Value Judgment:
Helping Health Care Consumers Use Quality and Cost Information

California HealthCare Foundation

ISSUE BRIEF

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Introduction

With the increasing prevalence of health savings accounts and high deductible health plans, many health care consumers are becoming more price sensitive and paying more attention to the products and services for which they are paying.

At the same time, promoting health care "value" has become a focal point of state and national policymakers in their efforts to improve the health care system. The 2010 Patient Protection and Affordable Care Act (ACA) directs states to set up exchanges where consumers and small businesses can purchase health insurance. These exchanges are required by legislation to present information on value, including quality ratings and costs, to help inform consumers' health insurance purchasing decisions.

Initial research shows, however, that consumers are skeptical of the idea of value in health care; they often assume that high-quality care is necessarily expensive and that low-cost care means needed care is being withheld or is being provided by less competent professionals.[1]

Because research has shown that higher health care costs do not necessarily lead to higher quality health care, it is critical to educate consumers on the concept of health care value and to encourage them to combine data on cost and quality when selecting health plans and providers.[2–4] Informed consumers, armed with information on value, may help elevate the importance of value in health care by shopping for and choosing providers and health plans that provide high-quality, low-cost care.

While there has been considerable research in the last 20 years on how to present quality data to consumers, there is limited research on how to engage consumers in thinking about cost and quality — or value — in health care.[5–7] This issue brief presents findings from a series of focus groups that examined how to engage consumers in considering the concept of value in their decisionmaking about health care providers and insurance plans. The aim of this project was to determine whether consumers could understand data on health care value and use that information to make better informed health care choices.

Background

Public reports of health care performance data provide consumers with information to help them choose a health plan, hospital, physician, or physician organization. The quality measures that make up this performance data, however, can be difficult to understand. For example, some measures reference clinical information that is unfamiliar to consumers. Recent efforts have sought to improve the accessibility and useability of public reporting of health care performance data to make it more useful for consumers.[8]

Public reporting of health care performance can encourage improvements in health care. Research has shown that consumer use of performance reports can influence quality in key ways:[9]

- Informed consumers are more likely to obtain high-quality health care for themselves and their families.

- A critical mass of consumers with knowledge about and a desire for performance data may stimulate quality improvement by providers.
- Public reports of provider performance encourage providers to improve quality.

Increasingly, cost data are also being included in public reports on health care; as health care costs rise, consumers more often seek this information.[10] In 2011, about one in four Californians said they looked for cost information before receiving care. Those with a high deductible were more likely to have sought out this information.[11]

But cost information can be misleading for consumers who use it as a proxy for quality.[12] For example, although a majority (81%) of California consumers stated that they would choose a hospital for surgery based on factors other than cost, almost one-third (29%) believed that surgery that cost more indicated better care.[13]

Conversely, research also shows that consumers are doubtful that high-quality care can be low cost. This was demonstrated by recent focus groups conducted with uninsured Californians between the ages of 18 and 44 who considered themselves likely to use a health insurance marketplace like the California Health Benefit Exchange. The study found that most participants exhibited "skepticism . . . that high quality and affordable plans would actually be available."[14] Consumers also "worried about the quality of care they would receive with a low-cost plan."[15] Although participants liked the possibility of high-value plans being available through a health benefit exchange, they were unconvinced that low-cost plans would provide quality coverage.[16]

Focus Groups Illuminate Consumers' Understanding of Value

In the spring of 2012, the National Committee for Quality Assurance conducted six focus groups with insured and uninsured California health care consumers to learn how well consumers understand health care value data, and whether (and how) they would use that data when making decisions about their care.

The focus groups, composed of ethnically diverse Californians 18 to 62 years of age, were conducted in San Jose and Los Angeles. One focus group of Spanish speakers was held in Los Angeles. Each focus group included 9 to 10 participants. In each location, one group of uninsured California residents was interviewed to provide insights on how to meet the information needs of those individuals who will purchase insurance through the California Health Benefit Exchange. All participants had either a chronic health condition themselves or a close family member with a chronic condition.

First, participants were asked to discuss how their physicians demonstrate quality of care. Participants were then asked how important the cost of care — defined as both out-of-pocket cost and cost to the overall system — was to them. They were asked to think about cost and to describe its relationship with quality of care starting with a recent experience of their own. Participants then were presented with data in several formats on the cost and quality of health plans and physician organizations. (See the Appendix for the full list of focus group discussion questions.)

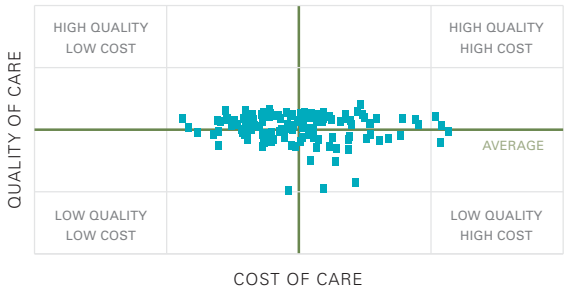
The researchers sought to determine whether value information (information on both cost and quality) — both for health plans and physician organizations — was understandable and actionable to consumers, which data presentations were preferred, and how to best engage consumers in considering value when making health care choices.

Presentations of Value Data

Consumers were presented with value data in several different formats. Each format was based on a cost-quality spectrum and showed that health care providers can fall anywhere along the spectrum: They can be high-cost and high-quality, high-cost and low-quality, low-cost and high quality, or low-cost and low quality.

This chart presents actual cost and quality data from California physician organizations.

Physician Organizations in California



Participants were also shown similar sample data in a table format and asked which presentation they found most useful in evaluating their own health care providers.

Physician Organizations in California

	COST (least = $)	QUALITY (lowest = ☆)
Acme Medical Group	$	☆☆
Valley Family Practice	$$$	
Pleasantville Physicians	$$	☆☆☆☆

"[Quality care] doesn't cost as much as we think."

— INSURED FOCUS GROUP PARTICIPANT

FINDINGS:

Consumer Understanding of Value Data

Many participants initially expressed the opinion that higher costs and more tests and procedures meant better quality of care.

Consistent with previous research findings, focus group participants were initially skeptical of the idea of high-quality, low-cost health care; most participants associated high-quality care with high costs. Once presented with data on both cost and quality (value data), however, most participants drew on their experiences using similar information when purchasing other products and services, such as using customer reviews, product quality ratings like *Consumer Reports,* and price comparisons, and envisioned using a similar process to help them choose health care providers or a health plan. A few participants, who spoke about being sent for unnecessary tests or visits to specialists and did not believe that higher costs always meant better quality, recognized the value concept quickly.

Kaiser Permanente members were especially quick to agree that more services — which come with higher costs — do not necessarily mean higher-quality care. One Kaiser member stated that having numerous tests or the most expensive tests may not always be the best or most up-to-date practice based on current evidence. This concept was echoed by other Kaiser members and may reflect this managed care organization's efforts to educate its members about evidence-based medicine and to promote its ability to provide health care quality and affordability at the same time.

Uninsured consumers in the focus groups were notably quicker than insured consumers to recognize the value concept. They spoke about the financial burden of being sent for unnecessary or repeat tests and specialist visits that they perceived as a waste of time. Having experienced costly care that did not improve their health, these individuals were less likely to assume that more care, or more costly care, meant higher-quality care.

The focus group conversations demonstrated that consumers can, and do, understand health care value. Even consumers who were initially unfamiliar with health care cost and quality data eventually found the concepts useful. Consumers can understand the idea of value if it is presented in a way that is relatable to other choices that they make outside of health care.

> *"To get the best care at the best price . . . that's the idea. We need to realize that we all pay more . . . when doctors don't pay attention . . . to what is needed."*
>
> — UNINSURED FOCUS GROUP PARTICIPANT

Regardless of how consumers think about costs, most appreciate value.

Most focus group participants defined cost as what they pay at the time of service — their out-of-pocket cost. Most participants did not readily relate cost to resource use or the comprehensive costs of health care, although a small minority voiced concerns about the impact of growing health care costs on society. Nonetheless, consumers believed that lower costs coupled with higher quality were desirable regardless of who was bearing the burden.

Participants were asked to review cost and quality data on physician organizations and plans in a value spectrum and then identify the physician organization or plan they would use. Participants said they would choose plans or physician organizations that showed high quality and low cost. A few participants asked if they could have the actual data to see where the high-quality physicians were located. Participants gravitated toward the high-value providers represented in the data, regardless of whether the cost represented personal or total costs.

FINDINGS:

Value is Nordstrom's Care at the Target Price

For consumers to make decisions about providers or plans using health care value data, the data must be quickly and easily understood.

Data presented to consumers need to be clear and easy to understand. While participants agreed that they would use this information in making health care decisions, most would only be willing to look at the information for a few minutes. Participants were shown the data in two formats: one simplified version with an overall value rating, the other with more detailed information on cost and quality, the components that make up the value rating. While a few detail-oriented participants preferred the in-depth data presentation, most preferred the simpler presentation and liked that they could quickly understand the value rating of the plan or physician organization.

While most consumers preferred these data in their simplest form (e.g., a symbol to indicate value), more sophisticated consumers wanted to see detailed data on the cost-quality spectrum and decide "value" for themselves. Participants also wanted to know the source of the data; credibility of the data source was important to them.

After seeing the value data, many consumers talked about their health care choices in terms of other products that they purchase. One consumer stated, "I want to have Nordstrom's [care] at the Target price." Another chimed in, "I want the highest quality with the lowest costs . . . that's obvious."

The uninsured, in particular, are eager for information about cost and quality of care.

Compared to those with insurance, uninsured participants expressed greater interest in questioning health care value information and in using the information to make health care decisions. Their experiences trying to get insurance and paying directly for care led these participants to be

much more interested than their insured counterparts in having these data available when making decisions about their care.

Consumers, particularly those with good coverage, still think that it is necessary to trade high quality for lower costs.
While most participants saw the possibility of high-value health care after seeing data that showed the independent relationship between cost and quality, some maintained the belief that there is a trade-off between quality and affordable care. It will take concerted effort to convince some consumers that high-quality, low-cost health care does exist and that they can use value data to find it. A few participants, even after repeated data and descriptive presentations, said they would accept "mediocre" care if it costs less.

Some consumers do not expect to receive high-quality care.
When asked about the relationship between cost and quality, some focus group participants stated that they did not need or deserve the highest quality of care and therefore were willing to sacrifice quality to save money. One uninsured participant said, "I live paycheck to paycheck . . . I don't necessarily need the best care."

> *"I don't need the best doctor . . . if an average one will cost me less."*
>
> — UNINSURED FOCUS GROUP PARTICIPANT

How to Engage Consumers with Health Care Value Data

Consumers in the focus groups found the information on health care value to be both meaningful and actionable. When consumers were presented with value information that showed quality and cost to be independent of each other, most said they would choose high-quality, low-cost plans or physician organizations.

While consumers are generally dubious of the concept of high value in health care, the researchers found that even those who were initially skeptical of the idea could understand and use health care value data. Nonetheless, many consumers, especially the insured, had a tendency to fall back into thinking that cost and quality are trade-offs they may need to make.

The focus group findings show that health care value data may be more useful if they are presented in the same context as information about other high-value products purchased by consumers. For example, in the discussion about value in purchasing health care, consumers quickly drew their own analogies to other high-quality products that they purchase at low cost.

Consumers in the focus groups understood the concept of "health care costs" in different ways, but they all shared an appreciation for the need for value. Whether the expense is personal, or the cost is to the health care system, consumers understood the need for health care to be affordable. To be most effective and get the attention of consumers, presentation of these data should focus on the high-level concept of value in health care and on getting the best quality care for the lowest cost, rather than on the details of who bears the cost.

The uninsured participants showed an eagerness for information on high-value health care. Outreach efforts to the uninsured, particularly through the state-based exchanges, will be critical for educating these consumers. Unlike consumers insured through employers, uninsured

consumers will look at a wider range of choices when purchasing health plans through exchanges and are likely to carefully consider cost — and value — when choosing a plan.

Conclusion

These findings suggest that health care value data — data on quality and cost together — can be useful and actionable for consumers, but they must be accompanied by consumer education efforts that resonate with consumers and that use examples they understand. Presentations of value data need to confront and debunk the commonly held belief that there is an inherent trade-off between cost and quality. Clear, easy-to-understand data should demonstrate that high-quality, low-cost health care exists as a viable choice for consumers.

Many consumers are interested in using health care value information to help them make health care purchasing decisions. Uninsured consumers are particularly interested in this information, and providing it in a forum such as the California Health Benefit Exchange may help them make informed decisions going forward.

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About the Foundation

The California HealthCare Foundation works as a catalyst to fulfill the promise of better health care for all Californians. We support ideas and innovations that improve quality, increase efficiency, and lower the costs of care. For more information, visit us online at www.chcf.org.

Endnotes

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6. Meghna Ranganathan et al., "Motivating Public Use of Physician-Level Performance Data: An Experiment on the Effects of Message and Mode," *Medical Care Research and Review* 66, no. 1 (February 2009): 68, doi:10.1177/1077558708324301.

7. Judith Hibbard, Jessica Greene, and Debbie Daniel, "What Is Quality Anyway? Performace Reports That Clearly Communicate to Consumers the Meaning of Quality of Care," *Medical Care Research and Review* 67, no. 3 (June 2010): 275, doi: 10.1177/1077558709356300.

8. See note 5.

9. Ibid.

10. Ibid.

11. California HealthCare Foundation, *California Health Care Almanac — Speaking Their Mind: Californians' Perception of Health Care,* March 2012, www.chcf.org.

12. See note 5.

13. See note 11.

14. See note 1.

15. Ibid.

16. Ibid.

Appendix: Focus Group Discussion Guide Questions

Warm-up

Objective: To provide time for participants to become comfortable in the setting, and introducing topic of value, "quality of care" and "cost."

1. When you selected your PCP, what was most important to you?
2. For what reasons was [selection attribute] most important?
3. How satisfied are you with the quality of care you receive?

Quality-Cost Relationship

Objective: To develop a baseline of understanding regarding how consumers think about the quality of care – cost relationship. Importantly, does "cost" emerge without prompting.

1. List all the aspects that make up quality of care provided by a perfect primary care physician. What types of things can he/she do to demonstrate that you are receiving quality of care?
2. What about cost of care: how can a physician balance quality with cost of care?
3. How important is the cost of your care?
4. In what ways is it important?
5. When you think about cost please describe its relationship with the quality of care.

Spectrum – Quality of Care vs. Cost

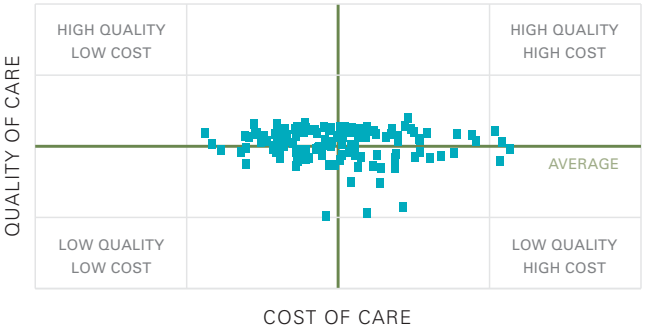
Objective: To understand where consumers perceive their current health care lands.

Participants are shown the spectrum below and asked to place a post it note in the area of the spectrum that best describes a recent medical experience.

1. Please tell me the reasons you placed your post-it.
2. In summary, what is the relationship of cost with your personal quality of care?

Spectrum – Medial Diabetes RRU

Objective: To educate participants on physician organization and health plan data so they can effectively identify the most appropriate and meaningful messages and data presentations that are most easily comprehended. Note – insured participants reviewed spectrums with physician organization data and uninsured participants reviewed spectrums with health plan data.



1. This is data is audited by an independent organization, the National Committee for Quality Assurance. The data shows the Quality of Care received (via clinical data and data from health plans) AND the 'Resources Use" (or cost) to care for the same patients." [UNINSURED = HEALTH PLANS / INSURED MEDICAL GROUP-PHYSICIAN GROUP] Please interpret this chart for me.
2. Of the Physician Organizations / Health Plans represented here, which one do you find most desirable? Please provide reasons. [Scale: 5=Very Much / 1 = Not at all]
3. How easy is this chart to understand?
4. How quickly can you decide which Physician Organizations perform the best?
5. How important is this information to you?
6. What does the "best performing" physician organization mean based on what this chart tells you?

Data Presentation Scale and Key Message Evaluations

Objective: To identify key words/phrases that effectively communicate the 'value' concept, and identify data presentation that are easily interpreted and most effectively communicate measures.

DATA PRESENTATION SCALE

Physician Organization (or Health Plan)

	COST (least = $)	QUALITY (lowest = ☆)
Acme Medical Group	$	☆☆
Valley Family Practice	$$$	
Pleasantville Physicians	$$	☆☆☆☆

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KEY MESSAGES

Participants were asked to write the most important words or phrases from the key messages below that are necessary to explain to consumers what this data means.

- The cost of healthcare is a concern for everyone. Quality care [for disease state] means you receive the best care recommended by your doctor, but avoids unnecessary tests, treatments, or medications.
- Quality care [for disease state] keeps you healthy by preventing sickness. Prevention can alleviate unnecessary complications.
- Over-use of unnecessary tests, medications and treatments increases the cost of care, which is passed on to you in the form of higher insurance premiums, deductibles, and co-pays.