

# Information Therapy for U.S. Health Care's Cognitive-Disorder Problems

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# Initial Disclosure

- Problems of the current system
- Part of the solution: better information
- Bush admin's transparency initiative
- What we need to know & how to find it out
- Forecast

# The Problem: What's Wrong with the Current System

- High costs -- not matched by better value (affordability, access, opportunity costs)
- Inconsistent quality (recommended care, medical errors)
- Complexity
- Poor incentives
- Inadequate information (data, measures, standards, availability, usability)

# Adding Improved Consumer Info to the Health Care Tool Kit

Why consumers? Why now?

- Third parties need first-party help
- Trust, legitimacy
- Empowerment: reality, not just rhetoric
- Comparative info fuels competition
- Spillover effects
- Complexity & customization

# Baseline Transparency in U.S. Health Care



# Bush Administration's Transparency Initiative

- Executive order operates through federal health programs
- Quality transparency
  - Measure quality of services provided
  - Claims & data aggregation
- Pricing transparency
  - Prices paid for procedures by providers
  - Overall cost per episode\*
  - Overall cost for chronic condition treatment\*  
(\*possible)
- Promote care quality & efficiency (offer CDHC products)
- Phase in use of interoperable health IT

# Bush Administration's Transparency Initiative

- Complements other earlier initiatives (CDHC, Medicare, Health IT)
- Reinforce market approaches
- Leveraging federal role as first (big) mover
- Collaborative with other stakeholders
- Not incur additional federal costs????

# Early Assessment

- Federal program prices are just a crude start (“negotiated” rates)
- Measuring all-in market-based costs per episode or condition is much further away
- How much transparency to public
- How much data sharing with private payors
- Work with what you have, attract attention
- Building better, newer, and faster IT pipes alone doesn’t ensure we use effectively what’s in them (stronger incentives, more relevant measures)

# What We Need to Know, about What Consumers Need to Know, and How They Can Learn It

## Unit & Level of Measurement Matters

- Point of service decision info vs. health plan choice info
- Different kind of transparency for differentiated insurance options for higher end care and treatment
- Physician-identifiable vs. hospital-level performances
- Make the relevant decision maker more accountable

# Measure What Matters Most; Not Just What's Easiest to Measure

- Price alone draws attention, but it's not enough  
    Need all-in-costs, by diagnosis or  
    episode of treatment
- Effectiveness: outcomes, not inputs & process
- Efficiency: comparative resource use, not  
    initial list prices
- Consumer satisfaction: may conflict with expert  
    standards

# Better Information, not Perfect Information

- Drop pretenses: predictive certainty, precision, clear quality thresholds
- Probabilities and tendencies
- Relative ranges
- Continuum of cost/quality, but aimed toward maximizing value

# Data Aggregation: Collect Once, Use Often

- Critical mass, denominator size
- Electronic Health Records (only a tool, not end in itself)
- Expand access to CMS physician-identifiable data (Gregg bill)
- Common data and common measures don't require comprehensive consensus care standards
- Pluralism, competition
- Don't oversell “systemness”

# Link to Provider Incentives

- Provider effects: upstream, downstream
- Realign payment incentives
- Reward both absolute performance and relative improvement
- Trust factor

# Challenges in Providing Better Health Info for Consumers

- Data & information is power:  
will it be pooled and shared?
- Need trusted, neutral intermediaries
- Paying for it
- Collecting info from multiple sources
- Making it available to multiple users
- Mission creep, competing agendas

# Barriers to Better Health Info for Consumers

- Third party payment suppresses OOP costs at POS
- Lack of differential payments to providers (one code, one payment)
- Linking quality & efficiency at physician level
- Physician & provider resistance
- Limited access to public data  
(Medicare, state all payor)
- Inertia, prolonged search for “consensus”
- Medical elitism: transparency for patients, or just for providers?

# Forecast

- Inevitable, but inevitably slower
- Health care belatedly joins rest of economy
- Key is data aggregation w/o info stagnation
- Markets find, refine, and redefine