



Cost & Efficiency Standing Committee – Topical Web Meeting

The National Quality Forum (NQF) convened a public web meeting for the Cost & Efficiency Standing Committee on March 19, 2020 to examine validity testing with respect to cost measurement. Establishing validity is an integral piece of NQF's measure evaluation criteria for endorsement. NQF's Scientific Methods Panel (SMP) evaluates the scientific acceptability (i.e., validity and reliability) of complex measures. In the Fall 2019 cycle, the SMP expressed a need for input from the Cost & Efficiency Standing Committee on evaluating validity testing for cost measures.

Welcome, Introductions, and Review of Web Meeting Objectives

NQF welcomed the Standing Committee and participants to the web meeting. NQF staff then introduced themselves, and Janaki Panchal, Project Manager, conducted a roll call. Thirteen standing committee members participated in the call. The Standing Committee co-chairs, Cheryl Damberg, PhD, and Sunny Jhamnani, MD, provided opening remarks and emphasized the important role the Standing Committee has on providing input to NQF's SMP and measure developers regarding validity testing. Ashlie Wilbon, NQF Senior Technical Expert, introduced the topic for the meeting and provided further background on the SMP, and that the SMP has asked for more input from the Cost & Efficiency Standing Committee for evaluating validity of cost measures. Ms. Wilbon then reviewed the following meeting objectives:

- Introduce and provide an overview of NQF's standard measure evaluation validity criterion
- Examine validity testing with respect to cost measurement

Overview of NQF's Validity Criterion

Ms. Wilbon provided an overview of the types of validity (e.g., construct, content, criterion, face) and NQF's validity criterion, including threats to validity. She reviewed the guidance for evaluating validity of measures based on NQF's measure evaluation criteria. She noted that while NQF's evaluation criteria has evolved over time, many concepts and considerations within [NQF's 2011 Measure Testing Task Force Report](#) hold true with respect to validity testing. Ms. Wilbon noted that for cost measures, reliability and validity are defined as the extent to which the specified measure produces consistent and credible results about the costs or resources to deliver healthcare.

Validity Testing in Cost Measurement

To guide and help focus the Committee discussions, Ms. Wilbon presented some examples of validity testing that have been conducted for cost measures previously reviewed by the Standing Committee and/or the SMP. The types of validity testing include:

- *Construct* - Assesses how the measure performs based on the theory or intent of the construct.
- *Content* - Assesses whether a measure is representative and captures what it aims to measure
- *Criterion* - Assesses the correlation of the computed measure score against some criterion determined to be valid (relationship to other measures)

- *Face* - Assesses whether the measure appears to measure it is intended to measure

Matthew Pickering, NQF Senior Director, facilitated the discussion around the goals of and approaches to validity testing for cost measures, and how this differs from the other types of measures. Three overarching themes emerged, which were the intended use of the measure, data availability, and empirical testing.

Intended Use

Committee members emphasized the importance of the intent of measure and that the goal for cost measures is to accurately measure what it is intended measure in order to differentiate provider performance. Cheryl Damberg further stated that this underlying validity concept is similar to other measures. However, demonstrating validity for cost measures may be different. Jack Needleman added that the risk adjustors used for cost measures should accurately assess the correct costs for the measurement. Committee members raised a concept of having cost measures go through a trial to see how they perform in relation to their intended use. The Committee discussed how this would be helpful with not only evaluating intended use, but also with evaluating inclusion and exclusion criteria and risk adjustment.

There was discussion of whether out-of-pocket costs are reflected in cost measures. Ms. Wilbon mentioned that a few measures in the Cost & Efficiency portfolio include out-of-pocket costs. However, for most measures, the costs that are included are intended for provider accountability and typically do not include out-of-pocket costs. Michael Chernew underscored the importance of understanding the subject matter for these measures. He mentioned that reviewers of these measures should have a good understanding of the nuances that exist within healthcare costs as this has implications for the measure's intent. There was discussion at looking at the relationship between change in spend and quality performance. One Committee member mentioned that quality and cost should be measured separately, as integrating them may cause stakeholders to weight them differently to get to a combined measure of value.

Data Availability and Empirical Testing

The Committee highlighted that measure developers usually address one or two types of validity, which places responsibility on the Committee to determine whether the developers have truly established the validity of the measure. Committee co-chair, Cheryl Damberg added that these measures often need to be implemented and used to better understand how they perform. Ms. Wilbon mentioned that developers may not be able to find a correlating measure with which to demonstrate validity or the best alternative way to demonstrate face validity. Committee members added that many cost measures conduct validity testing using other claims-based costs. Some members expressed how using claims-based costs as a validator for claims-based costs is less preferable, as it increases the possibility of validating systematic inaccuracies in the claims data. Further, the Committee felt that validity testing should include other sources of cost data, such as cost reports, survey data, payor payments, reimbursements, or other external sources. Some members commented that there is a lack of accessibility to these other options to prove validity. However, the Committee agreed that even though these data may be more difficult to obtain, they may be needed for these measures.

Next Steps

Matthew Pickering briefed the Committee on the upcoming spring 2020 measure review cycle. The six cost measures submitted by CMS for Spring 2020 cycle will be evaluated by the Scientific Methods Panel on April 1 and 2, prior to the Standing Committee review in June.