

# The Use of Quality Information: A Comparison of Child Care and Health Care Provider Markets

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Child care provider selection and health care provider selection are two arenas rife with market failure.

## Parallels between health and child care providers

The parallels are not strong in the area of spreading of costs

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  - ▶ In Minnesota, a patient may have the same copayment for the Mayo Clinic and a limited-service county hospital
- ▶ Child care
  - ▶ Much more transparency of costs in child care
  - ▶ Child care centers are rarely bundled for pricing

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- ▶ This is particularly troublesome for low-frequency, high-risk health care procedures like open heart surgery. Child care and primary health care have more repeat experiences.
- ▶ You may not have confidence in your ability to judge quality.
  - ▶ What does the in-home provider do once you leave?
  - ▶ Is my ongoing pain due to the nature of my disability or due to poor care?

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Expected benefits are affected by a variety of factors

- ▶ Consumer's confidence about current knowledge
- ▶ Satisfaction with current provider
- ▶ Trust in the source of information
- ▶ Presence of an experience or price shock, causing a belief you can do better
  - ▶ Price suddenly increased
  - ▶ Bad experience with current provider

## Use of quality information

Expected costs are comprised of a variety of potential costs

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  - ▶ Searching for information
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- ▶ Financial cost
  - ▶ Fees to access info (e.g., consumer reports)
  - ▶ Cost to access communication medium



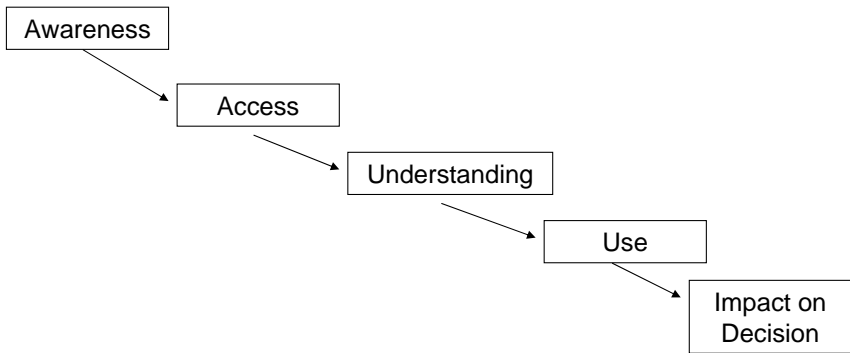
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  - ▶ Cost to access communication medium
- ▶ Cognitive cost
  - ▶ Language?
  - ▶ Concise or information overload?
  - ▶ Presented in a way relevant to decision?

## Pathway to use

These costs and benefits are analyzed along the expected pathway to use of information



## The Buyers' Health Care Action Group

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The Buyers' Health Care Action Group (BHCAG) is a coalition of 30 employers that used their purchasing power to reform the health care market in the Twin Cities during the 1990s.

Their goal was to correct the market failures faced by their employees when making health care decisions

- ▶ Spreading of costs
- ▶ Lack of information

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- ▶ General practitioners were to be affiliated with only one care system
- ▶ Specialists and hospitals may be affiliated with multiple care systems.
- ▶ The resulting 17 care systems covered 95% of the area GPs



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### Generating information

- ▶ BHCAG conducted consumer satisfaction surveys among their employees to assess quality by care system
- ▶ Clinical quality measures were in their infancy at the time
- ▶ Studies have shown significant correlation between consumer satisfaction and clinical quality
- ▶ Survey information made available at open enrollment

## Assessing the use of BHCAG's quality information

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We built a model to assess the employees' awareness of the quality information, and its impact on their decision whether to switch care systems

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After estimating the model, we found awareness of the quality information was impacted by

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- ▶ Education level of consumer
  - ▶ Awareness increases with education level
- ▶ Gender of consumer
  - ▶ Females more aware than males



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Decision to switch care systems impacted by

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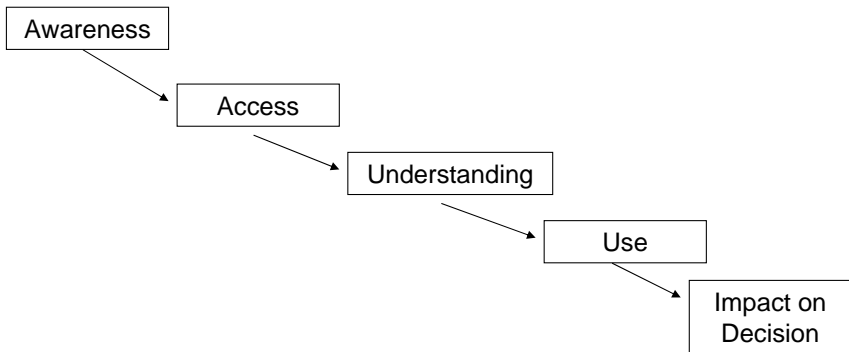
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Awareness of quality information may have impacted the decision to switch plans, but it was not statistically significant.

- ▶ Info may have confirmed current beliefs
- ▶ Could be aware of information, but the cost of use still exceeds the expected benefits

## Learning from the BHCAG study

Our study was designed to assess only the first and last points along the pathway to use. In retrospect, we would more explicitly explore each step along this pathway.



## ParentAware rating system

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- ▶ A voluntary rating system
- ▶ Open to center-based and licensed family child care homes
- ▶ Rating based on document review and on-site observation
- ▶ Detailed rating information is summarized in a 4-star overall rating
- ▶ Nationally accredited programs (e.g., through NAEYC or Head Start) automatically receive a 4-star rating

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This project is a Child Care Policy Research Grant funded by the Office of Planning, Research, and Evaluation, U.S. Department of Health and Human Services with additional support from the Minnesota Early Learning Foundation

## Conceptual Model

We offer our conceptual model as input into our conversation today.

