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 own 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.
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

[Map showing states that use AHRQ QIs]
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
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](http://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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