

**Health Economics Committee (HEC) Meeting
July 9, 2015**

SUMMARY NOTES

Demonstrations: Method to produce a composite performance measure suitable for constructing a Value Metric

With the passage of legislation to establish a statewide All Payer Claims Database, comparative price information will soon join other performance measurement domains (e.g., clinical outcomes, patient experience, etc.) that, taken together, begin to delineate the construct of value in healthcare. The era of value measurement calls for a defensible basis to combine results across disparate but important performance domains.

Jim Andrianos (Calculated Risk, Inc.) stepped through two demonstrations using real data that introduced his method for eliciting and incorporating user preferences across different domains to construct a tailored, multi-measure summary score. The method meets the definition for a value measure set forth by the Ambulatory Quality Alliance in 2006.

First, using the most recent Community Checkup results (made available for this purpose by the Alliance), he presented composite medical group quality ratings that reflected the contrasting preferences of two fictitious people for different aspects of health care.

Following that, using publicly available data, he summarized and compared U.S. hospital performance across six performance domains in a way that reflected a user's unique preferences. Because one of the six domains involved price level, the summary measure represented a prototype for a value metric, tailored to what is most important to the user.

Members weighed in with feedback on the appeal and timeliness of this preference-weighted approach to producing composite measures. Selected input:

- The attendees agreed that the method had appeal.
- The question of timeliness was more difficult to address, partly because of a request for members to focus on the *method* -- and assume that any intended audience was still unspecified.
- When imagining an audience of prospective patients, members tended to recommend more development work involving consumer literacy and other usability testing.
- When imagining themselves as the primary user, purchasers said they saw applications in the near term.
- A provider member saw this method as opportune given the current environment of emerging Accountable Care Organizations.

Although the two demonstrations featured broad, *system-wide* provider performance, members recognized the approach could be applicable to producing tailored ratings for different condition-specific *treatment options*.

An additional benefit of the preference-eliciting method is that it encourages people to think about (and learn) what aspects of healthcare are important to them in a rational, structured, and coherent way.