

HEALTH CARE QUALITY IN A MARKET-BASED HEALTH CARE SYSTEM

If a tree falls in a forest and no one's there to hear it, does it really make a sound? Of course it does. But it doesn't really matter.

If health care quality varies across providers but no one measures it, does it really exist? Of course it does. And that matters a lot.

Research over the last decade, including some of my own, has uncovered great variation in the quality of physicians and hospitals. Pick any two providers at random. Chances are that one provider's patients will have more successful health outcomes than the patients of the other provider. They will recover faster, with fewer complications and possibly a lower risk of death. Truly, health care quality can be a life or death matter.

And yet the quality of health care providers is often not measured at all, or measured poorly. If I am intrigued by a movie that has come to the theaters, I can find dozens of reviews to help me decide whether I should see it. While movie reviews aren't perfect—sometimes I like a movie better than the reviewer did, or vice versa—they typically give me a fairly good idea of the quality of the movie I am interested in. But if I want to learn about the quality of a physician or hospital, I have few places to go.

Part of the problem is accuracy. We need to make sure quality ratings reflect the skill of the provider, not the sickness of the providers' patients. Today's quality measurement systems try to account for this, but they don't always do a good job. And the quality rankings delivered by these systems are often hard to understand as well. It's not surprising, then, that consumers and employers pay little attention to current health care quality information. Instead, the emphasis is on cost.

But these problems with quality information will be addressed, gradually, and this information will improve. As it does, it will provide a market opportunity for entrepreneurial health care providers—to make a brand name around quality and prosper by doing so. When this opportunity comes, will you be ready?

For quality isn't just a matter of people—it's a matter of process. Providers with the best processes will get the best people and will get the best from them. Processes that emphasize quality must measure quality, not just at the institutional level, but at the employee level. They must reward employees for providing good quality care. And they must support employees in their efforts to learn how to provide quality. Quality must be something the employer and employee invest in together.

While I recognize that personnel issues, such as the nursing shortage, concern many area health care providers, I still believe there is room for improvement. Ask yourself these questions: How well do you identify your best-performing employees? How well do you reward them? How well do you retain them? If you can't answer these questions with "very well," there is room for improvement.

I also believe that quality is a matter of marketing. This might seem an awkward juxtaposition—how can marketing improve health care quality? It won't directly. But good marketing is essential to being rewarded for quality. To paraphrase my opening statement, if an institution has higher quality but no one knows about it, consumers will act as if it's not there.

Marketing health care quality must be more than effective communication—it must be credible communication. I am not sure how this is best done. But it may mean that the marketing and the production of health care might be more integrated than in the typical firm, as

the marketer seeks to find ways to confirm the provider's quality to consumers.

One of the great features of our free market health care system is the opportunities it provides for innovation. I believe one of the great innovations of the next decade will be quality-branded health care. To be ready, health care institutions must have processes in place to motivate and reward quality, and to communicate that quality to consumers in a credible way. Will you be ready?