

Goodhart's Law: Why Metrics Alone Won't Fix Your Problems

Early in my career, I worked on a project to create [a unified revenue cycle dashboard for one of the largest health systems in the country](#). The goal was simple: enable true like-for-like comparisons across different markets. Before our work, each market tracked similar metrics, but there was no standardization. For example, everyone calculated net collections rate as net payments divided by net charges, but the definition of "net charges" varied. Some markets included only contractual adjustments; others also factored in small balance write-offs because collecting those amounts would cost more than they were worth.

During this engagement, we were on a call with revenue cycle leaders from each market to explain the upcoming changes. Halfway through the meeting, one leader spoke up:

"I'm fine if you change how these metrics are measured but understand that you're also changing the way we manage our workflows and teams. Make sure you've thought through those implications before finalizing these changes."

That statement was an honest assessment of how people respond to change and perfectly encapsulates Goodhart's Law: *"When a measure becomes a target, it ceases to be a good measure."* The moment you tie performance to a metric, behaviors shift—often in unexpected ways. Adjusting a measurement isn't just a technical update—it reshapes workflows, influences decision-making, and affects patient care.

Creating Healthy Tension

There's no way to eliminate the unintended consequences that come with tying incentives to a metric—but you can mitigate them. The key is *balance*: no single number should dictate success. Instead, a handful of carefully chosen, competing metrics should work together to create a dynamic tension that aligns with broader goals.

Think about sports. Winning requires balancing offense and defense. A team that only focuses on scoring will struggle if they can't stop their opponent. Similarly, a team obsessed with defense may shut down the opposition but still won't win if they can't score. The best teams develop a style of play that suits their strengths while keeping both ends of the game in view. Winning requires seeing the full picture... both offense and defense matter.

The same principle applies to performance metrics in healthcare. You can't optimize just one aspect of a system without considering the ripple effects elsewhere.

Goodhart's Law in Action: Physician Compensation

Most physician compensation plans revolve around work relative value units (wRVUs), a common proxy for productivity. When wRVUs become the primary driver of pay, physicians naturally focus on increasing their

volume of encounters. This can lead to unintended consequences, ranging from overbooked schedules that reduce time spent with each patient to excessive tests and unnecessary procedures.

Urgent care providers face a different challenge. They have little control over who walks in the door, so their performance is often measured by patient satisfaction or net promoter scores (NPS). On paper, this makes sense—urgent care centers rely on repeat business and positive word-of-mouth referrals. However, overemphasizing patient satisfaction can create perverse incentives. Providers may feel pressured to meet patients' expectations even if those expectations aren't aligned with clinical best practice (e.g., overprescribing antibiotics to treat non-bacterial infections). Finding the right balance starts with recognizing that *no single metric tells the full story*.

Instead of relying on one “perfect” measure, the best approach is one that fosters alignment across priorities. That means:

- **Balancing multiple, competing metrics** to ensure that productivity doesn't come at the expense of quality, cost efficiency, or patient outcomes.
- **Maintaining flexibility** so organizations can adapt as conditions and priorities evolve without being locked into a single definition of success.
- **Exercising restraint** and resisting the urge to measure everything or treat every metric as equally important and instead focusing on what matters most.

At Ancore Health, we know that success isn't about tracking more metrics, and we certainly aren't saying that metrics don't matter. *Of course, they do*—but only when they're part of a system designed with intention. Goodhart's Law is a reminder that chasing numbers without context can backfire, distorting behaviors, and undermining outcomes. Real progress happens when organizations move beyond surface-level scorecards and build measurement strategies that balance competing priorities, adapt to change, and drive meaningful action. The goal isn't just better metrics—it's better decisions, better care, and better results.