

# Provider Peer Grouping: Health Care Value

## Background

In 2008 Minnesota enacted a major bipartisan health reform law to improve health care access and quality and to contain the rising cost of health care. This health reform initiative – Minnesota's Vision for a Better State of Health – aims to help curtail unsustainable cost growth while simultaneously improving the quality of care and the health of all Minnesotans. A cornerstone of the law provides for the development of tools to promote quality and transparency in the health care market.

## Minnesota leads the nation

Minnesota is the first state in the nation to develop a comprehensive system that provides information about health care *value* – both cost and quality. The Minnesota Department of Health (MDH) is developing a “provider peer grouping” system that will compare physician clinics and hospitals based on a combined measure of risk-adjusted cost and quality to offer a clearer picture of each provider's value.

## Uses for the information

Employers and health plans will be required to use it to develop products that encourage consumers to use high-quality, low-cost providers. Providers can use it to improve their quality and reduce costs. Consumers can use it to make more informed health care choices.

## Alignment with national efforts

The goal of comparing providers based on value is in keeping with national efforts. Value-based purchasing, accountable care organizations, payment reform demonstration and pilot programs, the National Quality Strategy and exchanges strive to link payment more directly to quality. Value measurements include both quality and cost information.

A strong product in Minnesota  
Minnesota's goal is to create a credible analysis that will be considered a community asset. MDH has taken a thoughtful approach to the development of this system, building on related efforts in the state. Cost data will include information related to both pricing and resource use. Quality data will include information reported directly from physician clinics and hospitals on outcomes and processes, as well as measures calculated from administrative data.

## Timeline for results

The results of the analysis will first be distributed to providers beginning in summer 2011 and reported publicly during fall 2011 as information that can be easily used by payers and consumers.

## Community collaboration

- An advisory group met in 2009 to develop a framework and recommendations for implementing provider peer grouping.
- MDH awarded an implementation contract to Mathematica Policy Research.
- MDH created a Rapid Response Team of stakeholder representatives. This group provides input on more detailed methodological issues.
- MDH has also convened a Reliability Work Group of stakeholders to help the department ensure the reliability and usefulness of peer grouping results.
- MDH holds monthly conference calls to update stakeholders on peer grouping activities.



Minnesota's Vision: A Better State of Health  
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