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Fixing a System at Risk: Creating a new Health Care Market

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In a system where health care costs outpace medical CPI, overall inflation and workers earnings, the market does not reward providers who deliver higher quality or cost efficiency. Mr. Herschman presented an approach to indexing provider quality and efficiency referring to high quality/high efficiency providers as “dream suppliers” and low efficiency/low quality as “nightmare suppliers”.

Results of a Rand study found patients received about half of recommended care processes. The study recommends routine availability of information on provider performance to eliminate serious threats from the gap between acceptable standards of care and what processes are actually done.

A consumer driven market requires a care partnership between providers and patients; performance based incentives; rewards based benefit plan designs; and actionable information on clinical quality/efficiency, and patient experience. But employees are not active in health decisions and lack the skills, knowledge and motivation to be informed consumers. The answer is defining and raising the bar on cost efficiency and quality, paying for performance, and promoting patient education, advocacy and responsibility.

Of the 300 provider performance measures currently available no single entity has enough data to consistently measure performance across all providers. Care Focused Purchasing (CFP) was initiated by 28 founding employers to encourage a more transparent health care market by promoting a standardized set of quality and cost efficiency measures. CFP collectively represents more than 2 million enrolled health plan members with the combined patient volume from founding employers, some national and regional health plans, and some local coalitions. CFP is working towards creating provider score cards with the help of a data repository that combines data from several sources. Measures of physician and hospital performance will be linked to health plan products and used to support provider contracting strategies.

The objective is to identify and negotiate with suppliers who have aligned service offerings with CFP principles. Consumers’ use of worst physicians will be reduced and incentives employed to drive patients to high performing physicians. Patients will be paid incentives for choosing the best physician/hospital combination. And the very best physicians will be paid incentives to exceed current outcomes benchmarks with high risk patients. Measures of physician efficiency will focus on severity and risk adjusted episode based resource consumption. Physician quality will be measured by compliance with well vetted clinical guidelines and NCQA’s Physician Recognition Programs in cardiovascular disease, diabetes and office systems.

CFP is connecting to other national initiatives focusing on quality measurement and performance sensitivity. The advantage for employers is that ongoing health industry quality and process improvement will offset incremental costs from advances in biomedical technology and population aging. Conservative and aggressive savings over a ten year period were presented.