

BACKGROUND

National Quality Forum (NQF) Endorsement:

HealthPartners Measurement Approach for Total Cost of Care and Resource Use

Overview

Total Cost of Care, or TCOC, is a name for a method of measuring health care affordability. TCOC measures are powerful analytical tools for health plans, providers, medical groups, government agencies, employers and others with a stake in reducing health care cost trends. They can help pinpoint ways to make health care more affordable without sacrificing quality or experience.

Many organizations have experimented with TCOC models in recent years. HealthPartners has developed a TCOC model that is unique in a significant way. In addition to consideration of **cost of care** provided to a patient (or “Total Cost Index”), it also incorporates an innovative approach to measuring **resources used** in providing that care (or “Total Resource Use Index”). When used in combination, these measures yield more comprehensive, revealing and actionable results than cost measures alone.

Using this system, which has been more than a decade in development and staged-in use, HealthPartners has outperformed Minnesota, regional and national risk-adjusted cost of care benchmarks for three straight years.

NQF Endorsement

To date, there have not been nationally accepted, standardized TCOC measures endorsed by a major standards-setting body. This was the impetus, in January 2011, for the **inaugural call for national voluntary consensus standards for TCOC measures by The National Quality Forum (NQF)**, which represents health care stakeholders including consumer organizations, health plans, health professionals, providers, public and community health agencies, public and private purchasers, health care research and improvement organizations supporting industry.

NQF’s unique structure enables private- and public-sector stakeholders to work together to craft and implement solutions to drive continuous quality improvement in the American healthcare system. The NQF review measured four key factors: 1) evidence of the importance and relevance of the measures, 2) whether the measures deliver consistent and credible results, 3) usability and 4) feasibility of implementation.

Following review by a dedicated 21-person steering committee, member and public comment, and a member vote, the NQF Board of Directors on Jan. 31, 2012, announced the organization’s **first-ever endorsement of a full-population TCOC measurement approach: HealthPartners’ Total Cost of Care and Total Resource Use measures.**

HealthPartners Total Cost of Care and Total Resource Use

Measures include all care, professional, inpatient, outpatient, pharmacy, ancillary

Indicative of **price and resource use drivers** at every level

Uses Johns Hopkins Adjusted Clinical Groups (ACGs) for **effective comparisons and benchmarking**

Displayed as an index to protect competitive information while being transparent with relative performance and price for procedures and services

Tested and reviewed over a three-year period for reliability and validity

Implications and benefits for the health care system

As a non-profit, mission-driven, integrated health plan, HealthPartners is committed to achieving the Institute for HealthCare Improvement’s Triple Aim: improving health, enhancing patient experience and making health care more affordable.

In step with that commitment, **HealthPartners is publicly releasing a depth of information** about the Total Cost of Care and Total Resource Use measurement approach now endorsed by the NQF, such that others can use the same measurement approach within their own organizations. This release includes guidance on using the measures, technical guidelines, detailed scientific background, reference guides and sample applications.

HealthPartners believes that the public release of this NQF-endorsed measurement approach can provide a **much-needed, fundamental and shared building block for standardizing Total Cost of Care measurement broadly and supporting the development of accountable care organizations (ACOs) and other payment reform models**. The measurement approach carries with it the strong potential for bolstering health care improvement and reform while driving greater value across a diverse range of users and organizations.

FOR...	HEALTHPARTNERS TCOC AND RESOURCE USE MEASURES...
Insurers	<ul style="list-style-type: none"> • support development of reformed payment approaches such as shared savings agreements, ACO evaluation and improvement strategies • identify overuse of health care services
Health care providers	<ul style="list-style-type: none"> • allow identification of positions of overall cost, practice efficiency and price competitiveness
The Federal government	<ul style="list-style-type: none"> • support the National Quality Strategy with measures to identify affordable care, better care and better health
State governments and policy makers	<ul style="list-style-type: none"> • inform development of exchanges and other innovations to assess plans and providers fairly for cost and resource use
Employers and group insurance purchasers	<ul style="list-style-type: none"> • yield comparable measures of cost and resource use across the marketplace
Individual consumers	<ul style="list-style-type: none"> • support individual decision making for use and cost of health care services • allow for meaningful cost and quality comparison between providers

Availability

Comprehensive information about the NQF-endorsed HealthPartners Total Cost of Care and Total Resource Use measurement approach is available now publicly and free of charge at healthpartners.com/tcoc.

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