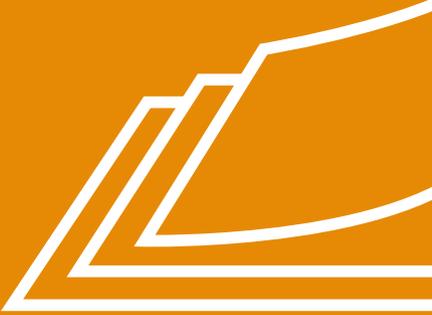


HealthLeaders^{Media} FACT FILE



Defining Value

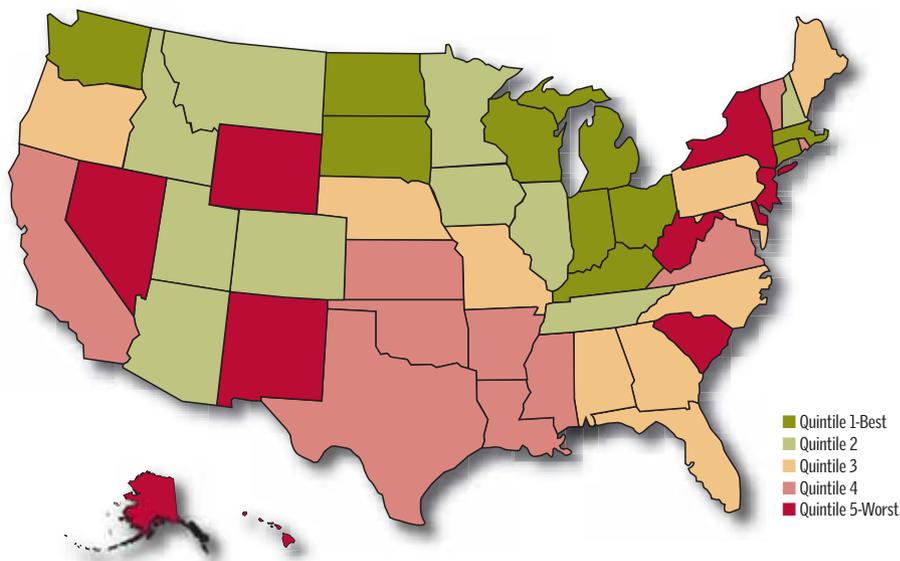
How does one define value in healthcare?

Today's healthcare consumers are seeking more information about quality and cost than ever before in an attempt to answer that question, utilizing resources ranging from advanced Web-based decision tools to casual conversations with friends. Transparency gives consumers the data necessary

to make informed decisions about providers and specific treatments based on value, which, in turn, helps encourage the system as a whole to offer better care for less money. The federal government has also taken notice of the need to define value; U.S. Department of Health and Human Services Secretary Michael Leavitt's "four cornerstones of value-driven healthcare" outline the issues purchasers, insurers and providers must collectively address to create a value-driven system. 

OVERALL HOSPITAL PERFORMANCE BY STATE

According to an annual *Solucient 100 Top Hospitals* study, hospital performance varies widely across the country and from state to state. The study grouped overall performance into a single composite score for each state based on patient outcomes, clinical processes, efficiency, patient safety, and financial stability and responsiveness to consumers. Midwestern states posted the highest performance with the most states in the top quintile, while Southern states had the lowest performance with nearly two-thirds of them in the lowest two quintiles.

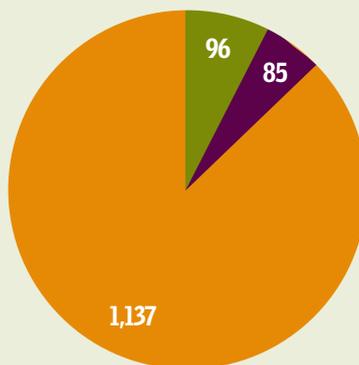


SOURCE: 2006 Solucient 100 Top Hospitals: National Benchmarks for Success study

THE VALUE OF CPOE

Computerized physician order entry can be an effective means of improving clinical value, yet the vast majority of hospitals have yet to implement such a system. Of 1,318 hospitals responding to the Leapfrog Group's *Hospital Quality and Safety Survey*, only 96 have a full CPOE system in place, while 85 others are committed to implementing CPOE by 2007.

-  Fully CPOE
-  Commit by 2007
-  Other/Uncommitted



SOURCE: The Leapfrog Group Hospital Quality and Safety Survey, February 2007. Results updated monthly. Data compiled by Thomson Medstat.

DEFINING VALUE

MAY 2007

A Value-Driven System

U.S. Department of Health and Human Services Secretary Michael Leavitt issued a challenge to employers last November to support "four cornerstones of value-driven healthcare." These cornerstones address practices that employers and other purchasers should advance along with insurers and providers to help create a value-driven healthcare system. The cornerstones are:

Interoperable Health Information

Technology: Support the development and use of interoperable health information technology. Interoperability promises to enable the exchange of clinical data and to create greater efficiency in healthcare delivery by eliminating significant redundancy and providing data to measure and improve the quality of care.

Transparency of Quality: Promote use of national consensus-based standardized quality measures for public reporting purposes, working with regional collaboratives whenever possible. Also, support development of new standardized measures.

Transparency of Price: Promote use of price measures for public reporting purposes, working with regional collaboratives whenever possible. Also, support development of standardized measures and methods for price measurement. Finally, present such data in tandem with quality data to the maximum extent possible.

Incentives for High-Value Healthcare: Adopt one or more of four strategies: a) encourage beneficiaries to use providers with the highest quality and the lowest cost, b) offer providers incentives and rewards for delivering high-value care, c) provide beneficiaries with incentives for prevention and wellness and for self-management of chronic illness, or d) offer consumer-directed health plan products.

SOURCE: The Leapfrog Group, *Value-Driven Healthcare: A Purchaser Guide*, February 2007

Upcoming Topic:

» Reimbursement Trends

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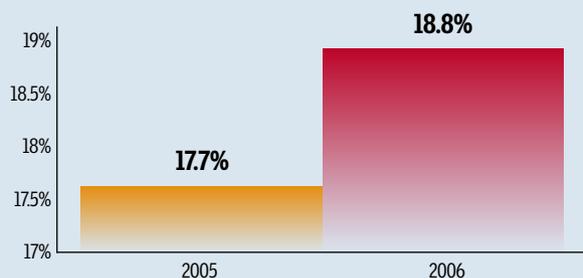


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SEEKING VALUE IN QUALITY

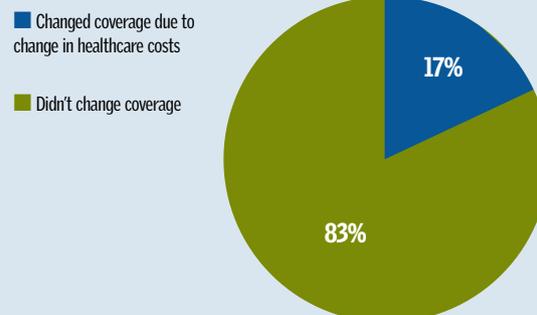
According to the 2006 Medstat PULSE Healthcare Survey, the percentage of households that sought information during the previous six months to help judge the quality of a doctor, hospital or other healthcare provider increased slightly from the same survey in 2005.



SOURCE: 2005 and 2006 Thomson Medstat PULSE Healthcare Surveys

VALUE IN HEALTHCARE COVERAGE

The same survey found that changes in healthcare costs have caused some consumers to seek better value in their healthcare coverage. The survey revealed that recent changes in the cost of healthcare had caused 17 percent of households to change their health insurance coverage in some way.



SOURCE: 2006 Thomson Medstat PULSE Healthcare Survey

THE INVESTIGATIVE CONSUMER

Where are they looking?

A RAND Corp. survey conducted for the Blue Cross Blue Shield Association looked at the ways consumers search for healthcare information and use that data to determine value. Nearly 70 percent of respondents used the Internet to find information.

Source	Percentage who use
Internet	69%
Personal physician	59%
Other physicians or healthcare professionals	39%
Family or friends	34%
Books/Journals/Reports	32%

What are they looking for?

The same study looked at the kinds of treatment information sought by consumers.

Type of information	Percentage of searchers looking for it
Information on available treatments	72%
Information comparing treatments	39%
Cost of treatment	14%
Physicians specializing in treatment	18%
Hospitals specializing in treatment	13%

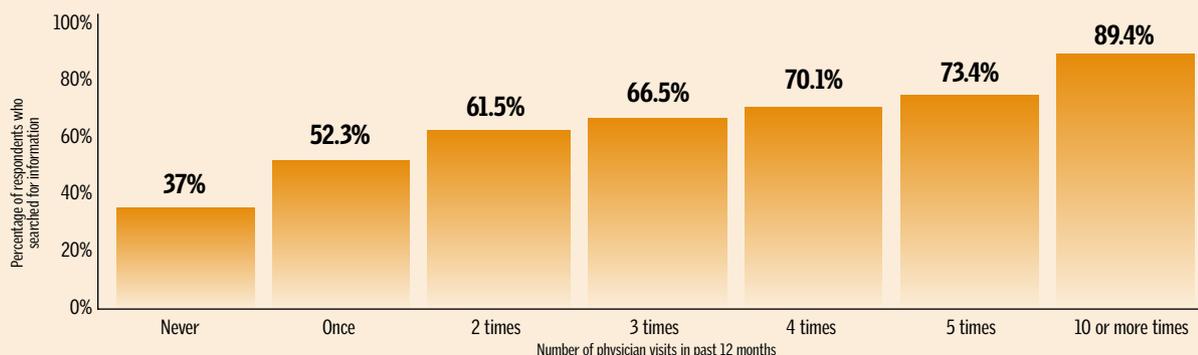
How do they use the data?

The survey detailed how different types of information can affect consumers' perception of value and influence their treatment/provider selection.

Type of information	Treatment selection influenced	Facility selection influenced
Information on available treatments	33% of respondents	6% of respondents
Information comparing treatments	31%	8%
Information on cost of treatment	35%	14%
Information about physician specialists	30%	24%
Information about facilities specializing in condition	27%	30%

How often do they go to the doctor?

Finally, the RAND report showed that information seekers are more frequent utilizers of the healthcare system.



SOURCE: Blue Cross Blue Shield, RAND Report Summary: Consumer Use of Information When Making Treatment Decisions

