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The Governance Institute Health System Quality Honor Roll 2022

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While improving quality in hospitals and health systems has been an industry focus for more than 20 years, progress has been slow but relatively steady. One of the primary goals of consolidating hospitals into health systems over the past decade has been to standardize care processes and protocols as a means to advancing efficiency, access, and outcomes. We have yet to see significant impacts of this consolidation in improving quality of care. The coronavirus pandemic represented a significant headwind on the quality front as system leadership, necessarily, pivoted into crisis management.

In an effort to regain a focus on quality, we conducted research last year to identify top-performing healthcare systems based on an algorithm we created from publicly reported and NRC Health data on hospital performance. The results were published in a paper entitled, "Improving Quality in Health Systems: How Do They Do It?"[1] While it is relatively easy to find comparative quality performance information on individual hospitals, we realized that there was little information on overall health system performance. Accordingly, we created a model that "rolled" up quality measures and identified a top decile of top-quality systems. We then conducted a survey of top leaders from a subset of those systems to gain insights on the key governance and leadership efforts they believe drove their success and presented our findings at 2021 Governance Institute Leadership Conferences.

This year, we took a slightly different approach that we think is both simpler to understand and more powerful. The CMS Star Ratings, while subject to ongoing criticism and refinement, are widely recognized. In fact, most other hospital quality and safety rating systems utilize a significant portion of the underlying CMS data

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1   Michael D. Pugh and Kathryn C. Peisert, "Improving Quality in Health Systems: How Do They Do It?," *BoardRoom Press* (special section), The Governance Institute, October 2021.

in constructing their own proprietary metrics. We noted in reviewing last year's approach that the CMS Star Ratings appeared to be the leading indicator of performance and that rolling up other quality ratings did not significantly alter the outcome of our analysis. So, this year we decided to focus on the latest CMS Star Ratings to determine technical quality performance and use NRC Health's Market Insights data to gauge consumer perception of quality.

As detailed in the Research Methodology sidebar, we employed the most recently available set of CMS Star Ratings to generate a CMS Quality Rating and used NRC Health's Market Insights data to create a parallel Consumer Quality Rating, in each case rolling hospital-level data up into system-level indices. We then identified the multi-hospital systems (i.e., at least two hospitals) with greater than 25 beds that performed at least 1 standard deviation above the mean on *both* indices to create The Governance Institute Health System Quality Honor Roll – 2022. Nineteen (19) systems are included on this year's Honor Roll: nine small systems (two to four hospitals) and 10 medium-sized systems (five to 24 hospitals).

Research Methodology

This analysis of health-system quality focuses on CMS Quality Star Ratings data from the July 2022 reporting period and perceived quality as measured by the Overall Quality item in NRC Health's Market Insights (MI) national study: "How would you rate the overall quality of [your top-of-mind hospital]?" (1/1/2020 to 12/31/2021).

System-level roll-ups of CMS Star Ratings (CMS Quality Rating) were calculated using weighted averages based on hospital bed sizes; only hospitals with at least 25 beds were included. Corresponding system-level roll-ups of MI Overall Quality scores (Consumer Quality Rating) were calculated using weighted averages based on a hospital's number of Top-of-Mind mentions; only hospitals with at least 50 mentions were included. A cluster analysis was used to establish small (two to four hospitals), medium (five to 24 hospitals), and large (25 or more hospitals) system groupings, after which z-scores for CMS Quality Rating and Consumer Quality Rating at the system-level were generated both globally and within each group. We used principal component analysis (PCA) to combine CMS and Consumer ratings, rank ordering systems based on the PCA output. To highlight top systems, the Health System Quality Honor Roll only includes those that were at least one standard deviation above the mean for both their CMS Quality Rating and Consumer Quality Rating in the global analysis.

The 2022 Honor Roll

The Governance Institute is pleased to recognize the following health systems
(* indicates Governance Institute member organization, NRC Health customer, or both):

Small
Michigan Medicine, Ann Arbor, Michigan*
St Luke's Hospital Health System, Boise, Idaho*
Christ Hospital Health Network, Cincinnati, Ohio
University of Utah Health Care, Salt Lake City, Utah*
Hoag Health System, Irvine, California*
Cedars-Sinai Health System, Los Angeles, California*
NorthShore University Health System, Evanston, Illinois
Edward-Elmhurst Health, Naperville, Illinois
Nebraska Methodist Health System, Omaha, Nebraska

Medium
Mayo Clinic Health System, Rochester, Minnesota*
Avera Health, Sioux Falls, South Dakota*
Mass General Brigham, Boston, Massachusetts*
Stanford Medicine, Palo Alto, California
NYU Langone Health, New York, New York
Penn Medicine, Philadelphia, Pennsylvania*
Main Line Health, Berwyn, Pennsylvania*
Cleveland Clinic Health System, Cleveland, Ohio
University of Wisconsin Health, Madison, Wisconsin*
Northwestern Medicine, Chicago, Illinois*

Market Insights

NRC Health's Market Insights is the largest online healthcare-consumer perception study in the U.S., measuring the opinions, behaviors, and characteristics of more than 300,000 people annually. It provides current and historical data across key metrics including brand awareness and image, perceived quality, loyalty, and engagement as well as perspectives on issues such as access to care, interest in innovative care modalities, and health behaviors.

The Challenge of Ensuring Quality across Systems

Most systems we examined had at least one high performer (4 or 5 CMS Stars), but performance across the member hospitals of the system was variable. What sets systems apart on this year's Honor Roll is consistent high performance on CMS Star Ratings across all hospitals for which data was available, coupled with consistently strong consumer perceptions of overall quality.

The consolidation of hospitals into local, regional, and national health systems will likely continue across most healthcare markets, especially given challenges that were exacerbated by the COVID-19 pandemic. The benefits of system membership and consolidation translate to potentially greater access to capital, ability to consolidate overhead and support functions, access to payer contracts, and improved or stabilized financial performance. While the financial benefits of system development and consolidation have been clearly demonstrated, the promise of improved quality across health systems has lagged. Indeed, it is important to note that none of the large systems (25 or more hospitals) met the criteria for this year's System Quality Honor Roll, reinforcing the challenge of ensuring quality across many organizations. That said, it is also important to note that Unity Point Health* (Des Moines, Iowa) performed markedly better than its peers in the large-system category. While qualifying on the consumer perception dimension, performance was just below the one standard deviation cutoff for the quality dimension which, in our view, deserves an honorable mention.

Quality in healthcare has many dimensions including clinical quality, process quality, outcomes, patient experience, structure, and reputation. The 2022 CMS Star Ratings are based on 47 measures submitted by hospitals to CMS that touch on the dimensions of safety, clinical quality, patient experience and outcomes. While imperfect and subject to a variety of valid criticisms, over the past decade the CMS Star Ratings have gained broad acceptance as a useful and easily understood way of comparing hospitals and thus system performance. A 1-Star or 2-Star hospital is getting a clear signal that there are problems with care and that performance falls in approximately the bottom quartile of all hospitals. Conversely, a 5-Star hospital is in approximately the top 15 percent of hospitals in the country based on those same submitted indicators. The good news is that the number of hospitals rated as 5-Star has increased from about 2.5 percent of all U.S. hospitals in 2017 to 13.6 percent of hospitals in 2021.[2] An increased focus on quality at individual hospitals bodes well for improved system performance over time.

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2   "Scoring Methodology," *Leapfrog Hospital Safety Grade,* Spring 2021.

The Importance of Consumer Perceptions

The Star Ratings do not provide insight on how individuals who may or may not have been patients perceive the quality of care provided by hospitals and systems. Indeed, consumer-level data is critically important because it reflects how communities think about the performance of their hospitals and systems. For that dimension of quality—market perception—we turned to data from NRC Health's national Market Insights study (see sidebar).

Our criteria for inclusion on this year's System Quality Honor Roll required performance one standard deviation above the mean for both the CMS Quality Rating and Consumer Quality Rating—a high bar. To reach that bar, systems had to consistently score 4–5 on the CMS Star Ratings and evoke a strong positive perception of the quality of care of hospitals within that system. As one might expect, some systems scored well on the CMS Star ratings, but had lower market quality perceptions which kept them off this year's Honor Roll. Conversely, some systems had high Market Insights scores—meaning they had a positive reputation in the market but their aggregate performance on the system CMS Star Ratings was low or inconsistent across the hospitals in the system.

Next Steps

At The Governance Institute, our ongoing goal is to expand research and understanding about how actions at the board and senior leadership level result in tangible improvements in organizational performance, including and especially, quality. In the months ahead, we plan to interview leaders and board members from the 2022 Honor Roll to gain insights on what these systems do to ensure high-quality care across their systems, the role of governance in those efforts, and what efforts they are pursuing to build their market brand as high-quality healthcare systems. We will be publishing a series of short papers on what we learn. Stay tuned!

The Governance Institute thanks Michael D. Pugh, President, MdP Associates, LLC; and William England, Ph.D., Strategic Analyst, and Gregory Makoul, Ph.D., M.S., Chief Transformation Officer, Human Understanding Institute, NRC Health, for contributing this article. They can be reached at michael@mdpassociates.com; wengland@nrchealth.com and gmakoul@nrchealth.com.