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Making the Grade: Report Cards and Retail Health

by Jane Sarasohn-Kahn

"Consumers appear encumbered by a lack of trusted health information and advice..."

-Consumer and Physician Readiness for a Retail Health Market, Booz Allen Hamilton, 2007

In the growing world of healthcare@retail, more Americans are being faced with a new role as shoppers. In most cases, they're shopping for health care without a net -- that is, the safety net of information that shoppers need to be, well, shoppers. Will the new players in health care report cards soon come to the rescue?

On April 20, the *Washington Post* published a column on hospital report cards in the Washington, D.C., region. In the column, Steven Pearlstein evaluated three entrenched players, two from the private sector and one from the public sector:

- Solucient;
- HealthGrades; and
- HHS' Hospital Compare Web site.

He noted that only two hospitals in the region made it onto the list of top 100 hospitals compiled by Solucient, the health information subsidiary of Thomson. On the HealthGrades Web site, two of Inova's hospitals (different from the Solucient top hospitals) in the region have five-star ratings in several clinical areas. HHS' scorecard awarded a high grade to yet another hospital.

Lots of Report Cards, Lots of Variation

Pearlstein pointed out the fact that we are in the early phase of health care report cards. He found that each of the three report cards uses different scoring protocols and that it resulted in different hospitals being noted as the district's "the top hospitals." Still, Pearlstein wrote, "Over time, the wide variations should decline as the rating industry develops better analytical tools."

Among the various differences that Pearlstein found in his evaluation:

- HealthGrades' focus is on medical outcomes, adjusted for patient severity, age and health status. HealthGrades also offers a patient-safety rating based on 13 indicators, from bedsores to infection rates. This report card is consumer-focused.
- Solucient's rating system is more targeted to hospital administrators and professionals, not consumers. While incorporating risk-adjusted outcomes, Solucient also takes into account the hospital's financial performance, which the company finds is directly related to patient outcomes. Solucient's reports are sold only to hospitals, but it does publish a list of the top 100 hospitals on an annual basis.
- HHS' Hospital Compare Web site doesn't offer outcomes information but does provide "process" scores on specific actions, such as what percent of heart attack patients a

hospital were given aspirin and how that hospital compares with state and national averages.

Consumers Are Ready for Report Cards, But...

A *Washington Times* survey conducted in January 2007 found that 82% of Americans said they would go online to get health care-quality information. However, going online and actually finding what you're looking for once you're there are two different matters.

Americans are far from satisfied with currently available health care cost and quality information, according to new data from Booz Allen Hamilton, which examined consumers covered by high-deductible health plans and other consumer-directed health plans. Most of these consumers reported being "very involved" with decisions about their treatment. Those with greater cost responsibility were less satisfied with the information available. In particular, they were the least satisfied with cost information available for prescription drugs and specialist physicians.

I was intrigued to note from the Booz Allen data that consumers evaluate different health stakeholders using different criteria. Consumers evaluate doctors primarily on quality; health plans primarily on price; and pharmaceutical companies primarily on price, with less emphasis on quality.

The finding that consumers are highly sensitive to the prices of pharmaceutical products could be based on several factors: Consumers are most exposed, cost-wise, to out-of-pocket drug costs at the retail pharmacy. As a result, they have embraced generic drugs, at lower price points (that is, copayment amounts). Except for focusing on differences in cost, consumers don't seem to differentiate between a higher-cost, newer, brand-name drug and an older, generic drug in the same category.

As billions of older pharmaceutical products will lose patent protection in the next couple of years, the pharmaceutical industry -- lack of consumer trust and all -- will have a major challenge communicating the value of novel products in the market unless it has clear data to back up "better-than" claims.

Consumers Trust Some Sources More than Others

In true shopping mode, consumers are not going to trust every report card source that comes their way. The most trustworthy health information sources, according to the Booz Allen survey data, are independent groups like Consumer Reports. These sources are followed in trust by friends and family, doctors, independent health information Web sites, and hospitals and physician groups. The least-trusted sources are health plans, employers, the government and pharmaceutical companies.

For prescription drugs, the No. 1 trust source is pharmacists, who fill an important gap, especially for seniors who might not go online for health information as often as younger cohorts.

The Value of Independence in the New Retail Health Environment

The low trust in employers in providing health cost and quality data is echoed by the latest National Health Insurance Satisfaction study by J.D. Power and Associates. J.D. Power is one of the newest entrants into the "independent" group of health information reporters. It's published at least six reports on various health care issues, including consumer satisfaction studies on Medicare Part D, pharmacies, hospitals, health plans, and vision plans and retailers.

The newer independents entering the health care report card space have a lot to offer consumers who also are new players in retail health care. These are trusted information brands that have already earned consumers' confidence. J.D. Power knows how to communicate complex information to consumers in user friendly formats. J.D. Power has credibility and trust with consumers, who have successfully used the company's ratings for automobile, insurance, telecommunications and travel. Consumer Reports has helped a consumer avoid costly automotive repairs by pointing her to a Best Buy minivan. U.S. News & World Report -- which publishes the annual "Best Hospitals" survey -- has been a trusted source of weekly information empowering readers for decades.

In the evolving world of healthcare@retail, the new independent reviewer will emerge as a preferred source of health care report cards among consumers.

About the Author:

Jane Sarasohn-Kahn is a health economist who advises organizations at the nexus of health care and technology. She leads Think-Health, a health consultancy, and works with stakeholders throughout the health care industry. Sarasohn-Kahn can be contacted at jane@think-health.net.

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