

Process, Product and Facility Standards

While writing a letter to Larry Anderson describing my progress on my Prescott project, I realized I really had something in setting up process, product and facility standards.

With national medical and medical equipment standards (RBRVS and DMEPOS), I have templates for all product, process and activity (facility) standards. I am using those templates to set up local standards. National facility standards are found in RBRVS as PE and Malpractice standards. National product standards are found in DMEPOS or by extending RBRVS into a service fee schedule.

One thing I realized is that the product standards describe revenue, the process standards describe direct costs, and the facility standards describe indirect costs.

Another thing I realized is that process standards describe facility standards, or the RBRVS system covers both direct and indirect. It also handles technical and professional.

I realized I really had something in setting up three instead of two sets of standards: product, process and facility instead of either product or process. My way describes everything by product, process and activity so it facilitates the integration of those descriptions. This is helpful when building local standards, because every business has products, processes and facilities. With good business modeling, the information you generate will automatically develop local standards for each.

By using one name for all three (product name equals process name equals facility name), I can automatically generate local standards for product, process and facility. Just like I generated local standards for nursing and all other charge line cost accounts, I can associate revenues, direct costs and indirect costs with each product, process and activity.

The national standards do the same thing, but there is a lot of hidden business modeling. They do the business modeling for us and give us the standard in one package with one name. For each procedure, using RBRVS we can develop a fee schedule, direct labor both professional and technical, and indirect costs PE and Malpractice. Now, to develop local standards for a procedure or procedure group, we would want to measure it using the General Business Model template, so we would have a checklist to follow. For example, if the procedure used a piece of equipment, that equipment could be shared with other procedures. Business modeling will tell us the potential and actual sharing, and we can estimate the capacity of that equipment (how many procedures can it handle before we need another unit).

Because I have described each object (name) three different ways, I can automatically generate these local standards by associating the products or procedures with various charge lines, locations, and equipment. For example, because we have modeled we can measure the actual usage of people, equipment or space by product, process, or activity (facility).

For each product there is an associated (equally named) process and facility. Each product is associated with a process and a facility. It is really three views of the same

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thing. That product is described to the outside world in advertising. It has a process description. It comes in and it goes out so is an input output view, There is a process that purchases it, prepares it for sale, sells it and installs it. There is a facility description. It takes floor space, security, distribution and protection from the elements.

Likewise, for each service there is an associated (equally named) product and facility.

Even facilities have purpose. For each facility there is a process, an activity the facility is designed for and advertising for that activity.

The main idea here is that if we completely define things our systems will automatically generate local standards for everything. Everything will have those local product, process and facility standards.