

**WHEN EMPLOYERS CHOOSE HEALTH
PLANS:
DO NCQA ACCREDITATION AND HEDIS
DATA COUNT?**

Jon R. Gabel, Kelly A. Hunt, and Kimberly Hurst
KPMG Peat Marwick, LLP

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Executive Summary

How employers collectively purchase health plan coverage greatly influences the nature of the American health care system, from cost to quality of care. More than 148 million Americans receive health insurance through employers, and another 16 million early and Medicare retirees receive post-retirement health benefits from employers.¹ If employers based their purchasing decisions largely on price and customer service, a different set of health plans would prevail in the marketplace than if they based purchasing decisions on measurable quality and member satisfaction.

This paper examines the impact of National Committee for Quality Assurance (NCQA) accreditation and the Health Plan Employer Data and Information Set (HEDIS) on employer purchasing decisions regarding employee health plans. We also assess the tradeoff between price and quality—whether accredited HMO plans cost more than nonaccredited ones.

The primary data source for this study was KPMG’s annual survey of employers. In 1997, KPMG interviewed 1,502 randomly selected private and public employers with 200 or more workers. The 1997 survey included a new section that asked questions about the role of NCQA accreditation and HEDIS data. The 1996 KPMG survey of 1,151 employers provided a baseline to evaluate trends in familiarity with NCQA accreditation. In addition, the core KPMG questionnaire included questions about insurance premiums, employer contributions, plan enrollment, choice of plans, cost-sharing and covered benefits, and utilization management.

Our findings indicate that NCQA accreditation and HEDIS reports play a growing but still relatively minor role in employers’ decisions to select among health plans. The percentage of employers familiar with NCQA accreditation increased from 29 percent in 1996 to 35 percent in 1997, ranging in the latter year from 31 percent among firms with 200 to 999 workers, to 72 percent among firms with more than 5,000 workers. Employers offering health maintenance organization (HMO) plans (49 percent) and point-of-service (POS) plans (44 percent) are more familiar with NCQA accreditation than those not offering such plans.

More than two-thirds of employers who offer an HMO said that the number and quality of physicians, employee satisfaction, cost of service, and accuracy and speed of claims payment are very important factors in their decisions to select a health plan. In contrast, only 11 percent of employers offering an HMO indicated that NCQA accreditation was “very important,” and 5 percent identified HEDIS data as “very important.” Only 9

percent of employers required NCQA accreditation for health plan selection, and just 1 percent provided HEDIS data to assist employees in choosing their health plan.

The most striking finding was that fully accredited NCQA plans cost about 4 percent less than other HMO plans. Thus, no tradeoff was found between price and quality. The explanation for this counterintuitive finding is that larger HMOs are more likely to be fully accredited. These organizations can deliver lower-cost care than smaller HMOs, since they achieve greater operational efficiency and obtain greater discounts from providers.

How can public policy promote purchasing based on measurable quality? We believe the most effective method would be for the public sector to act as a prudent purchaser by contracting exclusively with accredited plans. The federal government's Office of Personnel Management contracts with more than 400 HMOs, roughly two-thirds of the nation's total. Medicare, Medicaid, and CHAMPUS account for more than one-third of national health care spending, and in virtually every state in the country, the most lucrative account for health insurers and HMOs is the state employees' plan. By contracting exclusively with accredited plans, the public sector could dramatically increase the economic benefits of accreditation, and thereby improve the quality of health care throughout the United States.

¹ Employee Benefit Research Institute, "Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 1996 Current Population Survey," *EBRI Issue Brief Number 179* (November 1996):5.

Introduction

The selection and purchase of employee health plans by employers greatly influences the nature of the American health care system, from cost to quality of care. More than 148 million Americans receive health insurance through employers, and another 16 million early and Medicare retirees receive post-retirement health benefits from employers.¹ Roughly half these individuals are enrolled in either a health maintenance organization (HMO) or a point-of-service (POS) plan. If employers based purchasing decisions largely on price and customer service, a different set of health plans would prevail in the marketplace than if they based their decisions on measurable quality and member satisfaction.

The absence of reliable, standardized, and widely available quality measures has historically served as a major impediment to the efficient performance of the employer-based health care market. In response to this absence, in 1991 the National Committee for Quality Assurance (NCQA) began evaluating the quality of health plan management.

NCQA is a private, nonprofit organization dedicated to providing information to purchasers and consumers of managed health care that allows them to make quality-based decisions about their health care. Although NCQA accreditation is not a perfect indicator of quality, accreditation scores greatly enhance the amount of information available to purchasers, and provide a basis for comparing the performance and clinical outcomes of health plans. Other quality assurance committees that have begun operating in the last few years are the Joint Commission on Accreditation of Healthcare Organizations and the Foundation for Accountability; NCQA's standards and performance measures, however, are the most widely used in the United States.

At business and public policy conferences, pioneer firms such as Xerox, GTE, and Digital frequently present their methods of purchasing and managing health benefits. Exemplary practices of these firms include: (1) contracting exclusively with NCQA-accredited HMOs; (2) basing employer contributions on quality scores, or providing discounts to employees who choose plans with high NCQA ratings; and (3) providing information to employees on measures of quality for competing health plans.²

The main research question addressed in this study is: How atypical are the health plan purchasing practices of the pioneer firms, relative to the great masses of firms with 200 or more workers in the United States? To answer this and other research questions, KPMG examined the role played by NCQA accreditation and NCQA's Health Plan Employer Data

¹ Employee Benefit Research Institute, "Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 1996 Current Population Survey," *EBRI Issue Brief Number 179* (November 1996):5.

and Information Set (HEDIS) in employers' health plan purchasing decisions. Research questions included:

- How cognizant are employers of NCQA accreditation? How important are NCQA accreditation and HEDIS data to employers' decisions regarding which health plans to offer employees? Did employers' knowledge of NCQA accreditation change from 1996 to 1997?
- Do employers offer financial incentives to employees who choose NCQA-accredited health plans? Do employers use HEDIS data when negotiating with health plans and setting performance goals?
- To help employees choose health plans, do employers provide them with information about NCQA accreditation status and HEDIS indicators?
- Do employers face a tradeoff of higher cost for higher quality in managed care plans?

Major study findings include:

- Just over one-third of employers (35 percent) were familiar with NCQA in 1997, an increase from 29 percent in 1996.
- While the number and quality of physicians in a health plan affect many employers' selection of health plans, NCQA accreditation and HEDIS data do not.
- NCQA-accredited plans cost slightly less than nonaccredited plans, after controlling for other factors. Employers thus do not face a price/quality tradeoff.

This is the largest formal survey to date of the importance of NCQA accreditation to employers' health plan decision-making. NCQA has estimated that more than half of all large employers (5,000 or more workers) use data from accreditation surveys and HEDIS to decide which plans to purchase.³ Our study found significantly lower usage of independent quality and cost data in employers' health plan selection process. We confirm and extend the findings of Hibbard et al., who, on the basis of 33 interviews, found that large employers that purchase health plans are often unaware of performance data.⁴

NCQA Accreditation and HEDIS Performance Data

² For a recent discussion of exemplary practices of employers, see J. Maxwell et al., "Managed Competition in Practice: 'Value Purchasing' by Fourteen Employers," *Health Affairs* 17 (May/June, 1998):216-226.

³ J.K. Iglehart, "The National Committee for Quality Assurance," *The New England Journal of Medicine* (September 26, 1996):995-999.

⁴ J. Hibbard, J. Jewett, M. Legnini, and M. Tusler, "Choosing a Health Plan: Do Large Employers Use the Data?" *Health Affairs* 16 (November/December 1997):172-180.

According to NCQA estimates, more than half of U.S. HMOs, accounting for 75 percent of national HMO enrollment, are involved in the NCQA accreditation process. To receive accreditation, health plans must meet NCQA's clinical and administrative performance standards. Evaluation criteria include quality improvement, physician credentials, members' rights and responsibilities, preventive health services, utilization management, and medical records.⁵

Based on an extensive review, NCQA assigns managed care organizations to one of four categories:⁶

1. *Excellent* denotes plans that are considered the best in the country. The only health plans to achieve this status are those that consistently deliver outstanding care and service, and whose clinical and administrative systems well exceed NCQA's requirements for consumer protection and quality improvement.
2. *Commendable* categorizes a plan that delivers high quality care and service, and whose systems for consumer protection and quality improvement exceed NCQA's requirements.
3. *Acceptable* denotes a plan that delivers sound care and service and whose systems for consumer protection and quality improvement meet NCQA's standards.
4. *Denied* is reserved for plans when NCQA's assessment reveals serious flaws in their systems for consumer protection and quality improvement.

While the accreditation process evaluates a health plan's overall structure and systems, HEDIS measures actual performance through a set of 71 measures. HEDIS is designed to quantify effectiveness, access, satisfaction with and cost of care, plan stability, informed health care choices, use of services, and plan descriptive information.

Data and Methods

The primary data source for this study was KPMG's 1997 survey of employers. The 1997 survey included approximately 10 new questions—designed collaboratively by NCQA and KPMG—on the role of NCQA accreditation and HEDIS (Appendix A). The core KPMG questionnaire also includes questions about premiums, employer contributions, plan enrollments, choice of plans, cost-sharing and covered benefits, and utilization management.

In 1996, KPMG asked a smaller set of questions about NCQA accreditation and HEDIS, including employers' familiarity with NCQA accreditation and whether firms' largest HMO plans were accredited. In both 1996 and 1997, the survey was administered to

⁵ NCQA is currently upgrading its accreditation requirements for 1999 to include health care quality and outcomes as measured by HEDIS data.

randomly selected employers with 200 or more workers. KPMG surveyed 1,151 employers in 1996 and 1,502 in 1997. The 1997 survey included 868 of the same firms surveyed in 1996. In both 1996 and 1997, National Research, Inc., a Washington, D.C.-based survey firm, conducted the phone interviews with employee benefit managers.

For analytic purposes, we subdivided the sample into three groups: (1) firms offering an HMO plan; (2) firms offering a POS plan; and (3) firms offering neither an HMO nor a POS plan.⁷ Since NCQA accreditation pertains only to HMO or POS plans (preferred provider organization [PPO] accreditation is under evaluation), comparing the survey responses of these groups reveals whether employers with a stake in understanding NCQA accreditation (firms that offer managed care) behave differently from those with no stake (firms that offer more traditional health care plans).⁸ Seventy percent of American workers are covered by employers that offer an HMO plan, and 42 percent are covered by employers that offer a POS plan. These are the employers that we believe should be cognizant of NCQA accreditation.

Using weights proportional to firm size, our results can be expressed in terms of percent of employees as well as percent of firms. Using this method, we present findings from the perspectives of both the typical worker and the typical employer.

In 1997, 52 percent of all firms in the sample were midsize firms (200 to 999 workers), 33 percent were large firms (1,000 to 4,999 workers), and the remainder, 15 percent, were jumbo firms (5,000 or more workers) (Table 1). These percentages were nearly identical to those in 1996.

Table 1
Composition of KPMG's Annual Survey of U.S. Employers

		1996		1997	
		N	Percent	N	Percent

⁶ All accreditation information is from NCQA's web site (<http://www.ncqa.org>).

⁷ Firms that offer both an HMO and a POS plan are included in both groups one and two. Analyses for all three of these cohorts for all tables with the exception of those with NCQA-specific questions. For the sake of clarity, some tables appear only in Appendix B.

⁸ Because we use the existence of a gatekeeper or primary care physician as a defining feature of managed care, we consider POS plans to be a more traditional form of care.

All Firms	1,151	100	1,502	100
By Size of Firm				
200 to 999 workers	549	48	777	52
1,000 to 4,999 workers	378	33	491	33
5,000+ workers	224	19	234	15
By Regional Location of Firm				
Northeast	271	24	327	22
Midwest	321	28	416	28
South	347	30	480	32
West	212	18	279	18
By Industry Sector of Firm				
Mining, construction, wholesale, manufacturing, transportation, communications, utilities	314	27	451	30
Finance, service, health care, high-tech	566	49	755	50
Retail	86	8	133	9
Government	185	16	163	11
By Health Plan Offerings of Firm				
HMO	646	56	742	49
POS	245	21	482	32
Neither HMO nor POS	424	37	528	35
Combination of HMO, POS, and conventional/PPO	551	48	785	52

Familiarity with NCQA Accreditation

A telling indication of the importance of health plan quality to employers is whether they are aware of the NCQA accreditation process. Employers who offer some form of managed care but are unaware of NCQA accreditation would seemingly also be unaware that health plan quality is measurable or that quality is routinely measured, or would not feel that health plan quality is an important consideration.

The good news is that familiarity with NCQA accreditation increased from 1996 to 1997. Familiarity among all employers increased 6 percentage points from 1996 to 1997, and increased 10 percentage points among employers who offered at least one HMO. NCQA familiarity actually decreased among firms that offered at least one POS plan.

The bad news is that an alarming percentage of the nation's large employers are still not familiar with NCQA accreditation. In 1996, 71 percent of employers with 200 or more workers were not familiar with NCQA accreditation, and in 1997, 65 percent were not familiar (Table 2). Recognition increases with the size of the firm: 72 percent of firms with 5,000 or more workers were familiar with NCQA accreditation in 1997, compared with just 31 percent of employers with 200 to 999 workers.

Table 2
Proportion of All Surveyed Firms
That Are Familiar with NCQA's Accreditation System

		Percent of Covered Workers	
Percent of Firms			
1996	1997	1996	1997

All Firms	29	35	59	63
Size				
200 to 999 workers	25	31	28	34
1,000 to 4,999 workers	39	43	44	50
5,000+ workers	63*	72*	80*	80*
Region				
Northeast	35	45	61	71
Midwest	26	29	59	58
South	26	32	60	66
West	33	36*	55	57*
Industry				
Mining, construction, wholesale, manufacturing, transportation, communication, utilities	29	34	63	61
Finance, service, health care, high-tech	33	36	54	63
Retail	14	34	55	55
Government	27	31	70	83

* Asterisk indicates statistically significant differences between subgroups by percent of firm at $p < .05$.

Employers in the Northeast tend to be more familiar with NCQA accreditation than their counterparts in other regions, and their awareness is increasing: from 1996 to 1997, the rate grew from 35 to 45 percent. Significant differences were not found, however, between industry sectors in the proportion of firms familiar with NCQA accreditation. But overall, *employees* in the government sector are much more likely to receive coverage from an employer who is familiar with NCQA than employees in other sectors. Eighty-three percent of government employees work for an employer who is familiar with NCQA accreditation.

Tables 3 through 5 show results for the three subgroups: employers who offer an HMO plan, employers who offer a POS plan, and employers who offer neither type of plan. Employers who offer an HMO or POS plan are clearly more familiar with NCQA accreditation, while those that offer neither an HMO nor a POS plan are much less likely to know of it. In 1997, nearly half of employers offering an HMO were familiar with NCQA, as were 44 percent of employers offering a POS. In contrast, only about one in five employers that offered neither HMO nor POS plans were familiar with NCQA accreditation. In large part, the patterns that occur by firm size, region, and industry sector for the full sample are also evident within these subgroups.

Table 3
Proportion of Surveyed Firms Offering HMO Plans
That Are Familiar with NCQA's Accreditation System

	Percent of Firms		Percent of Covered Workers	
	1996	1997	1996	1997
All Firms	39	49	68	78
Size				
200 to 999 workers	35	44	37	48

1,000 to 4,999 workers	43	54	48	61
5,000+ workers	68*	79*	82*	89*
Region				
Northeast	42	60	65	79
Midwest	36	42	70	79
South	36	52	74	84
West	40	38*	61	60*
Industry				
Mining, construction, wholesale, manufacturing, transportation, communication, utilities	42	52	75	80
Finance, service, health care, high-tech	40	48	59	74
Retail	22	50	73	64
Government	38	42	76	91

* Asterisk indicates statistically significant differences between subgroups by percent of firm at $p < .05$.

Table 4
Proportion of Surveyed Firms Offering POS Plans
That Are Familiar with NCQA's Accreditation System

	Percent of Firms		Percent of Covered Workers	
	1996	1997	1996	1997
All Firms	47	44	70	75
Size				
200 to 999 workers	42	40	45	44
1,000 to 4,999 workers	52	48	50	56
5,000+ workers	70*	79*	81*	88*

Region				
Northeast	51	54	70	79
Midwest	39	37	67	73
South	51	40	71	78
West	38	40	74	59
Industry				
Mining, Construction, Wholesale, Manufacturing, Transportation, Communication, Utilities	55	41	83	76
Finance, Service, Health Care, High-Tech	43	49	62	75
Retail	39	34	81	66
Government	40	37	56	73

* Asterisk indicates statistically significant differences between subgroups by percent of firm at $p < .05$.

Table 5
Proportion of Surveyed Firms Offering Neither HMO nor POS Plans
That Are Familiar with NCQA's Accreditation System

	Percent of Firms		Percent of Covered Workers	
	1996	1997	1996	1997
All Firms	17	21	28	21
Size				
200 to 999 workers	15	20	18	20
1,000 to 4,999 workers	27	28	29	30
5,000+ workers	37*	40*	50*	15*
Region				
Northeast	20	20	29	28
Midwest	17	21	33	17
South	16	19	25	21
West	16	31	19	40
Industry				
Mining, Construction, Wholesale, Manufacturing, Transportation, Communication, Utilities	15	20	28	16
Finance, Service, Health Care, High-Tech	22	21	30	24
Retail	7	24	17	43
Government	14	23	25	33

* Asterisk indicates statistically significant differences between subgroups by percent of firm at $p < .05$.

Factors Important to Employers' Selection of Health Plans

When asked about various factors that are “very important” to them when selecting health plans (Table 6), employers who offer an HMO responded: the number and quality of physicians (77 percent), employee satisfaction (75 percent), cost of service (74 percent), and the accuracy and speed of claims payment (65 percent). Similar proportions of employers offering neither HMO nor POS plans also considered these factors to be very important (Table 7). The proportion of responses was also similar from the perspectives of both firms and covered employees.

In contrast, objective information about quality, such as NCQA accreditation and HEDIS data, is rarely used by employers when making health plan purchasing decisions. Accreditation and HEDIS data were the two least likely factors to be rated as “very important” to the decision-making process. Only 11 percent of employers (covering 22 percent of workers) who offered an HMO and were familiar with NCQA said that NCQA accreditation was very important in selecting a health plan. And just 5 percent of employers who offered an HMO, covering 18 percent of workers, said that HEDIS data and information were very important in selecting a health plan.

Table 6
Proportion of Employers Indicating Particular Factors as Very Important
to the Selection of Health Plans
Firms That Offer HMO Plans, 1997

	200 to 999 Workers	1,000 to 4,999 Workers	5,000+ Workers	Overall
Number and Quality of Physicians				
Percent of firms	78	74	74	77
Percent of workers	78	74	78	77
Cost of Service				
Percent of firms	75	74	60	74*
Percent of workers	74	73	55	61*
Ease of Making Appointments with Physicians				
Percent of firms	47	39	37	44*
Percent of workers	46	37	29	33*
Employee Satisfaction				
Percent of firms	79	68	59	75
Percent of workers	78	68	56	61
Clinical Outcomes				
Percent of firms	26	37	44	30*
Percent of workers	27	38	53	46*
NCQA Accreditation*				
Percent of firms	10	11	24	11*
Percent of workers	10	12	27	22*
HEDIS Data and Information*				
Percent of firms	4	5	16	5*
Percent of workers	4	6	24	18*
Accuracy and Speed of Claims Payment				
Percent of firms	64	67	62	65*
Percent of workers	65	67	57	60*

Note: Firms unfamiliar with NCQA accreditation or HEDIS cannot indicate “very important” in the calculations, but are included in the denominator.

* Asterisk indicates statistically significant differences from “Number and Quality of Physicians” at $p < .05$.

Table 7
Proportion of Employers Indicating Particular Factors as Very Important
To the Selection of Health Plans
Firms That Offer Neither HMO nor POS Plans, 1997

	200 to 999 Workers	1,000 to 4,999 Workers	5,000+ Workers	Overall
Number and Quality of Physicians				
Percent of firms	73	83	79	74
Percent of workers	73	81	94	81
Cost of Service				
Percent of firms	75	68	62	74
Percent of workers	75	64	89	76*
Ease of Making Appointments with Physicians				
Percent of firms	42	44	22	42*
Percent of workers	41	44	6	32*
Employee Satisfaction				
Percent of firms	69	70	52	69*
Percent of workers	67	64	86	72
Clinical Outcomes				
Percent of firms	36	37	29	36*
Percent of workers	36	39	78	49*
NCQA Accreditation*				
Percent of firms	5	4	9	5*
Percent of workers	5	4	3	4*
HEDIS Data and Information*				
Percent of firms	2	1	7	2*
Percent of workers	2	2	2	2*
Accuracy and Speed of Claims Payment				
Percent of firms	68	69	67	68*
Percent of workers	67	72	93	76*

Note: Firms unfamiliar with NCQA accreditation or HEDIS cannot indicate “very important” in the calculations, but are included in the denominator.

* Asterisk indicates statistically significant differences from “Number and Quality of Physicians” at $p < .05$.

An exacting measure of the importance of plan quality is whether employers require NCQA accreditation for the plans they offer. Only 8 percent of midsize employers, 11 percent of large employers, and 17 percent of jumbo employers require NCQA accreditation for their plans (Table 8). However, more firms request NCQA accreditation *information* (15 percent overall) than require NCQA *accreditation* (9 percent overall) for the plans they offer.

Table 8
NCQA-Specific Questions
Responses as a Percentage of Firms
Firms That Offer HMO Plans, 1997

	200 to 999 Workers	1,000 to 4,999 Workers	5,000+ Workers	Overall
Is NCQA a mandatory requirement for the plans you offer?*				
Yes	8	11	17	9
No	30	37	52	33
Don't know	7	6	10	7
Unfamiliar with NCQA	56	46	22	51
Does your company request NCQA accreditation information for your company's HMO or POS plans?*				
Yes	12	17	30	15
No	22	21	24	22
Don't know	2	4	7	3
NCQA is mandatory requirement	8	11	17	9
Unfamiliar with NCQA	56	46	22	51
To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of company health plans?*				
Yes	8	11	21	9
No	34	40	56	37
Don't know	1	3	1	2
Firm offers one plan only	7	2	2	5
Unfamiliar with NCQA	51	45	20	47
Does your company contribute more to an HMO or a POS plan that is NCQA-accredited than to an HMO or POS plan that is not?*				
Yes	1	1	1	1
No	36	46	70	41
Don't know	5	6	7	6
Firm offers one plan only	7	2	2	5
Unfamiliar with NCQA	51	45	20	47
Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?*				
Yes	13	16	42	16
No	30	35	34	32
Don't know	1	3	3	2
Unfamiliar with NCQA	56	46	22	51

Table 8, continued

	200 to 999 Workers	1,000 to 4,999 Workers	5,000+ Workers	Overall
Are you familiar with the HEDIS initiative?*				
Yes	10	29	64	19
No	32	23	13	29
Don't know	2	2	2	2
Unfamiliar with NCQA	56	46	22	51
Does your company use HEDIS data for selecting managed care plans?*				
Yes	2	10	27	6
No	7	19	36	13
Don't know	0	1	1	0
Unfamiliar with HEDIS	34	25	15	31
Unfamiliar with NCQA	56	46	22	51
Does your company use HEDIS data to manage your health insurance plans?*				
Yes	2	10	24	5
No	8	19	38	13
Don't know	0	1	2	1
Unfamiliar with HEDIS	34	25	15	30
Unfamiliar with NCQA	56	46	22	51
Does your company provide HEDIS data to its employees to assist them in plan selection?*				
Yes	1	3	4	1
No	8	26	60	16
Don't know	0	0	0	0
Firm offers one plan only	7	2	2	5
Unfamiliar with HEDIS	33	25	14	30
Unfamiliar with NCQA	51	45	20	47

* Asterisk indicates statistically significant differences between subgroups by percent of firm at $p < .05$.

Nevertheless, many of the nation's largest employers—firms with 5,000 or more workers—use information from an independent organization that evaluates the quality or cost of HMO or POS plans. Forty-two percent of jumbo employers that offer an HMO plan use such information, while only 13 percent of midsize employers do so. The jumbo employers are also much more likely to be familiar with the HEDIS initiative (64 percent), and to use HEDIS data to select (27 percent) and manage (24 percent) their managed care plans.

Helping Employees Choose High-Quality Plans

Quite often, employees make health plan selections based on price. Some employers try to change this behavior by providing employees with information on health plan quality so that they can make better educated decisions about which coverage will best meet their needs. According to a report by the Employers' Managed Health Care Association, some employers provide their workers with the following quality criteria for health plans:

- administrative quality, based on accessibility, service, and responsiveness;
- customer satisfaction, based on enrollees' experiences with plans and providers; and
- clinical quality, based on the structure of the plan, the frequency of preventive care services, and outcomes.⁹

Reports of plan quality are communicated through distribution of plan report cards during open enrollment, and by information available electronically.

Our results indicate that provision of this type of health plan quality information to employees is not a widespread practice. Only 9 percent of employers provide information to employees on their health plans' NCQA accreditation status to assist them in selecting a health plan (Table 8). One of five employers with 5,000 or more workers provides this information to employees. Only 1 percent of employers reward their employees for selecting NCQA-accredited HMO or POS plans by contributing more toward the premium for those plans. In addition, only 1 percent provide HEDIS data to their employees to assist in plan selection.

Do Employers Face A Price/Quality Tradeoff When Selecting Among HMO Plans?

If NCQA accreditation constitutes a proxy for plan quality, the question arises as to whether firms that choose NCQA-accredited plans pay higher premium costs. For this analysis, we examined prices for individual rather than family premiums, since employers define family coverage in different ways, whereas single coverage is defined uniformly. (Some firms, for example, have a separate category for an "employee-plus-one-dependent," whereas other firms treat an "employee-plus-one-dependent" as a family.)

Descriptive Findings

To investigate the price/quality tradeoff, we first looked at HMO premiums for individual coverage by HMO plan accreditation in 1996 and 1997. (Table 9) In 1997, nonaccredited plans had the highest premiums: individual premiums were \$154, compared with \$152 for fully accredited plans.¹⁰ These differences, however, were not statistically significant.

Premium differences are not necessarily tied to plan accreditation status; instead, they may be attributed to employer or plan characteristics. Larger employers, for example, and employers from the Northeast are more likely to seek accredited plans. To examine whether intervening variables explain differences in premium costs, we further compared HMO premiums according to accreditation status within subgroups. These subgroups were defined by firm size, region, and industry.

⁹ "Employers Use Varied Communications to Give Employees Health Plan Quality Information," *Employee Benefit Plan Review* 52 (August 1997):24-28.

Table 9 compares HMO premiums within firm size categories according to accreditation status. Among large firms (1,000-4,999 workers), employers using fully accredited plans had lower premiums than those using nonaccredited plans. The difference was not statistically significant, however, nor was it for midsize or jumbo firms.

The table also compares HMO premiums within regions by accreditation status. In one of the four regions (the South), fully accredited plans have lower monthly premiums than other HMO plans from the region. In addition, Table 9 compares monthly individual HMO premiums according to four industry groupings. In three of the four groupings, fully accredited plans cost less, while in one grouping they cost more.

In summary, these descriptive statistics suggest that fully accredited plans have slightly lower premiums than other HMO plans. To more carefully control for intervening factors, we conducted a multivariate analysis with 1997 data.

Multivariate Analysis

To isolate the price/quality tradeoff, we examined the role of other market and plan characteristics in explaining the level of HMO premiums. These factors included: (1) firm characteristics; (2) plan offerings of the employer; (3) HMO plan design; and (4) HMO plan accreditation status. Using multiple regression, we examined the interaction of these four sets of factors in explaining the variation in HMO premiums. Table 10 details the descriptive statistics of the dependent and independent variables and shows the results of the regression.

Table 9
Average Monthly Cost (in Dollars) for Individual HMO Premiums
by HMO Plan Accreditation Status, 1997

	Full Accreditation	Temporary or Seeking Accreditation	Not Accredited	Not Familiar with NCQA	All Firms in Sample*
All Firms	152	154	154	163	158**
Size					
200 to 999 workers	150	139	158	150	150**
1,000 to 4,999 workers	151	158	168	163	160**

¹⁰ Table 9 shows average amounts using the firm, not the employee, as the unit of analysis.

5,000+ workers	164	157	166	161	163**
Region					
Northeast	165	161	162	159	163**
Midwest	180	138	174	170	173**
South	138	167	166	149	155**
West	142	145	137	154	147**
Industry					
Mining, construction, wholesale, manufacturing, transportation, communication, utilities	174	155	154	152	164**
Finance, service, health care, high-tech	143	140	171	162	157**
Retail	139	167	146	132	139**
Government	157	181	180	171	173**

* Based on the 1,502 randomly selected firms in the national sample.

** Asterisks indicate statistically significant differences between accreditation status within category (200 to 999 workers, etc.) at $p < .01$.

Table 10
Regression Estimation of the HMO Premium Cost for Individual Coverage

Variable	Mean	Standard Deviation	Regression Coefficient	Standard Error
Monthly premium cost for individual HMO plan (dependent variable)	\$157.84	35.57		
Firm located in Midwest	22.6%	0.42	21.31***	3.75
Firm located in South	26.8%	0.44	12.08***	3.62
Firm located in Northeast	27.0%	0.44	19.62***	3.70
Firm has 1,000 to 4,999 workers	37.7%	0.49	7.57**	2.95
Firm has 5,000+ workers	23.2%	0.42	2.30	3.56
HMO plan has full NCQA accreditation	17.4%	0.38	-6.87**	3.41
HMO plan either has temporary NCQA accreditation or is seeking accreditation	7.3%	0.26	-2.96	4.96
HMO has IPA model structure	45.4%	0.50	-3.96	3.79
HMO has hybrid model structure	39.2%	0.49	-4.69	3.77
HMO copay is \$10 or more	60.8%	0.49	-8.20***	2.67
Firm offers more than one health plan	96.0%	0.20	5.33	6.89
Number of electives offered by HMO plan (out of 14 types of electives)	11.53	1.67	1.98**	0.76
Firm offers a conventional plan	39.5%	0.49	0.84	2.74
Firm offers a PPO plan	56.4%	0.50	-0.06	2.92
Firm offers a POS plan	33.8%	0.47	-2.04	2.97
Firm offers retiree health benefits	52.8%	0.50	1.05	2.73
Firm is part of the government sector	11.1%	0.31	19.21***	4.55
Firm is part of the retail industry	6.4%	0.24	-6.99	5.52
Firm is part of either the finance, services, health care, or high-tech industries	53.8%	0.50	2.68	2.92

* p< .1, two-tailed test

** p< .05, two-tailed test

*** p< .01, two-tailed test

N=740, R-squared=13.4%, F=5.87***, Constant=\$119.95*** (11.49 s.e.)

Omitted variables include: firm located in the West, firm has 200 to 999 workers, HMO plan is not accredited, HMO has staff model structure, and firm is part of the mining, construction, wholesale, manufacturing, transportation, communication, or utility industries.

Our principal finding is that fully accredited plans cost less than nonaccredited plans (or plans where the employer is unfamiliar with NCQA accreditation), other factors held constant. We found no statistically significant difference in the cost of HMO plans seeking or possessing temporary NCQA accreditation compared with plans not seeking or unfamiliar with accreditation.

This seemingly counterintuitive finding is probably explained by the fact that larger and older HMOs are more likely to seek and achieve full accreditation. These larger plans have greater market power, and consequently are able to negotiate larger discounts from providers. In addition, previous research has found that HMOs with enrollments greater than 50,000 lives are able to operate more efficiently, i.e., with lower operating costs per member.

Accredited plans may also have better information systems and are more likely to use clinical guidelines, and hence are better able to manage care. Thus, our findings suggest no price/quality tradeoff for employers selecting fully accredited HMO plans.

Our multivariate analysis also revealed the following:

Firm Characteristics and Premium Price

- Compared with Western firms, HMO single premiums are 12 percent higher in the Northeast, 13 percent higher in the Midwest, and 8 percent higher in the South.
- Large firms (1,000 to 4,999 workers) pay 5 percent more for HMO single premiums than jumbo or midsize firms.
- State and local governments pay 12 percent more than firms in other industries.

Employer Plan Offerings and Premium Price

- Offering employees a choice of other plans has no effect on HMO premiums.¹¹
- Offering retiree benefits has no effect on HMO premiums.

HMO Plan Characteristics and Premium Price

- For 14 possible elective benefits, each benefit adds approximately 1.3 percent to the cost of HMO premiums.
- Imposing a copayment of at least \$10 reduces HMO premiums by 5.2 percent, compared with firms with copayments of less than \$10.
- IPA, group/staff, and hybrid models all have similar premium costs.

In summary, our multivariate analysis suggests that choosing high-quality health plans does not necessarily involve a tradeoff in price. In fact, fully accredited HMOs, which tend to have larger enrollments, cost less than other plans. Thus, accreditation, in addition to being an indicator of quality, is also a good indicator of value.

Discussion

This research highlights the broad disparity between sophisticated pioneer firms, such as Xerox and GTE, and the great masses of midsize and large firms. Whereas the pioneers

¹¹ This is an implicit test for bias selection. If firms offering alternatives to HMO plans have lower premiums, other factors held constant, that would suggest that HMOs in multiple plan settings benefit from bias selection.

consider quality criteria in selecting health plans, two-thirds of the nation's employers with 200 or more workers are unfamiliar with NCQA accreditation. And whereas leading corporations such as Xerox contract only with accredited plans, accreditation plays a minor role in plan selection for the typical employer.

When asked about factors that are “very important” to their health plan selection, employers identify the number and quality of physicians, employee satisfaction, cost of service, and the accuracy and speed of claims payment. But employers are much less likely to consider, or even know about, more sophisticated measures of quality, such as NCQA accreditation and HEDIS data. Only 30 percent of employers said that clinical outcome information is very important when selecting plans, 11 percent said that NCQA accreditation is very important, and only 5 percent said that HEDIS data are very important. Third, very few employers provide NCQA accreditation or HEDIS information to their employees. In fact, only 1 percent of firms supplied HEDIS information to employees to assist them in selecting their health plan.

Perhaps the most surprising finding was that fully accredited plans actually cost 2 percent less than other HMO plans: hence, we do not observe a price/quality tradeoff. We believe the explanation for this counterintuitive finding is that larger HMOs are more likely to be fully accredited, and they are also more likely to achieve greater operational efficiency and obtain greater discounts from providers than smaller HMOs.

Our findings suggest that much of the media and public backlash against managed care may be directed at the wrong player. If employers are unwilling to financially reward HMOs that invest in quality assurance, meet standards to protect confidentiality of patient information, and adhere to standards for physician credentialing and utilization review, then accreditation will become little more than an administrative burden. Lack of awareness about NCQA and HEDIS data suggests market failure, with employers currently acting as far less than perfect agents for their employees.

How can public policy promote value-based purchasing? The federal government could undertake a modest initiative to educate employers about the importance, usefulness, and availability of health plan quality measures. One approach would be to contract with articulate leaders in the field of quality measurement, who can speak at industry-sponsored conferences and trade associations and write articles for trade publications. As the KPMG survey data show, the key is to target employers with fewer than 5,000 workers. Another effective method is to reach the key advisors of employers—brokers for small and midsize employers and benefits consultants for larger employers. Again, industry conferences may be an effective way of reaching large numbers of brokers and consultants.

We believe, however, that the most effective public policy for promoting value-based health plan purchasing would be to *do*, not to teach and preach. Federal, state, and local governments can reform the market simply by acting as prudent purchasers, without passing any new legislation. As President Kennedy argued, the federal government could, “by a mere stroke of the pen,” greatly reduce undesirable behavior such as racial discrimination simply by requiring more desirable practices both within government and among its contractors.

The federal government’s Office of Personnel Management contracts with more than 400 HMOs, roughly two-thirds of the nation’s total. Medicare, Medicaid, and CHAMPUS account for more than one-third of national health care spending, and represent the greatest opportunity for growth among managed care organizations. In virtually every state in the country, the most lucrative account for health insurers and HMOs is the state employees’ plan. Similarly, large county and city governments represent other major accounts in each state. By contracting exclusively with accredited plans, the public sector could dramatically increase the economic benefits of accreditation to health plans, and thereby improve the quality of health care throughout the United States.

Appendix A

NCQA Survey Questions

NCQA Survey Questions

- J1. You mentioned you are familiar with NCQA. Is NCQA accreditation a mandatory requirement for the HMO and/or POS plans your company offers?
1 - Yes (SKIP TO QUESTION J3)
2 - No (CONTINUE TO QUESTION J2)
3 - Don't Know (CONTINUE TO QUESTION J2)
- J2. Does your company request NCQA accreditation information for your company's HMO or POS plans?
1 - Yes
2 - No
3 - Don't Know
- J3. To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of your company's health insurance plans?
1 - Yes
2 - No
3 - Don't Know
- J4a. Does your company contribute more to an HMO or POS plan that is NCQA-accredited than to an HMO or POS plan that is not NCQA-accredited?
1 - Yes
2 - No
3 - (VOL) Don't Know
- J4b. Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?
1 - Yes
2 - No
3 - (VOL) Don't Know
- J5. Are you familiar with the HEDIS initiative? (SAY HE-dis) (IF R asks, HEDIS is a set of standardized measures for comparing the performance of managed care plans).
1 - Yes (**CONTINUE TO QUESTION J5a**)
2 - No (**SKIP TO END OF SECTION J**)
3 - Don't Know (**SKIP TO END OF SECTION J**)
- J5a. Does your company use HEDIS data for selecting managed care plans?
1 - Yes
2 - No
3 - Don't Know
- J5b. Does your company use HEDIS data to manage your health insurance plans? For example, do they use this data in premium negotiations or performance targets?
1 - Yes
2 - No
3 - Don't Know
- J5c. Does your company provide HEDIS data to your employees to assist them in plan selection?
1 - Yes
2 - No
3 - Don't Know

Appendix B

Additional Tables

Table B-1
Quality, Cost, and Employee Satisfaction Take Precedence When
Employers Select Health Plans
Firms That Offer POS Plans, 1997

	Percent of Firms	Percent of Covered Workers
Number and Quality of Physicians		
200 to 999 workers	78%	79%
1,000 to 4,999 workers	75%	74%
5,000+ workers	82%	85%
Overall	77%	82%
Cost of Service		
200 to 999 workers	71%	69%
1,000 to 4,999 workers	68%	67%
5,000+ workers	60%	64%
Overall	70%	66%
Ease of Making Appointments with Physicians		
200 to 999 workers	45%	44%
1,000 to 4,999 workers	44%	41%
5,000+ workers	45%	40%
Overall	45%	41%
Employee Satisfaction		
200 to 999 workers	75%	76%
1,000 to 4,999 workers	70%	72%
5,000+ workers	71%	71%
Overall	74%	72%
Clinical Outcomes		
200 to 999 workers	31%	30%
1,000 to 4,999 workers	46%	46%
5,000+ workers	50%	68%
Overall	36%	58%
NCQA Accreditation*		
200 to 999 workers	8%	10%
1,000 to 4,999 workers	11%	15%
5,000+ workers	24%	24%
Overall	10%	20%
HEDIS Data and Information*		
200 to 999 workers	4%	3%
1,000 to 4,999 workers	6%	7%
5,000+ workers	18%	21%
Overall	5%	16%
Accuracy and Speed of Claims Payment		
200 to 999 workers	70%	73%
1,000 to 4,999 workers	64%	65%
5,000+ workers	67%	72%
Overall	69%	71%

* Controls for unfamiliarity with NCQA.

Table B-2
NCQA-Specific Questions
Responses as a Percentage of Covered Workers
Firms That Offer HMO Plans, 1997

	200 to 999 Workers	1,000 to 4,999 Workers	5,000+ Workers	Overall
Is NCQA a mandatory requirement for the plans you offer?				
Yes	8%	12%	21%	18%
No	33%	43%	62%	54%
Don't know	6%	6%	6%	6%
Unfamiliar with NCQA	52%	40%	12%	22%
Does your company request NCQA accreditation information for your company's HMO or POS plans?				
Yes	14%	20%	42%	34%
No	24%	25%	22%	23%
Don't Know	2%	4%	4%	4%
NCQA is mandatory requirement	8%	12%	21%	18%
Unfamiliar with NCQA	52%	40%	12%	22%
To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of company health plans?				
Yes	9%	13%	18%	16%
No	37%	44%	70%	60%
Don't know	1%	3%	1%	1%
Firm offers one plan only	4%	1%	0%	1%
Unfamiliar with NCQA	49%	38%	11%	22%
Does your company contribute more to an HMO or a POS plan that is NCQA-accredited than to an HMO or POS plan that is not?				
Yes	2%	1%	0%	1%
No	41%	53%	85%	73%
Don't know	4%	7%	4%	4%
Firm offers one plan only	4%	1%	0%	1%
Unfamiliar with NCQA	49%	38%	11%	22%
Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?				
Yes	14%	19%	51%	40%
No	33%	39%	36%	37%
Don't know	1%	3%	1%	2%
Unfamiliar with NCQA	52%	40%	12%	22%

Table B-2, continued

	200 to 999 Workers	1,000 to 4,999 Workers	5,000+ Workers	Overall
Are you familiar with the HEDIS initiative?				
Yes	12%	34%	76%	59%
No	34%	24%	8%	15%
Don't know	2%	2%	4%	4%
Unfamiliar with NCQA	52%	40%	12%	22%
Does your company use HEDIS data for selecting managed care plans?				
Yes	2%	11%	43%	32%
No	9%	22%	31%	27%
Don't know	0%	1%	2%	1%
Unfamiliar with HEDIS	37%	27%	13%	18%
Unfamiliar with NCQA	52%	40%	12%	22%
Does your company use HEDIS data to manage your health insurance plans?				
Yes	2%	10%	41%	30%
No	10%	23%	33%	28%
Don't know	0%	1%	2%	2%
Unfamiliar with HEDIS	36%	27%	13%	18%
Unfamiliar with NCQA	52%	40%	12%	22%
Does your company provide HEDIS data to its employees to assist them in plan selection?				
Yes	1%	4%	4%	4%
No	11%	30%	72%	56%
Don't know	0%	0%	0%	0%
Firm offers one plan only	4%	1%	0%	1%
Unfamiliar with HEDIS	36%	27%	12%	18%
Unfamiliar with NCQA	49%	38%	11%	22%

Table B-3
NCQA-Specific Questions
Responses as a Percentage of Firms
Firms That Offer HMO Plans, 1997

	Mining, Construction, Wholesale, Manufacturing, Transportation, Communication , and Utilities	Finance, Service, Health Care, and High- Tech	Retail	Government	Overall
Is NCQA a mandatory requirement for the plans you offer?					
Yes	11%	9%	7%	6%	9%
No	32%	34%	33%	31%	33%
Don't know	9%	5%	11%	6%	7%
Unfamiliar with NCQA	48%	52%	50%	58%	51%
Does your company request NCQA accreditation information for your company's HMO or POS plans?					
Yes	16%	15%	12%	10%	15%
No	22%	21%	30%	24%	22%
Don't Know	3%	3%	2%	3%	3%
NCQA is mandatory requirement	11%	9%	7%	6%	9%
Unfamiliar with NCQA	48%	52%	50%	58%	51%
To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of company health plans?					
Yes	9%	11%	5%	5%	9%
No	42%	34%	38%	37%	37%
Don't know	0%	3%	0%	0%	2%
Firm offers one plan only	2%	6%	12%	11%	5%
Unfamiliar with NCQA	47%	47%	46%	47%	47%
Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?					
Yes	20%	13%	18%	4%	16%
No	31%	32%	32%	36%	32%
Don't know	1%	2%	1%	2%	2%
Unfamiliar with NCQA	48%	52%	50%	58%	51%
Are you familiar with the HEDIS initiative?					
Yes	21%	18%	19%	15%	19%
No	29%	28%	31%	27%	29%
Don't know	2%	2%	1%	0%	2%
Unfamiliar with NCQA	48%	52%	50%	58%	51%

Table B-3, continued

	Mining, Construction, Wholesale, Manufacturing, Transportation, Communication , and Utilities	Finance, Service, Health Care, and High- Tech	Retail	Government	Overall
Does your company use HEDIS data for selecting managed care plans?					
Yes	8%	5%	6%	5%	6%
No	13%	13%	12%	9%	13%
Don't know	0%	1%	1%	1%	0%
Unfamiliar with HEDIS	31%	30%	32%	27%	30%
Unfamiliar with NCQA	48%	52%	50%	58%	51%
Does your company use HEDIS data to manage your health insurance plans?					
Yes	8%	3%	4%	5%	5%
No	12%	14%	14%	9%	13%
Don't know	0%	1%	1%	1%	1%
Unfamiliar with HEDIS	31%	30%	32%	27%	30%
Unfamiliar with NCQA	48%	52%	50%	58%	51%
Does your company provide HEDIS data to its employees to assist them in plan selection?					
Yes	1%	1%	5%	2%	1%
No	19%	16%	10%	13%	16%
Don't know	0%	1%	0%	0%	0%
Firm offers one plan only	2%	6%	12%	11%	5%
Unfamiliar with HEDIS	31%	29%	28%	27%	30%
Unfamiliar with NCQA	47%	47%	46%	47%	47%

Table B-4
NCQA-Specific Questions
Responses as a Percentage of Covered Workers
Firms That Offer HMO Plans, 1997

	Mining, Construction, Wholesale, Manufacturing, Transportation, Communication , and Utilities	Finance, Service, Health Care, and High- Tech	Retail	Government	Overall
Is NCQA a mandatory requirement for the plans you offer?					
Yes	18%	17%	34%	11%	18%
No	56%	51%	23%	78%	54%
Don't know	6%	6%	7%	2%	6%
Unfamiliar with NCQA	20%	26%	36%	9%	22%
Does your company request NCQA accreditation information for your company's HMO or POS plans?					
Yes	38%	26%	13%	59%	34%
No	19%	28%	12%	20%	23%
Don't Know	6%	3%	6%	1%	4%
NCQA is mandatory requirement	18%	17%	34%	11%	18%
Unfamiliar with NCQA	20%	26%	36%	9%	22%
To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of company health plans?					
Yes	16%	17%	5%	14%	16%
No	63%	55%	57%	76%	60%
Don't know	1%	1%	0%	0%	1%
Firm offers one plan only	0%	2%	4%	1%	1%
Unfamiliar with NCQA	20%	25%	35%	9%	22%
Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?					
Yes	59%	29%	48%	2%	40%
No	20%	43%	16%	88%	37%
Don't know	1%	2%	0%	0%	2%
Unfamiliar with NCQA	20%	26%	36%	9%	22%
Are you familiar with the HEDIS initiative?					
Yes	59%	56%	50%	83%	59%
No	13%	18%	13%	8%	15%
Don't know	8%	1%	0%	0%	4%
Unfamiliar with NCQA	20%	26%	36%	9%	22%

Table B-4, continued

	Mining, Construction, Wholesale, Manufacturing, Transportation, Communication , and Utilities	Finance, Service, Health Care, and High- Tech	Retail	Government	Overall
Does your company use HEDIS data for selecting managed care plans?					
Yes	33%	27%	33%	44%	32%
No	26%	28%	14%	30%	27%
Don't know	0%	0%	4%	10%	1%
Unfamiliar with HEDIS	21%	19%	13%	8%	18%
Unfamiliar with NCQA	20%	26%	36%	9%	22%
Does your company use HEDIS data to manage your health insurance plans?					
Yes	38%	21%	2%	47%	30%
No	21%	33%	45%	27%	28%
Don't know	0%	2%	4%	10%	2%
Unfamiliar with HEDIS	21%	19%	13%	8%	18%
Unfamiliar with NCQA	20%	26%	36%	9%	22%
Does your company provide HEDIS data to its employees to assist them in plan selection?					
Yes	2%	3%	6%	10%	4%
No	57%	52%	44%	73%	56%
Don't know	0%	1%	0%	0%	0%
Firm offers one plan only	0%	2%	4%	1%	1%
Unfamiliar with HEDIS	21%	18%	12%	8%	18%
Unfamiliar with NCQA	20%	25%	35%	9%	22%

Table B-5
NCQA-Specific Questions
Responses as a Percentage of Firms
Firms That Offer HMO Plans, 1997

	Northeast	Midwest	South	West	Overall
Is NCQA a mandatory requirement for the plans you offer?					
Yes	14%	5%	7%	9%	9%
No	41%	30%	38%	21%	33%
Don't know	5%	7%	7%	8%	7%
Unfamiliar with NCQA	40%	58%	48%	62%	51%
Does your company request NCQA accreditation information for your company's HMO or POS plans?					
Yes	18%	13%	17%	11%	15%
No	26%	20%	24%	17%	22%
Don't Know	2%	5%	4%	2%	3%
NCQA is mandatory requirement	14%	5%	7%	9%	9%
Unfamiliar with NCQA	40%	58%	48%	62%	51%
To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of company health plans?					
Yes	12%	5%	12%	6%	9%
No	45%	36%	35%	30%	37%
Don't know	1%	1%	3%	0%	1%
Firm offers one plan only	3%	10%	6%	4%	5%
Unfamiliar with NCQA	39%	48%	44%	59%	47%
Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?					
Yes	18%	13%	17%	13%	16%
No	41%	28%	31%	24%	32%
Don't know	1%	1%	4%	1%	2%
Unfamiliar with NCQA	40%	58%	48%	62%	51%
Are you familiar with the HEDIS initiative?					
Yes	23%	17%	21%	12%	19%
No	35%	24%	29%	23%	29%
Don't know	2%	1%	2%	2%	2%
Unfamiliar with NCQA	40%	58%	48%	62%	51%

Table B-5, continued

	Northeast	Midwest	South	West	Overall
Does your company use HEDIS data for selecting managed care plans?					
Yes	8%	6%	7%	2%	6%
No	15%	12%	13%	10%	13%
Don't know	0%	0%	2%	0%	0%
Unfamiliar with HEDIS	37%	25%	31%	26%	30%
Unfamiliar with NCQA	40%	58%	48%	62%	51%
Does your company use HEDIS data to manage your health insurance plans?					
Yes	7%	4%	7%	3%	5%
No	16%	13%	13%	10%	13%
Don't know	0%	0%	2%	0%	1%
Unfamiliar with HEDIS	37%	25%	31%	26%	30%
Unfamiliar with NCQA	40%	58%	48%	62%	51%
Does your company provide HEDIS data to its employees to assist them in plan selection?					
Yes	3%	2%	1%	1%	1%
No	18%	16%	20%	12%	16%
Don't know	0%	0%	1%	0%	0%
Firm offers one plan only	3%	10%	6%	4%	5%
Unfamiliar with HEDIS	37%	25%	29%	25%	30%
Unfamiliar with NCQA	39%	48%	44%	59%	47%

Table B-6
NCQA-Specific Questions
Responses as a Percentage of Covered Workers
Firms That Offer HMO Plans, 1997

	Northeast	Midwest	South	West	Overall
Is NCQA a mandatory requirement for the plans you offer?					
Yes	21%	29%	7%	15%	18%
No	55%	44%	69%	38%	54%
Don't know	3%	6%	8%	7%	6%
Unfamiliar with NCQA	21%	22%	16%	40%	22%
Does your company request NCQA accreditation information for your company's HMO or POS plans?					
Yes	38%	25%	44%	20%	34%
No	19%	23%	27%	18%	23%
Don't Know	2%	1%	7%	7%	4%
NCQA is mandatory requirement	21%	29%	7%	15%	18%
Unfamiliar with NCQA	21%	22%	16%	40%	22%
To assist your employees in selecting a health plan, does your company provide information on the NCQA accreditation status of company health plans?					
Yes	23%	19%	10%	11%	16%
No	55%	59%	72%	47%	60%
Don't know	1%	0%	1%	2%	1%
Firm offers one plan only	1%	1%	1%	1%	1%
Unfamiliar with NCQA	20%	21%	16%	39%	22%
Does your company use any information from an independent organization that evaluates the quality of HMO or POS plans to assess the quality and cost of the plan?					
Yes	51%	36%	41%	24%	40%
No	26%	42%	41%	34%	37%
Don't know	2%	1%	2%	2%	2%
Unfamiliar with NCQA	21%	22%	16%	40%	22%
Are you familiar with the HEDIS initiative?					
Yes	61%	64%	60%	47%	59%
No	16%	14%	16%	11%	15%
Don't know	2%	0%	9%	2%	4%
Unfamiliar with NCQA	21%	22%	16%	40%	22%

Table B-6, continued

	Northeast	Midwest	South	West	Overall
Does your company use HEDIS data for selecting managed care plans?					
Yes	32%	40%	33%	13%	32%
No	30%	21%	25%	34%	27%
Don't know	0%	3%	1%	0%	1%
Unfamiliar with HEDIS	18%	15%	24%	13%	18%
Unfamiliar with NCQA	21%	22%	16%	40%	22%
Does your company use HEDIS data to manage your health insurance plans?					
Yes	41%	34%	24%	14%	30%
No	19%	26%	35%	33%	28%
Don't know	1%	4%	1%	0%	2%
Unfamiliar with HEDIS	18%	15%	24%	13%	18%
Unfamiliar with NCQA	21%	22%	16%	40%	22%
Does your company provide HEDIS data to its employees to assist them in plan selection?					
Yes	3%	8%	1%	1%	4%
No	58%	55%	58%	46%	56%
Don't know	0%	1%	0%	0%	0%
Firm offers one plan only	1%	1%	1%	1%	1%
Unfamiliar with HEDIS	18%	14%	24%	13%	18%
Unfamiliar with NCQA	20%	21%	16%	39%	22%