

## Quality Ratings Have Almost No Influence on Consumers' Choices of Hospitals, Health Plans and Physicians

One strategy for improving the quality of health care is to evaluate providers and plans, and to publish the results to help consumers make more informed choices. Unfortunately, according to our data, the publication of ratings and rankings of health plans, hospitals and physicians has had almost no impact on the choices that consumers make. While many millions of people have seen these lists, hardly anyone (one percent or less of adults) have changed providers or health plans as a result. Furthermore, a comparison of 2001 and 2002 data finds no evidence that these evaluations are growing in influence.

These findings make important, but depressing, reading at a time when there is much talk of health care consumerism, the importance of *consumer choice and the emergence of "consumer-directed" health plans, and a more market-driven health care system.*

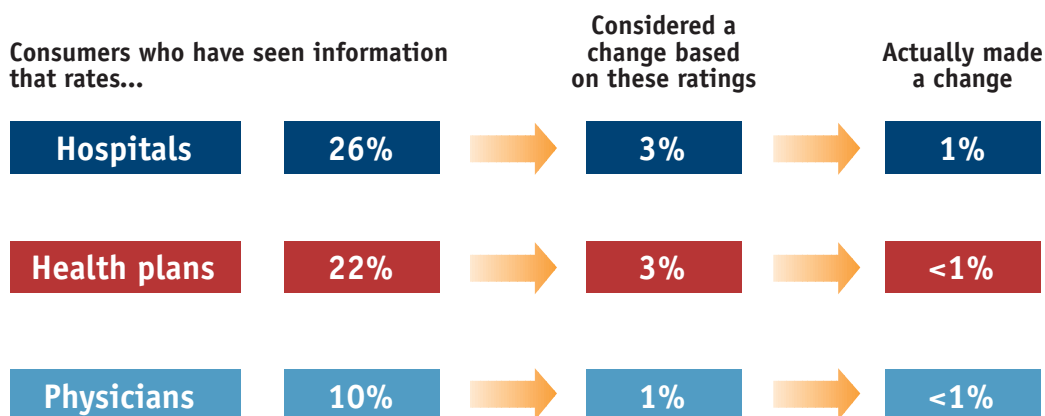
### The Minimal Influence of Ratings and Rankings on Consumers

In order to evaluate the influence of published ratings, Harris Interactive asked a nationwide sample of 1,013 adults, via telephone in June 2002, whether they could remember seeing any ratings of hospitals, health plans and physicians, whether they had considered making a change based on these ratings, and, if so, if they had actually made a change.

The results are unequivocal. They show that many millions of people have seen such ratings but that only one percent or less of all adults has made a decision (to change plans, doctors or hospitals) based on these listings.

In other words, these published lists of ratings, which rank different plans and providers, have had virtually no impact on consumer choice.

CHART 1



Source: Strategic Health Perspectives; Harris Interactive

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## Changes Between 2001 and 2002: No Evidence of Growing Influence

This is the second survey in which we have asked these questions. A virtually identical survey of 1,008 adults surveyed twelve months earlier, in June 2001, enables us to see if things are changing much – whether, for example, the influence of published ratings is increasing over time, or not.

The results are disappointing for those who believe in the dissemination of objective quality ratings. In so far as there were any changes from 2001 to 2002, they show modest increases in those who remember seeing ratings of hospitals and plans (but a small decrease for physicians) and no increase in influence. All of the changes are relatively insignificant statistically.

**TABLE 1**

### Consumer Use Of Ratings To Select Hospitals

Base: All adults

	2001 %	2002 %
Have seen information that rates hospitals	22	26
Considered a change based on these ratings	4	3
Actually made a change	2	1

**TABLE 2**

### Consumer Use Of Ratings To Select Health Plans

Base: All adults

	2001 %	2002 %
Have seen information that rates health plans	18	22
Considered a change based on these ratings	4	3
Actually made a change	<1	<1

Note: <1 means less than one percent

**TABLE 3**

### Consumer Use Of Ratings To Select Physicians

Base: All adults

	2001 %	2002 %
Have seen information that rates physicians	13	10
Considered a change based on these ratings	2	1
Actually made a change	<1	<1

Note: <1 means less than one percent

## What does influence choice? And what is “quality”?

If rankings and ratings – hard data – do not influence consumer choices of plans, doctors and hospitals, what does? A review of many proprietary surveys conducted by Harris Interactive for hospitals and health plans shows that **location, word-of-mouth, good and bad experiences, reputation** and (for health plans) cost, coverage and benefits are the main drivers of consumer choice.

In so far as perceptions of quality are a factor, and they often are, consumers use many different criteria as measures, or proxies, for quality. Ian Morrison, the leading health care futurist and consultant (and partner with Harris Interactive in our *Strategic Health Perspectives* service) had developed the following list of different ways consumers judge quality:

- Quality is more (more \$, treatments).
- Quality is having choices.
- Quality is being in a waiting room with people who earn more money than you do.
- Quality is evidence-based medicine and community health applied systematically.
- Quality is the right to sue.

We should also note that over the longer term there might be an indirect, but important, linkage between objective quality measures and reputation, and that hospitals or plans, which get high marks, may promote and disseminate the results to improve their reputation.

## The Power of Direct-to-Consumer Advertising

The fact that few consumers use objective measures of quality and the various published rankings of **plans and providers** does *not* mean that health care consumers are not influenced by advertising and marketing. They clearly are. The successes of some, but not all, direct-to-consumer advertising campaigns, particularly by the pharmaceutical industry, but also by some hospitals and insurers, show that well-designed advertising campaigns can substantially influence consumers.

## Quality Ratings do Have an Influence, But its Mainly on Those Measured

While quality rankings and ratings of health plans and providers have almost no influence on consumers, that does not mean that they have *no* influence.

We have seen many examples where hospitals that received unfavorable scores have taken steps to improve them, and of health plans which have taken steps to improve their ratings. So the various published listings can have a substantial impact on the institutions which are rated, if not on the public. We have no data as to whether published evaluations of doctors (e.g., “America’s Best Doctors” or “New York’s Best Doctors”) have any impact on physicians’ behavior.

It is also true that *some* third-party payers (insurers and employers) are probably influenced in their choices of providers by objective measures of quality, where these exist; HEDIS ratings, for example. Health plans’ decisions as to which hospitals to include in their plans and employers’ decisions as to which plans to offer their employees, for example, may be influenced by published evaluations.

However, our impression is that this influence is limited, that employers who carefully evaluate and use objective data on the quality of health plans, such as HEDIS, or health plans whose decisions about hospitals are so influenced, are in a small minority. For most third party payers, **cost, reputation** and (to a lesser degree) **member satisfaction** (or the absence of complaints) are the main drivers of choice.

Fortunately there are some more sophisticated third-party payers, such as some members of the Leapfrog Group, who are trying to change this and encourage the use of objective criteria as opposed to “cost plus subjective impressions.” But currently, they are a small minority.

### The Future?

Just because objective ratings of quality have, as yet, had almost no influence directly on consumer choice does not mean that they will have no influence in the future.

If one looks at other areas where there are regularly published ratings and rankings, such as those published by *Consumer Reports*, *U.S. News & World Report*, or *The Wall Street Journal (of Business Schools)*, it is likely that they do influence consumers’ decisions. Listings that are published every year on a regular basis probably develop a following, or franchise, which means that their influence increases over time.

However, all students of marketing know that the **best products or services often lose out to inferior competitors with superior sales, marketing and advertising programs.** This will also be true as health providers compete for patients, and health plans compete for employers or members, and as pharmaceutical companies compete to sell their drugs.

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