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## **Stepping Up to the Quality Improvement Challenge in Healthcare**

**By Ed Jones, PhD**

Profitable health plans can be amazing incubators for new ideas, new products and, ultimately, an improvement in the quality of healthcare. The critical word in that sentence is “can.” They can also kill whatever they spawn because big companies are focused primarily on making money, not on nurturing big ideas. CEOs must decide if they are focused solely on quarterly profits or also on long-term success.

You should understand the context for my comments. I am a psychologist who has worked in many settings. I have worked for not-for-profit companies, for my own private practice, for an LLC, for a publicly traded company, and for a privately held corporation. Each business model has strengths and weaknesses.

As a solo clinician, I did not understand the concept of a healthcare product. I only knew about the time I spent helping patients. As a leader for a behavioral health group practice, I vaguely knew what an innovative product might be, but had few resources to develop one. As a leader within large, profitable healthcare corporations, I was expected to innovate and create valuable new products. I loved the challenge and gave it my best.

Health plans can be described in many ways since they are complex organizations. In my experience they are, optimally, institutions where we find an intersection of patient health improvement activities committed to the empirical validation of results, surrounded by a constant focus on profit-making. I personally saw this intersection working within one managed behavioral healthcare organization (MBHO) owned by a health plan and within another independent MBHO. An MBHO is essentially a specialty health plan.

Our healthcare sector – now about 18% of America’s GDP – is bloated, inefficient and less effective than the healthcare systems in many other developed countries. This cannot persist endlessly. When the public and political will arrives to institute major change, the healthcare industry will be altered in ways we cannot predict today. This letter to health plans is a friendly one to help them avoid painful, mandated changes in the future. My proposal relates to strategic direction and offers no tactical specifics.

**Get ahead**

I am suggesting that health plans can get ahead of these inevitable changes in a way where everyone wins. They should start committing a significant percentage of their operations annually to serious, empirically grounded health improvement programs. I believe health plans can and should transform from being primarily healthcare payers to being a meaningful force for quality improvement.

Such a change requires a willingness to reduce annual profits for a long-term vision of the industry. It demands a commitment to seriously expand quality improvement activities beyond the weak and clinically insignificant activities expected for NCQA accreditation. I think the best model is a stronger collaboration between the clinical leadership within health plans and academic researchers. When politicians finally come to transform the system, they should find a healthcare payer system entwined with a powerful quality improvement system that advances empirically supported practices.

This is not primarily being proposed as a life line for health plans, but more as a vision for what a great healthcare system should be investing in quality improvement. The U.S. long ago lost the battle to lead the world in providing universal healthcare for its citizens, but leadership status for advancing a robust quality improvement system in healthcare is still available.

Shouldn't the remarkably profitable health plans in the U.S. move forward to seize this designation? They have the money, but they need to embrace a strategic plan calling for less short-term profit, more robust quality improvement, and a greater likelihood of long-term viability.

The challenge is to differentiate what is important from what is urgent. The change in strategic planning that I am suggesting is not urgent. Health plans are thriving, and it could be understood why they might ignore my argument for realignment today. However, preparing for the future is quite important, and it is hard to believe that health plans won't come under incredible pressure in the future to give up their gains in some way. If they are pure profit-making payers, then they will suffer greatly. If they are seriously combining profits and better health, they are in a much different position.

### **Accreditor accountability**

Payers need to acknowledge that their historical investments in quality accreditation have been financially small and clinically insignificant. When accreditation expectations began (especially with NCQA), they were seen as demanding, but they have long ago been placed into budgets as small, routine, irritating and necessary expenses.

Let's not leave the accrediting organizations off the hook. NCQA and other accreditors should accept responsibility for providing little value in terms of real clinical outcomes for patients. They get paid by healthcare companies to give them a score on their quality. This should tell you a lot about that chapter of the healthcare quality story.

After all these years of accreditation, how many employers and how many consumers are making decisions based on these quality ratings. I'm sure there are some, but I don't know any of them. Most health plans have some level of accreditation (not a big hurdle), and so purchasing discussions still focus largely on cost. Consumers don't really know about quality ratings, and they wouldn't know what to do with them if they closely studied what we have today.

Corporate leaders have consistently made the mistake of thinking a strong market position today means sustainable strength into the future. Yet health plans will be called to account for their profitability someday soon. The question will be what value is being delivered for their profitability.

If empirically verifiable health improvement is the answer (with clear quality improvement systems at the core of this improvement), fewer people will want to tamper with that system. Mine is a respectful letter to an industry that I worked in for many years, but time is running out for voluntary change.



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