Competing on Quality: 6 Barriers to a Healthy Health Care Market

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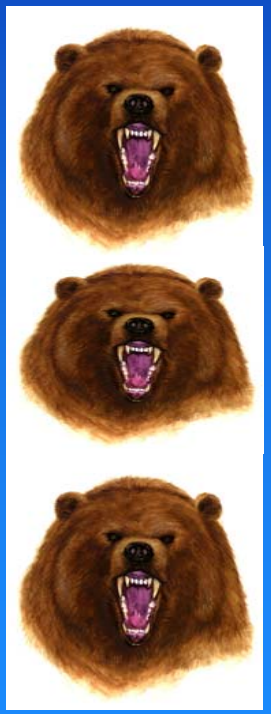
FTC Roundtable on Competitive Significance of Healthcare Provider Quality Information

Competition as a Path to Quality Can Be a Bumpy Road

The Bad News: It's More Difficult in Health Care

- Other Industries

- Health Care



Competition on Quality: Three Paths, Similar (Not Identical) Hurdles

Three Paths:

- Consumers choose higher-quality providers, who then get more market share and potentially higher rewards
- Payers choose higher-quality providers, who then get more market share and potentially higher rewards
- Providers compete among themselves for intrinsic reasons, or because of publicity

Hurdles:

- Six Hurdles on Each Path, but Play out differently for each

Hurdle #1: Awareness

- Problem: Many consumers, and some payers, do not know that quality differences exist
- Strategies: IOM Report, well-publicized horror stories are beginning to change that
- But most believe their <u>own</u> provider is good

Hurdle #2: Measures

- Issue: For informed choice, need valid, uniform measures that are relevant and credible to the consumer, payer, and provider
- Barriers: too many measures, and too few measures. Most are process or diagnosis-specific; different players value different measures
- Progress: NQF focus, increased adoption by Medicare, Medicaid, states, private payers
- Example: More than 50 Quality Indicators from AHRQ accepted by NQF, in widespread use by states, CMS

Example: AHRQ Quality Indicators (QIs)

- Use existing hospital discharge data, based on readily available data elements
- Growing use for reporting and P4P
- NQF endorsement for 50+ so far
- CMS using 9 under new Inpatient Payment rule
- 12 states use AHRQ QIs for public reporting

Hurdle #3: Data

The challenge

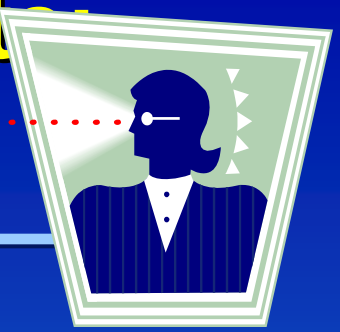
- Measures without data are useless to the market
- Need market-level data BUT also need national benchmarks. Why compete on mediocrity?
- Measures and data can improve with use – "good" measures and data can get better (though not perfect)
  - BUT – Even good measures with bad data can create mischief
- Data must be good AND cheap
- There is no gold standard
  - Clinical, administrative, patient experience of care data all have strengths, weaknesses
  - EHR no data panacea

Hurdle #3: Data (cont'd)

Some Progress

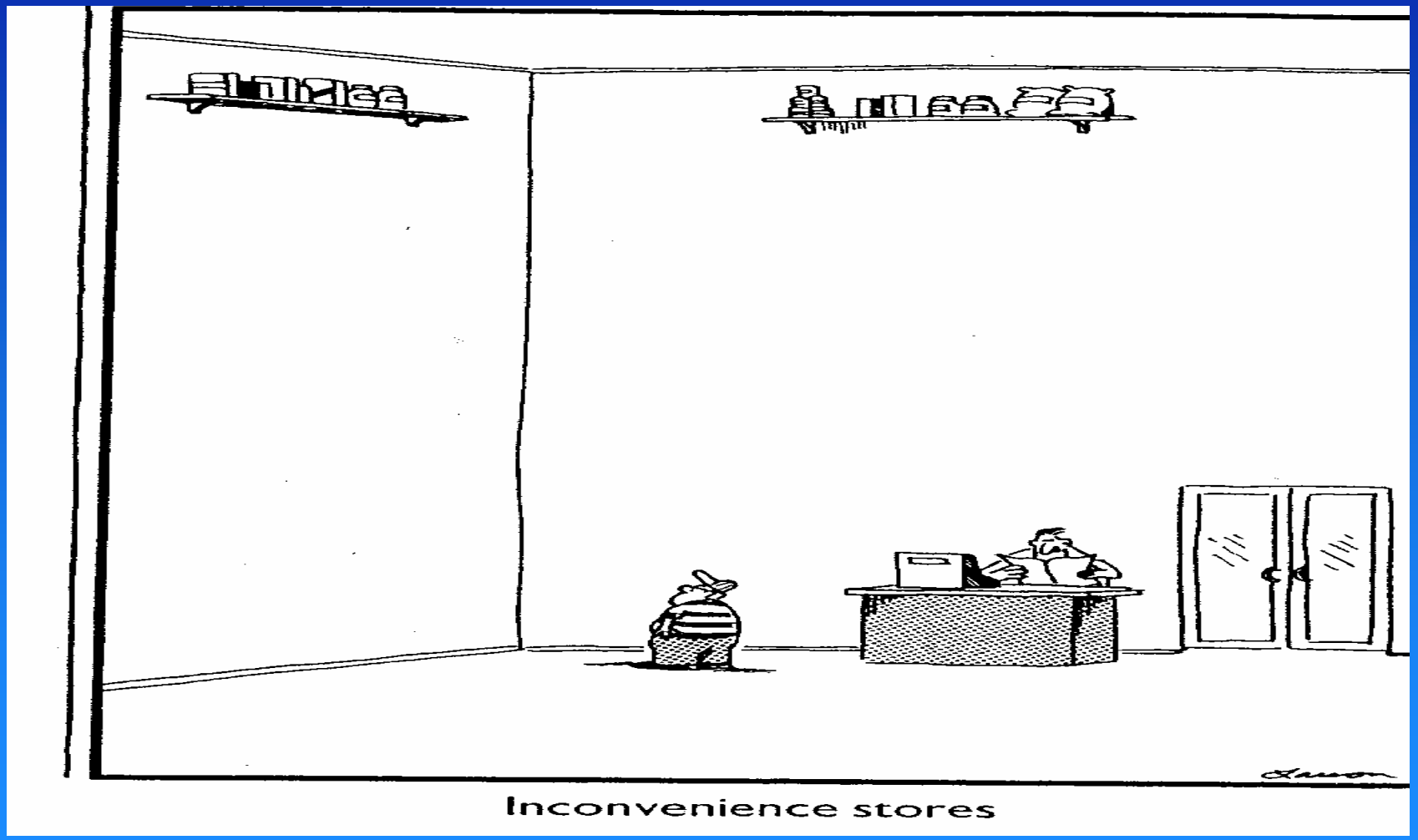
- Moving toward hybrid data for hospitals
  - Pine study shows adding POA and Laboratory Values approximates accuracy of chart review
  - States building improved all-payer datasets
- AQA, others working to improve physician data
- NQF, others targeting episode data

Administrative/Hybrid Data: The Future



- Improve timeliness
- Provide on-line all-payer market-level data on cost, quality, efficiency, price.
- Add clinical detail, data links for accuracy, credibility
- Expand outpatient reach (e.g. physician, episode)
- Pilot cross-site data, new data links
- New tools for expanded data
- Additional states, as feasible
- Develop, validate, maintain, deploy measures in priority areas
- Expand data elements to align with levers of change
- Tools for change

Good Data Not Enough: Need Customer-Friendly Tools

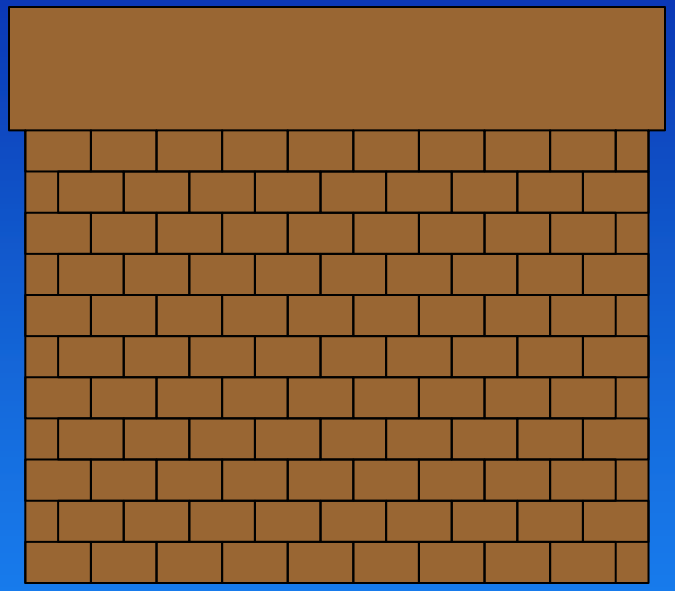


Inconvenience stores

Hurdle #4: Understanding

- The bad news: Most quality reports are not very good
  - Don't present information simply, effectively, in ways the reader understands and cares about
- The good news: A growing evidence base on this
  - Tested models in AHRQ's CAHPS, Quality Indicator reports
  - NQF Guidance for web-based comparative quality available soon
- Links and aids:
  - www.talkingquality.gov, includes
  - QI Model Report and Sponsor Guide soon on AHRQ website
- Source: Shoshanna Sofaer, Presentation to Chartered Value Exchanges, October 3, 2008

Hurdle # 5: Effective Choice



Barriers and limitations

- Geography (one-hospital towns)
- Insurance (limited provider options)
- Money and/or lack of insurance
- Time (no web access in the ambulance)

Hurdle #6: Other Market Realities

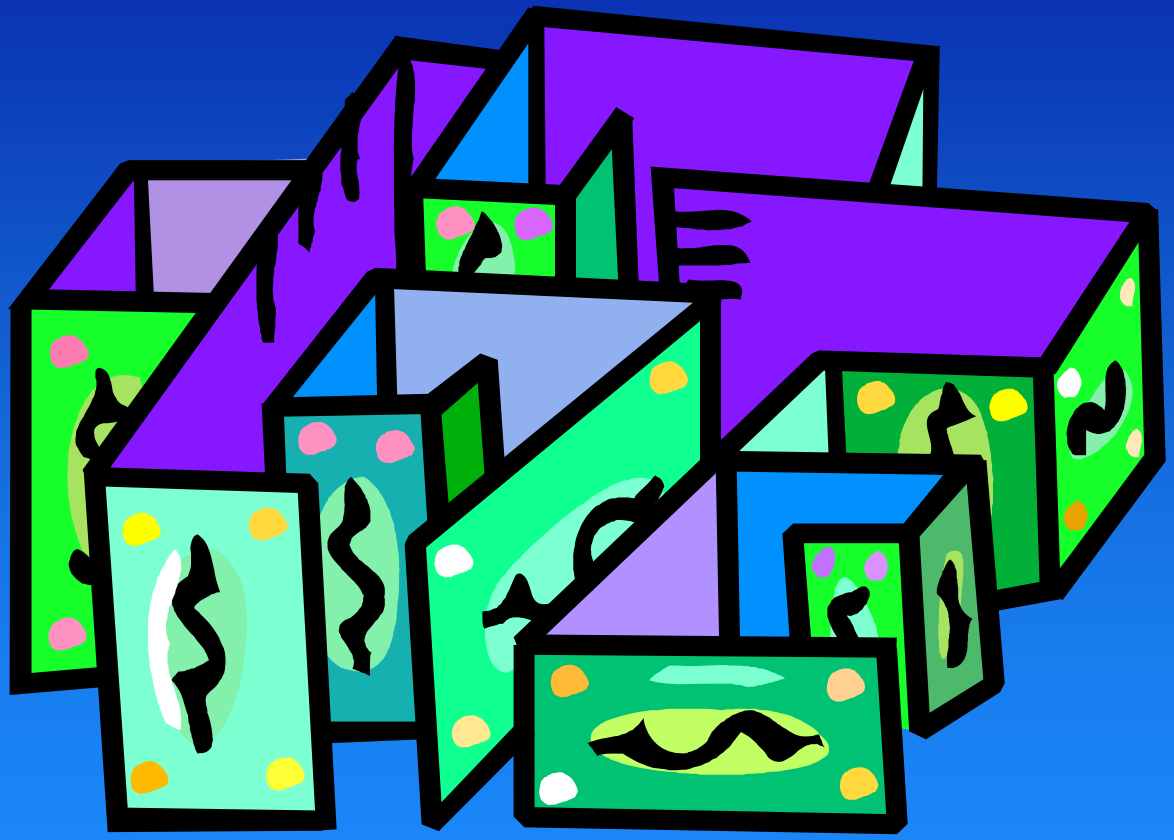
Barriers:

- Multiple markets – e.g. hospitals vs. physicians
- Multiple Product Lines – Quality Scores Don't Generalize
- Market segmentation by payer source

Facilitating Progress

- Episode measures
- Cross-cutting measures
- Payer Cooperation on measures

The Challenge: Addressing Multiple Barriers at the Same Time



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