

First scorecard ranking U.S. hospitals on value of care unveiled at HFMA

By [Molly Merrill, Associate Editor](#) | 06/24/08 |

The 2008 Hospital Value Index, the first scorecard ranking U.S. hospitals on the value of care, was unveiled today at the Healthcare Financial Management Association's annual conference in Las Vegas.

The scorecard, which analyzed 1,500 hospitals in America's 100 largest cities, found the vast majority of hospitals offer high quality healthcare, but the price for essentially the same care varies widely across the country and even across the same community.

The 2008 Hospital Value Index defines a hospital's "value" by its success in four critical areas:

1. Quality of its care, including core processes and patient safety;
2. Efficiency of its care and affordability, including the prices it charges;
3. Experience encountered by its patients as measured by patient satisfaction; and
4. Comprehensive reputation of a hospital as measured by local public perception.

"In an environment in which consumers - including patients, employers and payers - shoulder an increasing burden of the cost of healthcare, it is important to recognize those hospitals that deliver outstanding value," said John R. Morrow, a founder of *100 Top Hospitals: Benchmarks for Success*, and a senior adviser to Data Advantage.

"These consumers increasingly want a score that considers everything we publicly know - and they care about - when choosing a hospital. The Hospital Value Index provides the first go-to source for that complete analysis," said Morrow.

The study was developed by Data Advantage, LLC in anticipation of the Centers for Medicare and Medicaid Services' Value-Based Purchasing initiative, which proposes to financially reward a hospital based on the value of its care beginning next year.

"Given the federal government's new Value-Based Purchasing initiative, it is essential for hospital leaders to look beyond quality and outcomes to define their value to the community," said Hal Andrews, chief executive officer at Data Advantage.

"CMS has proposed rewarding both excellent performance and also improvements from a baseline score. With the Hospital Value Index, hospitals will have an all-encompassing score to understand where they excel and where they can improve," he added.

Key findings of the 2008 Hospital Value Index:

- A number of hospitals with a reputation for offering high quality care do not necessarily provide high value care. Conversely, a number of lesser known hospitals - including several public or "safety-net" hospitals - provide high value care.

- High value care can be offered by hospitals regardless of ownership, size, teaching status, geography or demographics. The Hospital Value Index found none of these are guarantees of high value care - or of poor value care.
- If all of the 1,500 hospitals studied were to perform at levels consistent with those ranked as "best value hospitals," then approximately \$273 billion in excess charges would be removed from the healthcare delivery system by hospitals alone.

The Hospital Value Index is also a resource for healthcare consumers to compare the value of hospitals, Andrews said. Where the quality of care between hospitals is relatively equal, the Hospital Value Index will identify the hospital that is more affordable. Where the price between hospitals is the same, the Hospital Value Index will reveal the one with better quality.