Executive Summary

Quality Measurement for Health Care Purchasing

Better Health Through Informed Policy

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Unmanaged market forces and regulation have failed to maximize the benefits of our health care system at a reasonable cost. In response, health care purchasers have negotiated price discounts while engaging in research and dialogue with health care providers to improve the quality of care. The phrase “value purchasing” has thus come to represent the idea and activities associated with getting the best care for the best price. This term is applied to the benefits accruing from effective health care, and not to the broader concept of purchasing population health improvement from all determinants of health.

The federal government, business and industry, national professional organizations and large foundations have all made improving health care quality and efficiency a major priority. The past twenty years have shown significant progress in developing and implementing strategies aimed at defining and gaining agreement on a common set of quality measures by which to determine “best care.” These efforts have separated into measures of clinical quality (doing the right thing, at the right time, to the right patient) and patient satisfaction.

Nevertheless, many significant barriers exist in conceptualizing health care value, applying and interpreting quality measures and, especially, structuring incentives and sanctions to ensure or improve health care quality.

The challenge facing policymakers, public and private, is how to support and balance the goals of best care for the best price. Those who provide health care and those who purchase it must continue to develop and nurture the essential dialogue and trust that will allow the realities of the marketplace to shape, but not distort, the provision of quality health care.

This paper reviews value purchasing efforts nationally and in Wisconsin and summarizes the challenges to further progress. It concludes with a list of possible areas of action for Wisconsin policymakers.

The possible areas of action include:

- Support public and private efforts to develop, endorse and promote a uniform set of quality measures for use in health care purchasing by private employers, public employers, Medicaid and possibly Medicare.
- Once uniform measures are endorsed, identify specific steps to reduce the multiple reporting requirements now faced by providers.
• Encourage and fund demonstration programs through public/private partnerships to provide financial incentives and penalties for quality performance. Such programs should identify and analyze public and private policies and regulations impacting on such incentives.

• If the state Private Employer Health Care Program is implemented, ensure that quality performance standards, as well as cost, are considered when purchasing care.

• Develop a statewide information campaign to encourage purchasers and consumers to more effectively compare the cost and quality of their health care choices.

• Develop a public/private fund to support Wisconsin-based research on critical issues in value purchasing.

• Ensure public access to the data needed to make informed decisions through standards like the statutory mandate for reporting physician and hospital discharge data.