

The Transparent Provider

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- Consumers want specifics
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IN HIS 1963 ESSAY “Uncertainty and the Welfare Economics of Medical Care” in the *American Economic Review*, author Kenneth J. Arrow depicts the healthcare market as one of imperfect competition due to pervasive uncertainties in the marketplace, asymmetric information, and the lack of markets for selected healthcare procedures or services.

In years past healthcare was driven by providers and insurers with little input from the actual end user: the patient. The demand for enhanced healthcare has increased as healthcare information becomes more widely available. Consumerism is a major development poised to profoundly and irrevocably have an impact on all healthcare-field stakeholders.

ARMED WITH FACTS, AND TAKING CHARGE

In the report “Marketing in Times of Price Transparency,” Carolyn Kent, creative strategy specialist at the hospital financial strength services organization Cleverley + Associates, contends that providers today must be prepared to talk price. “The reality is that people are going to continue to ask about it, whether they be consumers, media personnel, or another interested party. The hospitals that are making a visible attempt to engage in an open dialogue about price transparency, the hospitals that are not afraid to discuss their pricing structure with the media, are going to gain the public’s trust and position themselves as industry thought leaders” (2007, 2–3).

A growing percentage of consumers are committed activists for their healthcare. They evaluate price and quality information, select vendors, and patronize alternative healthcare services. Even more consumers seek to become healthcare activists. Empowered by technology, increasingly they seek access to comparison data that enable them to make healthcare decisions with more confidence.

By any analysis, we have entered an age where, aided by the Internet, people are more predisposed to take charge of various aspects of their careers and domestic lives than ever before. Americans are exhibiting more interest in the availability, quality, and cost of healthcare services than the field traditionally has been accustomed to.

Individuals today readily do the groundwork to understand the health challenges they face and what their options are for resolution. Armed with the ability to compare costs between providers, they do so eagerly. They want to know why a certain test or procedure has been recommended instead of an alternate option.

Today’s healthcare consumers are willing to explore alternative care options such as the ancient Chinese practice of acupuncture, which is growing in popularity in the United States and is often covered under health plans. They consider seeing chiropractors,

dietitians and nutritional specialists, and naturopaths if they believe significant health benefits will accrue.

Perhaps the most intriguing aspect of this new wave of consumerism is that consumers readily seek out the opinions of fellow consumers on websites, blogs, chat rooms, and forums that give them perspectives about specific providers and treatments—information that was simply unavailable to previous generations of healthcare consumers.

From Out of the Darkness

From the 1950s until the Internet age, the healthcare field propagated a system in which there could be dozens or even hundreds of different prices for the same medical procedure. Because the healthcare consumer was not privy to any cost or outcome analyses, he made decisions based on the provider's proximity or general reputation, newspaper or magazine articles, and word-of-mouth recommendations from friends and family.

The enormous popularity of the Internet, the rise of search engines, the appearance of aggregator sites offering cost and quality comparison information, the federal government's call for transparency in the healthcare field, and a weak economy all contribute to a burgeoning mass of vigilant consumers who want answers from the healthcare field just as they want answers from the other industries they patronize.

In a few short years, the healthcare field—hospitals in particular—has been forced to embrace a new model for the delivery of medical services. This model is driven by consumers, supported at the highest levels of government, and facilitated by an electronic highway that grows in strength each day as a source of reliable cost and comparison information. As this new, bold, consumer-driven field takes shape, its executives are grappling with the notion that consumers' wants, needs, preferences, and perceptions are fast becoming its guiding forces.

The New Sacrament

Listening to consumers, ministering to their needs, making them feel comfortable, and, most important, addressing how they perceive the quality and services rendered in your hospital has now become sacrosanct. Cold and clinical hospital rooms, waiting rooms, and hallways are giving way to more nurturing environments designed to instill calmness and serenity. Consumers want providers who get the job done and make them feel comfortable in the process.

The hospital that succeeds in the coming decade will be the one that masters creating a sense of partnership with consumers, helping them contain costs, working with them to maintain or improve their health, and demonstrating through a variety of factors that there is no reason for consumers to take their business anywhere else.

Carolyn Kent (2006) points out that many providers are already offering classes to the general public on preventive care measures. Kent suggests offering classes about what to expect during a stay, how to understand a hospital bill, and how to be a more informed healthcare consumer. While there are obstacles to making price information widely available, providers need to understand that customers demand transparency and want to talk price. Perhaps the single most effective way to reinforce this message is to become a transparent provider—one that meets federal mandates of transparency and matches the competition in price, quality, and other core measures that a prudent consumer would want to know, while offering up-to-the-minute information via a website so navigable that anyone could visit and find what she needs with minimal effort.

Employers and insurers are at the helm in advancing the movement toward industry transparency. A few providers have voluntarily made public their quality and price information. Soon all providers will do so, either because they are federally mandated to or because industry standards will rise such that transparency cannot be ignored.

Often a handful of local employers account for a significant portion of a hospital's patient population. If that is the case at your

facility, to what degree are you supporting employers who seek to offer their employees a single contact point where they can quickly and easily track their experiences? Does your hospital offer simple tools for identifying the best local care at the most attractive cost?

Implications for Your Hospital

A growing number of consumers seek, or will be seeking, comprehensive consumer data about providers, which means that industry-wide transparency is inevitable. As more consumers seek the ability to make good choices about their healthcare, you must address these issues:

- When will your hospital adopt a culture of transparency?
- Are you exploring what industry leaders are doing?
- Have you appointed staff to lead this crucial aspect of operations?
- In addition to standard reporting measures, are there unique ways to highlight your strengths?
- If you were a consumer considering your own hospital, what information would you like to have readily available before making a decision?
- Do you offer free consumer classes about pricing or plan to do so?
- What other transparency-related outreach efforts could be appropriate for you?

SECRECY DOESN'T SELL

Hospitals traditionally have practiced some secrecy regarding survey results to avoid patient dissatisfaction and potential lawsuits. Surveys have confirmed most hospital administrators prefer to shun transparency, avoid reporting medical errors, and conduct business

as usual (Weissman et al. 2005). In states where mandatory public disclosure is already in effect, however, patient dissatisfaction and lawsuits have not increased, and the urge for secrecy among hospital executives and administrators dissipated soon after the public disclosure rules came into effect.

When a provider makes results available, the risk of lawsuits can actually decline, because a more informed patient understands the true risk in any procedure and is less likely to litigate for malpractice if something does go wrong. Today's consumers are not ignorant. They know that airplanes crash, government officials are sometimes corrupt, and hospitals sometimes lose patients as a result of faulty diagnoses, wrong medications, or other human error.

Providers who hold themselves accountable and publicly disclose less-than-stellar results gain admiration from the surrounding hospital community. In other words, as scary as transparency may seem at the outset, the experience of those who have become transparent has been something altogether different.

Transparency Breeds Confidence

The transparent provider displays an unyielding commitment to quality, to the patient experience, and most important, to patient outcomes. Transparency signals that a provider strives for excellence and is dedicated to overall improvement. Moreover, as a provider begins to identify, collect, and prepare the data from core measures, the willingness to disseminate that information increases.

The founder of the Institute for Healthcare Improvement, Donald Berwick, has observed that providing patients with quality, price, and comparison information sets the stage for the provider to make a true and lasting commitment to excellence. The sooner such reports are collected and disseminated, the quicker the provider's reputation can be enhanced.

For example, the Cleveland Clinic, based in Cleveland, Ohio, has enjoyed a decades-long reputation for excellent patient care.

The clinic first published its clinical outcomes and experience in thoracic and cardiac surgery in an annual report in 1999. After five years the reporting was expanded to include some other practice units. Today every practice unit and clinical department at the clinic is required to establish and publish its vital outcome data.

Aggregate data from providers everywhere is also becoming readily available on the Internet. Following are just two examples—one from government and one from the private sector—of the enormity of the data available. And this is just the beginning.

Medicare's Hospital Compare

Medicare's Hospital Compare (www.hospitalcompare.hhs.gov) is a public and private collaboration created to help promote public disclosure of the quality of care offered by hospitals. Hospital Compare is supported by the Hospital Quality Alliance (HQA), which consists of a variety of organizations, such as the AARP, the American Hospital Association, the American Nurses Association, and the U.S. Chamber of Commerce, among others, who collectively represent hospitals, doctors and nurses, federal agencies, employers, accrediting agencies, and, of course, consumers.

Hospital Compare is available for any consumer who wants to obtain reliable information on providers. The site indicates whether a provider offers the recommended care for patients with conditions such as pneumonia, heart attack, heart failure, and childhood asthma, or for patients having surgery. The site also displays rates for the process-of-care measures.

Providers voluntarily provide their own data from the records they keep. The data submitted include patients who have Medicare, those who are enrolled in a Medicare health plan, and those who do not have Medicare.

Hospital Compare displays data on 30-day risk-adjusted mortality, readmission rates, the number of Medicare patients treated,

inpatient hospital payment information, and the volume of Medicare patients treated by specific illness or diagnosis. Currently, psychiatric, rehabilitation, and long-term-care hospitals and their operating data are not reported on the website.

The data offered on Hospital Compare indicates how well a hospital is able to care for its patients, but as the site notes, small differences in percentages usually don't mean much. Also, scores may be affected by how many patients are included in the calculations.

HealthGrades

HealthGrades (www.healthgrades.com), an independent healthcare ratings organization, issues reports and ratings on 5,000 hospitals, 16,000 nursing homes, and 750,000 physicians to help site visitors identify quality care providers. Users can search in several ways. They can select a procedure or diagnosis such as carotid surgery, heart bypass surgery, bowel obstruction, or respiratory failure, and from there they can see which hospitals and which doctors provide services. Visitors can also select one of HealthGrades' many award recipient categories, such as America's 50 Best Hospitals, hospitals distinguished for clinical excellence, hospitals noted for outstanding patient experience, and hospitals receiving patient safety or specialty excellence awards.

HealthGrades is constantly updating its information to keep visitors informed. It also provides services to specific users, such as the HealthGrades Connecting Point, which matches patients to a provider's doctors; the Clinical Excellence Research and Consulting group, which connects providers with HealthGrades' physician-led team of expert consultants to improve quality; and HealthGrades ratings and awards, where providers can partner with HealthGrades to enhance their reputation among patients, employers, and the general public.

HealthGrades offers medical-cost reports to help users spend their healthcare dollars wisely and better plan for future healthcare expenditures. The site offers reports on bunion correction, bone marrow biopsy, hernia repair, liver biopsy, tubal ligation, pacemaker implant, and ear tube placement, among dozens of other procedures. Users can also get cost reports based on a range of visit types, such as dermatology, emergency room, gynecology, oncology, and reproductive medicine.

A Watchdog for Unnecessary Procedures

Missing from much of the transparency information being generated for public consumption is an objective analysis of whether particular procedures are medically justified. *Consumer Reports* (2005) suggests that these 12 operations are performed more often than they may actually be needed:

- Angiography
- Angioplasty
- Back-pain procedures
- Cesarean section
- Circumcision
- Enlarged-prostate procedures
- Episiotomy
- Heartburn procedures
- Hysterectomy
- Prostatectomy
- Weight-loss surgery
- Wisdom-tooth extraction

TAKE A LEADING ROLE

Making the decision to take the lead as a transparent provider is a huge step, and it requires careful planning and concern. Alegent Health, a faith-based healthcare network located throughout Nebraska and southwestern Iowa, has 10 hospitals, more than 100 service sites, 1,300 doctors, and a combined workforce of 9,000. Alegent's quest for transparency began in 2005 following the decision to publicize its patient-care quality scores.

In September 2005 the hospital placed a full-page advertisement in the local newspaper, presenting data on its performance in the care of pneumonia, heart attacks, and heart failure. Employing a composite scoring methodology, Alegent presented the performance of each of its ten hospitals as well as its overall system scores and compared its results to the regional average for hospitals based on data from the Centers for Medicare & Medicaid Services. Alegent hospitals did not rank highest in every category, which surprised its doctors and employees. It took courage to make such scores public. The executive staff and board of directors believed it was the correct course of action and demonstrated a clear commitment to the long-term embrace of transparency: after all, it would be easy to publish scores if they were all superlative. One of Alegent's scores was actually below the regional average (Sensor 2009).

Enroll the Staff

Recognizing that doctors and other employees would need to be part of the process, Alegent held a series of dialogues with them to explore the new paradigm, address concerns, and listen to questions. As the doctors and staff accepted the fact that Alegent was committed to transparency and organizational transformation, good things started to happen. Medical and administrative staff on

all levels felt empowered to offer recommendations for improving scores. Lingering concerns about Alegent's embrace of transparency disappeared as the staff realized improvements in quality were occurring regularly.

Alegent began to share with employees advance copies of newspaper ads featuring its scores. Before long, nearly everyone employed in the system assumed the mantle of stakeholder. The quality scores continued to rise, and in 2008, Alegent Health was cited by the Network for Regional Healthcare Improvement as the nation's number-one health system.

Today, Alegent voluntarily publishes reports on 40 different quality scores, 21 of which indicate how often Alegent's hospitals offered recommended care for pneumonia, heart attack, and heart failure. Another nine factors, developed by the Surgical Care Improvement Project (SCIP), a national partnership of organizations, focus on improving surgical care.

SENSITIVITY ABOUT PRICE INFORMATION

What one hospital charges for a particular procedure varies widely based on a host of factors. Understandably, many providers who are otherwise enthusiastic about transparency about patient outcomes are reticent to disclose cost data. There are real reasons for concern, as we shall discuss in Chapter 7 on the globalization of medicine. But there also are compelling reasons for being transparent with prices. For one, today's consumers are armed with price information that exceeds anything they could have assembled even a few years earlier. Consumers have access to so much price information in their everyday lives, they expect it from healthcare services too. Second, in the mind of many consumers, price equals quality.

To take an example from another industry: wine sold under one label is sometimes deemed more valuable than wine under another label, even if the wine itself is exactly the same.

Reputation Enhances Price

At the supermarket, branded merchandise still sells at a higher price than generic brands with the same ingredients. Similarly, your hospital's reputation could help persuade a patient to pay more to be treated by you over others who offer the same care and service.

Suppose a consumer does his homework and finds that you and a competitor have entirely equal success rates for a particular procedure but you charge 15 percent more. Is this a reason to fear price transparency? No, because with all the data available for a consumer to peruse, the decision to choose one provider over another is multifaceted. Price is one factor, albeit an important one, among several.

So You Want Cost Data

At Alegent Health, the prevailing attitude is that consumers have a right to know how much a provider charges (Sensor 2009). In January 2007, Alegent launched My Cost (www.alegent.com/mycost), a consumer-friendly feature that offers cost estimates for a variety of tests, procedures, appointments, and services.

Visitors can simply enter the name of their insurance provider, select the treatment, and provide copayment or deductible information. The system then presents a cost estimate. The visitor is also treated to financial assistance information via links. In the first three years of its existence, more than 50,000 cost estimates were generated through My Cost.

Alegent's experience in promoting price transparency has been that consumers appreciate the honesty and openness of the organization. Instead of price transparency scaring away potential business, in this case it has led to stronger provider-patient relationships. Former Alegent CEO Wayne Sensor says price and quality transparency "isn't necessarily easy, and it does take courage, but in the end it is the right thing to do for consumers and the community" (Sensor 2009).

MAKE THE COMMITMENT

Commitment to transparency takes bravery. But what other choice is there? Fortunately, as we will see, there is room for creativity and initiative.

It is imperative you provide information about your hospital's results as to medical condition outcomes. Your data need to include (1) patient outcomes with an adjustment for risk based on prior conditions, (2) the overall cost of care, and (3) measurements for both extending through the care cycle. Transparency also encompasses offering the experience your hospital has in treating specific medical conditions by volume of patients, delineated by methods of care.

Some website restructuring—such as adding a large, highly inviting consumer section—can aid in cost transparency. Be proactive and invite the consumer to comb through your data. Just as industrial companies publish annual reports with profit and loss statements, balance sheets, and cash flow analyses, you might choose to offer a five-year projection of the life cycle cost of a procedure and its follow-up.

Details Count

Outcomes for a specific medical condition can and should be expressed many ways. For example, in shoulder surgery several validated measures exist, such as range of movement, reduction of pain, and ability to function. Still other outcome measures for shoulder surgery include the interval between the initiation of care and return to normal activity, such as returning to work or playing tennis again.

Data related to the particulars of patients—known as patient attributes—such as gender, age, genetic factors, and prevailing conditions, are critical elements of transparency and are essential for assessing risk. A transparent provider also publishes measures of

diagnostic accuracy, including cost, timeliness, and completeness. Outcome measures that only address episodic interventions fall short because they fail to yield results meaningful to the patient. Such shortsighted reporting and consequence scoring can be counterproductive and lead to the publication of misleading data.

Failure is unpleasant, and people, much like organizations, instinctively want to avoid reporting their own shortcomings. Still, ineffective treatments—errors in procedure, medication, or treatment—and complications following a procedure need to be identified and scored. As difficult as this task may be, it is a step on the path to improved treatment and overall service. You cannot fix a problem you refuse to acknowledge.

Expand Your Measures

You may be able to devise your own data measures by building on traditional data measures. For example, you could align your total quality management efforts, such as your Six Sigma Performance Improvement initiatives, around improving the 30-day readmission rate. You may wish to devise multiple strategies to improve the scores on each of the core measures that need to be fully transparent. Rest assured other providers will do the same.

Cost Mysteries No More

Unlike most businesses, many hospitals don't know what their actual charges ought to be. They charge based on tradition, competition, payer contracts, or whatever cost data they can scrape together. A comprehensive understanding of true cost is often lacking. If the government mandates that hospitals publish price and quality information, hospitals will need the technical ability to do so.

Implications for Your Hospital

Is transparency part of your agenda for your weekly and monthly meetings?

- Has your hospital developed policies and procedures in relation to transparency?
- Within your own office or division, are top officers involved in the transparency discussion?
- Have you attended any conferences or symposiums about transparency?
- Are you monitoring other providers who have already made the conversion to transparency?
- Are you devising plans to capitalize on the inherent opportunities in offering transparent data?

THE PATIENT ABOVE ALL ELSE

To understand the actual value of the services you render to patients, you have to maintain a long-term relationship with them. This means periodically making contact to monitor how they're doing, how they feel, what has transpired since the last contact, what new needs they may have, and what has worked best for them. It is costly to develop and maintain such patient registries, but the continuing display of care and concern for the patients and the development of longer-term relationships can lead to increased business. After appropriate systems are in place, such monitoring can be done with less effort and lower cost. Information from other parties who serve the patient, such as medical device suppliers, drugstores, and health service firms, can add to the scope of your data.

Patient feedback is a vital tool in the quest for transparency and in improving the overall quality and perceived value of your services. The patient's experience of ease of appointment-making, waiting

time, access to the doctor, attention to individual needs, amenities, discharge procedures, and follow-up are all valuable inputs that are overruled perhaps only by the patient's ultimate perception of the quality and the outcome of her medical procedure.

Observe the Leaders, but Chart Your Own Path

Because many leading providers across the nation are already making core measures transparent, you have the opportunity to see, and improve on, what the leaders are offering. The more transparency measures you encounter in your study, the greater the opportunity you have to align the mix of measures in your transparency efforts.

You may want to include some nontraditional measures. For example, a savvy consumer might want to know, "Does the hospital have an automated system that checks for drug interactions when administering medications?"

Manage Perception

To consumers, perception is everything. If they feel like they're being treated well and looked after, your organization will benefit. Conversely, if consumers are being treated well but perceive that they aren't, they will feel agitated. Hospitals have to treat the patient well and manage the perception that they are doing so. Ultimately patients' views can be reflected in the transparency data you generate.

You can increase perceived value in other small ways. For example, consider handing out a card to patients during their stay that asks, "How are we doing today?" It's a small, inexpensive gesture, but it can have a strong impact on perception.

Give patients the opportunity to log on to your website and make comments about the quality of their stay. Construct a brief

survey about their visit, asking questions such as, “Was the desk reception friendly?” As we’ll discuss in Chapter 8, through use of social media such as Twitter and Facebook, patients can easily give updates in real time. Someone at your hospital could monitor comments posted on social media, aggregate them, and provide feedback to the executive staff.

Perhaps more important, such feedback could help the floor staff improve care. From these real-time comments, you could glean information such as whether a particular patient would prefer to have the newspaper delivered first thing each day. With some ingenuity you could create patient satisfaction scores that could be compiled and included in your transparency efforts.

Learn from Other Industries

W hotels offer a signature concierge service called Whatever/Whenever. Just as it sounds, the service offers guests whatever they want, whenever they want it—custom room service, restaurant reservations, technical assistance, and other conveniences, for a sliding-scale fee.

Small personal touches can make a difference, as can literal touches. A Tampa Bay–area hospital has initiated a new process—if a nurse or allied health professional is about to leave a patient’s room, he has to turn, actually touch the patient (if conditions allow), and say, “Is there anything else I might do for you before I leave?” This process has led to a notable rise in patient satisfaction scores. Patients who experienced the touch rated the quality of care higher than did patients who had not received the touch, even when no other discernable measures of quality were provided.

The key in touching the patient is to offer an authentic person-to-person gesture that is warm and friendly and given with the complete intention to serve.

Doctors Can Work Miracles

Your doctors can go a long way in enhancing perceived quality. If a doctor enters a room and sits down with the patient for ten seconds or so, no matter what else happens, the patient perceives that the doctor cares.

Suppose the doctor walks in, never sits down, and leaves. No matter how attentive and caring the doctor may be in reality, the patient may perceive that she is unworthy of the doctor's attention.

Implications for Your Hospital

Have you implemented a campaign to identify all areas of perception management?

- Are you surveying patients or otherwise providing outlets for their expression?
- What possible measures are emerging as a result of your exploration?
- Are there guidelines for doctors, nurses, and medical staff for offering an added personal touch?
- How do you support these efforts by rewarding employees who capitulate and correcting those who do not?
- Are you developing other strategies for delighting patients?

TRANSPARENCY AS A TOOL OF DISTINCTION

The transparent provider of the near future will:

- make research data available for the consumer;
- exceed all requirements for reporting and compiling data;
- and

- share up-front information about costs, procedures, long-term and recent experience in certain areas, doctors' and medical staff's background and unique experience and capabilities, and the experiences of other consumers.

Such boldness aids in establishing local or regional dominance, being ahead of the field, and becoming the default provider for the target market. This may require a redesign of your website, or adding new links to your existing website that enable consumers to quickly find what they're seeking.

HOT TIPS AND INSIGHTS

- Consumers who seek comprehensive price and quality compel providers to embrace transparency.
- Providers who hold themselves accountable and publicly disclose all results tend to gain admiration.
- Making the commitment to transparency is a huge, inevitable step, but one that can encompass creativity and initiative and help build business.
- To consumers, perception is everything, and the wise provider helps to influence such perceptions through extraordinary attentiveness.
- The transparent provider offers comprehensive, consumer-friendly research data above and beyond any reporting requirements.