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Quality initiatives offer alternative to 'meat-ax' cost-cutting approach

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America has arrived at a "now-or-never moment to contain healthcare costs," according to Margaret O'Kane, president of the National Committee for Quality Assurance. "Value is no longer just nice to have...it's essential," she said during a keynote speech last Friday at NCQA's annual policy conference in Washington, D.C."

Healthcare costs are spiraling so far out of control that many are taking a "meat-ax" approach to cuts, O'Kane said. Some states, including Texas, may drop their Medicaid programs, because their budgets have been squeezed dry. And one of the largest union-administered health plans in New York--1199-SEIU--will drop coverage for workers' children in January. "[T]hat's the reality of the cost crisis," she said.

Still, it's wrong to let coverage cuts become routine cost-containment strategies, O'Kane said. Raising quality would be a better way to reduce costs in the long-run.

One way health plans can boost quality, she noted, is through [value-based insurance design](#) (VBID) that guides patients toward the highest-value treatments for a condition. Through value-based insurance design, a health plan can provide more coverage for high-value care, and less coverage for low-value care. The approach basically steers patients away from trying wasteful or unproven interventions.

Another option would be to sort high- and low-performing providers into tiers and offer higher cost-sharing for providers that are high-performing, if they meet certain quality thresholds.

According to a study conducted by human resource and financial services consulting firm [Mercer](#), employers want to see more VBID: 81 percent of large employers want to use some form of VBID in the future. But whether VBID can make major cuts in cost growth or keep people healthy long-term remains to be seen, O'Kane said.

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