

Quality Improvement Working Group RESNET QA Options

08-15-14

In October of 2013, the RESNET Board of Directors received a number of recommendations from the HERS Index Score Consistency Task Force. This Task Force is comprised of representatives of the nation's largest production builders, rating software tool developers, and Rating QA Providers. A principle recommendation for creating greater consistency in the HERS Index was "enhanced quality assurance of ratings" through "independence of Quality Assurance Designees." In response to this recommendation, the Task Force put forth, and the Board adopted, the following policy:

RESNET certified Quality Assurance Designees must in the future:

- Serve as agents of RESNET
- Have neither a financial interest nor an employee/employer relationship with the entity performing the rating.

The RESNET Quality Improvement Working Group was tasked by the Board of Directors to develop options for how RESNET could carry out the above policy, specifically: how RESNET Quality Assurance can be completed without a financial interest or employee/employer relationship between QA Designees and Rating QA Providers or Raters. After many months of deliberations, the Working Group determined that the following "General Provisions" and three specific "Options", including Pros and Cons, are the most appropriate way for RESNET to create the overriding objective of true "financial separation", which removes any financial influence by Providers and Raters over the RESNET Quality Assurance process, both in reality and in perception.

General Points of Consensus

The following items apply generally, or more globally, to any option that may be selected, unless otherwise noted.

1. It is the intent of the Working Group that the existing Rating QA Provider network facilitate the implementation of QA under any of the recommended Options;
2. It is the intent of any Option selected that the current Rating QA Provider structure continue to include, at a minimum, the following responsibilities for Rating QA Providers: Rater certification, oversight of Raters, providing rating software to Raters, disciplinary action for Raters (including enforcement of disciplinary actions related to QA), general support of Rater rating activities, and assistance with the execution of the third-party QA process;
3. To reduce confusion, and because of the removal of the QA implementation role by Providers, "QA" should be removed from the name of Rating QA Provider;
4. Builders understand that there is a reasonable cost for providing QA services. However, to keep the financing of the RESNET QA process simple, costs for QA should not be paid directly or separately by builders. Rather, they should be paid indirectly in fees charged to builders for HERS rating services;

5. Under all Options, Rating QA Providers will not be able to choose who performs their QA;
6. If QA is delivered by outside contractors, the contractors should be companies rather than individuals;
7. QA contractors should not be performing QA on Raters and ratings where a conflict of interest exists;
8. The Working Group believes that financial separation alone is insufficient for creating full consistency of the QA process;
9. The RESNET Home Energy Rating and QA processes must be more clearly defined to achieve greater consistency;
10. Qualifications of the companies and/or individuals who provide QA services, including accountability, must be more stringent and more clearly defined to create greater consistency and quality in how QA is delivered;
11. It is recommended that those providing QA services should have an understanding of regional construction practices encountered by Providers and Raters in the locations where they are providing QA services;
12. It is the intent of RESNET to implement the new option for delivering QA in calendar year 2016. While QA for 2015 will remain unchanged from previous years, all companies (Energy Rating Companies and Rating QA Providers) will have calendar year 2015 to adjust their services and performance in preparation for the new QA option. Beginning with QA review in 2016, a new level of oversight, compliance and transparency will begin;
13. Recommend that a third-party operational audit and dispute resolution process for Raters and Providers be established to oversee and be a part of the RESNET QA Process. The QI Working Group, or others, will develop a Scorecard for performance of RESNET QA. RESNET will provide an annual performance report of the RESNET QA process and of the Rating QA Provider network which provides clear and transparent performance metrics. This report will be available to the public.

Option 1 –RESNET does 100% of QA with RESNET Staff.

QA is carried out by a trained and qualified staff of RESNET employees.

Pros:

1. Increases impartiality;
2. Improves consistency because only one organization provides QA nationally;
3. Potential nationwide, standardized pricing;
4. Cost of QA is transparent;
5. RESNET will be directly accountable for the success of QA;
6. The authority for enforcement of disciplinary action is more viable when delivered by RESNET.

Cons:

1. RESNET lacks sufficient staffing and infrastructure to implement the expanded scope of RESNET QA implementation presented in this option;
2. RESNET would need to staff up significantly to meet the need;
3. No market competition to set pricing;
4. Coordination with Providers and their Raters to get into houses for Field QA would be challenging because windows of time to do QA are narrow.

Option 2 – RESNET to create a pool of QA Contractors to execute RESNET QA Program.

Only individuals at the companies who are approved by RESNET are allowed to provide QA services. The pool of QA Contractors will be limited but appropriate in number to meet the requirements of this Option. QA Contractors will not be allowed to perform ratings in the geographic areas, to be defined by RESNET, that they are delivering QA services. RESNET will:

1. Establish a rigorous process of vetting, approving, and validating Contractors;
2. Establish uniform QA processes that Contractors are responsible for and ensure comprehensive training of the QA Contractors;
3. Oversee the entire QA process, tell the contractors where to go and when, and pay the contractors directly;
4. Retain oversight of the work done by the QA Contractors and the freedom to terminate contractors with poor performance;
5. RESNET will work to implement measures that address non-disclosure and conflicts of interest between QA contractors and those receiving quality assurance.

Pros:

1. Improves impartiality (no expectation of subsequent work between QA Contractor and Rating QA Provider);
2. Has potential for including market input to establish standard compensation for QA Contractors.

Cons:

1. Complex for RESNET to manage;
2. Coordination with Providers and their Raters to get into houses for Field QA would be challenging because windows of time to do QA are narrow;
3. Because this option is the most decentralized, and includes a greater number of third-parties entities delivering QA, it potentially poses the greatest challenge to achieving consistency compared to the other Options.

Option 3 – RESNET contracts with a pool of third-party regional QA Contractors to perform QA of Raters.

The pool of QA Contractors will be limited but appropriate in number to meet the requirements of this Option, fully responsible for overseeing and carrying out the entire QA process, and not be allowed to perform ratings in the region(s) that they are awarded a contract. RESNET will:

1. Establish a rigorous process of vetting, approving, and validating Contractors;
2. Establish uniform QA processes that Contractors are responsible for and ensure comprehensive training of the QA Contractors;
3. Establish Regions of the country and allow third-party contractors to respond to an RFP to provide QA services in one or more Regions. Contractor selection to be based on “best value” and not solely on lowest price. Selected contractors would be awarded contracts for 2-3 years and the RFP process would be repeated again at the end of each contract period;
4. Retain oversight of the work done by the QA Contractors;
5. RESNET will work to implement measures that address non-disclosure and conflicts of interest between QA contractors and those receiving quality assurance.

Pros:

1. Increases consistency of QA delivery because there are a limited number of Contractors performing QA services;
2. Improves impartiality (no expectation of subsequent work between QA Contractor and Rating QA Provider);
3. Less complex for RESNET to manage because fewer number of Contractors;
4. This Option delivers market competition because Contractors offer competitive pricing and can also offer creative solutions to delivering QA.

Cons:

1. Coordination with Providers and their Raters to get into houses for Field QA would be challenging because windows of time to do QA are narrow.