



ALIGNING FORCES FOR QUALITY

**Engaging consumers with a high-value
health care system: Public reporting
of costs and resource use**

American Institutes for Research®

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Objectives

- Review how consumers can use cost and resource use information
- Discuss 3 factors that can impact how effectively your Alliance engages consumers with this information
 - For each, discuss what your Alliance can do TODAY to address this factor and bolster its efforts to engage consumers

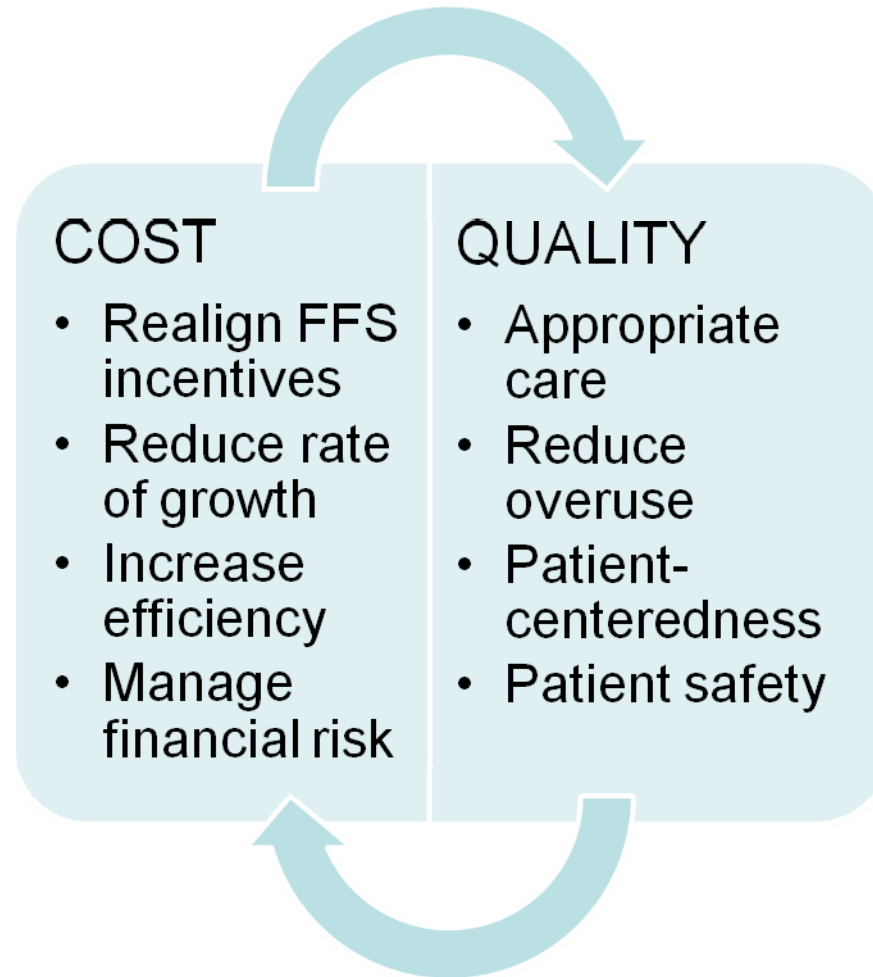


Why is this important?

Health reform and payment innovations:

- Expected to reshape health care delivery by aligning provider, purchaser and consumer incentives
- Will rely on public reports—such as those published by the Alliances—to support consumer health care choices
- Success of efforts will hinge on how well consumers understand and apply information from reports to health care decisions

Payment reform's dual goals



Adapted from Payment Reform: Analysis of Models and Performance Measurement Implications, RAND, 2011

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How can consumers use information on costs and resource use?


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Consumers can use cost and resource use information to ...

- **Make better health choices**
 - Price is not a proxy for quality
 - Reduce exposure to unnecessary risk
- **Shop for medical care**
 - Especially those exposed to significant out-of-pocket expenses
- **Understand and navigate changes to benefit design**
 - Consumers must be able to understand and use this information for reforms to be successful





Factors that impact how effectively consumers engage with cost and resource use information



- 1. The knowledge, attitudes and beliefs of consumers**
- 2. How incentives are aligned in your community**
- 3. How you talk about and display the information on your public reports**



Knowledge, attitudes and beliefs: What are they?

- Higher priced providers give better quality care
- More care is better
- Providers have my best interests at heart and should not be questioned
- Cost should not be a consideration when it comes to my health care

Carman KL, Maurer M, Yegian JM, Dardess P, McGee J, Evers M, Marlo KO. “Evidence that Consumers are Skeptical About Evidence-based Health Care.” *Health Affairs*. 2010 June; 29(7): 1400-1406.



What underlies consumer beliefs?

- Traditionally have been shielded from costs and variations in the costs of care
 - Tend to focus on what they pay, instead of total bill
 - Have neither benefitted from nor paid for increases or decreases in cost or resource use
- Remain rooted in traditional expectations about doctor-patient relationship and medical care system
- Marketing messages from media and health care industry emphasize benefits of technology and more care, play down drawbacks




How consumer beliefs impact how they engage with cost information

- May have varying levels of interest depending on exposure to out-of-pocket costs
 - Less exposure means less likely to be aware of “cost problem” – on individual and societal level
- May not understand individual role in helping to manage costs
- May not know risks of unnecessary or inappropriate care
- May misuse or misinterpret information

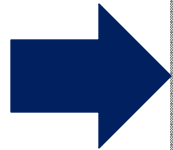


What you can do TODAY: Build consumer knowledge

- Invest in **knowledge-building** efforts directed at consumers that:
 - Address ingrained knowledge, attitudes & beliefs and anticipate how they may impact choice
 - Convey that “cost problem” affects each of us and all of us despite good coverage and low out-of-pocket costs
 - Let different segments of consumers know how they can use the information to benefit themselves and society



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Alignment of incentives: What is it?

- Aligning provider and consumer incentives so both are inclined to make choices that encourage high quality, efficient care
 - Payment reform adjusts incentives on the provider side
 - Bundled payments for episodes of care
 - Payment for full spectrum of care for patients (via ACOs)
 - Network design and benefits design adjust incentives on consumer side
 - Ex. Value-based insurance design



Value-based insurance design (VBID)

- Gives consumers with low out-of-pocket costs reason to understand and use cost and quality information
- Sets consumer cost sharing based on clinical value of services
- Research shows alignment of incentives can impact use of services and medications

<http://www.sph.umich.edu/vbidcenter/publications/pdfs/whitepaper33010.pdf>

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Service	Cost burden to state employee
<p><u>Tier 1:</u> Services required for 6 chronic conditions and proven preventive services</p>	<p>Zero or low out-of-pocket costs</p>
<p><u>Tier 2:</u> Majority of services covered</p>	<p>Standard deductible and coinsurance</p>
<p><u>Tier 3:</u> Services nationally recognized as overused and driven by provider preference or supply rather than evidence-based need</p>	<p>Substantial cost-sharing</p>

<http://www.orhealthleadershipcouncil.org/value-based-benefits>

Slide 15

AIR1


Katherine et al: We understand that this example might be a bit incendiary -- we will likely replace this with another example of a tiered benefits structure (may refer to UMich lit on this for examples). If you have any other suggestions please let us know.

American Institutes for Research, 5/10/2011




What you can do TODAY: Aligning incentives

- Invest in **political-will building** efforts:
 - Convene stakeholders early and often
 - Work with business coalitions representing multiple employers
 - Helps leverage the purchasing power of participating employers
 - Can add efficiency to implementation of VBID
 - Develop effective communications to convey purpose and benefits of VBID to your community's stakeholders



Factors that impact how effectively consumers engage with cost and resource use information

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1. The knowledge, attitudes and beliefs of consumers
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How do the displays we use in our reports impact consumer engagement?

Choice of displays and labels:

- Determine how easy it is for consumers to process, interpret and use information
- Present an opportunity to address knowledge, attitudes and beliefs
- Have an impact on political feasibility



What you can do TODAY: Displays

- If possible, combine cost and quality information
 - Cost can be a “gateway” to quality information
 - Gets consumers to understand cost/quality relationship differently
- Use best practices to reduce consumers’ cognitive burden
- Test your displays with consumers
- Seek guidance on how to display and label your measures



How does the language we use in our reports impact consumer engagement?

Choice of language:

- Can have unintended implications
 - Ex. Consumers do not react positively to word “value”
 - Framing as a gain (better buy) or loss (waste or exposure to risk) will likely elicit different reactions
- Can establish context for consumers
 - Educate about individual and societal cost problems
 - Address beliefs and misconceptions (more is not better, etc.)



What you can do TODAY: Using language in your reports

- Provide compelling reasons for consumers to use your report
- Establish proper context for your measures
- Write in “plain” language
- Test language with consumers
- Seek guidance on how to talk about efficient care



Achieving your 3.0 goals

- Please see the “11 Ways...” document for even more tips on how to engage consumers with cost information
- Following these tips will help consumers understand and use the information and your community:
 - Reduce overuse
 - Get a better handle on costs and resources
 - Deliver safer, appropriate, patient-centered care



What's next...

AIR will be conducting research on:

- Consumers' perceptions of cost and resource use information
- Consumers' behaviors when presented with cost and resource use information
- Real-world approaches to maximizing consumer understanding and application of cost and resource use information to their health care decision-making



How can we help you?

- **Contact us**

- American Institutes for Research (202-403-5000)
 - Kristin Carman (kcarman@air.org)
 - Karthik Shyam (kshyam@air.org)

- **Resources**

- The Case for Public Reporting of Cost & Resource Use Measures
- Reporting Cost & Resource Use Measures to Consumers: A Primer
- Reporting Cost & Resource Use Measures: 11 Ways to Bolster Efforts to Engage Consumers
- How to Get Consumer Feedback and Input into Websites
- How to Display Comparative Information That People Can Understand and Use

Questions?



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