased performance and motivation, 2. Patient safety, quality, and experience, 3. Financial sustainability.

Increased Performance and Motivation. An employee’s individual motivation is a key factor in determining their performance. One study found that using financial incentives significantly impacted clinical workers’ performance and was an important element in pursuing excellence and achieving goals (Negussie, 2012). Financial incentives offered to an employee increases overall performance, when compared to no incentive offered (Noe et al., 2013). Based on these findings, and what we know about human behavior when incentives are introduced, it would be advantageous for a healthcare entity to not only find ways to incentivize staff for performance but also to build an objective system that creates regular financial rewards as part of evaluations or quarterly bonuses. This creation of an extrinsic system promoting change would
also further the desired behavior and ultimately positively impact healthcare outcomes, continuing the cycle to achieve through the use of financial incentives.

**Patient Safety, Quality, and Experience.** The general public awareness of medical errors within healthcare are highlighted in major news stories, often contributing to increased concern towards quality of care and patient safety. As reimbursement moves more towards value based patient care, having a financial incentive tied to quality care and performance would suggest a more positive yield with patient safety outcomes. Increasingly, physician contracts and pay often include value based compensation for achieving quality targets and health outcomes. Aligning incentives at all levels of staffing ensures the same focus on patient care.

While safety and quality should be expected, and often are not even questioned by patients due to the trust placed on healthcare professionals, experience could be argued as being neglected as part the healthcare encounter. In fact, customer experience is becoming even more critical in healthcare as patients are becoming more consumer minded. If safety and quality are simply expected across the industry, then the differentiator that sets one entity apart from another becomes the service experience.

Similarly in the way that people judge restaurants or other personal services, physicians, clinics, and hospitals are also being compared against each other to attract business from increasingly savvy consumers to find trusted and highly rated services (Howard & Feyman, 2017). People will share their experiences via social media, and with Google, Yelp, Facebook, or other social media outlets; the options for reviews are endless. Positioning an incentive to focus on the patient experience will help ensure more positive reviews, loyal customers, and better aid in marketing for sustained growth.

**Achieve Financial Sustainability.** A staff incentive bonus program can be a significant investment for an organization, no matter the size or structure. This also depends on the total
dollar commitment, however a successful program can actually aid in achieving financial sustainability. Following the success of a positive patient experience from the previous section, the service-profit chain model states that this will ultimately impact business operations.

The chain essentially connects profit and growth primarily with that of customer loyalty, which is largely impacted by the value that customers (or patients) receive based on their experience given by the employees (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994). Employees who are recognized and rewarded, in addition to the happiness and fulfillment they experience as a result of their work, have more loyalty and less turnover (McShane & Glinow, 2013). Employees who are better engaged, more satisfied, and have less turnover, are more likely to continue driving an excellent patient experience. This creates loyalty and ultimately becomes a competitive differentiator to fuel the financial sustainability of the organization.

Disadvantages

The implementation of financial incentives in a healthcare setting may bring about positive changes for improving healthcare quality and performance, yet there are potential dangers to consider before rolling out a bonus incentive program. These may include team disintegration, a focus on financial gain, and dependence for performance.

**Team Disintegration.** In healthcare facilities, the success in delivering consistent and quality patient care is highly dependent on the team’s effectiveness. As is essential for any type of team, each position plays a vital role to ensure the outcome is successful. For example, in the typical outpatient clinic setting, a team is comprised of both front and back office staff, administrative or support staff (medical records, scheduling, billing, management, etc.), Physician(s), and potentially an Advanced Practice Professional(s) such as an Nurse Practitioner or Physician’s Assistant. Each function is vital to the overall care coordination of the patient and relies on the others to ensure a successful outcome. Trust and strong communication must exist
within the team, to also include the patient as the ultimate decision maker, for the process to work.

In his book, *From the Ground Up*, Lawler (2000) wrote:

An individual pay-for-performance system does not fit an organization that is designed around processes and teams that emphasizes the importance of lateral relationships and cooperation... Individuals who need to cooperate and help each other should not be put in a position of competing for the same rewards. (p. 211)

If an individual financial incentive is introduced into a functioning team environment, the natural consequence is that unity may actually be harmed and dissolve. “Organizations that link pay to individual performance may be more likely to attract individualistic employees, whereas organizations relying more heavily on team rewards are more likely to attract team-oriented employees” (Noe et al., 2013, p. 525). In healthcare, the patient would be the one who would ultimately suffer due to a breakdown of the team environment based on specialized roles that are reliant upon communication and collaborative efforts. If a financial incentive or bonus system is created, it must be structured to celebrate the performance of the entire team versus simply one individual.

**Focus on Financial Gain.** Healthcare, ranked number four of highest paying industries, is well known for producing higher than average incomes for various individual roles, as six of the top ten highest paying jobs are physicians (Strauss, 2017). While there may be some who enter into healthcare careers for the high earning potential and benefits, typically the common thread that motivates and defines this industry is a passion for service and helping others, desire for being part of a healing team, and an opportunity to make a difference in people’s lives with favorable outcomes (Hertling, 2016). Although this is not universally true in all situations, words like compassion, caring, kindness, sympathy, mercy, hope, and wholeness help define many in
healthcare. A study conducted in the United States discovered that 72 percent of healthcare workers were personally motivated and impacted by intrinsic rewards (Dave, Dotson, Cazier & Chawla, 2011).

Instituting a financial incentive into the care delivery process could unintentionally result in a diversion from patient care and essentially go against the very reason many chose to enter the industry in the first place. Although most people do not want to work for free, intrinsic value provides an important element that contributes towards a feeling of accomplishment. Patient care in itself can be rewarding and motivating, without a bonus payout. If an individual considers the work they do to be extremely important and valued, they are often willing to endure many challenges and hardships, including a demotion in title and compensation to help in fulfilling a bigger purpose (Luoma, 2006). It could easily be deduced that healthcare professionals are working for more than simply financial incentives, and the personal fulfillment from serving patients outweighs any bonus received for performance.

Additionally, offering a financial incentive for employees directly involved in patient care could have dire consequences on quality or safety. The incentive could potentially negate the change desired in healthcare due to unethical actions taken simply for personal financial gain (Schub, 2012). Adverse situations could also include patient safety sentinel events and near misses not being reported, data misrepresented, and unintended harm that carries long term impacts which would far outweigh positive gains from the program.

**Dependence for Performance.** While the most significant argument against a bonus system would be a potential diversion from quality patient care, there also exists a danger of staff becoming dependent on financial incentives. According to Lee (2004), in his book *If Disney Ran Your Hospital: 9½ Things You Would Do Differently:*
One of the unintended consequences of offering a reward is that you can never take it back, because rewards quickly become seen as entitlements...rewards can actually extinguish intrinsic motivation and with it the values the reward was supposed to encourage in the first place. (p. 179)

When a financial incentive is given for outstanding work, meeting targets, and achieving desired goals, what happens at some point if the reward is discontinued? Attaining the same level with no bonus may result in a lack of motivation or drive. The negative impact may actually be more intensely felt and could potentially cause a decrease in morale and performance.

**Developing an Incentive Bonus Program**

While acutely being aware of the potential disadvantages and ensuring plans are put into place to address these contingencies, there is a need for recognizing employees in a healthcare setting by developing an incentive bonus program. When done correctly, it can be an effective tool to further drive the desired performance and outcomes for the organization. Several key elements to ensure a successful program must be clearly agreed upon and developed prior to implementation. These items include having aligned goals with the organization, measuring reliable and objective data, planning in the financial budget, employee’s individual ability to impact outcomes, and taking a team based approach to both performance and payout.

**Aligned Goals with the Organization**

Having set goals for measurement and performance targets is at the heart of an incentive bonus program. Whether the goals are established at a higher system level or developed locally and approved by a leadership team, having clear goals for the organization helps guide the direction for employee action. It is critical that the entire team is working together to achieve the targets laid out for them. If the goals setup for the bonus are not in harmony with the overall
strategic direction of the organization, the program will not be successful in meeting the desired outcomes.

It has become common for many healthcare organizations or systems to embrace The Five Pillars of Excellence championed by the Studer Group. These pillars are made up of service, people, quality, finance, and growth (Studer, 2009). They serve as a foundation for organizational goals in meeting both service and operational excellence, while providing a focus for leadership strategy. Using the pillars as a framework or structure for ensuring balance will help focus on key performance actions by not being narrowly subjective in one particular area.

**Reliable and Objective Data**

It is imperative that reliable and objective data is used to produce standard reports, regardless of the aligned goals utilized by the organization or chosen for the incentive program. The data must be accurate and easy to understand for all levels within the organization, or the entire credibility and integrity of the bonus program will be in question. Once the appropriate data has been selected, it must also be transparent and consistent. Any incentive program will be in jeopardy if the expectations, rules, or standards are changed mid program year.

Where data is not objective, subjectivity can erode trust and create potential behavioral issues in the professional relationship between the leadership and staff (Gibbs, Merchang, Van der Stede, & Vargus, 2003). The question of fairness and equality may also further the issue of team disintegration discussed earlier. If the data is objective and leaves out any potential judgement, ultimately the overall perception of an unbiased program will be stronger.

**Financial Budget**

Incentive bonus programs are at risk for failure due to the cost involved with paying employees for performance. However, if the amount of total bonus payouts is included in the annual budget, it ensures that this is prioritized and planned for in the overall financial
expectations of the operations. If the incentives are estimated correctly, based on total possible payout for maximum goal achievement, any underperformance would simply be a lesser payout than what was originally budgeted. The financial payout should be weighted for the goals that are higher in importance to achieve.

Many businesses, including those within the healthcare industry, have some type of bonus incentive for middle to senior leaders for achieving required performance targets, yet often exclude frontline staff from sharing in the financial wins of the results. Even a small annual payout, a fixed dollar amount or percentage of annual income, would go a long way in expressing value towards all employees. By including the bonus program into the annual budget, there is focus on financial responsibility and a public commitment by leadership to invest in their team.

**Individual Ability to Impact**

Healthcare is anything but predictable. Treating two patients who are both diagnosed with diabetes may take two very different directions. While there are best practices, protocols, and clinical pathways to impact outcomes, many other factors exist that directly influence how the patients respond to care. Certain aspects of patient care (compliance, lifestyle, hereditary factors, etc.) are unpredictable and cannot be controlled. Fred Lee (2004) articulated that “Every patient is different. No two situations are alike and individual care cannot be standardized as on an assembly line” (p. 181). Building a reward system focused on outcomes or criteria that could not be influenced by the individual staff would be unfair and undermine the overall success.

While there are many unique aspects in healthcare that are unpredictable and cannot be standardized, there are distinct things that staff do which can be controlled and should be the basis of elements chosen for incentives. Key examples of items that an individual can impact in a clinic would be patient experience scores that rate office staff respect or communication, clinical quality data with correct documentation of medication reconciliation, and revenue cycle functions
with insurance eligibility or copayment collection rates. In each of these areas, there is objective and measurable data where a staff member can be responsible for the ultimate performance and outcome. Whereas things like improving provider communication, achieving budget or net operating margin, and even days in accounts receivables are outside of an individual’s ability to control and achieve the desired goal.

Team Approach

While people must be able to directly impact the outcome and results, a team bonus approach is recommended for all employees, wherein the entire team wins or loses together based on the aligned goals. Healthcare is in fact a team sport, where all roles are mutually dependent upon each other to succeed in delivering excellence in clinical and service quality. For example, if patient experience scores in a clinic setting are used as one of the incentive program elements, then the entire staff (regardless of role: front/back office, scheduling, billing, etc.) all play a part at some point in the patient’s experience. Similarly, access to care metrics often include patient preference in scheduling the appointment, phone and message response times, clinic wait times, and time to see a provider in the exam room.

There is clearly a need for ensuring a team based culture exists in healthcare. A bonus incentive program would enhance value within individual and collaborative roles. Without the emphasis on team, there would be division, disruption, and would dissolve all that is essential for effective care delivery.

Incentive Program Implementation

Even the most advanced and brilliantly designed incentive bonus programs has the reality of failing; as more than seventy percent of new initiatives fail. The major areas where big initiatives fail are inadequate communication and focus, no ability to properly measure or track performance, and poor follow up with action planning. (Leonard & Coltea, 2013). Each of these
items will be discussed further with appropriate examples to ensure successful implementation of an incentive program initiative.

**Communication and Clarity**

In the ever changing world of healthcare, there are constant messages and communication pushed to staff about priorities. At times it can be very confusing where to put focus with potential conflicting agendas. Just think about all the challenges impacting healthcare as an industry in the past few years with value based initiatives; the Affordable Care Act (ACA), Medicare Access and CHIP Reauthorization Act (MACRA), Merit-Based Incentive Payment System (MIPS), Meaningful Use (MU), managed care models, and the constant change of things internal within healthcare organizations. It can become very easy for management and front line staff to become confused on where the focus should be each day, especially when certain messages may seem to be in direct conflict with delivering patient care. The implementation of an incentive program based on aligned goals must be communicated with clarity to achieve the desired results with performance outcomes.

**Clearly defined expectations.** Communication and clarity regarding the bonus incentive program is paramount; quite likely the most important aspect in ensuring its success. While a new initiative may survive poor performance tracking and action planning, lack of focus in how staff are communicated with on both the program design and implementation, along with the purpose for its existence, will surely suffer a fatal demise. To ensure communication is successful, all levels of employees from senior leaders to front line staff, must be able to articulate the program in simple terms, to include how the actual bonus is calculated (see Appendix A for a sample bonus calculator tool). The acronym KISS (Keep it Simple and Straightforward) applies here. If expectations for performance and payout are clear, the likelihood of seeing tangible results will be greater.
Communication channels. Initially the senior leadership or final decision makers will be involved in the planning and approval, and may assume that everyone will simply get it from one general announcement. However, in order for staff to really take hold and understand, perhaps even share it with peers, a multitude of avenues should be pursued to over communicate the program. At a minimum, a slide deck or handout should be created with all the details (program goals, sample scorecard, expected outcomes, incentive payments, Q&A, etc.) for staff to refer to whenever needed.

In addition, communication should come through multiple email announcements, staff newsletters, bulletin boards, staff meetings or town hall events, employee huddles or direct leader rounding, and even a letter mailed to employees. The goal with multiple channels of disseminating the information is to over communicate to ensure that everyone has heard the message multiple times. Even when the program has been implemented and is off the ground, regular communication and report outs in some of the same formats must occur to maintain the momentum created and keep the focus of front line staff on the strategic direction being pursued for performance improvement.

Measurement and Tracking

As mentioned in the development stage, having clear objectives with a quantifiable impact on the expected aligned goals was established to improve the overall patient care experience in clinical and service quality. The metrics must be measured consistently and reported to staff regularly for tracking purposes. Data can be obtained from pulling reports from the Electronic Medical Record, Human Resources system, or other internal software programs. However, depending on the reporting ability, some reports may require manual calculations to be done. In utilizing the aligned goals of the organization, developing a balanced scorecard will provide a single source of truth that is easily shared or posted showing actual performance against the target goals.
In order for staff to see the effects of their effort (individually and collectively) they must be updated regularly to ensure accountability with driving results. It is of utmost importance to be transparent in performance updates; all staff should have access and a clear understanding of the big picture. This could mean a bulletin board display, newsletter, individual print outs, or shared in a presentation during a monthly staff meeting (See Appendices for a sample dashboard tracking tool and a wall mounted tracking system). Allowing staff to view their performance will not only provide peer accountability but will also facilitate questions and fuel ideas to better results in the future.

**Action Planning for Future Results**

Many of the aligned goals measured by the established metrics will be presented as a lag measure, something that can be looked at from past performance without the ability to change; such as net operating margin or patient satisfaction. However, a lead measure actually contributes to the success of achieving the goal (McChesney, Covey, & Huling, 2012). The focus in action planning for future results must be placed on lead measures - the things staff can control or influence. Utilizing the performance dashboard to show past performance of lag measures will allow for leaders to work with staff on how to setup action planning for lead measures to drive outcomes.

For example, in our aligned goals, office staff quality is measured under patient experience. The actual score will be known after the month is over, the reason it is called a lag measure, but the team must be able to drive performance with plans to influence this score through a lead action. Again, a lead measure is something that can be controlled or influenced that will help achieve the ultimate goal, the lag measure. Continuing with this example of increasing office staff quality scores, a lead measure could be something as simple as smiling, asking that patients if there is anything else they need, saying thank you. Then an action plan could be developed ensuring all staff smile, ask patients if there is anything else they need, and
say thank you before patients leave the medical facility. The expectation is that this would be done for every patient, every time. It can be tracked and monitored, audited in various ways, and is something that directly influences how patients will respond to a survey question on office staff quality as it relates to professionalism, courtesy, and respect. This doesn’t cost anything and everyone can easily do it. Once the action plan is developed, again it must be communicated with clarity and staff held accountable for ensuring it is followed through.

Acting planning utilizing this method will help employees see how their behavior and actions directly influence the outcomes of the goals that are being measured for the bonus incentive. In addition, action planning with the team fosters greater accountability and “peer pressure” to perform to the standards or actions agreed upon together.

**Intrinsic Approach to Recognition**

There is evidence from various studies which indicate employees have higher performance in environments with financial incentives, while others have demonstrated that non-financial recognition and appreciation should also be utilized to enhance performance (Dieleman & Harnmeijer, 2006). One study (De Gieter et. al., 2006), on nurses found:

When trying to establish an efficient reward system for nurses, hospital managers should not concentrate on the financial reward possibilities alone. They also ought to consider non-financial and psychological rewards (in combination with financial rewards), since nurses value these as well and they may lead to a more personalized reward system. (p. 15)

In the discussion for a staff bonus incentive program, it is important that intrinsic focused recognition, although not easily measured, is not eliminated from the desire of increasing performance and building a system of recognition in the healthcare workplace. Recognizing staff
through simple thank you cards, personal gratitude, public praise, and highlighting performance in other meaningful ways is an important reward for high achievement.

**Conclusion**

Engaging staff in the goals of the organization is crucial for long-term performance and sustainably within the healthcare industry. Recognizing employees for their work yields both higher staff and patient satisfaction, better quality care for patients, as well as increased financial performance. When done correctly, avoiding team disintegration while emphasizing monetary gain resulting in dependence for performance, financial incentives are a key component in enhancing the employee experience overall. Developing an incentive bonus program must be: aligned with the goals of the organization, based on reliable and objective data, financially sustainable, and it must possess the ability for individuals to directly impact results while focusing on a collaborative team approach. If the implementation phase provides clear communication, with appropriate measurement and tracking along with action planning for future results, a staff incentive bonus program will drive the performance goals of the organization.

One health system in the Midwest implemented an employee bonus system for ambulatory clinics. In the period of three years, patient satisfaction rose from the 12th percentile nationwide to the 78th, and where initially only six clinics were meeting the organization’s aligned goals, after implementation this jumped to 33 of 50 clinics (Adams, 2010). The author’s health system implemented an incentive bonus program at a pilot location, which resulted in this individual market being the system leader out of 17 markets in the designated aligned goals for the organization, and also significantly improved in multiple areas to include employee engagement and clinical quality scores.

While employee recognition through an incentive program such as this is important, there is also something to be said about face-to-face interaction and sincere appreciation for employees
as it relates to meeting or achieving a specific goal. When someone goes out of their way to personally take the time to thank a staff member, it can mean just as much as a financial reward. The use of non-financial incentives should be further studied and developed as a stand-alone or as a complement to the bonus incentive program. Additional research should be done around legal considerations that must be taken into account to comply with both federal and state laws.

It is the opinion of this author that healthcare organizations should implement a staff incentive bonus program, however it may not be possible or advisable in certain circumstances (in this case a strong recognition program would need to exist for employees without the use of financial incentives). An incentive program would be best if designed as a collaboration, by the administration or board with the assistance of professionals from both the Human Resource and Finance perspectives. If developed successfully, an organization can achieve its ultimate goal in the healthcare industry for patients: to ensure sustained improvement in the performance excellence of both clinical and service quality.
References


Retrieved from KIT – Royal Tropical Institute website:


### Appendix A

#### Quality Incentive Bonus Calculator

**Quarterly Incentive Bonus Calculator**

*Please select appropriate items from dropdown below and input quarterly results*

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<td>48</td>
<td>Quality Dashboard - YTD</td>
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<td>$100.00</td>
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<td><strong>Growth</strong></td>
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<td>100%</td>
<td>Budget vs Actual Report - YTD</td>
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<tr>
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<td>100%</td>
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<td>95%</td>
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<td>$25.00</td>
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<td>93%</td>
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<td>$-</td>
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### Appendix B
Wall Mounted Tracking Template

<table>
<thead>
<tr>
<th>Grow the Market</th>
<th>Improve the Product</th>
<th>Engagement</th>
<th>Finance</th>
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<tbody>
<tr>
<td>Clinic Scorecard</td>
<td>Patient Satisfaction (Recommend Provider, Office Staff Quality, Access to Care)</td>
<td>Stolight Report</td>
<td>Staff Overtime</td>
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<tr>
<td>Clinic Volume</td>
<td>Clinic Performance Measures (Front/Back Office)</td>
<td>Gallup Questions and Scores</td>
<td>Finance Report – Visits vs. Budgeted</td>
</tr>
<tr>
<td>Patient No Shows</td>
<td>Quality Dashboard</td>
<td>Gallup Action Plan</td>
<td>Revenue Cycle – CoPay Collections</td>
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### 2017 Clinic Scorecard

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<tr>
<th>SERVICE</th>
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<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<td>92.3%</td>
<td>94.4%</td>
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<td>94.4%</td>
<td>94.3%</td>
<td>94.8%</td>
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<td>94.9%</td>
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<td>95.4%</td>
<td>92.8%</td>
<td>92.0%</td>
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<td>92.8%</td>
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<td>94.7%</td>
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<tr>
<td>Access to Care (3 Month)</td>
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<td>80.4%</td>
<td>86.5%</td>
<td>81.7%</td>
<td>78.9%</td>
<td>68.7%</td>
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<td>77.2%</td>
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<td>97%</td>
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### QUALITY

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<th>TBD</th>
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<th>36</th>
<th>36</th>
<th>34</th>
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<th>39</th>
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<th>45</th>
<th>48</th>
<th>TBD</th>
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<th>37</th>
<th>45</th>
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### PEOPLE

<table>
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<th>Employee Engagement</th>
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<th>4.61</th>
<th>4.45</th>
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<th>4.61</th>
<th>4.61</th>
<th>4.45</th>
<th>4.45</th>
</tr>
</thead>
</table>

### FINANCE

| Budget Targets (Net Operating Margin) | 100.0% | 100% | 102% | 168% | 84% | 100% | 76% | 85% | 102% | 95% | 103% | 85% | 106% | 123% | 87% | 94% | 98% | 100%
| Labor Standards (Meets Budgeted WHPUOS) | 1.48 | 1.44 | 1.53 | 1.45 | 1.50 | 1.66 | 1.87 | 1.56 | 1.42 | 1.33 | 1.44 | 1.90 | 1.45 | 1.47 | 1.68 | 1.44 | 1.60 | 1.55
| Revenue Cycle - Insurance Eligibility Verification | 90.0% | 93% | 94% | 95% | 95% | 94% | 96% | 96% | 94% | 95% | 95% | 94% | 94% | 94% | 95% | 95% | 94% | 94% |
| Revenue Cycle - Co-Pay Amount Populated | 90.0% | 91% | 95% | 97% | 97% | 96% | 96% | 97% | 96% | 97% | 97% | 96% | 95% | 94% | 96% | 97% | 96% | 96% |
| Revenue Cycle - Co-Pay Collected at Time of Visit | 90.0% | 92% | 93% | 94% | 94% | 90% | 90% | 94% | 98% | 95% | 94% | 90% | 93% | 93% | 91% | 95% | 92% | 93% |
| Overtime Usage (Premium Hours) | 75 | 114.2 | 87.9 | 102.3 | 90.5 | 96.5 | 104.9 | 88.0 | 100.9 | 82.7 | 95.0 | 65.3 | 84.2 | 304.4 | 291.9 | 271.6 | 244.5 | 1112.4 |
| No Show Appointments | 5% | 9% | 9% | 9% | 10% | 12% | 13% | 12% | 10% | 10% | 9% | 13% | 12% | 9% | 12% | 11% | 11% | 11% |

### GROWTH

| Productivity (Budgeted Patient Visits) | 100.0% | 101% | 101% | 109% | 86% | 100% | 95% | 97% | 118% | 106% | 101% | 99% | 103% | 103% | 93% | 107% | 101% | 103% |

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Appendix C
Dashboard Tracking Tool

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