



NATIONAL
QUALITY FORUM

Improving Cost and Affordability Measurement Across the Performance Measurement Enterprise

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INTRODUCTION

Rising healthcare costs are challenging the viability of the U.S. healthcare system¹ as well as having real impacts on the competitiveness of U.S. businesses, the sustainability of federal and state government finances, and individuals' and families' budgets. Because of these challenges, the National Quality Strategy set an aim of improving the affordability of quality healthcare for employers, government, families, and individuals.²

Measurement plays a critical role in improving affordability and furthering the National Quality Strategy. It can be used to track progress, identify effective processes, and promote accountability for high-quality care and better health outcomes. Unfortunately, the siloed nature of the current healthcare system has perpetuated inefficient approaches to measurement, and in turn, has made cost and affordability measurement a complex and challenging endeavor. Recognizing the complexity and importance of this topic, the National Quality Forum (NQF) sought to provide the field with a diverse portfolio of tools and perspectives for improving affordability and cost measurement.

NQF launched a suite of projects to improve and advance all aspects of quality, cost, and affordability measurement. These projects ranged from exploring what cost and affordability means to consumers and patients to endorsing and selecting current measures for use in a variety of purposes. These projects sought to build off of each other and highlight the need for collaboration among stakeholders in both the public and private sectors.

The portfolio of recent NQF projects aimed at improving cost and affordability in healthcare includes:

- [Measuring Affordability for Patients and Consumers](#)
- [Linking Cost and Quality Measures](#)
- [Endorsing Cost and Resource Use Measures](#)
- [Establishing Episode Grouper Evaluation Criteria](#)
- [Developing an Affordability Family of Measures](#)

These projects demonstrate NQF's distinct contributions to driving the healthcare system to deliver high-value healthcare at an affordable and lower cost by improving cost and resource use measurement. As a multistakeholder membership organization, NQF is uniquely positioned to incorporate the views of consumers, patients, payers, purchasers, providers, and suppliers through measurement-focused convening activities with the underlying goal of improving of the overall health and healthcare delivery system in the country.

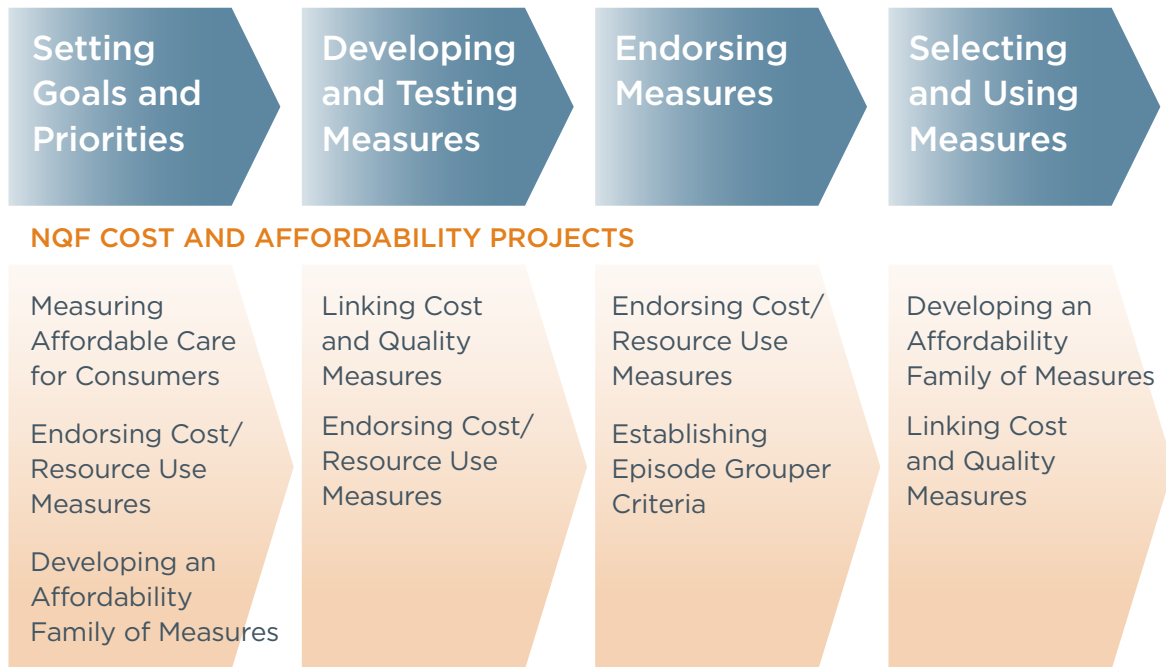
THE PERFORMANCE MEASUREMENT ENTERPRISE

The performance measurement enterprise requires the engagement of various organizations and stakeholders each contributing unique perspectives, tools, and processes to sustain ongoing priority setting, measure development, endorsement, and the selection of measures for use in programs. The top portion of Figure 1 demonstrates the process for developing and

implementing performance measures. While the diagram is linear, the enterprise is a circular and ongoing process in which any step in the process may feed another. As illustrated in the bottom row of the diagram, NQF’s work in advancing cost measurement has advanced each priority in the enterprise, with some projects contributing to multiple.

FIGURE 1. NQF AFFORDABILITY PROJECTS ACROSS THE PERFORMANCE MEASUREMENT ENTERPRISE

The Performance Measurement Enterprise



SETTING GOALS AND PRIORITIES

Performance measures should address the highest impact problems facing the healthcare system.

By setting the right goals and priorities, measures can be developed and implemented that will truly drive improvement. Throughout its affordability work, NQF identified measurement priorities and goals to help drive the reduction of healthcare cost growth and improve the science of cost and resource use measurement.

The Measuring Affordable Care project explored what healthcare affordability means from the consumer and patient perspective. NQF recognizes the special role consumers and patients play how healthcare costs can negatively impact patients and their families, especially as they are pushed to shoulder a greater proportion of their healthcare costs.^{3,4} This project sought to identify the information that patients and consumers need to make informed decisions about their care and its associated cost and to lay out ways in which performance measurement could help make this information available to them.

Consumers and patients highlighted their concerns about their ability to pay out-of-pocket costs for healthcare services, including premiums, co-payments, co-insurance, and deductibles. However, out-of-pocket costs were not the only factor considered when determining whether care was affordable; consumers and patients are interested in high-quality care at the lowest possible cost. Adding further complexity to understanding affordability from this perspective, these discussions emphasized the impact of health status on decisionmaking, namely the differences in considerations between those who minimally interact with the healthcare system and those who engage the healthcare system more frequently. Finally, the project highlighted the critical importance of context, which is relative to each individual. The reason for an individual's engagement with the healthcare system drives the

nature and scope of the decisions on affordability; for example, buying insurance, selecting preventive screenings to stay healthy, seeking treatment for an urgent ailment, managing chronic illnesses, or dealing with end-of-life issues each trigger their own set of considerations and decisions on affordability.

The Measuring Affordable Care project noted several common challenges facing patients and consumers and highlighted goals and priorities for performance measurement to address their needs. One of the structural challenges consumers and patients noted was the difficulty of navigating the complexities of billing for healthcare services. Consumers and patients also face informational challenges; for example, patients are often unsure of what questions, whom, and where to ask to get the answers they need about costs.

In addition to the consumer-focused priority setting activities, NQF sought to identify measurement goals and identify priorities through another multistakeholder activity focused on performing a comprehensive scan of measures across settings and identifying those most suitable for measuring costs and affordability. Through the process to identify this set of measures, also referred to as a family of measures, NQF outlined the highest leverage opportunities to improve the affordability of healthcare by controlling costs and reducing waste and overuse in the system. The goals of the high-leverage opportunities identified in this project are to understand costs and utilization, both overall and by episode, reduce the use of unnecessary services, prevent the inefficient delivery of services, and reduce missed prevention opportunities.

NQF's work to endorse cost and resource use measures has also contributed to the priority-setting activities as this work also identified measure gaps and developed priorities for future measure development. Future measure

development for cost and resource use measurement should focus on episode-based cost measures for conditions of high prevalence and high cost. Additionally, future measurement might also highlight improvement opportunities through standardized utilization measures, such as emergency department utilization post discharge, and imaging utilization. Furthermore, the project

suggested that in addition to measuring the costs and resources within a single episode, a comprehensive analysis of episode-based measures would enable a broader understanding of the frequency of condition-specific episodes and highlight any irregularities that may be indicators of poor quality care.

DEVELOPING AND TESTING MEASURES

Cost and resource use measurement is still an emerging field and there remain challenges in developing and testing measures. NQF's Affordability Family of Measures highlighted data challenges with advancing cost measurement. The opacity of price and cost information can hinder the ability to track progress and make information available to purchasers and consumers. This is particularly troubling as a greater portion of healthcare costs are being shifted to patients and consumers, often requiring them to make decisions without knowing in advance what any given healthcare service will cost.

Further, NQF seeks to ensure that cost and resource use measurement is pursued with an understanding that quality measurement is a core element of truly understanding the efficiency of the nation's healthcare system. Measuring both cost and quality is essential to driving improvement and moving toward more efficient care. However, there is currently no clear consensus among stakeholders about how cost and quality measures should be linked to understand health system efficiency. To provide guidance on how efficiency measurement should

evolve, the Linking Cost and Quality Measures project explored current approaches in the field used for measuring and understanding efficiency and best practices for combining cost measures with clinical quality measures to assess efficiency of care. The project also highlighted methodological challenges to efficiency measurement including how measures are combined and weighted within an efficiency model, the lack of consistency between scoring methods, and the impact of stakeholder perspective. Lastly, several key principles were identified as guidance to the field for future efficiency measurement for different uses, including public quality reporting and pay-for-performance programs. Ultimately, any approach employed in measuring and understanding efficiency depends on the intended use and with the understanding that there will be trade-offs that should be considered. By examining the methodological challenges impeding the development and testing of efficiency measures, this effort sought to lay out a path forward for advancing cost measurement in the context of quality performance measurement.

ENDORISING MEASURES

NQF endorses measures based on four criteria that include importance to measure and report, scientific acceptability (e.g., validity and reliability), usability and use, and feasibility. NQF endorsement of a measure reflects rigorous scientific and evidence-based review with input from stakeholders throughout the healthcare industry. The use of NQF-endorsed® cost measures is key to better understanding how resources are currently being used in the system.

Unfortunately, very few endorsed cost measures exist in the market today. Working with a variety of stakeholders to build consensus in 2010, NQF embarked on a three phase effort to evaluate and endorse cost and resource use measures. Eight cost and resource use measures were then endorsed and served as the building blocks for the subsequent phases. One of the earliest endorsed measures included NQF#1604, a total cost of care measure developed by Health Partners. Subsequent to its endorsement, this measure has seen widespread adoption with 90 users across 29 states⁵.

The current Cost and Resource Use Measure portfolio includes measures developed using different approaches. Although there are many elements that can be compared across the approaches, the three distinguishing characteristics include whether the measure is per-capita (i.e., cost per person) or episode-based (e.g., cost per person for a specific condition/procedure, such as heart failure), whether the measure counts costs based on actual prices paid by the health plan or uses standardized prices, and finally, whether the measure is condition specific or noncondition specific (e.g., total cost of care for patients regardless of their conditions). The first phase of the Cost and Resource Use Measures project focused on noncondition specific measures, whereas the subsequent phases have taken a more condition-specific focus.

In addition to exploring and evaluating stand-alone, episode-based cost measures, NQF has also recently completed its first effort to explore episode-based cost measurement generated using electronic tools called episode groupers. Episode groupers are the software and logic that assign patient utilization to clinically relevant episodes of care. Currently, different vendors of episode grouper software use significantly different methods to profile performance. The NQF Episode Grouper Evaluation Criteria project sought to explore and understand the best practices for the construction of an episode grouper, and define its key characteristics, in order to inform recommendations for evaluating groupers. Given the current policy landscape's focus on resource use and value-based measurement,^{6,7} there is strong interest in the use of these tools to better understand healthcare costs. However, given the lack of transparency and inherent complexity of the methodologies employed, there is a growing need for a multistakeholder, consensus-based review of episode groupers.

This work sought to lay the foundation for such a review of episode groupers, building on NQF's previous work to endorse cost and resource use measures. The project first characterized the core components common to all groupers that would need to be transparent in an evaluation. This enabled the identification of key elements that would be required for evaluating an episode grouper. Finally, the project began developing evaluation criteria for episode groupers by reviewing existing cost and resource use measure evaluation criteria, resulting in three major criteria to be used for evaluating episode groupers by future multistakeholder panels. These three criteria focus on the scientific acceptability, feasibility, and usability and use of the episode grouper.

This effort highlighted the many challenges to expanding evaluation beyond individual

measures. Given the expressed need of an evaluation of the Medicare episode grouper,⁸ the project recommended that NQF first begin with a qualitative peer review evaluation process for episode groupers. This method would allow for increased transparency for all stakeholders on the construction of submitted groupers through the application of the criteria previously discussed. Additional work will need to focus on further refining the criteria and submission elements for application for episode grouper measures and on specifying an evaluation process.

With guidance from these two projects (i.e., endorsing cost and resource use measures and episode grouper evaluation criteria), NQF strives to endorse the next generation of cost and affordability measures to better suit an evolving healthcare system. In doing so, NQF seeks to provide entities within the quality measurement enterprise with measures that are evidence-based, reliable, valid, usable, and feasible for collecting and reporting data.

SELECTING AND USING MEASURES

Measures are selected and used in a variety of performance measurement initiatives conducted by federal, state, local agencies, regional collaboratives, and private-sector entities. NQF undertook an effort to develop a set of measures, or a family of measures, for measuring affordability. Conceptually, a family of measures gives implementers a pre-screened group of measures carefully selected to work cohesively in pursuit of specific healthcare improvement goals, such as making care more affordable. NQF's Affordability Family of Measures project sought to provide both public- and private-sector measure users with a pre-screened measure set that they could rely on, leading to more consistent information that can guide patient choice and to performance information that is more transparent and easy to analyze.

To create this affordability family of measures, NQF identified current measures that address priorities and national goals, as well as critical measure gaps that must be filled to enable a more complete assessment of affordability. Measures were selected in high-leverage opportunity areas based on evidence of impact on healthcare costs. This project gave special consideration to the various perspectives on who is responsible for healthcare costs, as the definition of affordability and high-leverage opportunities may vary by stakeholder group. For example, public and private purchasers want to offer high-value healthcare services that are affordable to their employees or beneficiaries, and sustainable for their businesses or the government. Consumers want information to understand how much they

will need to spend out-of-pocket for healthcare services, including prices for services and, if they are insured, contributions towards premiums and/or cost sharing.⁹ Lastly, the Affordability Family of Measures project discussed the multiple opportunities to improve cost and affordability measurement including the development of cost measures that can track broader progress in affordability, highlighting indirect costs (e.g., transportation, productivity, and caregiving), and the need to capture the patient experience of affordability.

The Linking Cost and Quality project also provided guidance on how cost measures should be selected and used to assess efficiency. Cost and quality measures are currently linked mainly through payer and purchaser programs to evaluate efficiency. However, this project found that how measures are used and weighted can dramatically impact the results. How measures are selected and weighted in a program is strongly tied to individual stakeholder preferences for different uses. This project underscored the need to align beyond the selection of individual measures to include how measures are used and weighted.

By providing guidance on the selection and use of measures, NQF hopes to focus the field on the measures that can be used to track and improve healthcare costs. These efforts have also helped to identify important directions for measure development to ensure a high-value healthcare system that improves cost and quality performance.

THEMES ACROSS PROJECTS

While each project made a unique contribution to the key activities in the quality measurement enterprise, a number of common themes emerged across the projects: the importance of examining cost in the context of quality, the need for a greater degree of transparency, the importance of context and perspective, and finally, understanding the use and application of measures.

Examine cost in the context of quality. Measuring both cost and quality is essential to driving improvement in the healthcare system and moving toward more efficient care. The NQF **Patient-Focused Episode of Care** model, developed in 2009, serves as a framework for evaluating the efficiency of care, stressing the importance of both cost and quality measures and highlighting the need for scientifically sound cost and resource use measures to link with quality measures. To fill this need, NQF began to endorse cost and resource use measures as building blocks to understanding efficiency. Stakeholders have stressed from the first NQF **National Voluntary Consensus Standards for Cost and Resource Use** project that cost measures should not be used independently of quality measures to prevent inaccurate assessments of efficiency or adverse unintended consequences. This theme continues with NQF's more recent projects with stakeholders urging users to use cost and quality measures together to ensure the system is moving towards high-quality, affordable care.

Increase transparency. There is enormous value and knowledge to be gained by understanding the methodological approaches currently used by a variety of programs currently combining cost and quality measures as well as the methods used in episode groupers. Transparency of price and cost information alone is not enough; end users need to understand how that information was developed in order to assess whether the information is relevant and credible for their decisionmaking.

Consider context and perspective. Affordability does not exist in a vacuum. Affordability of healthcare depends on the stakeholders' other competing priorities. Governments at the state and national level must balance healthcare costs against other budget priorities, from education to economic development to tax rates. Patients and people consider trade-offs in their family budget, such as between groceries, transportation, housing, and other expenses. Insurers, in an attempt to keep their rates competitive, use tiering network designs to encourage consumers and patients to get care from lower priced, higher quality providers. Employers make trade-offs between total compensation, innovation, and profitability and overall competitiveness. Ultimately, different types of decisions and scenarios require different types of information.

Different stakeholders have different perspectives on affordability in healthcare. Although consumers and patients may view affordability through the lens of their out-of-pocket costs, other stakeholders may be more interested in the total cost of care for an institution, an episode, or a population. Nonetheless, rising healthcare costs are affecting all stakeholders, and all stakeholders have a shared responsibility for making care affordable.

Consider use and application. Cost and quality measures can be used in a number of ways. They can be used to track progress, learn what works, and promote accountability for high-quality and better health outcomes. Given these potential applications, it is critical to understand how measures will be used and applied as this can have profound effects on their results as well as on the value of the information they provide. The use and application of measures is intrinsically tied to stakeholder perspective and value. For instance, consumers and patients seek different quality information depending on both the reasons

for which they are seeking healthcare and their personal circumstances. Providers are seeking actionable information about how to improve the care they have delivered and prefer measures that are closely linked to outcomes. Finally, program implementers may prefer broader measures for

accountability, thereby leaving the determination of which processes to measure to providers. However, all users of measurement information share the ultimate goal of improving care and reducing costs.

CONTRIBUTION AND PATH FORWARD

This report highlights NQF's contributions to providing the field with a diverse, but unified, portfolio of tools and perspectives for improving affordability across the measurement enterprise. By closely aligning with the major activities within the performance measurement enterprise, the NQF cost and affordability projects are poised to serve as the foundation for future efforts

to measure and improve the affordability of healthcare. NQF continues to build on its efforts to drive improvement for cost measurement across the performance measurement enterprise: priority setting, measure endorsement, tackling challenging measurement issues and measure selection with the ultimate goal of improving the affordability of healthcare for all stakeholders.

ENDNOTES

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