



“Consumer Engagement” and “Value-Driven Health Care”: Do we have the right information tools?

Donna Friedsam, MPH

January 2008

Volume 8 Number 1

Estimates suggest that 30-40% of health care dollars are wasted on the costs of poor quality -- overuse, underuse, misuse, duplication, system failures, unnecessary repetition, poor communication, and inefficiency.^{1,2} Now, health care consumers face growing expectations for their role in achieving a fix, along with providers, purchasers, and policy-makers.³ More engaged and empowered consumers, it is argued, could spur providers to eliminate unwarranted practice variation and services of marginal benefit, promote judicious use of recommended, evidence-based care, and stimulate price competition. These developments would in turn result in improved quality, reduced costs, and better outcomes.⁴

The quest for better value in health care underpins current initiatives in data collection and reporting, benefit design, information technology, payment reform, and efforts to expand insurance coverage. Many reforms seek to change incentives that govern health care decision-making and behavior--incentives that depend on “actionable” information. Publicly reported information on health care performance is intended to help consumers select hospitals, physicians, and treatments based on standardized measures for clinical quality, efficiency, and consumer experience. But what information tools are needed to advance toward these common goals? What is the potential, and what are the limits of such information tools?

Consumer Engagement

Consumers may play three active roles in health care.⁵ They make market choices among insurance options, delivery systems, providers, care and services; consumers as patients “co-manage” their care with providers and make choices about their own health maintenance; and consumers evaluate the care they receive. Ideally, such engagement increases patients’ own quality of care as well as the overall quality of health systems.

Effective consumer engagement depends on the reporting and provision of data on quality, cost, or price, along with incentives, financial or otherwise, to use these data for decision-making. But widespread deficiencies in consumers’ literacy and numeracy skills may challenge these efforts.⁶ As well, providers need training to work constructively with more engaged patients. Payment systems need to support models of care that allow for dialogue and patient participation. And employers need to assure the consumers have meaningful choice and ability to act on the data.

Employer Purchasing Decisions

Efforts to expand consumer responsibility in health care arise from pressure to contain the growth of health care costs. Purchasers are seeking new ways to establish greater accountability in the health care system, linking financial outcomes to health outcomes. From their perspective, accountability begins with better measurement of quality and efficiency in the delivery of personal health services and better reporting of those measures to all stakeholders in the system.

Beyond better information, public and private purchasers also seek stronger incentives for quality improvement. They are developing “pay-for-performance” designs linking provider payments to quality and outcomes rather than volume and inputs. Some purchasers use benefit-design strategies to encourage enrollees to select health plans or providers based on some weighing of quality, cost and value.⁷

Does Public Reporting Stimulate Health Care Improvement?

A growing body of research demonstrates the potential impact of public reporting, as well as the current limits in the use of public reports. Beyond price and quality, consumer decisions about health care rely on several factors. Among these, provider

location, ease of physician referrals, established hospital and professional relationships, judgments of family and friends, and, increasingly, financial incentives linked to their health care choices.

Public reporting on hospital quality in Wisconsin⁸ has been shown to influence consumer views about individual hospitals. “Public report” hospitals were more likely to engage in quality improvement and show significant improvement, compared to “private report” and “no report” hospitals. Though consumers often may be unclear about how to use information in choosing or

Wisconsin Resources

- Wisconsin Collaborative for Health Care Quality
<http://www.wiqualitycollaborative.org/index.php>
- Wisconsin Hospital Association Checkpoint and Price point:
<http://www.wicheckpoint.org/index.aspx>
<http://www.wipricepoint.org/>
- Wisconsin Health Literacy
<http://www.wisconsinliteracy.org/>
- The Alliance Employer Health Care Cooperative
<http://www.alliancehealthcoop.com>
- The Business Health Care Group of Southeast Wisconsin <http://www.businesshealthcaregroup.org/flash.asp>
- Greater Milwaukee Business Foundation on Health
<http://www.gmbfh.org/>
- Wisconsin Health Reports
<http://www.wisconsinhealthreports.org/>
- Wisconsin eHealth Care Quality and Patient Safety Board
<http://ehealthboard.dhfs.wisconsin.gov/>
- MetaStar
<http://www.metastar.com>
- Wisconsin Healthcare Purchasers for Quality
<http://www.alliancehealthcoop.com/Newsletter/June/WHPQoverview.pdf>
- Wisconsin Department of Health and Family Services
<http://ehealthboard.dhfs.wisconsin.gov>
<http://dhfs.wisconsin.gov/badgercareplus/index.htm>

changing providers, public disclosure appears to have a “sunshine effect”: It stimulates providers’ internal quality improvement and affects how purchasers structure their networks.⁹

“Price transparency,” when linked to incentives, is intended to encourage consumers and those who make decisions on their behalf to consider price alongside quality.¹⁰ In order to be “actionable,” information must be specifically tailored to the perspectives and needs of its audience. Yet much of the financial information now available in the health care system might be limited in its accuracy, relevance, and usefulness to the lay consumer.

Price transparency currently relies mostly on retail rather than negotiated prices, and on individual unit prices (office visit, lab test) rather than prices for episodes of care. This limits the utility of such data; Wide variation exists in treatment patterns, the volume and bundling of services, such that lower unit prices do not necessarily translate into lower costs of care. Some tests and treatments, regardless of price, may be of marginal value and, at a system-level, provision of more services do not generally yield better outcomes.¹¹ Promising--but still early--efforts seek to define episodes of care for common illnesses, risk-adjust data to account for patient severity, and then allow for price comparison across these episodes. Beyond overall price, reporting about patients’ out-of-pocket expense would be more meaningful to individual consumers.

Public reporting can have unintended consequences: Some analysts suggest that, in markets with few hospitals, disclosure of negotiated prices (for units of services rather than for episodes of care) can suppress hospitals’ negotiation of further discounts.¹² As well, provider prices may not only reflect variations in efficiency but also the risk profile of a patient population. Varying prices may also result from the disproportionate provision of public goods such as charity care and graduate medical education. Public policy-makers will need to consider how to sustain these services if providers can no longer cross-subsidize them through the pricing structure.

What Tools are Available?

The internet has made searching for and disseminating information easier and less costly. The U.S. Agency for Healthcare Research and Quality (AHRQ) offers a variety of tools that explain specific conditions and treatment options, as well as guides to improving and maintaining a healthy lifestyle. Some are for direct consumer use and others are for providers to use and distribute to their patients.¹³ The Centers for Medicare and Medicaid Services (CMS) launched four websites to assist consumers in their choice of providers.¹⁴ Private health plans, employers, and other third parties offer a variety of web-based tools for treatment option support, hospital choice, selection of drug plans, and personal cost decision support.

In Wisconsin, three organizations are forging the path in public reporting. The Wisconsin Collaborative on Healthcare Quality reports outpatient measures along parameters prescribed by the Institute of Medicine. The Wisconsin Hospital Association Checkpoint and Pricepoint websites report hospital inpatient data on standard performance and pricing measures and will soon provide data on outpatient services. And the nascent Wisconsin Health Information Organization intends to collect administrative data from payers to allow tracking across episodes of care.

Do Existing Tools Meet the Need?

Despite the proliferation of information sources, consumers may find themselves bombarded rather than supported in their decision-making. Information is often disseminated to market a service or product rather than promote optimal decisions. Consumers often cannot assess the validity of the information available,¹⁵ and cannot depend on accuracy or differentiate among the sources of web-based health information.

Indeed, most current enrollees in consumer-directed health plans report that they lack adequate information to support their decisions.¹⁶ The leading web-based consumer tools vary greatly in performance and often fail to offer specific points of relevant information.¹⁷ A Milwaukee firm recently reported that, among companies that offer health savings accounts, more than two-thirds of web sites do not help a potential customer decide if such an account is right for them.¹⁸

Incentives and information work together with established habits and experience to steer health care decision-making. Significant challenges remain toward actionable information. Progress continues on efforts to develop valid and reliable performance measures. Equally important is the design of objective, evidence-based tools that are compatible with ordinary consumer behavior and capacity to digest information. Finally, trusted leaders and institutions must promote broader awareness of effective tools and convince consumers that the use of such tools can yield financial savings and better health outcomes.

Emerging Initiatives

Wisconsin has emerged as a leader along with national efforts to define quality and implement standards for care, measurement and reporting.¹⁹ Today, these efforts are led by a range of organizations representing providers, purchasers, payers, businesses and consumer interests. The organizations listed in the tables are among those at the forefront of advancing health care data reporting and consumer engagement in Wisconsin and nationally.²⁰

References

Full citations available at http://www.pophealth.wisc.edu/uwphi/publications/issue_briefs.htm

National Resources	
Agency for Healthcare Research and Quality (AHRQ): Quality Indicators and Talking Quality http://www.qualityindicators.ahrq.gov/ http://www.talkingquality.gov/ AHRQ Consumer Assessment https://www.cahps.ahrq.gov/default.asp U.S. DHHS Value-Driven Health Care http://www.hhs.gov/valuedriven/ CMS Hospital Compare http://www.cms.hhs.gov/hospitalqualityinits/25_hospitalcompare.asp	Bridges to Excellence http://www.bridgestoexcellence.org/ National Quality Forum www.qualityforum.org The Leapfrog Group www.leapfroggroup.org National Association of Health Data Organizations www.nahdo.org Consumer-Purchaser Disclosure Project http://healthcareDisclosure.org/ National Committee for Quality Assurance http://web.ncqa.org/