



The Healthcare Value Index (HVI) is a means by which healthcare providers and purchasers can assess the relative quality and cost efficiencies of hospitals' performances. The index uses six industry-standard outcomes of clinical quality and cost efficiencies for inpatient care. This allows providers to create a unique index around how they wish to define Quality. All outcomes are trended over a three-year period to maximize accuracy.

Insurers, hospitals and physicians use the HVI for quality improvements as well as the objective distribution of dollars between the purchasers, hospital and its employed and in some cases, its independent physicians' clinical services. This is extremely important as providers begin to share net-savings under all types of federal bundled-payment (shared savings) models, ACOs, ACEs and Consumer Operated and Oriented Plans (CO-OPs).

The HVI creates a positive score for each of the six (or seven) measures. The higher each portion of the metrics that makes up the HVI bar, the greater are the indicated 3 year improvements in quality and efficiencies. Example – a low mortality rate is desirable and is therefore assigned a higher score if the hospital's actual mortality rate is low. The same is true for Morbidity rates. However, the several scores that make up the National Hospital Quality Measures, HCAHPS is positive numbers and therefore no positive conversions are necessary. They are recorded as their actual levels of performance.

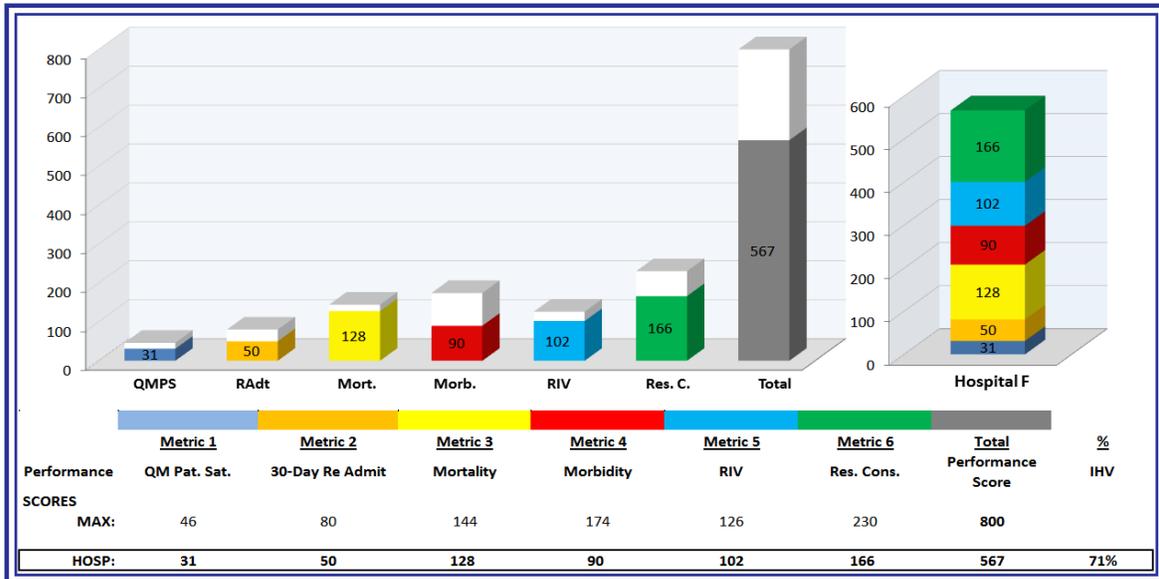
Seven Inpatient Metrics of Quality that Constitute the Medical Value Index (MVI):

1. *QMPS - Combined Metrics:*
 - *NHQM (National Hospital Quality Measures)*
 - *HCAHPS (Patient Satisfaction)* - reported to Center for Medicare and Medicaid Services (CMS)
2. *Hospital Readmission Rate (ReAdt)* – risk-adjusted, 30 day rates as reported to CMS
3. *Mortality Rates (Mort.)* – nine (9) different hospital mortality metrics are trended for 3 years, including 30-day rates.
4. *Morbidity Rates (Morb.)* - measured for the hospital's 5 MS-DRGs within each of the five clinical services that have the greatest resource intensity (largest numbers of charges).

5. *Reductions in Variation (RIV)* – top 5 MS-DRGs for the five most resource intense services.
6. *Resource Consumption (Res. Con.)*
 - Inflation rates of Charges trended over a four-year period
 - Quality Improvements & Financial Improvements and Distributions
- 7 & 8. Provider/Purchaser assigned quality metric.

The Healthcare Value Index was developed in order to demonstrate quality and efficiency improvement outcomes in a transparent and easily understood manner- *the higher the bar, the greater the 3-year improvements.*

The six HVI metrics are stacked to create the MVI bar graph and score: (Example below, Bar Graph on Right, score – 567/800). The height of each clinical component indicates the relative contribution to the overall score and the degree to which the indicator was improved over three years. The 6 metric MVI utilizes an 800-point scoring method while the 8 metric HVI uses a 1000-point total. The metrics have different weighting factors based on experiential evidence as to which metrics are the most predictive of actual clinical quality and cost efficiency improvements.



Let us work with you to customize the HVI to allow you to measure and reward improvement as a provider/purchaser.