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## **Measuring Hospital Quality and Public Reporting**

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## Factsheet: Hospital Quality

### What is “quality” in healthcare?

The Institute of Medicine (IoM) defines quality as “the degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge.<sup>1</sup>” The IoM specifies the following components of quality:

- **Safe:** avoiding injuries from care that is intended to help patients.
- **Effective:** providing services based on scientific knowledge and avoiding those that are not likely to benefit patients
- **Patient-Centered:** providing care that is respectful and responsive to individual patient preferences, needs, values, and includes patient values in clinical decision-making
- **Timely:** reducing wait times and sometimes harmful delays for those who receive and provide care
- **Efficient:** avoiding waste, particularly in equipments, supplies, ideas and energy
- **Equitable:** care that does not vary in quality due to personal characteristics (gender, ethnicity, geographic location or socioeconomic status)

### How do we measure “quality”?

Quality of care is predominantly measured either through clinical processes or health outcomes, though both measures have their strengths and their limitations. Measuring processes and outcomes sheds light on the component of *effective* care, but offers less information regarding the other components.

- Process measures assess the completion of key clinical processes, such as completing a yearly foot exam for diabetic patients to encourage early detection of neuropathy, and ultimately prevent the need for amputation. Process measures are most useful at assessing quality when there is a strong correlation between the completion of the process and an improvement in related health outcomes.<sup>2</sup> Weaknesses of process measures are that they may encourage a “teach to the test” mentality among providers, and may potentially incentivize the completion of certain processes at the expense of innovative efforts at care improvement and redesign.<sup>3</sup>
- Outcome measures aim to directly quantify improvements in health outcomes. They include measures such as decreases in the incidence of end-stage renal disease among diabetic patients. Weaknesses of outcome measures are that it may be difficult to attribute improvements in outcomes solely to the successes of clinicians or the health care system, given the variety of patient and community characteristics that impact outcomes.<sup>4</sup>

### Why measure quality?

Quality metrics are used for many purposes, such as internal quality improvement efforts, as well as external purposes such as informing patient decision-making and motivating targeted improvements in care among physicians and within health systems. Recently, there has been a concerted movement by patients, industry, and policymakers to encourage hospitals to publicly report their performance on a subset of quality metrics. The target audiences for the public reporting of quality metrics are varied. Patients, clinicians, hospitals, and policymakers can all gain different information from publicly reported data on quality and performance. Patients may choose providers based on the aggregate quality measures of a hospital; clinicians and hospitals may use the relative differences in quality between their institution and other institutions to

identify areas of improvement. Policymakers may develop policies that incentivize performance at the upper end of the quality distribution.

### Legislation and Quality Measurement

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 included specific support for public reporting of a subset of quality measures on a national level. The bill established the Hospital Inpatient Quality Reporting Program to create a centralized source of quality information that would be available to consumers through a website.<sup>5</sup> The bill also established a direct incentive for hospitals to report a subset of specified quality measures: in conjunction with the Deficit Reduction Act of 2005, Medicare payment rates were reduced by 0.4 percent and 2.0 percent for hospitals that chose not to report selected quality indicators,<sup>6</sup> and as a result, these programs have near 100% participation rates among eligible hospitals.

In the latest debates over health care reform, consumers and clinicians have indicated growing concern about optimizing the quality of care provided to patients while limiting spending growth. The Affordable Care Act requires that the Center for Medicare and Medicaid Services (CMS) adopt Value-Based Purchasing (VBP), a program that represents a marked change in hospital financing by tying part of each hospital's payments to their performance on a set of quality measures. Hospitals that fail to meet an achievement threshold will likely lose part of their payments from CMS, whereas hospitals that reach their thresholds will be given the entirety of their performance-based incentive payments.

### Questions to Consider

- 1) What is the optimal type of quality metric (completion of processes, measurement of health outcomes, assessments of patient experience, etc.)? Which IOM quality constructs are the easiest or hardest to measure? If a hospital fails to reach a standard of quality, who should be held accountable?
- 2) There is concern that public reporting of metrics to patients may not paint a true picture of the quality of a hospital or clinician, and thus, is not useful to patients. Others argue that public reporting of these metrics is beneficial for patients, and also attempts to correct a violated market assumption that it is impossible for a patient to be a completely informed consumer. Discuss strengths and weaknesses of both arguments.
- 3) Although the amount of payments at risk under VBP may be small, many hospitals can ill afford to lose payments when their financial margins are already small or nonexistent. Will VBP affect different types of hospitals differently? Should such hospitals be incentivized in the same way, or should there be exceptions made for achieving quality standards under VBP?

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## References

- <sup>1</sup> Crossing the Quality Chasm: A New Health System for the 21<sup>st</sup> Century. Institute of Medicine, Consensus Report, 2001.
- <sup>2</sup> Rubin HR, Pronovost P, Diette GB. The advantages and disadvantages of process-based measures of health care quality. *International Journal for Quality in Health Care* 2001;13(6):469-74.
- <sup>3</sup> Jha AK. Measuring Hospital Quality. *JAMA* 2006;296(1):95-97.
- <sup>4</sup> Mant J. Process versus outcome indicators in the assessment of quality of health care. *International Journal for Quality in Health Care* 2001;(13)6:475-480.
- <sup>5</sup> Hospital Compare. <<http://www.healthcare.gov/compare/index.html>>.
- <sup>6</sup> CMS Legislative Summary, April 2004. Summary of H.R. 1 Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173. <<https://www.cms.gov/mmaupdate/>>.