



ENGELBERG CENTER for  
Health Care Reform  
at BROOKINGS

# Meaningfully measuring value and efficiency

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NCVHS Subcommittee on Quality

October 14, 2010

# Definitions

- “**Cost of care**” measures of the total health care spending, including **total resource use** and **unit price(s)**, by payer or consumer, for a health care service or group of health care services, associated with a specified patient population, time period, and unit(s) of clinical accountability.
- “**Efficiency of care**” measures **cost of care** associated with a specified level of **quality of care**. “Efficiency of care” is a measure of the relationship of the cost of care associated with a specific level of performance measured with respect to the other five IOM aims of quality.
- “**Value of care**” measure of specified stakeholder’s (such as an individual patient’s, consumer organization’s, payer’s, provider’s, government’s, or society’s) **preference-weighted assessment** of a particular combination of **quality** and **cost of care** performance

**From AQA: Principles of “Efficiency” Measures**

# Whose Costs?

- Consumer (“out-of-pocket” costs)
- Plans/Employers (discounted charges; administrative costs, indirect costs/productivity)
- Provider (fixed and variable input costs)
- Society (disease burden, etc.)

# Current measurement approaches

- Unit based (e.g. service/1000)
- Episode-based (e.g., relative disease-related cost/reference point)
- Per capita (total cost/1000)

Approaches can be combined

# Measure Development

- Proprietary (non-transparent) episode-based approaches; in use by payers, employers, etc.
- Transparent episode-based approaches (High-Value Healthcare Project/ABMS, Prometheus)
- Transparent condition-specific per capita approaches (e.g., NCQA)

**NQF call for measures in 2010**

# Key challenges for measurement I

- Focus: Costs – Resource Use – Paid amounts?
- Methods
  - » Episode definition
  - » Sensitivity/Specificity
  - » Mutual exclusivity/composites
  - » Risk adjustment

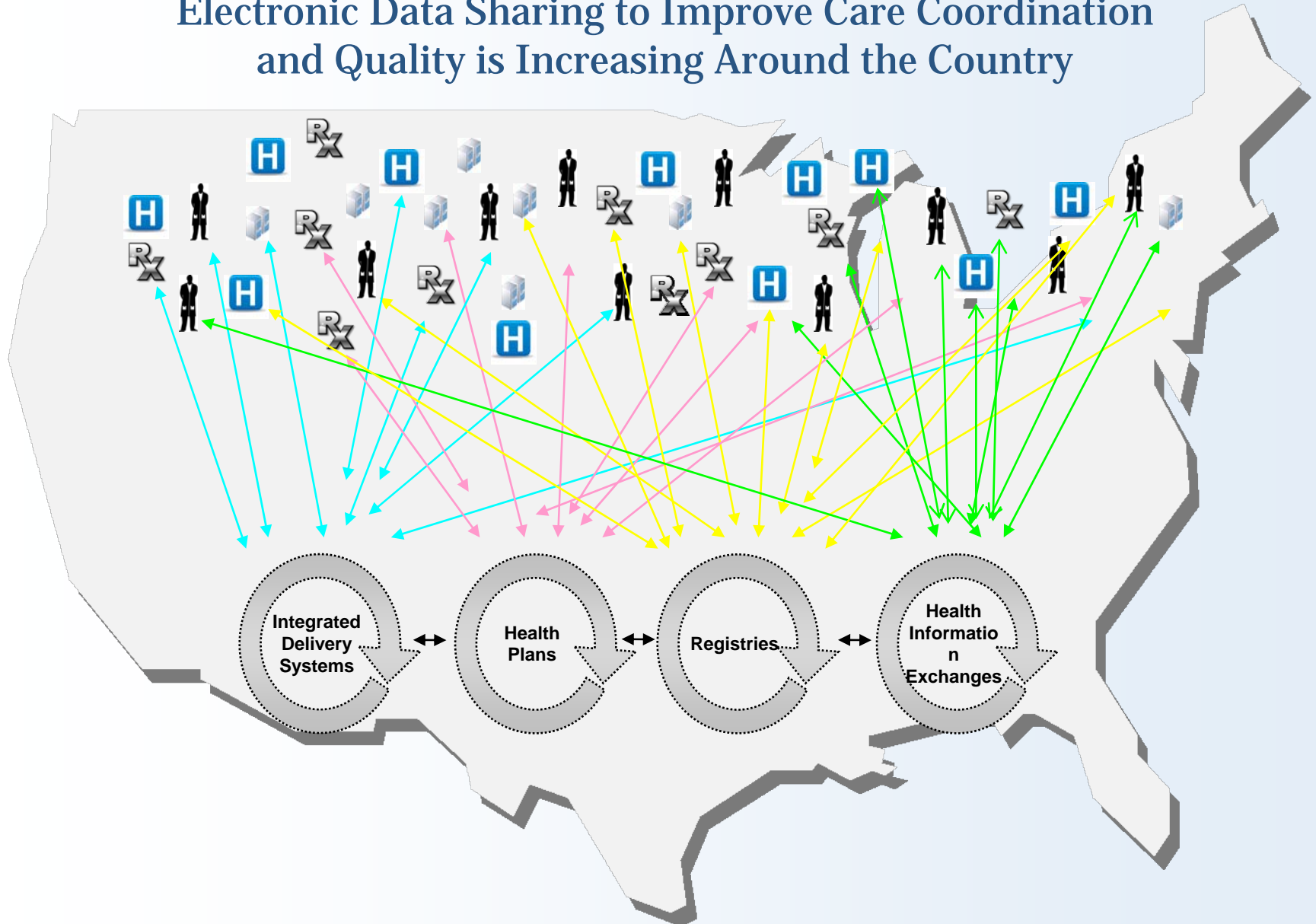
# Key challenges for measurement II

- Data Sources
  - » Administrative Data; other?
  - » Reliance on more than one data source type
- Standardization
  - » Accounting (e.g., administrative costs)
  - » Multipliers/Fees
- Comprehensiveness
  - » All data – partial data

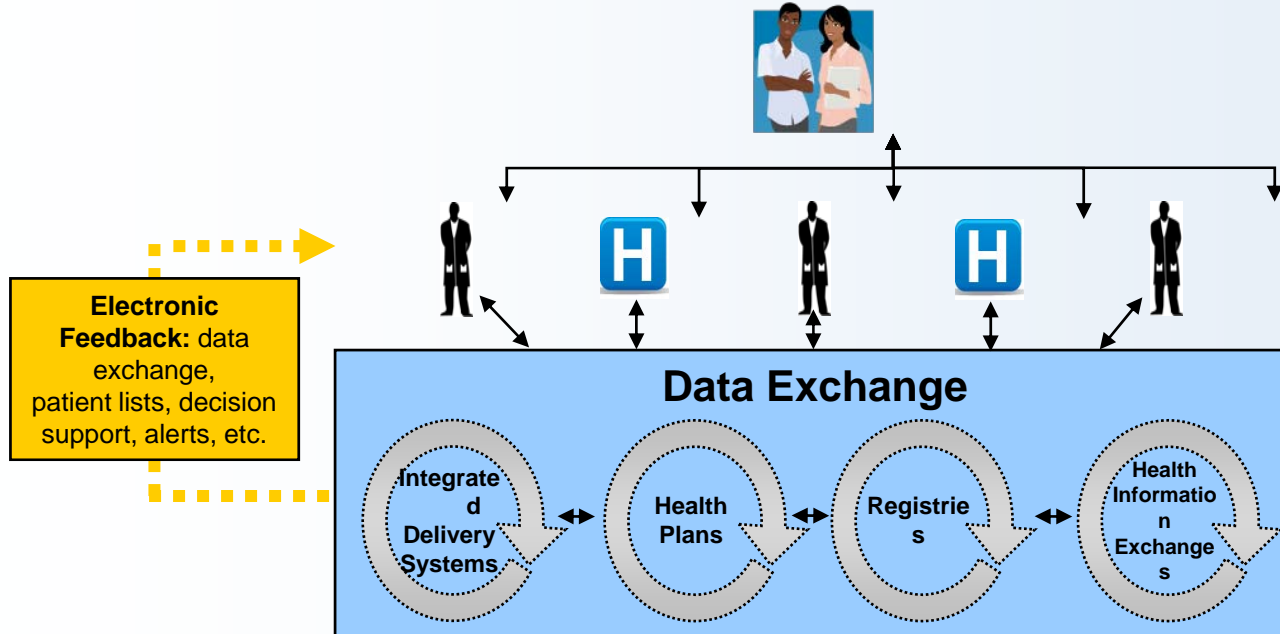
# Key challenges for measurement III

- Risk Adjustment
  - » How to measure underlying patient factors?
  - » Over-adjustment
- Linking measures of cost and quality
- Consensus
- Implementation on a wide-scale basis

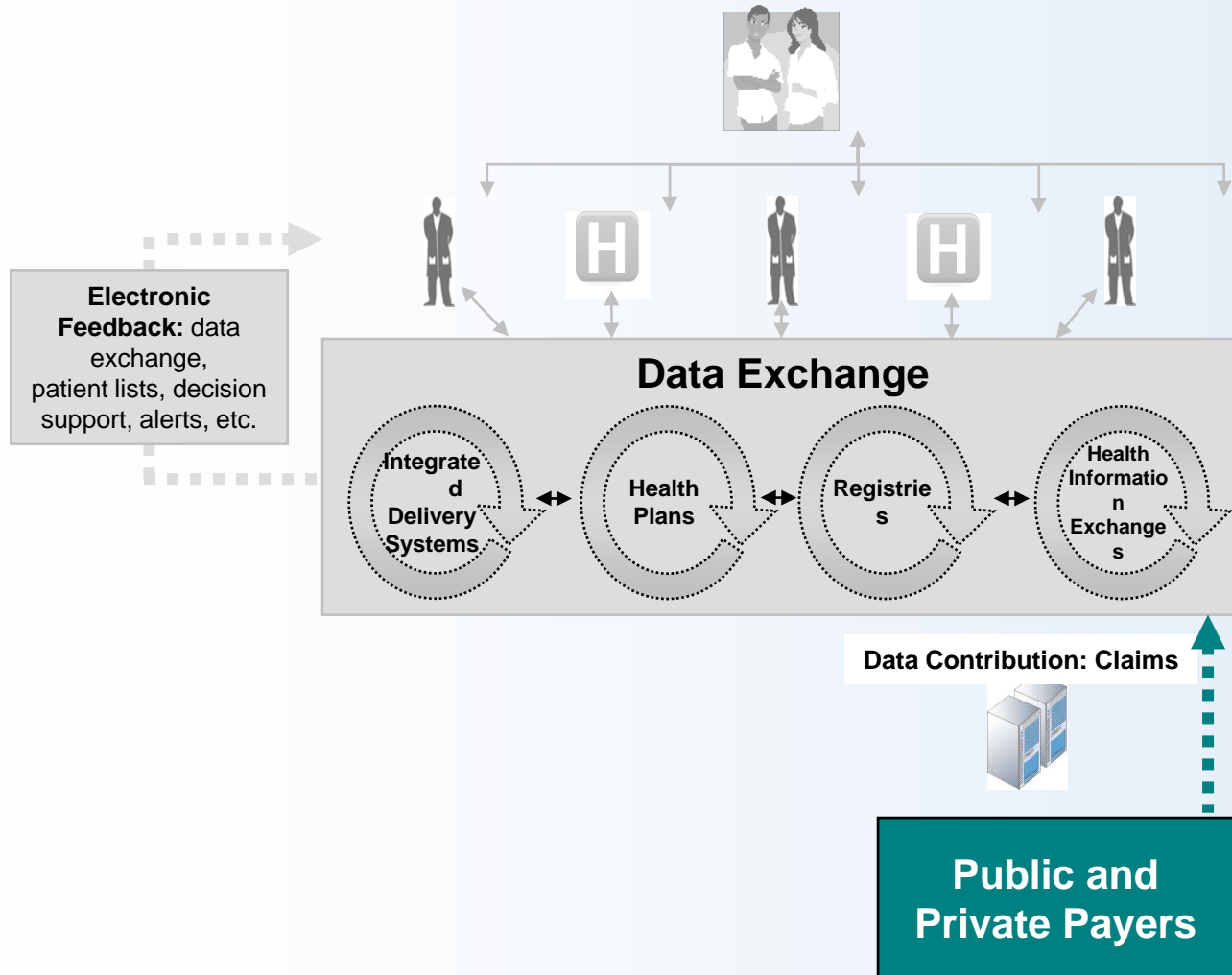
## Electronic Data Sharing to Improve Care Coordination and Quality is Increasing Around the Country



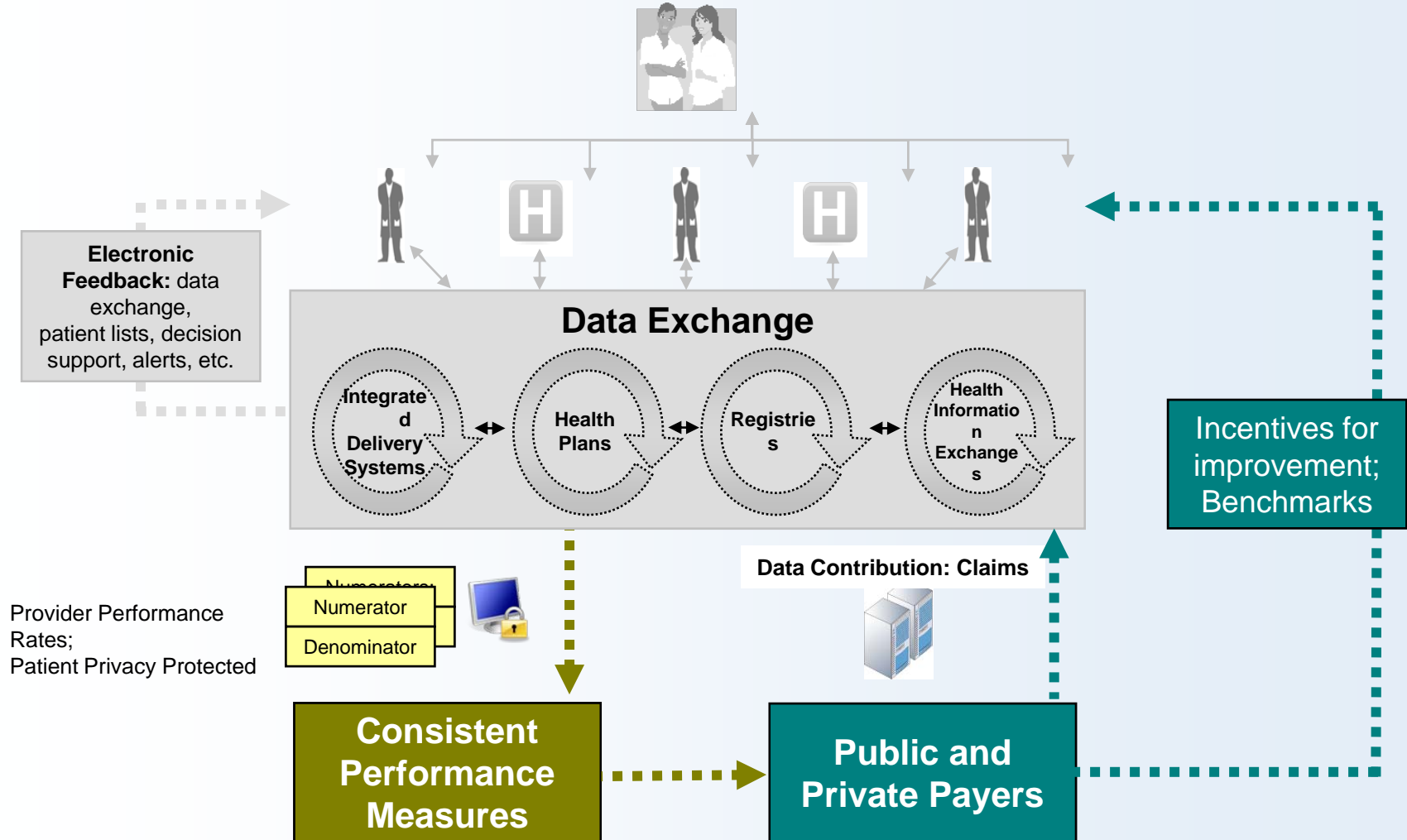
## Providers: Better Coordinated and Improved Care Through Data Exchange and Feedback



# Payers: Contributing Data



# Payers: Receiving Data to Evaluate Care and Provide Support through Incentives



Provider Performance Rates;  
Patient Privacy Protected

Numerator  
Denominator

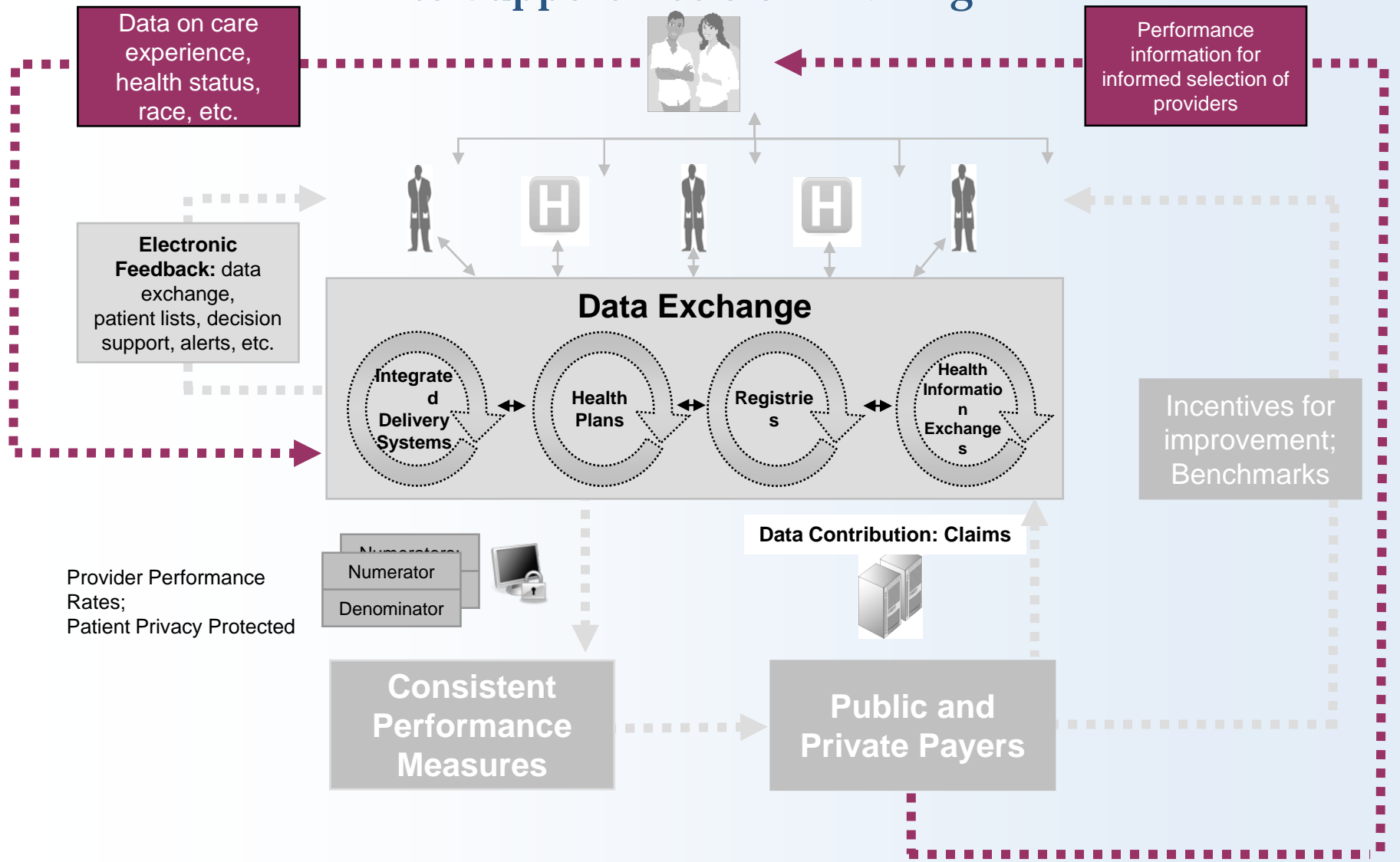
Data Contribution: Claims

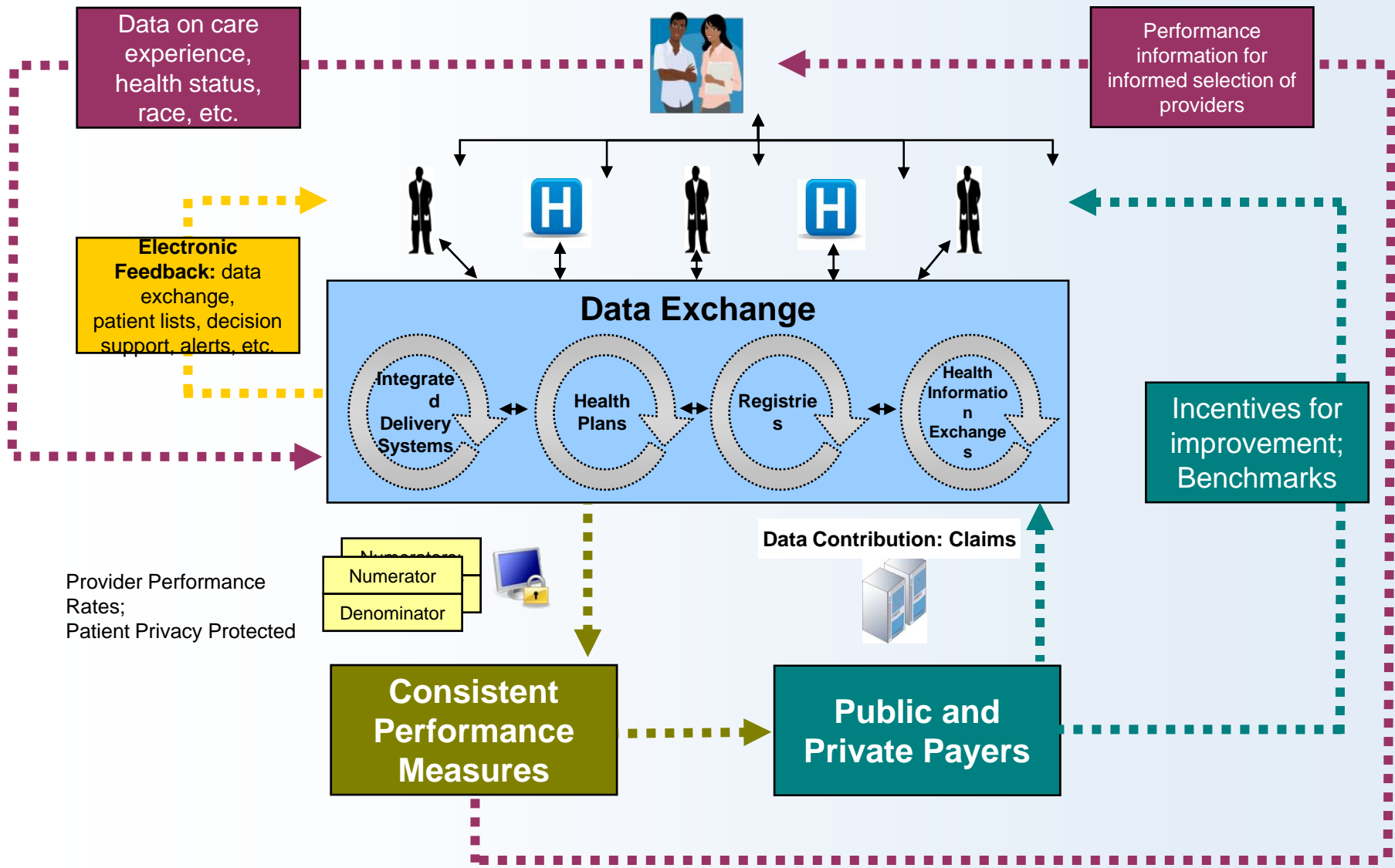
**Consistent Performance Measures**

**Public and Private Payers**

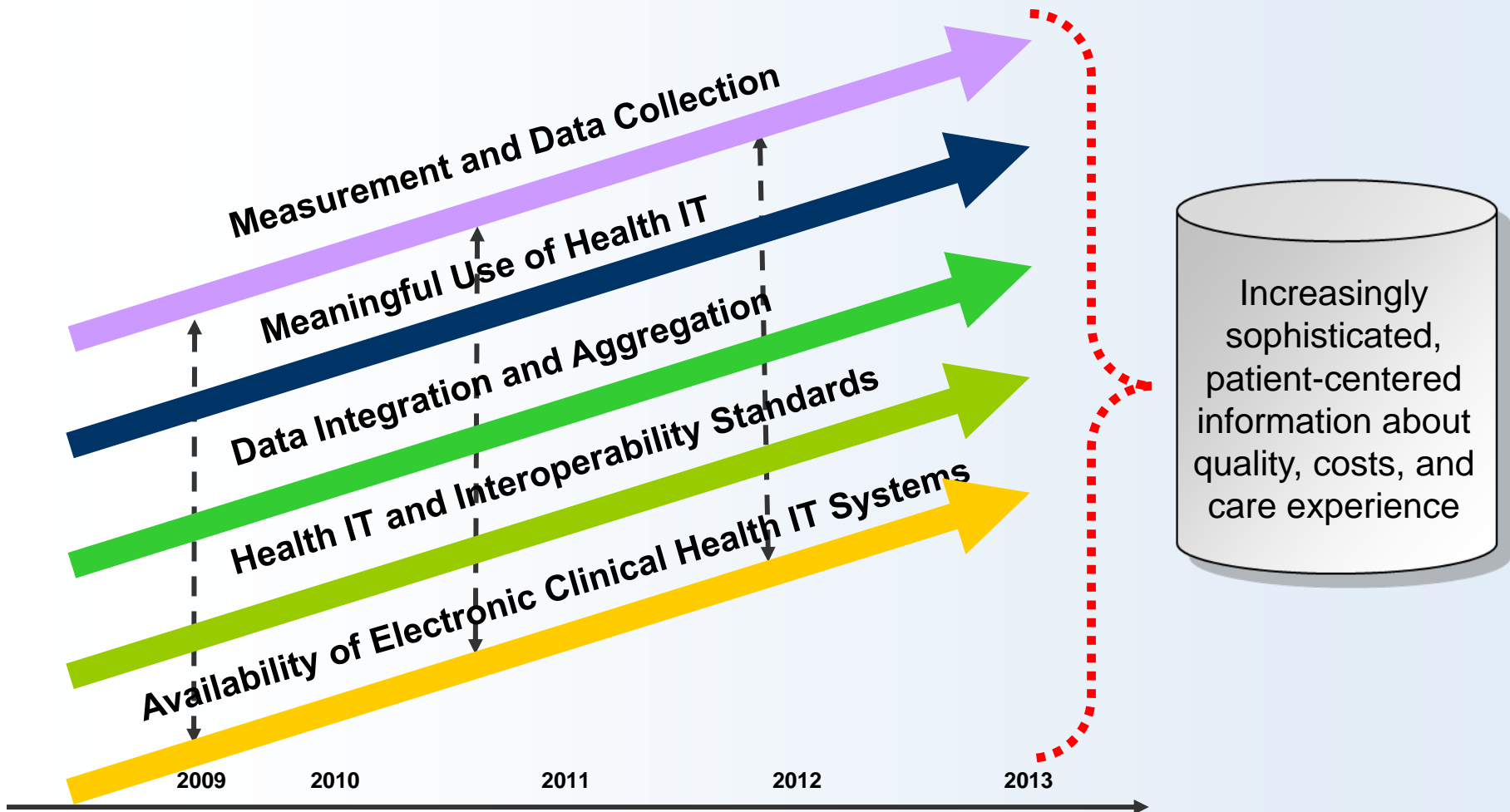
**Incentives for improvement; Benchmarks**

# Consumers: Contribute Data, Use Reliable Information to Support Decision-Making





## Many Aspects of Quality Measurement and Health IT Must Work Together to Improve Care



# Implementation Needs

- Pilot implementation of payer-spanning cost and quality measures through distributed data systems
- Develop approaches to link “composite” quality and cost measures, with drill-down capacity
- Array/present information to consumers to optimally support decision-making needs

## Pilots Will Drive Movement Toward Nationally-Consistent Methods, Resulting in Improved Care and Better Value

### ***Potential Methods to Pilot...***

Consistent summary reporting methods from regional information exchanges, integrated record systems, registries, health plans (building on existing distributed analysis network methods)

Reductions in additional quality reporting burdens, beyond data integration required for delivery of care

Methods to assure complete reporting (i.e., all patients represented) and no double counting

Feedback mechanisms to providers, to ensure measure accuracy; and

Ability to capture and use information on race, ethnicity, language, experience, preference, etc.



### ***Potential Links to...***

Measurable improvements in patient outcomes, error reductions, and other aspects of quality of care

Better evidence on best practices, and further resulting improvements in care

Demonstrated reductions in administrative burdens on providers and others for quality reporting

Demonstrated improvement in resource use and efficiency

Greater confidence in adopting payment reforms and other reforms based on value, rather than volume and intensity

Greater returns on investments in improving quality and value

# Success Requires Public and Private Sector Collaboration and Commitment

## Coordination & Planning

- ***Public/Private Partnership***

- Establish strategic vision, methods, and timelines for covering patients and providers through measurement approaches
- Coordinate development of successful methods to producing equivalent performance results across diverse public and private organizations and data sources
- Promote successful methods for nationwide implementation
- Promote harmonized data collection and measure implementation activities with other related efforts: “meaningful use” of HIT, pay-for-reporting, pay-for-performance
- Ensure that implemented measures can be and are effectively used by providers and consumers



## Implementation

### ***Public Sector/Federal***

- Implements quality measurement, HIT, and payment incentives and other policies that are consistent and mutually reinforcing
- Builds capacity to receive data from multiple sources
- Releases timely public-sector data to support care coordination
- Assures resources are available to support critical tasks

### ***Private Sector***

- Participates in electronic data sharing activities to improve care coordination and patient care
- Shares in public-private efforts to produce measures
- Supports pilot activities to identify successful, innovative methods to calculate measures
- Contributes expertise and data to identify successful and sustainable methods

