

Using HEDIS to Measure Health Care Performance

The Health Care Data and Information Set (HEDIS)



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By Mark Lee

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Executive Summary

The Health Effectiveness Data and Information Set, or HEDIS, is under constant evolution to make it relevant to today's ever-changing and technologically driven health care industry. The data set is designed to provide health plans, consumers and employers with a robust set of data to compare the performance of health care plans.

The health care industry has used HEDIS in a variety of ways. Health care systems look at the data to find ways to improve their care and adjust their protocols, while consumers and employers have used the data to compare and rank the quality of individual health plans.

Among its uses have been pay-for-performance models in which health care providers receive monetary rewards for improving the system's HEDIS scores. The pay-for-performance model, to date, has received mixed reviews.

To be sure, HEDIS has both advantages and disadvantages that health experts should take into account when using the data set.

By Mark Lee, Capital Alliance Corp.

The Health Effectiveness Data and Information Set has been around for many years and has evolved each year to help the health care industry improve its standards of care, while also helping consumers and employers measure health care performance.

The acronym “HEDIS” originated in the late 1980s via a group of employers and quality experts and was entrusted to The National Committee for Quality Assurance (NCQA) in the early 1990s. Today, HEDIS is used by more than 90 percent of the health plans in the United States to measure care and service, the NCQA notes.

Benefits of HEDIS for health plans

HEDIS makes it possible to compare the performance of common types of care under individual health care plans to examine where they need to make improvements. Because so many health plans are collecting this data under very strictly defined measures, HEDIS has made it possible to do apples vs. apples comparisons among health plans.

Benefits of HEDIS for consumers and employers

Besides being useful to health plans, HEDIS data also benefits consumers who can tap into the data through the “[State of Health Care Quality](#)” report. Both consumers and employers can tap into HEDIS data to select the health plans that best serve their needs.

Data tracked by HEDIS

Examples of data tracked by HEDIS includes asthma medication use, beta blocker treatment after a heart attack, high blood pressure controls, diabetes care and breast cancer screening, just to name a few. Altogether, HEDIS consists of 81 measures across five domains of care, according to NCQA.

An evolving dataset

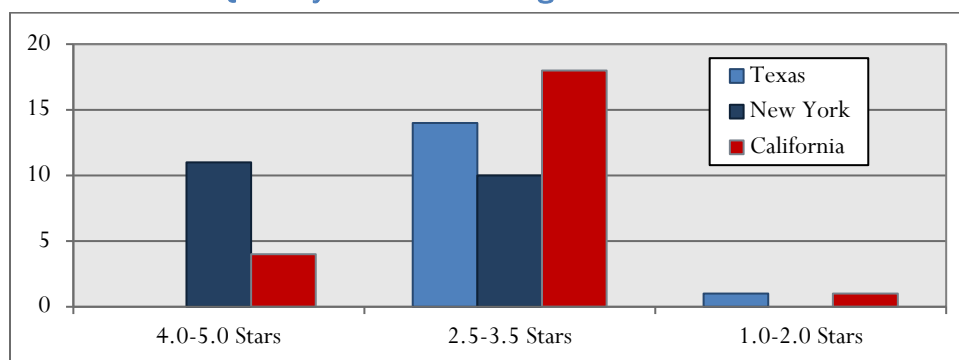
The HEDIS measurement set evolves each year. NCQA’s Committee on Performance Measurement, a group representing employers, consumers, health plans and others, debates and decides collectively on the content of HEDIS each year so the dataset is constantly evolving to meet current health care needs.¹

HEDIS also includes a survey, called CAHPS, in which consumers respond to a questionnaire about their recent experiences with their health plans and its services. Consumers can use the survey results to assess the performance of different health plans while the health plans, themselves, can use the survey results to identify their strengths and weaknesses, to look for places to improve care.²

¹ Performance Measurement, NCQA, <http://www.ncqa.org/hedis-quality-measurement/performance-measurement>

² NCQA

Quality Varies Among Health Plans



NCQA rated more than 1,300 health insurance plans based on clinical quality, member satisfaction and NCQA Accreditation Survey results. Texas, for example, has no four or five-star plans, while New York and California have several.¹

Limitations on measuring performance

Even though HEDIS has been used for a number of years, the science of measuring quality performance in health care is still considered to be in its infancy and to have some weaknesses.

Current measures are limited, for example, and critics say linking them to compensation might be premature.

Improvements seen on easily tracked process measures such as checklist use or discharge instructions may not lead to improvements in patient outcomes, such as lower mortality and lower readmission rates.

Linking quality metrics to pay

Does pay for performance really work? It certainly is being tried. About 40% of U.S. healthcare providers had some type of incentive linked to pay in 2013, and within that group an average of more than 4% of total compensation was linked specifically to quality metrics.³

Proponents of quality incentive pay say the programs have lifted the performance of some physicians and improved collaboration among clinicians.

Case study: Performance pay

Last year, *Modern Healthcare* reported that linking financial rewards to cost-effective management of patient care or reducing adverse outcomes hadn't produced the desired results, according to recent studies. This has some experts in the health care profession asking if [healthcare organizations are moving in the wrong direction](http://www.modernhealthcare.com/article/20150530/magazine/305309979) in terms of pay-for-performance measures, the magazine reported.

Let's consider the case for Fairview Health Services of Minneapolis. Fairview rolled out an ambitious compensation program in 2010, when it tied 40% of clinician pay to performance on a suite of metrics required by state law.⁴

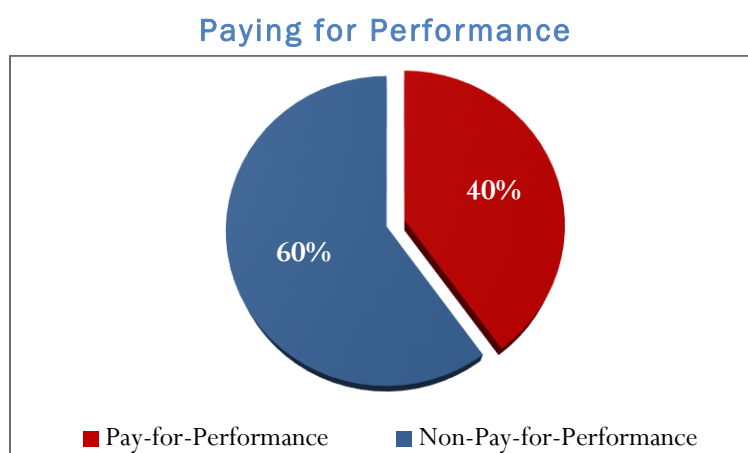
³ Sabriya Rice "Physician quality pay not paying off," *Modern Healthcare*, <http://www.modernhealthcare.com/article/20150530/magazine/305309979>, May 30, 2015

Increases in salary were based on how well the medical group performed overall on state benchmarks for diabetes, cardiovascular and asthma care, and for certain evidence-based cancer screenings.

Yet even with the promise of more money, the model “didn’t necessarily have an overwhelming impact,” said Valerie Overton, president for quality and innovation at Fairview Medical Group.⁵

Underwhelming results

Other studies on financial incentives have come to similar conclusions. In one case, some primary-care physicians in New York were eligible to receive up to \$200 per patient and up to \$100,000 per clinic based on performance on evidence-based heart-care processes and outcome measures. But there were only small improvements despite the financial incentive, according to a 2013 report published in *JAMA*, and reported on in *Modern Healthcare*.



Less than half of all U.S. health care providers had some type of incentive pay-for-performance in 2015.³

The advantages of HEDIS measures

- HEDIS measures undergo a selection process that has been described as “rigorous.”⁶ Steps in the process include assessment of a measure’s “importance, scientific soundness and feasibility;” field testing; public comment; a one-year trial period in which results are not reported publicly; and evaluation of publicly reported measures by “statistical analysis, review of audit results and user comments.”⁷
- HEDIS data are useful for “evaluating current performance and setting goals.”⁸
- As stated in a 2006 Institute of Medicine (IOM) report, “HEDIS measures focus largely on processes of care”; the strengths of process measures include the facts that they “reflect care that

⁴ Modern Healthcare, May 30, 2015

⁵ Modern Healthcare

⁶ Institute of Medicine. [Envisioning the national health care quality report](#). Washington, D.C.: National Academy Press, 2001. ISBN 0-309-07343-X.

⁷ [HEDIS life cycle](#). Washington, D.C.: National Committee for Quality Assurance.

⁸ Scanlon DP, Darby C, Rolph E, Doty HE. [The role of performance measures for improving quality in managed care organizations](#). Health Serv Res 2001 Jul;36(3):619-41.

patients actually receive,” thereby leading to “buy-in from providers,” and that they are “directly actionable for quality improvement activities.”⁹

- HEDIS measures are “widely known and accepted.” The NCQA claims that over 90% of U.S. health plans use HEDIS measures.

The disadvantages of HEDIS measures

- The process to develop HEDIS measures may be flawed. There is a possible conflict of interest because NCQA “works closely with the managed-care industry.”¹⁰ Furthermore, approximately half of NCQA’s budget is derived from accreditation fees, “which may create an incentive against setting [HEDIS] standards too high.”¹¹
- The process to develop the measures is not completely “transparent,” that is, “information about existing conditions, decisions and actions” is not completely “accessible, visible and understandable.”¹²
- A 2006 IOM report stated that the limitations of HEDIS process measures include “sample size constraints for condition-specific measures,” “may be confounded by patient compliance and other factors,” and “variable extent to which process measures link to important patient outcomes.”¹³
- A 2008 study of 1,056 adults with asthma found that “compliance with the HEDIS asthma measure is not favorably associated with relevant patient-oriented outcomes” such as scores on an Asthma Control Test.¹⁴

Additional Resources

- <http://www.ncqa.org/HEDISQualityMeasurement.aspx>
- <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2585357/>
- <https://cahps.ahrq.gov/index.html>

Conclusions

To be sure, collecting health data and comparing data among health plans has its challenges.

HEDIS has proponents and detractors and we’ve noted some of the advantages and disadvantages that have been cited over the years by health care experts.

⁹ Institute of Medicine. [Performance measurement: accelerating improvement](#). Washington, DC: National Academies Press; 2006. ISBN 978-0-309-10007-6.

¹⁰ Epstein A. [Performance reports on quality--prototypes, problems, and prospects](#). N Engl J Med. 1995 Jul 6;333(1):57-61.

¹¹ Kuttner R. [Must good HMOs go bad? Second of two parts. The search for checks and balances](#). N Engl J Med 1998 May 28;338(22):1635-9.

¹² Aron D, Pogach L. [Transparency standards for diabetes performance measures](#).

¹³ Institute of Medicine. [Performance measurement: accelerating improvement](#). Washington, DC: National Academies Press; 2006. ISBN 978-0-309-10007-6.

¹⁴ Lim KG, Patel AM, Naessens JM, Li JT, Volcheck GW, Wagie AE, Enders FB, Beebe TJ. [Flunking asthma? When HEDIS takes the ACT](#). Am J Manag Care 2008 Aug;14(8):487-94.

In some instances, HEDIS measures did not improve outcomes. On the other hand, supporters contend it is very useful for measuring performance and setting goals.

Certainly, each health plan will need to make its own judgments, but we believe HEDIS is here to stay and health industry professionals will want to be part of the discussion on how to keep it current and relevant.

About Capital Alliance Corp.

Capital Alliance Corp. is a global mid-market investment banking firm, providing consulting services for mergers and acquisitions. The company represents client companies in a variety of markets, including healthcare, energy, technology, construction and engineering, manufacturing and business services. Since its founding in 1976, the privately held firm has completed more than 200 transactions with an aggregate transaction value in excess of \$3 billion. For three decades, Capital Alliance has been a member of M&A International, a membership organization of investment banking firms operating in the major economies of the world.

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