

WHAT IS IT?

As outlined in Executive Order 13410 (August 2006), Value-Driven Healthcare is a term coined to express an initiative aimed at improving the value and quality of healthcare in America by providing increased transparency to consumers. Promoted by Mike Leavitt during his tenure as HHS Secretary from 2005-2009, the initiative addresses healthcare improvement through a Four Cornerstone approach:

- Interoperable Health Information Technology (Health IT Standards)
- Transparency of Quality (Measure and Publish Quality)
- Transparency of Price (Measure and Publish Price)
- Promotion of Quality and Efficiency of Care (Incentives for High-Value Healthcare)

Though the Value-Driven Healthcare initiative defined by the Four Cornerstone approach is no longer formally maintained by HHS, efforts to enhance the value provided by the healthcare system in each of these areas continue by HHS and other organizations.

Interoperability of Health Information Technology, or “Connecting the System,” is the ability to communicate and exchange patient and provider data accurately, effectively and securely between multiple information technology systems. This allows critical information (i.e., electronic health records and other clinical data) to be shared in an effort to create greater efficiency and provide data to measure and improve the quality of health care. The Health Information Technology for Economic and Clinical Health Act (HITECH), passed in 2009 as a part of the American Recovery and Reinvestment Act (ARRA), allocates \$22 billion to modernize health IT systems. A majority of funds are to be paid as incentives for the adoption of Electronic Medical Records, with the goal of improving quality and coordination of care through the use of health information.

Transparency of Quality reports actual provider quality of care results in a public forum and enables health care purchasers to make informed decisions in selecting a provider, facility or health plan based on quality. Several organizations have been formed to support this initiative, including the [California Office of the Patient Advocate](#), an independent public information source that evaluates doctors, medical groups and health plans in the state of California.

Transparency of Price, much like Transparency of Quality, is the idea of having a public forum for consumers to find information about a provider. The key difference is the focus on cost. As health plans evolve, consumers often find themselves shouldering a greater financial burden when it comes to their health care. Price transparency allows purchasers to evaluate a provider’s charges before seeking a service or deciding on a treatment plan. Healthcare costs, however, do not exist in a vacuum, and price information must be made available *with* quality information whenever possible. To this end, a number of insurance companies now provide members with online tools to compare the quality and cost of common medical procedures at nearby facilities.

Promotion of Quality and Efficiency of Care includes a number of different strategies that encourage both consumers and providers to behave within the spectrum of high quality and low cost. For example, several carriers have successfully implemented high-performance networks that have demonstrated, through plan designs, the ability to steer members into a “network within a network” (sometimes referred to as a high-performance network, tiered network or narrow network) consisting of high-quality, lower-cost providers. Conversely, other programs have been developed to provide incentives and rewards to providers for delivery of high-value care. For example, both the [Health Care](#)

[Incentives Improvement Institute](#) and [The Leapfrog Group](#) work to encourage significant leaps in the quality of care through recognition and rewards for healthcare providers who demonstrate their delivery of safe, effective, efficient and patient-centered care. The Health Care Incentives Improvement Institute also works to tie provider payments to patient outcomes through the Prometheus payment system.

ACTION STEPS TO CONSIDER

No specific action is required on the part of the employer. Employers who want to take steps to improve the value and quality of healthcare can consider the following:

- Initiate the process by selecting carriers and other vendors who have taken steps to promote quality and efficiency of care. Choose plans that maximize consumerism, where price and quality transparency are key elements.
- Create incentives for employees to maintain healthy lifestyles and make smart and informed health care choices. For instance, some employers offer cash incentives to employees who participate in Health Risk Assessments and Health Coaching programs.
- Form a Wellness Committee made up of employees who are passionate about maintaining a healthy lifestyle, through fitness and smart eating habits. The committee can champion the cause across the organization.

INFORMATIONAL LINKS

- [HealthGrades: Independent Healthcare Ratings Organization](#)
- [Department of Health and Human Services: Archived Site for Value-Driven Health Care](#)
- [Department of Health and Human Services: Agency for Healthcare Research and Quality](#)
- [HealthCare.gov Quality Comparison Tool](#)



This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization.