

## Standardized Performance Measures: A GPS for Quality

MANAGEMENT GURUS SPEAK REVERENTLY of the cliché, “You can’t manage what you can’t measure.” Looking at the disappointing quality outcomes of a healthcare system that spends more per capital than any other country in the world, it is clear there is not a whole lot of measuring going on.

McGlynn’s 2003 study on quality reported a compliance rate of barely 55% with known, widely accepted minimum care guidelines for a variety of acute care, chronic disease, and preventive services. Although, as caregivers, we know what is required of us to provide quality care, we fail to deliver that care on a consistent and regular basis. In addition, quality of care varies from region to region and is poorly explained by differences in regional spending.

Although there are many reasons for the poor return from our healthcare expenditures, lack of measures to track and manage performance must rank near the top. According to the December 2005 Institute of Medicine (IOM) report on performance measures, “The nation lacks a coherent, goal-oriented, consistent, and efficient system for assessing and reporting on the performance of the healthcare system.” Therefore, without such a performance system, how can we expect to effectively manage what we can’t consistently measure?

The Medicare Prescription Drug legislation of 2003 mandated the IOM’s Redesigning Health Insurance Performance Measures, Payment, and Performance Improvement Project. A committee formed by the IOM is directing the production of

three reports for Congress, the Centers for Medicare and Medicaid Services (CMS), and other public and private purchasers that focus on strategies to accelerate the pace and dissemination of quality improvement efforts in the United States.

The reports, known collectively as the *Pathways to Quality Health Care* series, focus on three policy areas: 1) measurement and reporting of performance data, 2) payment incentives, and 3) quality improvement initiatives. The first report, released in December 2005, addresses performance measures that will serve as the basis for any reporting programs used to impact quality. Future reports will be released in 2006.

### Developing the GPS

The IOM’s performance measures report makes recommendations on how the United States should develop useful measures. The recommendations are:

- Establish a National Quality Coordination Board (NQCB) that sets short and long term national healthcare goals, establishes standardized performance measures, facilitates the collection and reporting of measures, and funds research in the area of performance measurement.
- Ensure that the NQCB is independent and has the authority to accomplish its mission.
- Encourage local innovation in pursuit of national goals for improving healthcare quality.
- Promulgate measure sets that

build on key public and private sector organizations through the NCQB endorsement of national standards of performance measures; ensure that a national data repository and public reporting program are open to all stakeholders and capable of data collection at the individual level; and establish adequate funding mechanisms for all providers who want to establish performance measurement and quality improvement initiatives.

- Set a research agenda, directed by the NCQB in collaboration with federal agency and private sector stakeholders, that supports the development and testing of a national system for performance measurement and reporting.
- Provide adequate funding for the NCQB to carry out its mission and research agenda.

### Reaching a Tipping Point

Perhaps the tipping point of our need to develop and implement respected, functional, accurate, and consistently used performance measures has arrived. Pay for performance, stakeholder quality initiatives (e.g., CMS, private payers), JCAHO, and rapidly expanding consumer-directed healthcare programs require these performance measures. The lack of a widely deployed standard of measures places an undue burden upon providers to collect disparate and often unrelated data to satisfy various contract and regulatory requirements. In addition, some of these measures may be less than accurate on what they are assumed

to measure and therefore inappropriate for use in decisions that impact care delivery and provider reimbursement.

If consumer-directed health plans, where the consumer makes care choices based upon quality- and cost-performance information, are expected to drive quality and efficiency through patient choice, the information on which these consumers base their choices must be meaningful and accurate. Otherwise this "free choice" may reward poor providers and poor outcomes over more desirable ones.

As the impact of this first IOM report on recommendations for performance measures, payment, and performance improvement remains to be seen, the suggestions are timely considering the challenges faced by

consumers, providers, and payers.

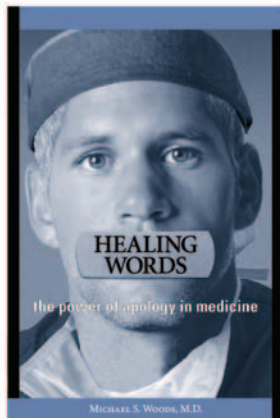
Standardization of measurements is widely accepted for commodities (e.g., oil, steel, maple syrup) and other products (e.g., air conditioners [energy use], automobiles [MPG, crash safety]) to allow these various items to be equitably compared and priced. Establishing similar standardized measures for healthcare will duly allow purchasers to choose those providers that offer the best quality for their cost and allow providers to monitor their own behavior and make the necessary adjustments to continually deliver high-quality, efficient care. ❗

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