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More Transparency, Better Health Care

Fantasy baseball managers have far more data to evaluate players for their teams than patients and referring doctors have in matters affecting life and death.

By **GEORGE SHULTZ,**
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As the debate over how best to reform our wasteful health-care system continues, there is one measure we can implement immediately to improve quality and rein in runaway costs—the public release of data from the Medicare program, as required by a provision of the Patient Protection and Affordable Care Act.

The need for change is striking. Research by the Dartmouth Atlas of Health Care documents that, on average, more than 40% of Americans are not receiving the care most likely to help them and that, even when they do, it is often provided wastefully. Rates of preventable diseases, hospitalizations, complications and readmissions vary greatly among health-care providers. Too often, unnecessary, redundant and needlessly expensive tests and treatments are prescribed.

Controlling costs without compromising quality will require multiple scalpels rather than one blunt instrument. Public reporting of performance measures could provide those scalpels by allowing the public to compare doctors and hospitals based on cost and clinical results.

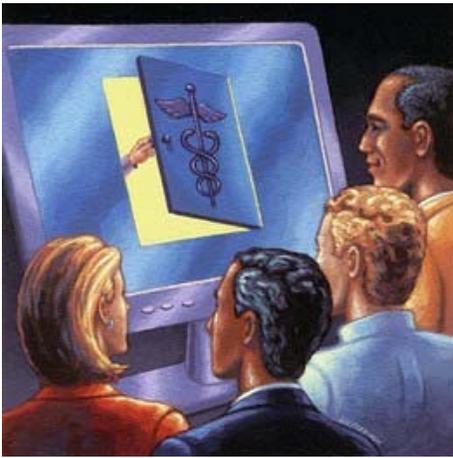
For many aspects of care, the best currently feasible way to measure hospital or doctor performance is to analyze the detailed information contained in insurance claims—either alone or, ideally, in combination with more detailed clinical information. The claims data can be stripped of patient identifiers, as has been done for many years for large-scale research studies by universities, consulting firms, and a few of the largest health insurers.

Publicly available claims data for developing such measures, however, are scanty. Fantasy baseball managers have far more data to evaluate players for their teams than patients and referring doctors have in matters affecting life, death and disability.

The Affordable Care Act includes a provision that would greatly advance the power of measurement and public reporting. It requires that Medicare release claims data—with full protection of patient privacy—to qualified organizations that can analyze the data and publicly report on hospital and doctor performance. Originally championed by then-Sen. Judd Gregg, a Republican, and then-Sen. Hillary Clinton, a Democrat, this provision has bipartisan roots.

This one step could greatly motivate doctors and hospitals to improve the quality and affordability of their care and substantially lower health-insurance premium growth from its current ruinous trajectory.

Some physician leaders worry that public reporting based on health-insurance claims data may be inaccurate, inconsistent and misunderstood by the public. To be sure, there is great need in the measurement process for integrity and fairness to



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physicians. But the legislation has provisions to give doctors ample time to review their records and correct errors before the results are released. It also requires full disclosure of, and opportunities to critique, measurement methods.

Nevertheless, excessive caution on the part of the Department of Health and Human Services (HHS) is now threatening the efficacy of this needed reform. The Affordable Care Act requires organizations measuring Medicare performance to include claims data from sources other than Medicare, but it does not specify how extensive such data must be. Yet the HHS is proposing that no data be released in any area for which the measurement organization does not have "extensive" non-Medicare claims data. That's an undesirable restriction since, for instance, useful reports on doctors who provide large volumes of low-value, expensive procedures could be fairly constructed

using Medicare data alone.

The proposed regulations also make it far too burdensome to use innovative measurement approaches such as assessing physicians' overall efficiency in managing the total cost of care per patient per year, or measuring the volume of experience physicians have with certain high-risk procedures. The proposed regulations won't allow access to Medicare data to calculate such innovative measures unless they are approved by the secretary of HHS based on an expensive and time-consuming process that includes publication of the measure in the Federal Register.

Moreover, the charges to access Medicare data may be excessively costly. For example, under the proposed regulation the HHS could charge insurers and consumer organizations as much as \$200,000 for Medicare data on a sample of 2.5 million beneficiaries in a region. Such charges are considerably higher than what researchers have been charged in the past. High prices will dissuade smaller organizations, employers, state governments and others from doing work that could reduce waste and errors. This is work that should be encouraged, not discouraged.

The release of Medicare claims data is the first of many obvious changes needed to improve the transparency of performance in the U.S. health industry, which remains woefully opaque compared to other industries. Detailed transparency can take us a long way toward recognizing those American doctors and hospitals that achieve superior health outcomes at a lower total cost, while nudging laggards in the direction of their better-performing peers.

Mr. Shultz, former secretary of labor (1969-70), secretary of the Treasury (1972-74) and secretary of state (1982-89), is a fellow at Stanford University's Hoover Institution. Dr. Milstein is a professor of medicine at Stanford and directs the Stanford Clinical Excellence Research Center. Mr. Krughoff is founder and president of the Center for the Study of Services, publisher of Consumers' Checkbook magazine.

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