NATIONAL ACADEMY OF MEDICINE

NAM Leadership Consortium
Collaboration for a Learning Health System

Value Incentives & Systems Action Collaborative

Meeting Highlights: May 30, 2024

Linking Payments to the Production of Health: The Next Generation of Outcomes Measures that Matter

Value Incentives & Systems Action Collaborative Aim: Funding and accountability focused on person, family, and community goals and well-being.

Meeting Focus: Consider the alignment of measures that drive most health care payments with individual/community/national health goals, including improved outcomes.

Motivating Questions:

1. *Vision*: What are the necessary conditions to achieve a manageable set of "measures that matter" when it comes to tying performance measures to the outcomes that matter most to patients and clinicians?
2. *Facilitators & barriers*: What progress has been made with respect to the establishment of a core set of outcomes-based performance measures? What untapped opportunities and conceptual, technical, regulatory, or other barriers remain?
3. *Advancing progress:* How do we balance the need to reduce provider measurement burden while addressing gaps that remain with respect to our current portfolio of outcomes-based performance measures? How should future cycles of core measure development be funded and how can we expand the standardization of measures in use across government and commercial payers beyond what's currently being done?

Desired Outcome: Priority strategies identified for: (a) identifying and validating measures that matter most, (b) linking payment to performance on those measures, and (c) identifying implementation levers.

BACKGROUND

In 2015, the National Academy of Medicine, then the Institute of Medicine, published "*Vital Signs: Core Metrics for Health and Health Care Progress"* in response to the proliferation of metrics used to assess health system performance in the United States, proposing a streamlined set of 15 key measures. Despite progress made in the years since the publication of *Vital Signs*, further efforts are required to establish greater alignment on outcomes measures throughout the system. Lack of alignment creates significant burden for clinicians and health systems, impeding quality improvement, and lack of progress toward a next generation of more outcome-oriented measures hampers the success of alternative payment models. Financing and other payment incentives tied to health services significantly influence our ability to enhance health system performance. Meaningful incentive structures can not only drive efficiency and equity in health services but can also encourage continuous learning and innovation among health care providers.

In May 2024, the Value Incentives & Systems Action Collaborative (VISAC) convened a meeting of leading experts to identify priority areas for (a) identifying and validating measures that matter most, (b) linking payment to performance on those measures, and (c) identifying implementation levers. Key themes from the rich discussion are described in this report.

MEETING THEMES

1. Multi-payer alignment is needed on a set of priority measures.

Currently, there is no universal set of core "measures that matter" used to assess health system performance for the purposes of quality improvement or outcomes-based payment. Instead, despite some multi-payer alignment efforts, individual payers generally develop their own quality metrics, leading to over 2,500 measures listed by the National Quality Measures Clearinghouse. Even when priorities align, factors such as regulatory requirements, competition, or customer needs might prompt payers to adjust measure specifications slightly, resulting in further proliferation. This overabundance of measures can lead to confusion among providers, inefficient data collection and reporting, and conflicting priorities throughout the health system, hindering progress towards better health.

Meeting participants agreed on the crucial need for alignment across both public and private payers concerning measurement objectives, priority areas, and measure sets. Examples of progress on payer alignment were shared, for example, initiatives like the Universal Foundation that streamline measures across quality programs at CMS. Payers within states, across groups of private health plans, and within new coalitions (such as the National Quality Forum's Aligned Innovation Coalition) have begun to coordinate around shared quality goals. Learnings from these efforts included the importance of standardizing language and semantics, prospective alignment on new measures, and early consideration of feasibility/implementation.

Participants agreed that establishment of a governance structure was an important next step to help further alignment on priority measures. Many called for further exploration of what an ideal governance structure might look like that ensures alignment between public and private payers. The possibility of a "bottom-up" approach was also proposed, in which private sector evidence and consensus could be aligned with government actions to scale solutions more quickly.

2. Tradeoffs between "big-dot" approaches and more granular, process-focused approaches.

Participants discussed the usefulness of both "big-dot" metrics (focused on higher level outcomes) and more specific process metrics within various contexts. While big-dot measures are critical for coordinating efforts around a national strategy, local health care providers require practical guidance on their specific responsibilities. Rather than viewing these approaches as mutually exclusive, participants considered how both big-dot goals and actionable guidance might be layered together. The discussion underscored the need for more organization of measures according to their purpose and utility, as well as consideration of what contributions individual providers and provider organizations can make towards measures that are focused on outcomes.

3. **Operational elements (including data collection processes, technological infrastructure, and clinical data exchange) are key to system performance.**

A consequence of an overabundance of performance measures (including variations of the same measure) is the administrative burden associated with collecting and reporting data for providers. Many participants highlighted how the current absence of operational and infrastructural elements required for effective data collection has contributed to administrative burden.

Digitalization of measures allows for the use of technology in a way that alleviates administrative burden. However, technological infrastructure must be strengthened to facilitate seamless and efficient data collection and sharing. Several participants noted that clinical data exchange remains inadequate and emphasized a pressing need for a clear process to facilitate EHR data sharing. Establishing common, interoperable data elements that can be aggregated and transformed into clinically actionable information across multiple platforms would enable smoother data collection and sharing processes.

The evolving technological landscape, particularly the role of artificial intelligence (AI), has the potential to revolutionize how measures are used to link payment to better health outcomes. The discussion highlighted opportunities for AI in performance measurement, including:

- shaping the development of the next generation of measures,
- streamlining data collection and administrative processes, and
- generating truer reflections of patient experiences.

While many participants expressed optimism about these possibilities, there were also calls for proactive leadership to ensure the effective and responsible implementation of AI tools. Concerns were raised about the rapid pace of technological development outpacing regulatory domains. Overall, there was agreement on the importance of continuing discourse around this topic to navigate the complexities of AI implementation in performance measurement effectively.

4. **Meaningful measures should prioritize enhancing people's lives and health by reflecting their experiences and goals.**

Measures reflect values and priorities, and building a system that addresses people's health goals necessitates an understanding of individual experiences and needs. Patient-Reported Outcome Measures (PROMs) and Patient-Reported Experience Measures (PREMs), which evaluate outcomes from the patient viewpoint, conceptually hold promise, however, data collection methods, provider confidence in patient-generated data, and incentivizing patient engagement present implementation challenges. Participants highlighted the tradeoffs associated with development and use of patient-reported measures and discussed novel approaches such as Patient-Centered Core Impact Sets (PC-CIS) that reliably produce measures that reflect patient goals for outcomes and care. Ensuring that measure development is guided by patients from the outset (a feature of PC-CIS and of NQF's Aligned Innovation) facilitates alignment by holding the system accountable for actions and outcomes that matter most to the people the system is meant to serve. Participants also noted that experience measures are most valuable when accompanied by measurement systems capable of providing real-time feedback.

5. **Improvement isn't driven by measures alone; measurement activities must be embedded in effective systems.**

   Although it is important for performance measures themselves to be sound, value-based payment models can still falter if the *system* through which measures are implemented is ineffective. Many participants agreed that there has been a disproportionate focus on developing measures rather than on their implementation. To construct more effective measurement systems, one must consider various dimensions of systems, such as statistical features, reward structures, units of accountability, and burden reduction. Participants explored ideas for incorporating system design into the measurement process, such as the use of a checklist for system elements alongside measure sets and expanding structural measures (which are used to assess infrastructure of capacity, systems, and processes).

   A management system with defined roles and responsibilities, equipped with appropriate tools, technology, training, and transparent reporting should also be considered when implementing measurement systems. Clarity on measures' intended operational level and explicit accountability frameworks are necessary, along with follow-up actions to improve upon measured outcomes over time. Additionally, the system should be designed to prevent the gamification of measures, which involves manipulating data to achieve favorable outcomes.

   Intrinsic motivators such as professionalism, culture, and other non-financial incentives can also play important roles in affecting behavior change and improvement. For instance, providers feeling confident that measures or changes will positively affect patient care was highlighted in the discussion as an important motivator.

6. **Importance of assessing performance relative to local circumstances and resources.**

   Some participants emphasized the need to assess performance in the context of local conditions, resources, and history, which is particularly important when tying payments to performance. For example, rural hospitals with limited financial resources might face unique challenges in acquiring essential technology, changing management structures, or adopting new processes compared to their wealthier counterparts. Participants agreed that incentive structures should not unfairly penalize these institutions, especially since they may provide essential services to their community. To address these disparities, participants considered whether there is an appropriate threshold of quality accreditation beyond which reporting burdens could be reduced.

7. **Demand for quality, notably from the public and purchasers, is needed to mobilize action.**

   High quality health care is often assumed by patients and purchasers, leading to limited demand for improvement and mobilization on this issue. Many patients prioritize aspects of the care experience such as affordability and accessibility over quality measures, which may not resonate with them. However, as a next generation of measures that reflect improved outcomes become available, there is optimism that patients will find publicly reported quality information more useful to informing their health care decisions. Emphasizing the implications on safety may resonate with a wider audience and serve as a compelling reason for patients to report their outcomes and experiences as part of efforts to tie incentives to PREMs and PROMs.

   Creating organized demand signals from private and public stakeholders is essential for driving progress on quality. Purchasers and employers, in particular, can play a greater role in this regard. For example, employers can advocate for improvements in software, data sharing, and IT systems

from health plans. Strategies for engaging employers on prioritizing quality in health care could include establishing a clear link between quality and financial performance and considering outcomes that matter to them, such as labor productivity and absenteeism.

8. **The 15 core *Vital Signs* measures established a strong base for highest-priority measures, but operations, health equity, and affordability could be enhanced.**

The goal of NAM's 2015 *Vital Signs* report was to identify a streamlined set of measures that could provide consistent benchmarks for health progress across the nation. The result was a four-domain framework—healthy people, care quality, lower cost, and engaged people—and a streamlined set of 15 standardized measures—some composites—with recommendations for their application at every level and across sectors. The report also recommended the need for a governance process to support alignment on a parsimonious measure set.

Nearly a decade since the publication of *Vital Signs*, participants discussed needed enhancements. Many participants agreed that *Vital Signs* was successful in identifying the highest-priority areas for improvement, serving as a strong basis for agreement on the most meaningful measures. However, they noted that the report lacks specificity on the operational level, and that clarity on individual accountability and instruction is needed for providers. Other participants acknowledged that health equity and affordability should be more explicitly addressed. Participants strongly agreed that, a decade later, the report's recommendation for a governance process to support alignment on core measure sets used by public and private sector payers is a compelling need and urged the creation of a governance process to serve this high priority purpose.

FUTURE DIRECTIONS

Participants reinforced the importance of continued discussion and collaboration on the challenges and opportunities described above, noting the brain trust assembled by the convening. An NAM paper authored by a distinguished group such as those around the table was suggested as a means of expanding upon key insights surfaced and developing crisp recommendations for issue resolution and progress. Suggestions are invited from meeting participants on elements to further flesh out in a potential paper outline, as well as who might also be recruited to join the author group if the effort moves forward.