

# Point-Counterpoint: Hospital Scorecards and Quality

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# The New Focus

- **Choose the “right” hospital**
  - Employers
  - Health Plans
  - Consumers
- **Be the hospital of choice**
  - Proactive, not reactive
  - Competitive opportunity, not threat
  - Effective use of available information key
  - Commitment to consumer transparency

# Consumers Care about Quality

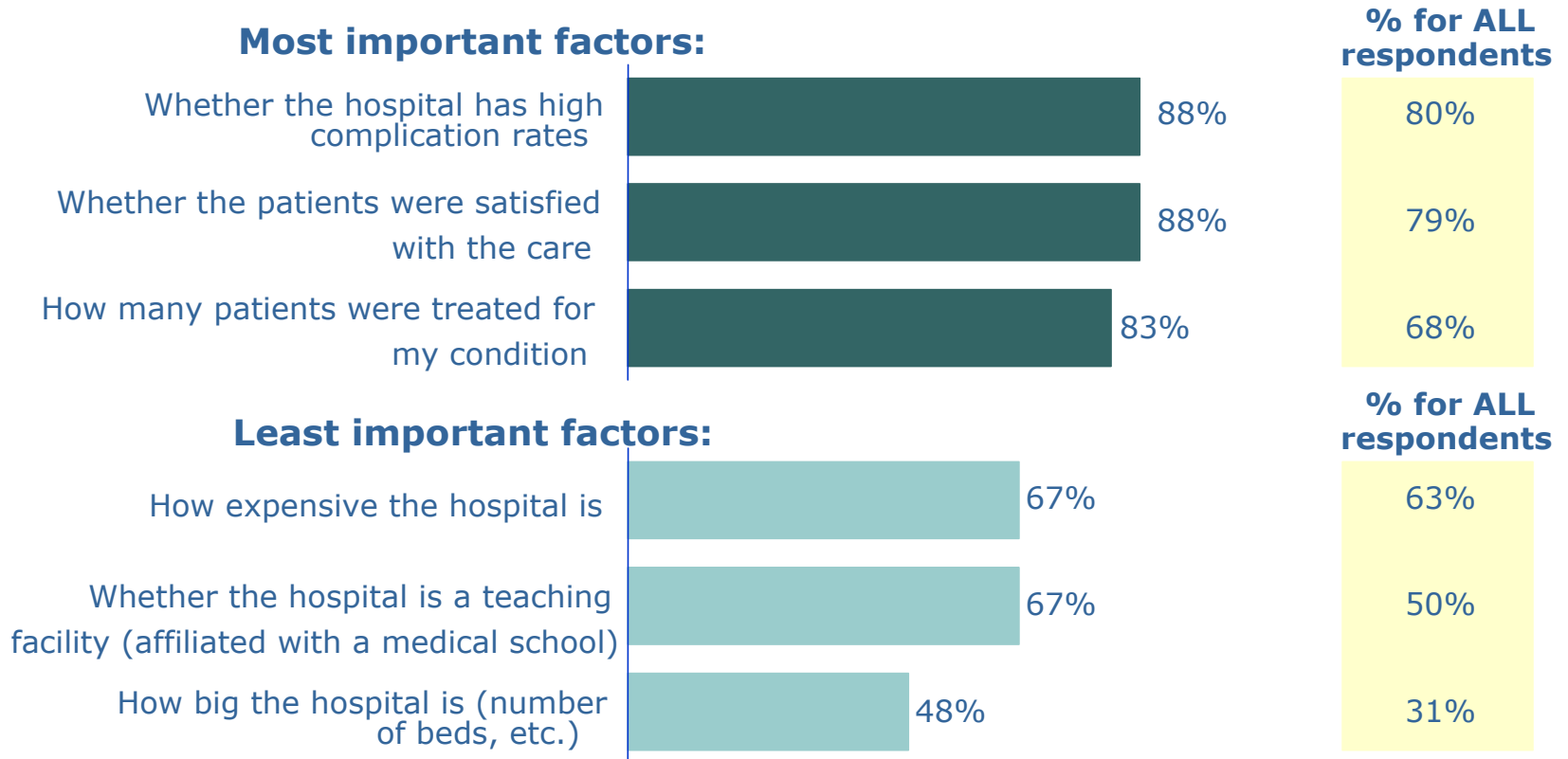
- 82% of consumers feel that the quality of hospital care varies greatly (Forrester)
- 42% of consumers had been affected by a medical error, either personally or through friend or relative (National Patient Safety Foundation)
- 16% of consumers considered changing hospitals based on quality, 12% actually did change hospitals (Forrester)

# Quality Goal - Six Sigma

- **Six Sigma = 3.4 defects per million**
  - Achieved in other industries
- **Three Sigma = 67,000 defects per million**
  - Best for most healthcare processes
  - Difference between Three to Four Sigma and Six Sigma is 10-15% of revenue (GE estimate)
  - Clearly a long way to go in healthcare

# What Consumers Want to Know

“I am most interested in knowing the following information when selecting hospitals”



Base: respondents who have used the Net to research hospitals' quality

# What measures for evaluation?

- **Outcomes Measures**

- Volume
- Mortality
- Complications

- **Process Measures**

- Centers for Medicare and Medicaid Services (CMS)
- The Leapfrog Group

- **Resource Use Measures**

- Length of stay
- Hospital cost
- Health plan cost

# What measures not being used?

- **Structural**

- JCAHO accreditation
- Scope of services offered
- Technology available (apart from CPOE)
- Hospital type (teaching vs. non-teaching)

- **Hospital Reputation**

- Patient perception (as opposed to patient satisfaction)
- US News type rankings

# What future measures?

- **Patient satisfaction**
  - PEP-C (California) as example, HCAPS as future
  - Overall, maternity, surgical, medical
  - Six areas such as respect for patients prefs, care coordination, physical comfort
  - 1 to 3 stars
- **Nurse staffing**
- **Claims based process measures**
  - Outpatient as well as inpatient
  - Physician level

# What level for evaluation?

- **Major Category**
  - Adult Medical/Surgical
  - Obstetrics
  - Pediatrics
- **Center of Excellence**
  - Cardiac
  - Cancer
  - Orthopedics
- **Procedure/Diagnosis**
  - Coronary Artery Bypass Graft (CABG)
  - Pneumonia
  - Colon Surgery

# How being used?

- **Consumer hospital comparison tools**
  - Available online to over 100 million members/employees
- **Hospital performance or value index**
  - Presented in provider directory, quality and cost
- **High performance hospital networks**
  - In or out, comparison of hospital networks for national accounts
- **Centers of excellence**
  - Cardiac, cancer, transplants, etc.
- **Consumer benefit tiers**
  - Differing co-pays based on tier
- **Pay for performance**
- **Hospital negotiations**

# Specific Examples

- **Tufts Navigator - Tiered Payments**
  - Plan offered to Mass State employees
  - Hospitals placed in 3 tiers for employee co-payment based on hospital quality and health plan cost
  - Well received by employees
- **National Plans - Hospital Value Index**
  - Index based on relative performance on health plan cost (claims based) and hospital quality
  - For display in provider directory and for use in hospital contract negotiation
- **Regional Plans - Pay for Performance**
  - Severity adjusted quality comparison across multiple measures
  - Being used in pay for performance programs
- **Employers/Coalitions - Quality Report Card**
  - High volume procedures, outcomes and process measures
  - Public release of comparisons, internal cost control

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