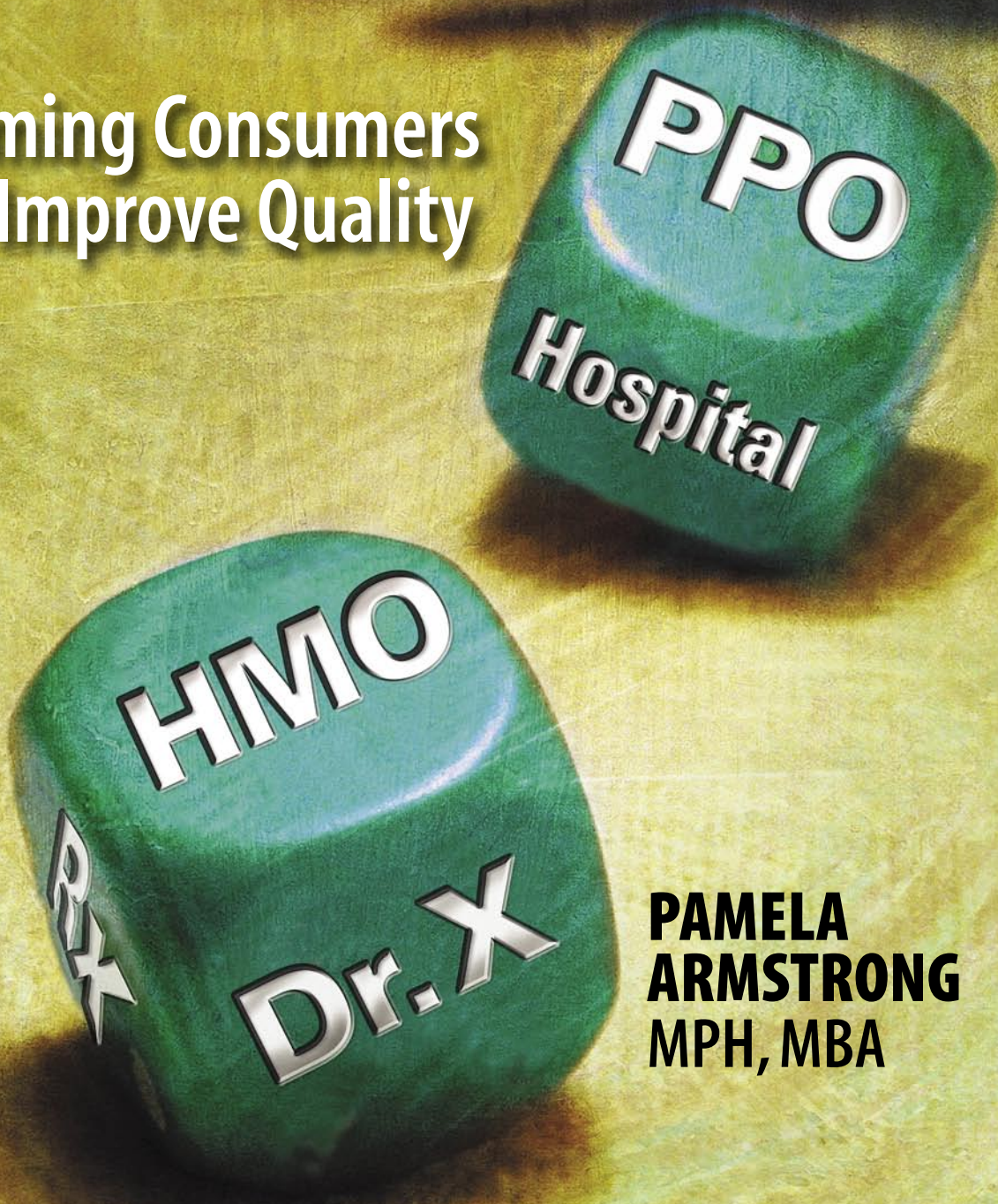


# SURVIVING HEALTHCARE

Arming Consumers  
to Improve Quality



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“Americans should be able to count on receiving care that meets their needs and is based on the best scientific knowledge. Yet there is strong evidence that this frequently is not the case....Quality problems are everywhere, affecting many patients. Between the health care we have and the care we could have lies not just a gap, but a chasm.”

From the Executive Summary, Institute of Medicine,  
*Crossing the Quality Chasm*<sup>1</sup>



***The Quality of Care Delivered to Adults in the United States***, a study conducted by the Rand Corporation, reported in the New England Journal of Medicine, June 2003:

## **RESULTS:**

In a random sample of adults in 12 metropolitan areas in the U.S., participants received 54.9% of recommended care. The deficits identified pose serious threats to the health of the American public.<sup>2</sup>

**“Arming consumers** with better information about quality gaps promises not only to improve quality but also to decrease the escalation of healthcare costs.”

# Executive Summary

**T**his paper clarifies the value of educating consumers to be fully knowledgeable about the vast gaps in quality in the U.S. healthcare system and to know how to best protect themselves against those gaps.

This paper also proposes that employers have much to gain in taking on the role of assisting their employees in becoming far better educated on these issues.

Many solutions have been discussed and proposed for closing the gaps in medical quality and reducing healthcare costs. Among those proposed solutions are:

- Creating payment-based incentive programs to encourage providers to improve care (Pay for Performance).
- Giving providers quality comparison information, showing how each ranks against others, thus using professional pride and competition for market share as motivators for improvement.
- Implementing new health coverage arrangements in which the insureds pay increased portions of their health care costs. This creates greater financial incentives for patients to make wise value choices for their care. (Increased copayments/coinsurance/premium contribution amounts, high-deductible plans)



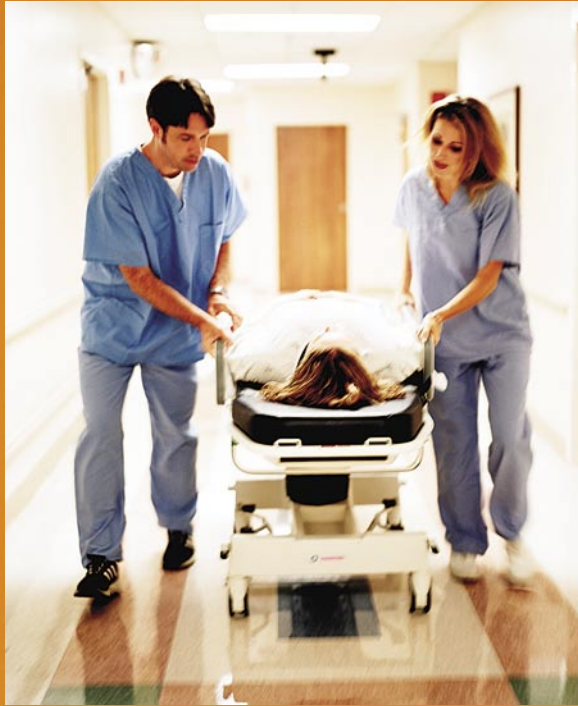


- Improving provider support technology and systems
- Improving population care management strategies and programs
- Providing specific patients with customized data on cost and quality of treatment options for their specific needs, usually only in response to the patient's request for this information and when the patient is already quite ill (usually only in Consumer-Driven/Directed plans)

**Each** of these tactics seems likely to yield some **positive results.**

**H**owever, relatively few voices in the national health-care debate have proposed a solution that promises even more impact. Large-scale education to arm all consumers with better information about the widespread gaps in healthcare quality can be the key to improving quality of care on a massive scale. Consumers who truly understand the extent and types of health risks they face every day in healthcare will be motivated to make sure they are getting high quality care.

Informed consumers can also have an impact on decreasing healthcare costs. Improving quality translates into decreasing misuse and waste in healthcare. Therefore, arming consumers with better information about quality gaps promises not only to improve quality but also to decrease the escalation of healthcare costs.



# Background

**T**op policy makers, health plan executives and key health-care industry insiders are keenly aware of the well-documented, extensive gaps in quality in U.S. healthcare. A number of top-level executives in the employer segment are also aware of these quality gaps.

## Documentation of poor quality in U.S. healthcare includes the following statistics:

- As stated in the introduction to this paper, according to a recent Rand Corporation study, the average U.S. healthcare consumer receives only 55% of the medical care they should be receiving.
- The Institute of Medicine has indicated that as many as 98,000 people die as a result of medical errors each year.<sup>3</sup>
- The National Committee for Quality Assurance reports that as many as 79,000 additional people die each year due to poor quality medical care. These numbers include thousands of individuals whose insurance paid for care that the patients assumed to have been of highest quality but was not.<sup>4</sup>
- The Midwest Business Group on Health reports that as much as 30% of all dollars spent on healthcare in the U.S. goes toward care that is either unnecessary or inappropriate.<sup>5</sup>



**The gaps** in quality in U.S. healthcare are well known to a relative few. However, most U.S. consumers are largely unaware of the medical quality gaps that not only unnecessarily increase their costs of healthcare but more importantly **negatively impact their health.**





# *Proposed Solutions*

## **Some Proposed Solutions**

**P**roviders, regulators, health plans and employer-payers have each developed methods for improving U.S. healthcare quality. Key among those proposed solutions are the following concepts, all of which are in the process of being implemented in some form by at least one sponsor.

- **Creating payment-based incentive programs to encourage providers to improve care (Pay for Performance).**

This approach is in its infancy but promises significant results. Lack of agreement on methodologies and tools for measuring performance is hindering progress. Medicare's recent entry into the pay-for-performance arena, and projected increased Medicare involvement, may set the future standards for all players. Some organizations sponsoring pay-for-performance make their provider quality comparison results available publicly. This benefits many people. Consumers learn which providers are doing best and then tend to migrate to those providers. Providers are motivated to improve their quality to increase their scores. Payors benefit from the cost savings that result from the increased use of higher quality, more efficient care.



- **Giving providers quality comparison information, showing how each ranks against others, thus using professional pride and competition for market share as motivators for improvement.**

This tactic has been used by certain health plans and by Medicare, which required hospitals to report on how well they did in providing a few key types of treatments in order to get this year's cost-of-living increases in Medicare payments. Providers have generally not tracked how well or poorly they do on key quality measures and are sometimes quite surprised at their poor outcomes when finally measured. Just tracking how well they actually do and comparing the results against those of other providers has been a wake up call to a number of physicians and hospitals.

- **Improving provider support technology and systems.**

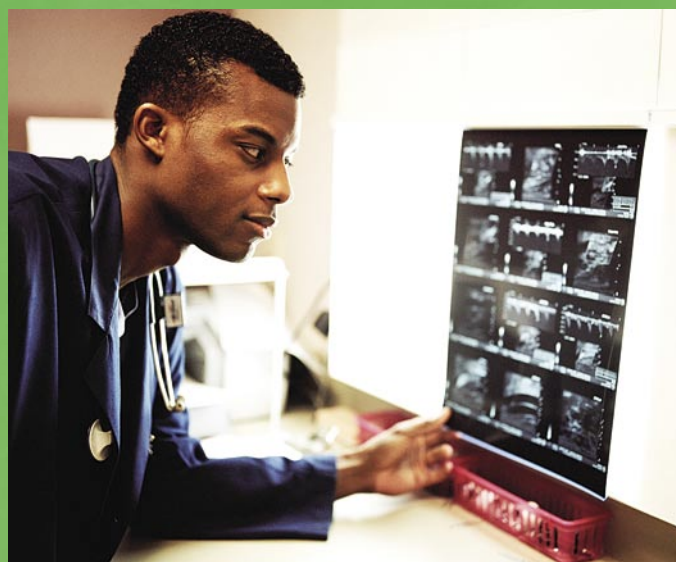
The medical industry is significantly behind in the technology revolution that has enhanced quality, efficiency and productivity in most other U.S. industries. IT improvements are especially needed at the point of care delivery to assist physicians and other providers in delivering higher quality care. Many providers are now beginning to increase spending on these types of IT and related support systems, but much more improvement is needed.

- **Improving population care management strategies and programs.**

The latest and best Disease Management programs have evolved to not only do a better job of caring for the chronically ill but to also identify those members of a population who are at highest risk for becoming seriously ill but do not yet show symptoms. These high-risk individuals are then targeted for risk reduction programs to decrease the chances of their becoming ill in the future, or at least diminish the severity of an unavoidable illness, and thereby decrease the future costs of their care.

- **Implementing new health coverage arrangements in which the insureds pay increased portions of their health care costs. These new arrangements create greater financial incentives for patients to make wise value choices for their care. (Increased copayments/coinsurance/premium contribution amounts, high-deductible plans, Health Reimbursement Accounts, Health Savings Accounts)**

Such plans do seem to create greater awareness of healthcare costs on the part of the covered participants and in some cases have shown an overall somewhat modest cost savings. However, the sickest participants in these plans (the roughly 20% who generate roughly 80% of the total costs) quickly spend through their deductibles and reach their out-of-pocket maximums, thus quickly reaching the point where they have little or no financial incentive to control costs.



- **Providing specific patients with customized data on cost and quality of treatment options for their specific needs, usually only in response to the patient's request for this information and when the patient is already quite ill (This strategy is usually affiliated only with Consumer-Driven/Directed plans.)**

Again however, very ill patients who are insured, even in high deductible plans, quickly spend up to and beyond their major out-of-pocket cost limits and reach a point where they have little incentive to control the costs of their care. However, providing these patients with thorough, credible quality comparison data can help direct them to more cost-effective caregivers.

Because the details of each of these concepts and approaches are well documented elsewhere, there is no need to do so here. All of these types of projects promise some cost-reduction and/or quality improvement results, some more than others.



# *Promising Solution*

## **A Relatively Unexplored But Extremely Promising Solution**

**B**ut one promising solution has had little discussion. As stated above, some consumers, especially the few who are in Consumer-Driven plans who are facing costly treatments, are given comparative cost information about their options. Having cost comparison information, especially when a significant part of the cost must come directly from their own 'pockets', gives patients an incentive to seriously consider and choose lower cost options. Sometimes this cost comparison information is accompanied by quality comparison information.

**To date,** however, there has been no widespread effort to educate consumers about the huge medical quality gaps that may negatively affect them. Many of these gaps in quality happen far in advance of when patients must make decisions about costly surgery, drugs or other treatments.

In fact, a big portion of the medical quality gaps across the U.S. are in preventive care. Much clinical preventive care that is clearly effective and recommended is not provided. Getting all patients all recommended preventive care would save millions in healthcare costs spent on preventable illness and would improve patients' quality of life hugely. Consumers, who bear the health impact of these gaps in care, are not well informed about either the gaps or their consequences.

Gaps in quality also impact care for already-acquired acute and chronic conditions. When these conditions are not treated appropriately, costs of care are greater than necessary, and quality of life is poorer than it could be, as patients do not get well or suffer needless discomfort and disability.

**“If consumers understood** the extent of poor quality that currently exists, and the serious impact this poor quality has on their health and pocketbooks, **they would demand better care.”**

## *Economics Basics*

### **Economics – Getting Back to Basics**

**T**he dynamics in U.S. healthcare clearly go against some basic premises of market-based economics. This is not news to healthcare economists and many others. One major problem is that consumers pay only a small portion of the total costs of their care and are often shielded from knowing the full costs. More importantly, even when they know the full costs, as long as they are paying only a small portion, they are not highly incented to control how they use medical services. This out-of-pocket cost issue has been widely discussed. What has not been discussed enough is the fact that consumers are very poorly informed about the gaps in quality that are so prevalent in their medical care. The following quote from the textbook *Microeconomics* by Pindyck and Rubinfeld reminds us of the power of information about product quality as well as product costs in a market-based economic system:

**“If consumers do not have** accurate information about market prices or product quality, the market system will not operate efficiently. This lack of information may give producers an incentive to supply too much of some products and too little of others. In other cases, some consumers may not buy a product even though they would benefit from doing so, while other consumers buy products that leave them worse off.”<sup>6</sup>





This description of **how lack of accurate information causes inefficiency** could not be more true of our current medical care system.

If consumers understood the extent of poor quality that currently exists, and the serious impact this poor quality has on their health and pocketbooks, they would demand better care. Consumers pay the full health brunt of the results of poor quality and therefore have a clear incentive to insist on getting the best care. Ultimately, it is in everyone's best interests, but most clearly in consumers' best interests, to do widespread consumer education about the extent of poor quality in our healthcare system, about what good care looks like, and about how to insist on quality and cost-effectiveness.



# *Need to Know?*

## **What Exactly Do Consumers Need to Know?**

**T**o arm consumers to defend themselves against poor quality in healthcare, consumers need to be educated about:

- The vast extent of the gaps in medical quality, in all types of care, among all types of patients and providers, whether or not the patient is well insured.
- The types of care where gaps in quality have been shown to be most prevalent.
- What high quality care looks like.
- What to ask or look for to find out if they are receiving good care.
- How to find a physician who will partner with them to make sure they are getting the best care.
- How to look for the best providers (physicians and hospitals especially) for specific types of surgeries or other high-risk procedures.

- How to insist on being a full participant in determining, choosing and implementing treatment options (How to partner with their doctor and other care providers to get the best care).
- The true costs, both in terms of quality of life and economic costs, of their lifestyle habits and the choices they make. Many consumers assume and expect good medical care should — and will — heal all of their health problems, allowing them to reach a ripe old age without much disability even if they eat poorly, are overweight, get little exercise or have other unhealthy habits. It is vital to educate consumers about the clear relationship between their habits and choices of today and the prevention of illness and disability in later years.





*www.MedLinePlus.gov*

## *Consumers Learn* **How Can Consumers Learn These Things?**

**A**ccording to a recent Harris poll, most consumers believe their own doctor provides excellent care. In general, American consumers believe that most doctors in the U.S. provide the best care available anywhere in the world in almost all situations and for essentially all medical needs and problems. These beliefs are strongly held in spite of the evidence to the contrary. Consumers need strong leadership from credible sources to present and explain the extent of poor quality in U.S. medical care. Without this, consumers will continue to blindly believe they are for the most part getting the best care money can buy, which obviously is not the case. So the first step in educating consumers is to get their attention on this issue.

**S**econd, just informing consumers about the extensive gaps in quality is not enough. To do so would simply leave them panicked on top of being as defenseless as they now are. Consumers need specific details of the most prevalent medical quality problems and how to protect themselves against each type of problem. Sources of information on the quality gaps and how to protect oneself must be trustworthy. Sorting out good sources of information in the confusing and emotionally charged sea of medical 'facts' available to the public is daunting but do-able. Fortunately, reliable sources of information are publicly available to anyone who knows where to look. In general, federal government-sponsored sources are the most reliable, and many, such as *www.medlineplus.gov*, are extremely comprehensive. Consumers should be taught to question resources that may have a bias. For example, information on websites sponsored by organizations whose true motive is to sell specific products or services should not necessarily be taken at face value.



# *Employers' Role*

**E**mployers have historically taken the stance that they do not want to interfere in their employees' choice of healthcare providers or services. Also, many Human Resource professionals are unaware of the extensive gaps in quality in U.S. medical care. For both of these reasons, most employers have not seen it as their responsibility to directly educate employees about quality of care issues. However, with the average costs of healthcare and health insurance projected to double within the next decade, and employers most likely stuck in the role of paying the largest share of healthcare premiums for employees, it is time for employers to re-examine their role. Wise employers will pay attention to the facts about gaps in quality and the drastic need for their employees to be educated about this problem, for cost control as well as employee health improvement.

By taking on the role of education facilitator, employers need not invade the privacy of any employee. Education about gaps in medical quality and what to do about them does not need to be personalized, especially if the information and tools for finding trustworthy information are given to employees for personalized use on their own.

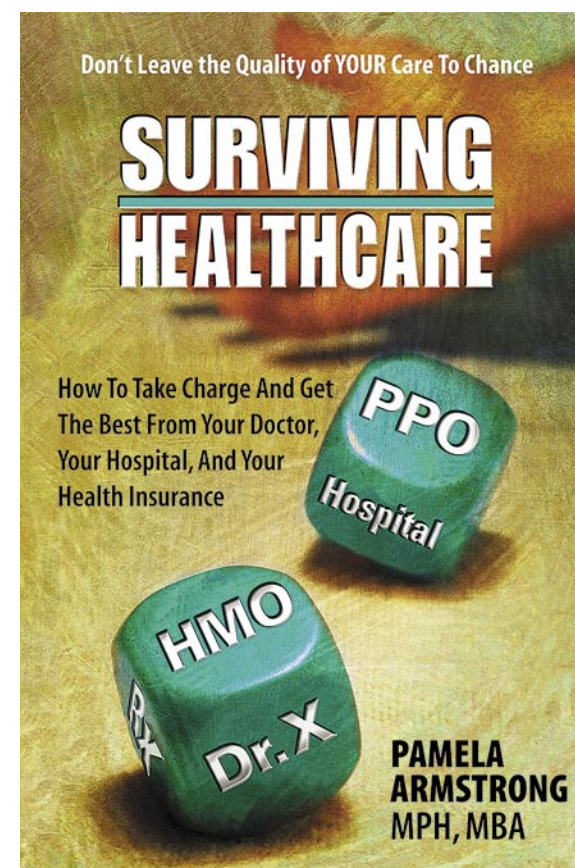
Employers who step up to this plate can gain in more ways than improving their bottom lines and enhancing their employees' health. Improvements in productivity, workforce retention and morale are also reasonable expectations for employers who take a win/win position in presenting their case.





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## *Surviving Healthcare* **About *Surviving Healthcare*, the Book and the Work of Its Author**



**P**amela Armstrong, MPH, MBA, wrote the book *Surviving Healthcare* to educate the public about the extensive gaps in medical care quality in the U.S., and to teach consumers how to protect themselves. She gives presentations to employer groups, employees and consumer groups on this topic and consults with employers on how best to educate their employees to be wiser healthcare consumers. *Surviving Healthcare* is available for purchase in quantity at a discount and may be customized for your organization.

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<sup>6</sup> RS Pindyck and DL Rubinfeld, *Microeconomics*, Fourth Edition (Upper Saddle River, New Jersey: Prentice Hall, 1998), 612.



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