California Pay for Performance: Reporting First Year Results and The Business Case for IT Investment

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P4P Program Overview

Large scale collaboration: comprehensive quality incentive program for physicians: 6 health plans, 7 million commercial HMO members, 215 medical groups and 45,000 doctors

Common measure set: for evaluation, public reporting and payment leverages market power and allows comparability

Incentive Payment: each health plan uses its own methodology and formula to calculate bonus

Public Reporting: consumers have brand new information publicly available to compare groups on factors important to them via OPA report card on state website (www.opa@.ca.gov)
**P4P Program Overview**

- **Performance counts**: estimated $50 million paid to physician groups for P4P performance in first year

- **Variation in care demonstrated**, important to consumers, purchasers

- **Resources for better care and service**: Physician groups gain information and resources to benchmark performance and invest in systems for care
P4P First Year - Measurement Set

Clinical Quality (50% weight)
- Preventive care: breast cancer screening, cervical cancer screening, childhood immunizations
- Chronic care: asthma (medication), diabetes (testing), heart disease (cholesterol management)

Patient Experience (40% weight)
- Communication with doctor; timely access to care; specialty care and overall ratings of care

Investment & Adoption of IT to support patient care (10% weight)
- Point of care and population management (disease registries, electronic medical records, physician and provider reminders)
**P4P First Year Results - Performance**

**Wide variation in clinical quality**
- 215 groups – 74 scored significantly high on 4 measures out of 5 (2 childhood immunization scores averaged)

**Little variation on patient experience**
- 155 groups – 25 scored significantly high on 3 of 4 measures; Northern California outperforms Southern, state lags national average

**Wide variation in IT investment and Adoption**
- 100 groups – 67 full credit, 26 no credit, 7 half credit; higher IT results and clinical quality linked
Among the 215 physician groups:
Wide variation in quality across all 6 clinical measures

- Greatest variation: diabetes HBA1c screening, childhood immunizations and cervical cancer screening
- Lowest variation: asthma care and breast cancer screening
Reporting Results First Year – Consumer Impact

What does this mean for California consumers?

• Nearly 150,000 more women received cervical cancer screenings

• 35,000 more women received breast cancer screenings

• An additional 10,000 California kids got 2 needed immunizations

• 18,000 more people received a diabetes test (based on comparison between first year (2003) and test year (2002))
P4P First Year Results

• HEDIS rates increased for all P4P measures on average of 2%

• Plans saw a 10% increase in administrative positives for 4 of 6 measures

• 2003 data had a smaller gap between health plan administrative and HEDIS results

• Did not see “halo” effect: only P4P metrics increased, no increase for related measures
Better IT and Better Quality Go Together

Clinical and Survey Measure Averages by IT Total Score

Clinical Average
Survey Average

No IT Data Submitted  0 Percent  5 Percent  10 Percent
What’s Next for P4P?

• National trend, here to stay

• More measures, with increased weight on IT

• More $$: Performance-based pay a growing share of total compensation

• Developing new consumer-relevant measures with high cost impact: depression and obesity

• Raising the bar but also rewarding improvement
For more information, contact IHA

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