

Achieving Affordable Health Care: The Role of Cost and Resource Use Measures

Part I: Understanding How Cost and Resource Use are Measured

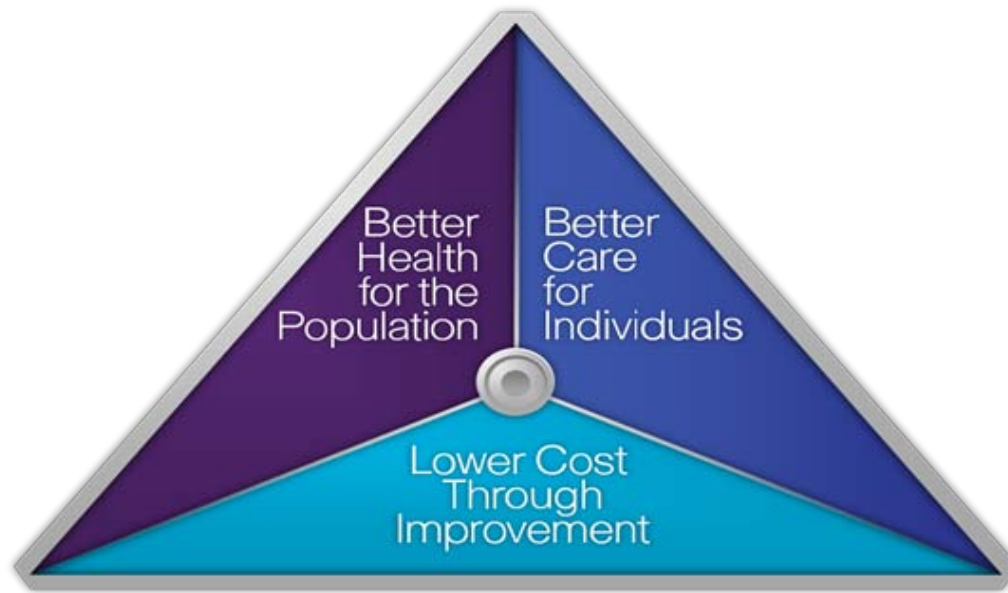
Invitational Learning Session, November 17, 2011

Part II: Use of Cost/Resource Use Measures in Public
Reporting and Payment: December 14, 2011

Agenda

- Overview
 - **Debra Ness**, President, National Partnership for Women & Families and Co-Chair, Consumer-Purchaser Disclosure Project
 - **Bill Kramer**, Executive Director National Health Policy, Pacific Business Group on Health and Co-Chair, Consumer-Purchaser Disclosure Project
- Commentators
 - **Sue Knudson**, Vice President, Health Informatics, HealthPartners
 - **Mark Rattray, MD**, President, CareVariance LLC
 - **Phyllis Torda**, Vice President for Strategy and the Quality Solutions Group, National Committee for Quality Assurance
- Discussion and Wrap-Up

The Pursuit of Cost Reduction Along with Improvement

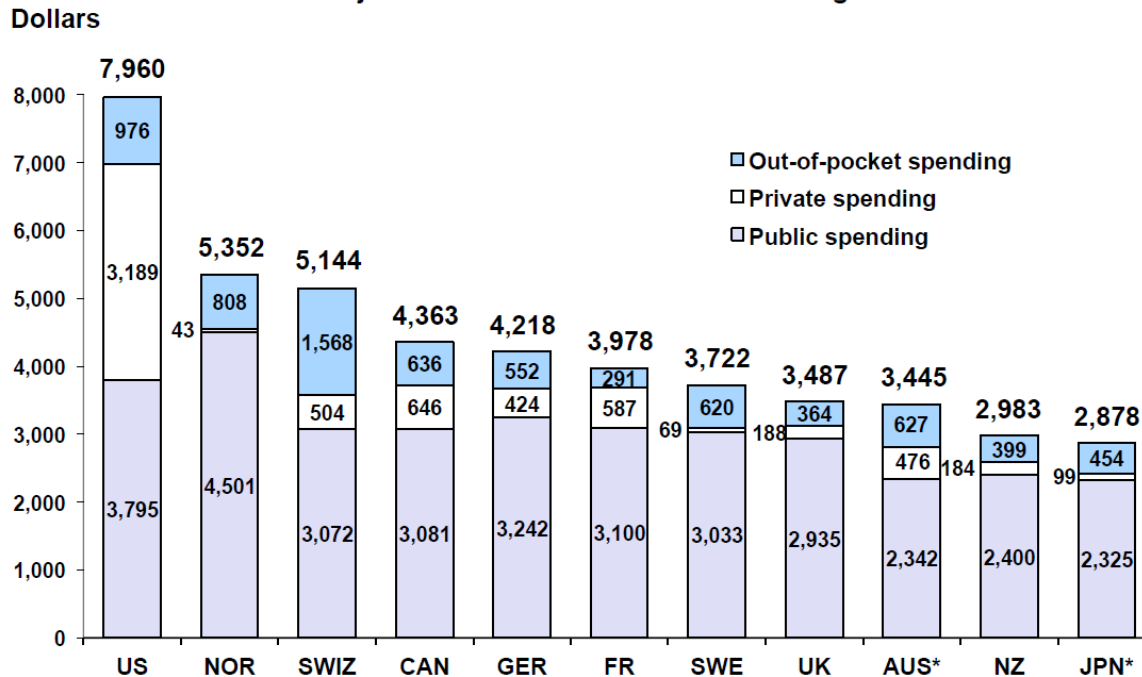


- **The Triple Aim requires the simultaneous pursuit of:**
 - **Better Care:** improving the individual experience of care
 - **Better Health:** improving the health of populations
 - **Lower Costs:** reducing the per capita costs of care for populations

To Infinity, and Beyond

- Costs are too high and continue to rise.
- We do not capture accurate information on costs, even in hospitals.

Health Care Spending per Capita by Source of Funding, 2009
Adjusted for Differences in Cost of Living



* 2008.
Source: OECD Health Data 2011 (June 2011).

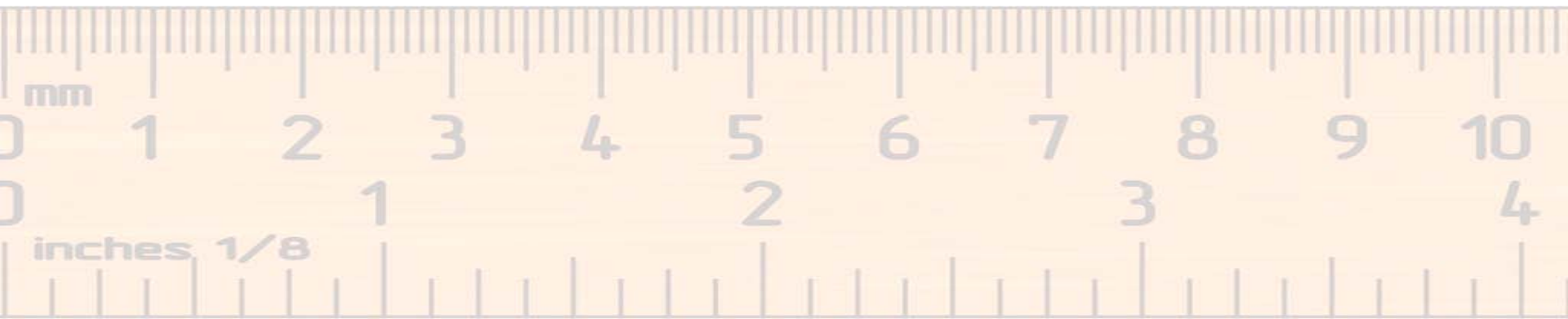
Lots of Ways to Talk About Costs...

episode of care
fee for service
pay for performance
per capita spending
price
spending
expenditure
Costs
unit per service
compensation
bundled payment

Costs are Hard to Measure

Identifying costs should be straightforward, but it is not. In addition to lots of ways to talk about costs, there are also lots of ways to measure costs.

Measurement is complex and fraught with difficult politics



Definitions for Cost Measurement

- *Total Cost of Care*: Total costs of the full cycle of care for a patient or population for medical conditions and/or defined period of time, not the cost of individual services.
- *Episode of Care*: all medical costs incurred during a specified period by individuals and members of a defined cohort (e.g., diagnosis of hip fracture)
- *Relative Resource Use*: reflects the amount of health care resources health plans use to care for its members compared to (or, *relative* to) the use of care by other plans in the same region.

Key Issues for Consumers and Purchasers in Cost/Resource Use Measurement

- Standardized costs versus actual costs
- Level of measurement
- Level of actionability
- Risk-adjustment and outliers
- Geographic area versus national benchmarks
- Usefulness for consumer decision-making
- Costs to whom

NQF Measures and Deadlines

Consumers and purchasers should advocate for the NQF and the steering committee to:

- Give actual and standardized costing approaches the same treatment in NQF's endorsement process.
- Do not hold measures of cost and resource use to a higher standard than quality measures.
- Do not discriminate against complex measures
- Apply the same treatment to all data sources (e.g., don't apply higher standards for administrative data than other data sources).

Deadlines

- Deadline for member comments on Cost and Resource Use Report (Cycle 2): 11/21/11
- Board ratifies Cost and Resource Use Report (Cycle 1): early December
- Deadline for voting on measures in Cost and Resource Use Report (Cycle 2): 2/1/12

For more deadlines, go to

http://www.qualityforum.org/projects/efficiency_resource_use_2.aspx#t=2&s=&p=5%7C8%7C6%7C

About the Consumer-Purchaser Disclosure Project

The Consumer-Purchaser Disclosure Project is a coalition dedicated to improving the quality and affordability of health care in America for consumers and health care purchasers. The project's mission is to put the patient in the driver's seat — to share useful information about provider performance so that patients can make informed choices and the health care system can better reward the best performing providers. The coalition is comprised of leading national and local consumer organizations, employers and labor organizations. The Consumer-Purchaser Disclosure Project is funded by the Robert Wood Johnson Foundation along with support from participating organizations.

For more information go to <http://healthcaaredisclosure.org>

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