

NCQA



Creating a Value-Driven Health Care Market

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NCQA

- **Private, non-profit health care quality oversight organization**
- **Measures and reports on health care quality**
- **Unites diverse groups around common goal: improving health care quality**

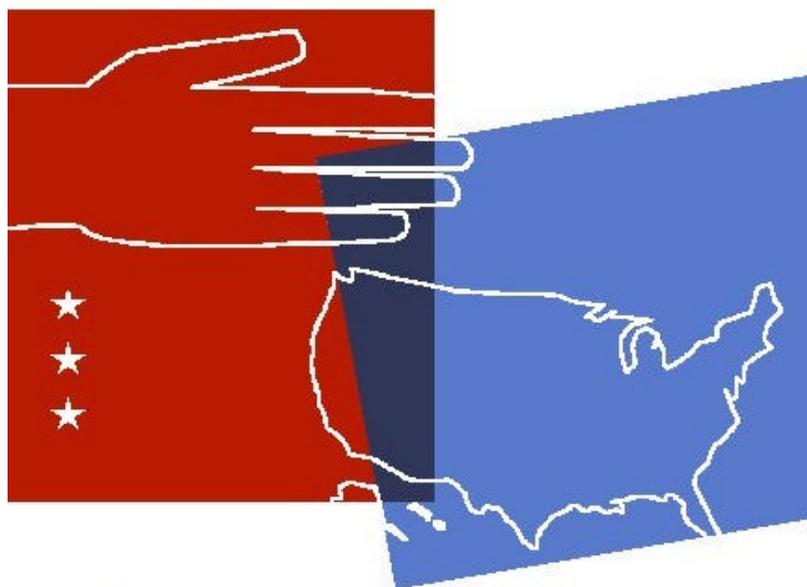
NCQA's Mission and Vision

Mission: To improve the quality of health care delivered to people everywhere

Vision: To become the most widely trusted source of information driving health care quality improvement

The State of
Health Care Quality
2002

Industry Trends and Analysis



NCQA

Measuring the Quality of America's Health Care

The Reasons for a Value Strategy Are More Compelling Than Ever

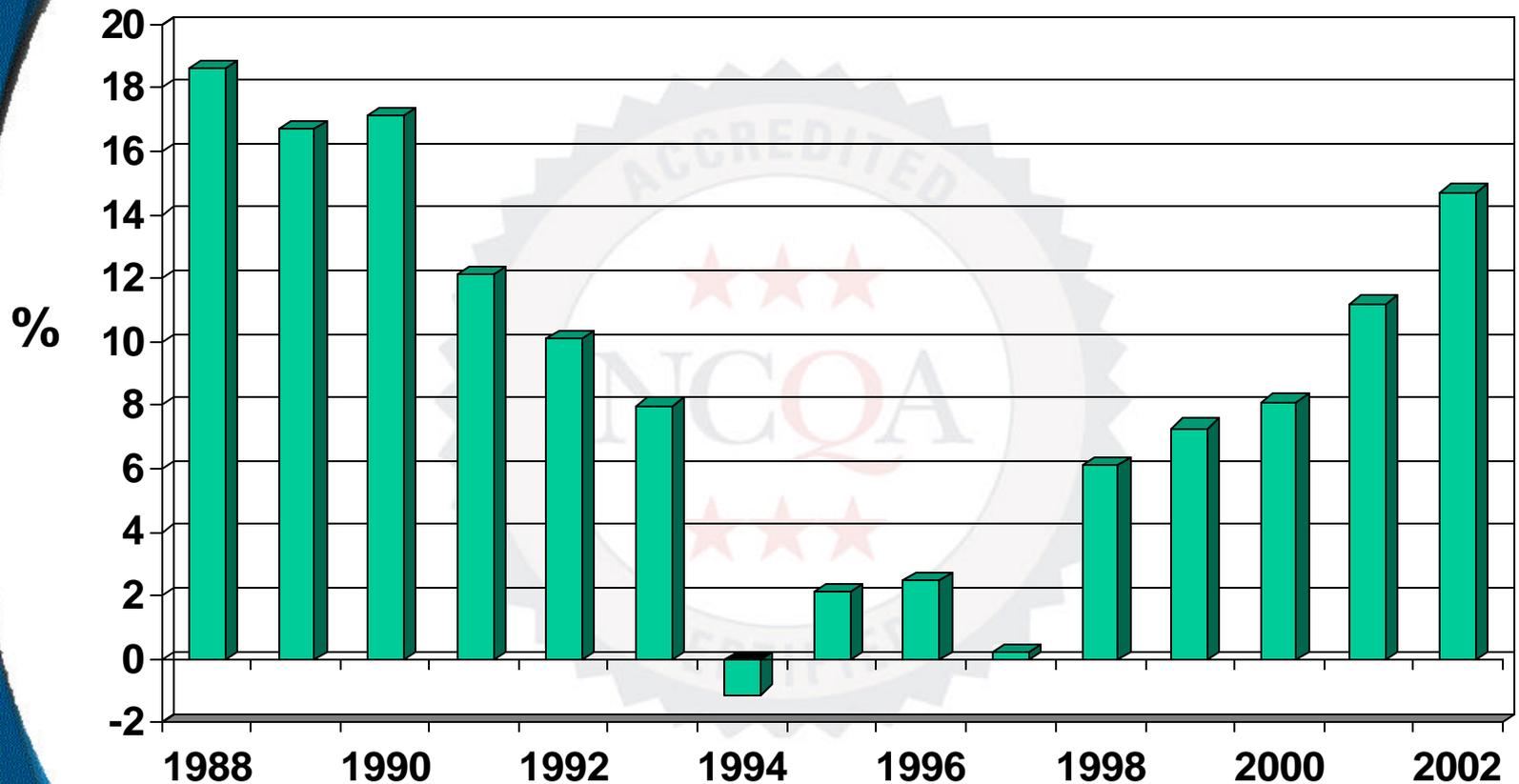
The market hasn't worked as well as it could to drive quality and efficiency in health care.

- **Costs out of control**
- **Quality not what it should be**
- **Potential for greater ROI for our health care expenditures**

Why the Market Needs Help

- **Third-party payment system insulates consumers from cost concerns**
- **There is little relevant information on quality, particularly about physicians and hospitals**
- **An inadequate regulatory environment allows quality to go unchecked**
- **Defining quality is a complex task!**

Health Care Cost Increases to Employers (by Percentage), 1988-2002



Source: 2002 National Survey of Employer-Sponsored Health Plans

Health Insurance is Changing

- **Shift from HMOs to PPOs**
- **Growth in “consumer-directed” health plans**
- **“Skinnier” benefits and Health Reimbursement Arrangements (HRAs) raise concern that consumer focus will be on cost alone**

We Have an Urgent Agenda...

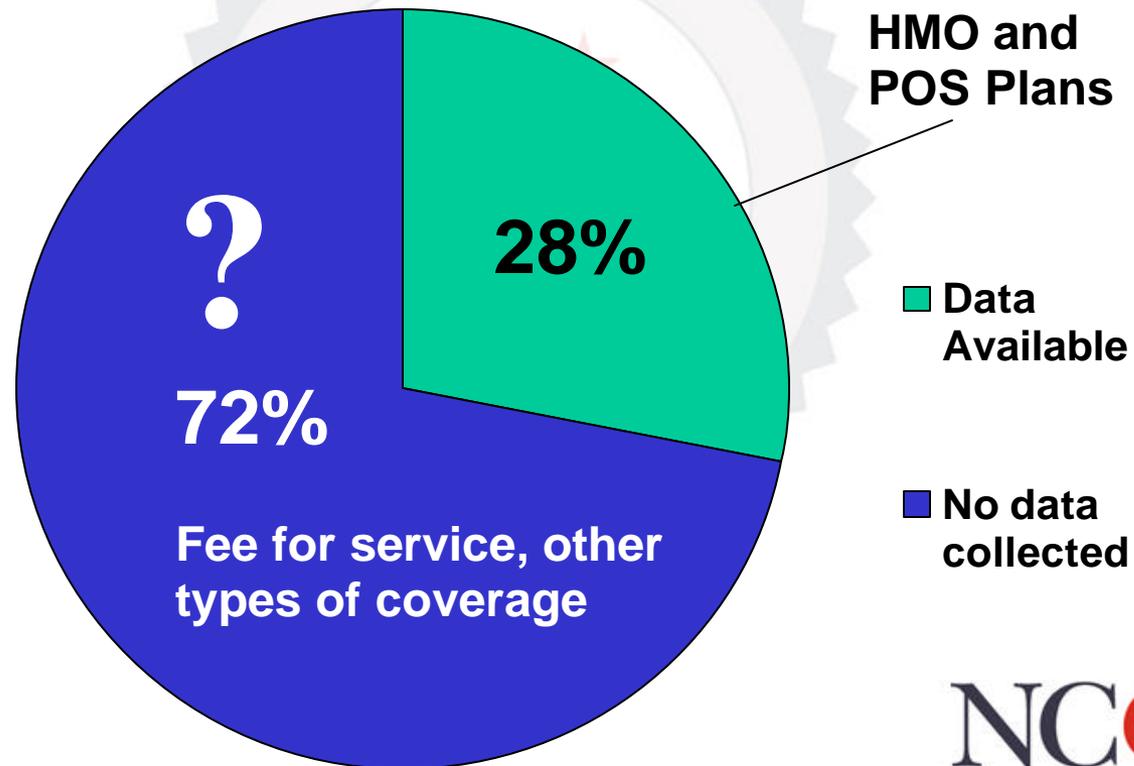
- **Promote transparency of quality and cost**
- **Redesign benefit structures to drive value**
- **Educate the public**
- **Make this a non-partisan issue**
- **Align public and private sectors**

What Do We Know About Health Care Quality?

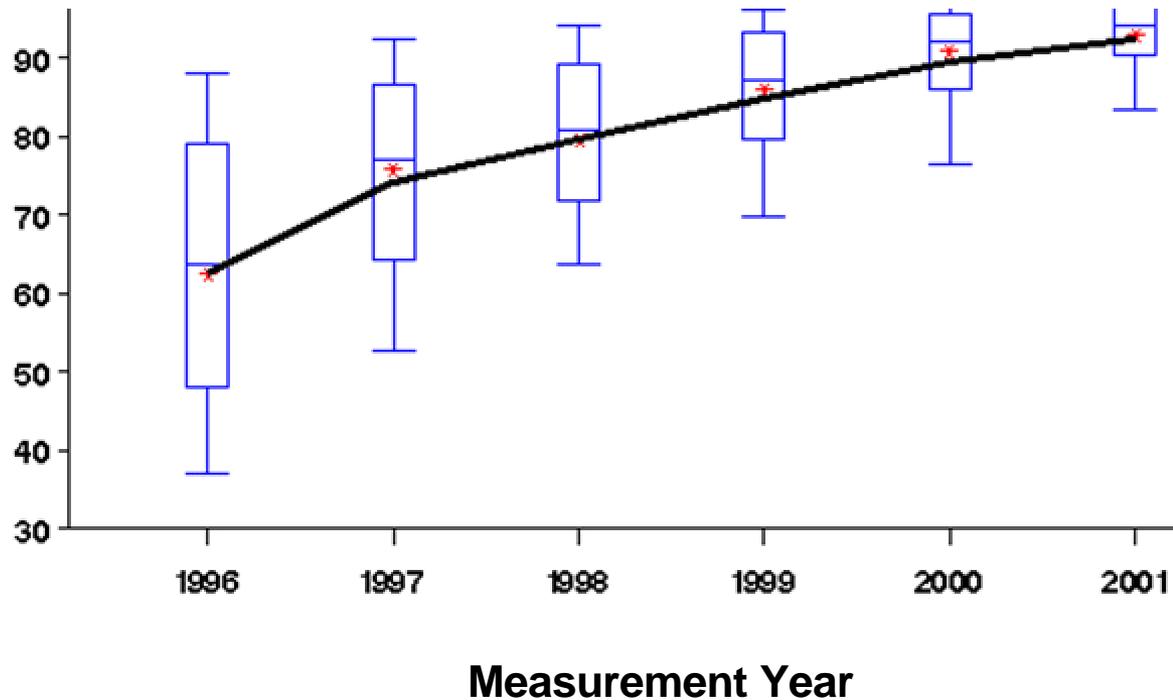
- **Quality can be measured**
- **Measurement AND accountability drive improvement**
- **Consumers want and use information about health care quality**

In General, Accountability in Health Care is the Exception

Percent of Insured U.S. Population for Which Performance Data Are Available



Measurement Drives Improvement: Beta-Blocker Treatment

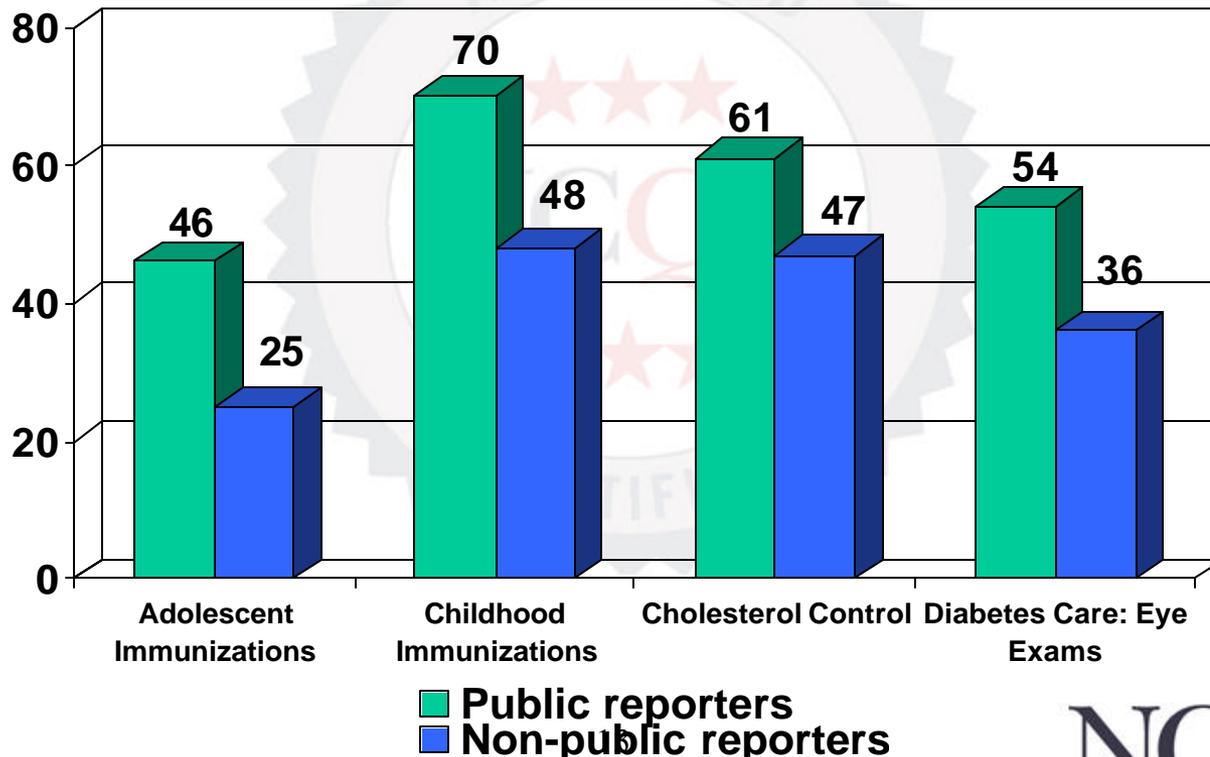


Black Trend Line follows the Mean
Red * = Mean



What Are the Benefits of Public Reporting?

2001 Clinical Performance, Public Reporters vs. Non-Public Reporters: Commercial Sector



Clear ROI for Addressing Underuse

Underuse – opportunities to improve health through Evidence-Based medicine

Diabetes Care	Heart Care
Glucose control	Lipid control
Eye exams	Blood pressure control
Kidney function	Smoking cessation
Lipid control	Use of aspirin
Blood pressure control	Beta blockers

Emerging Measures for Overuse

- Non-evidence based care
- Care appropriate under some circumstances, inappropriately applied – wrong patients
- Inefficient use patterns

New HEDIS Measures

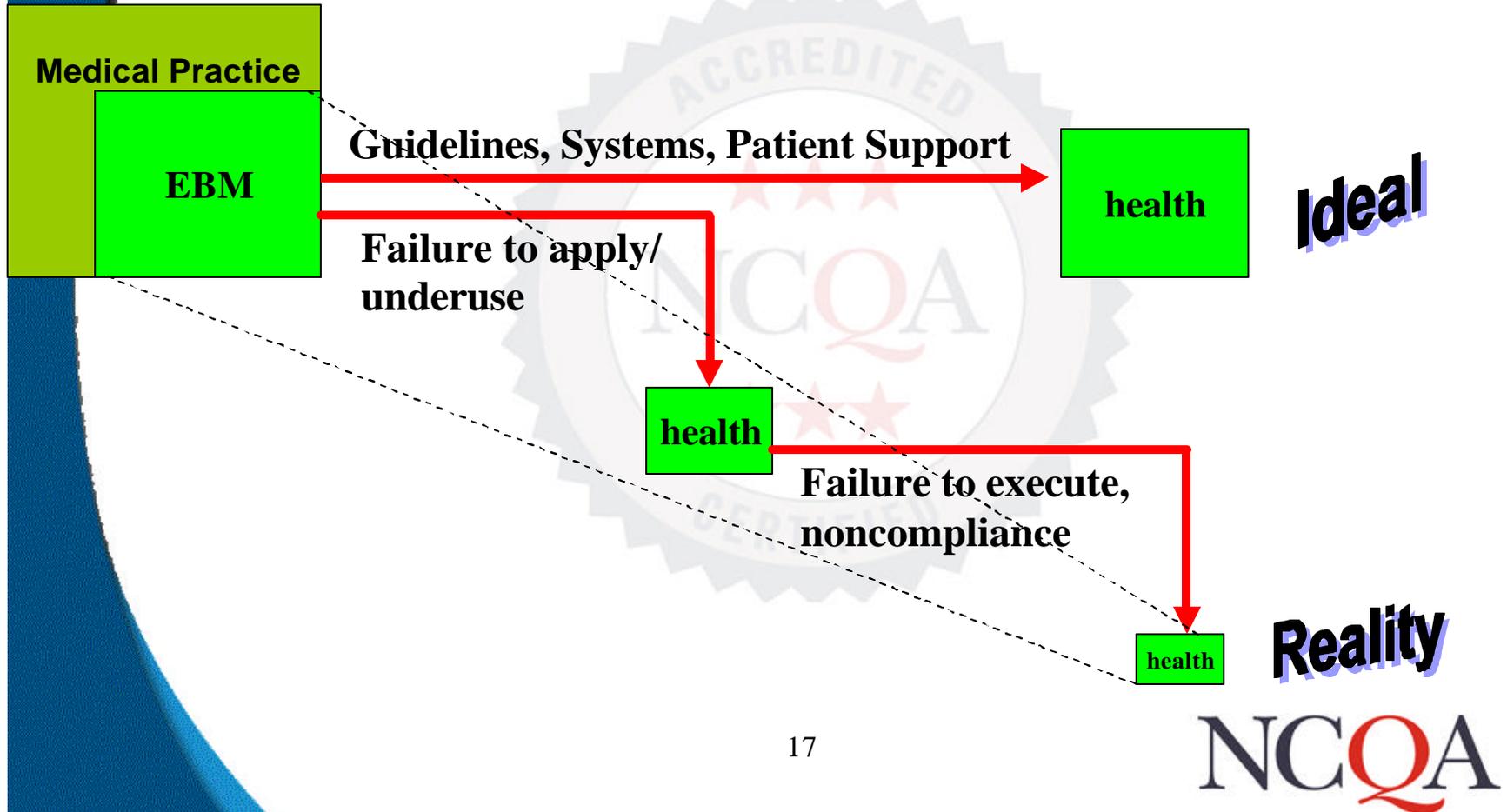
- ✓ Appropriate Treatment for Children with URI
 - No antibiotic within first 3 days
- ✓ Appropriate Treatment for Children with Pharyngitis
 - No antibiotic without strep test

Other opportunities: use of generic drugs; inappropriate use of imaging; unnecessary surgery

Misuse: A Significant Challenge

- **Medication errors (est. cost \$9 billion/year)**
- **Preventable hospital acquired infections (est. cost \$18 billion/year)**
- **Poorly executed care (surgical failures, badly read mammograms)**
- **Failure to coordinate complex cases**
 - Redundant tests
 - Non-value added visits
 - Providers working at cross-purposes

Our Mantra: Optimize Return from Evidence-Based Medicine



Identifying Value Providers: NCQA's Physician Recognition Programs

- **Diabetes -- Partnership with American Diabetes Association. Voluntary, nearly 1800 physicians recognized**
- **Heart/Stroke -- Partnership with AHA/ASA, focus on secondary prevention**
- **Office Systems -- Evaluates systems in offices that promote quality care, based on *Quality Chasm* recommendations**

Benefit Design Can Accelerate Movement to Quality

- **Pay for Quality!**
- **Tier networks**
- **Incentivize use of high-quality providers**
- **Promote self-care**

Market Interest in Recognition

Employers creating pay-for-quality initiatives



- \$100 quality bonus/patient
- 10 patients/MD to be eligible
- Boston, Cincinnati, Louisville
- 4/03 launch

- \$50 quality bonus/patient
- 20 patients/MD to be eligible
- Boston
- 7/03 launch

•1/04

Bridges To Excellence

Calculation of ROI

- Approach
 - Hewitt study of ROI on enhanced management of chronic disease
 - average return of about 4% of total costs
 - Review of literature on costs and quality of care in diabetes and of systems interventions (electronic lab, CPOE)
 - estimates in 2-6% range of saving of total costs
- Applied to GE population of diabetics (cost, current quality)

Estimated savings of improving control (cholesterol, HbA1c, BP, eye exam) of about \$350/pt/year

Information Must be Useful to Consumers

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Plan Performance
★★★★ best
★★★ very good
★★ good
★ fair
○ poor

Here are the results of your search: New Search

Plan	Product Line/ Product	Access & Service	Qualified Providers	Staying Healthy	Getting Better	Living with Illness	Overall Accreditation
Plan Alpha	Commercial/ HMO	★★★★	★★★	★★★★★	★★★	★★★	EXCELLENT
Plan Beta	Commercial/ POS	★★	★	★	★★★★★	★	ACCREDITED
Plan Delta	Commercial/ POS	★★	○	★★	★	★	PROVISIONAL
Plan Gamma	Commercial/ HMO	★★★	★★	★★★★	★★	★★★★★	COMMENDABLE

What Do We Need to Do?

Drive a Value Agenda

- Identify value providers, and drive market share to them
- Educate consumers
- Create regulatory framework that permits value-based competition

This Is a Very Big Agenda

- **We Need Alignment Around a Set of Core Principles Among**
 - Government
 - Payors
 - Regulators
 - Private payers
 - Health plans
 - Self insured employers
 - Consumer organizations

Will need: cooperation among quality organizations; a political strategy; staying power