



# In the Literature

## EXPLORING THE BUSINESS CASE FOR IMPROVING THE QUALITY OF HEALTH FOR CHILDREN

### Child Health Business Case Working Group

Charles Homer, M.D., M.P.H.  
Debra Iles  
Denise Dougherty, Ph.D.  
Foster C. Gesten, M.D.  
Paul Kurtin, M.D.  
Sheila Leatherman  
James M. Perrin, M.D.  
Michael Schoenbaum, Ph.D.  
Stephen C. Schoenbaum, M.D.  
Lisa Simpson, M.B., M.P.H.,  
F.A.A.P.

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For more information about this study, contact:

**Charles Homer, M.D., M.P.H.**  
E-MAIL [chomer@nichq.org](mailto:chomer@nichq.org)  
or

Mary Mahon  
Public Information Officer  
TEL 212-606-3853  
E-MAIL [mm@cmwf.org](mailto:mm@cmwf.org)

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**THE COMMONWEALTH FUND**  
ONE EAST 75TH STREET  
NEW YORK, NY 10021-2692  
TEL 212.606.3800  
FAX 212.606.3500  
E-MAIL [cmwf@cmwf.org](mailto:cmwf@cmwf.org)  
<http://www.cmwf.org>

Until recently, discussion of creating a business case for improving health care quality focused solely on adults. With support from The Commonwealth Fund, members of the Child Health Business Case Working Group considered the unique features of children's health care in their article, "Exploring the Business Case for Improving the Quality of Health Care for Children" (*Health Affairs*, July/August 2004).

In many cases, improvements to health care yield benefits to society. *Financial* benefits, however, have been difficult to demonstrate for the organization investing resources. In examining five hypothetical quality improvement programs aimed at children's health care, the authors find that many of the same impediments to securing a financial return on investment—lack of quality-based provider incentives and "displacement" of payoffs in time or place, for example—affect quality improvement in similar ways for both adults' and children's care. But other barriers are unique to care for children, they say. These additional obstacles must be overcome, the authors argue, to clear the way for broad-based improvements in the care provided to children and adolescents.

### The Study

The researchers on this study adopted the business case definition developed under a 2003 Commonwealth Fund-supported initiative led by the Institute for Healthcare Improvement (IHI): a business case for health care improvement exists if a financial return is realized on the investment. In addition, a business case may also exist if there are important indirect effects, including increased market share, improved staff retention, or other factors that contribute to an organization's financial health.

The researchers first developed a list of key differences in patterns of health status, health care use, and organization and financing of the health

care system for children compared with adults. After determining the most important factors, the panel developed five case scenarios designed to illustrate typical quality initiatives:

1. A referral and case management program at a primary care practice to screen for maternal health and child developmental concerns.
2. A comprehensive, high-cost initiative of a children's hospital to provide expert care to patients with congenital heart disease.
3. A program at a primary care practice to assist children with attention deficit hyperactivity disorder (ADHD), most importantly by establishing close links with schools and community mental health providers.
4. An intervention at a children's hospital and delivery system to shorten hospital stays and reduce hospitalizations among asthma patients with previous emergency department visits and hospital care.
5. A HMO-based program to provide adolescents with universal screening for sexual activity, followed by chlamydia screening for sexually active young women.

### The Results

The researchers found that the cases illuminate the challenge health care organizations face when focusing on improvement while maintaining financial viability in the current environment. While each case was designed to show improved outcomes for the child, family, and community, analyses indicated the financial results are mixed. In two of the three primary care-based cases (preventive services and ADHD), the providers would lose money, mainly due to a slowing of physician productivity. The third primary care scenario, chlamydia screening, would produce short-term financial benefit by reducing cases of pelvic

inflammatory disease; however it would only produce long-term benefits if the women remain plan members through their child-bearing years. In the cardiac surgery program, the hospital is able to achieve better outcomes and a favorable reimbursement rate from its major commercial payers, resulting in a favorable business case.

The asthma program presented the most complex case, and illustrated the way in which conflicting factors can affect an organization. Although the program would reduce costs, the benefits would generally accrue to the insurers, not the providers who developed and paid for the improvement program. However, indirect benefits—enhanced “brand identity,” improved staff morale, and increased school attendance, with potential associated revenue—led the researchers to conclude that the venture was at least neutral to the organization.

### Impediments to the Business Case

The researchers examined the impediments to the business case identified in the earlier IHI study. In many instances, these impediments also apply to children’s health care. For example, in the preventive care, ADHD, and asthma examples, provider organizations receive the same payment regardless of the appropriateness or quality of care, illustrating a failure to pay for quality. Another impediment concerns the displacement of payoffs, a prominent barrier in children’s health care. Outcomes of preventive and developmental care can yield benefits throughout various times in a person’s life and

in many different aspects: in school, at work, and within the family or community.

The research team also identified other barriers that may particularly affect children’s health care. The most prominent of these is fragmentation—across children’s health care financing mechanisms, service delivery sites, and family care providers. While there are many potential solutions to this barrier, most entail major reforms in the financing or organization of children’s services. Another unique impediment is the limited evidence base underlying children’s health care. This may be remedied by making continued investment in children’s health care research a priority. Such research will also promote the development of useful measures and targets that may allow quality to be rewarded. The final impediment identified is the difficulty physicians face in addressing health care issues like adolescent sexuality or domestic abuse. Better training is needed to improve clinicians’ skill in communicating with adolescents, the authors say.

### Conclusions

While the researchers concur with the policy changes offered in the IHI study, they find that additional changes are needed to make the business case for improving quality of care for children. These changes include: taking steps to creating a less fragmented system of financing and delivery, expanding the emphasis on clinical research, and redefining the scope of what is included in excellent, family-centered care.

Financial Impact of Case Studies on Stakeholders

Case	Provider	Private Payer	Public Payer	Child/Family	Society/Community
Prevention	Unfavorable <sup>a</sup>	Neutral/unknown	Neutral/unknown	Favorable	Favorable (school)
Cardiac surgery	Favorable <sup>a</sup>	Favorable	Favorable	Favorable	Favorable
ADHD	Unfavorable <sup>a</sup>	Unfavorable	Unfavorable	Favorable	Favorable (school)
Asthma	Neutral/unknown/ favorable <sup>a</sup>	Favorable	Favorable	Favorable	Favorable
Adolescent health (chlamydia)	Neutral/unknown/ unfavorable	Favorable <sup>a</sup>	Neutral/unknown	Favorable	Favorable

<sup>a</sup> Investing organization.

Source: Child Health Business Case Working Group, “Exploring the Business Case for Improving the Quality of Health Care for Children,” *Health Affairs* 23 (July/August 2004): 159–66.