

**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](http://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

# *P4P First Year Results - Quality Varies*

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?

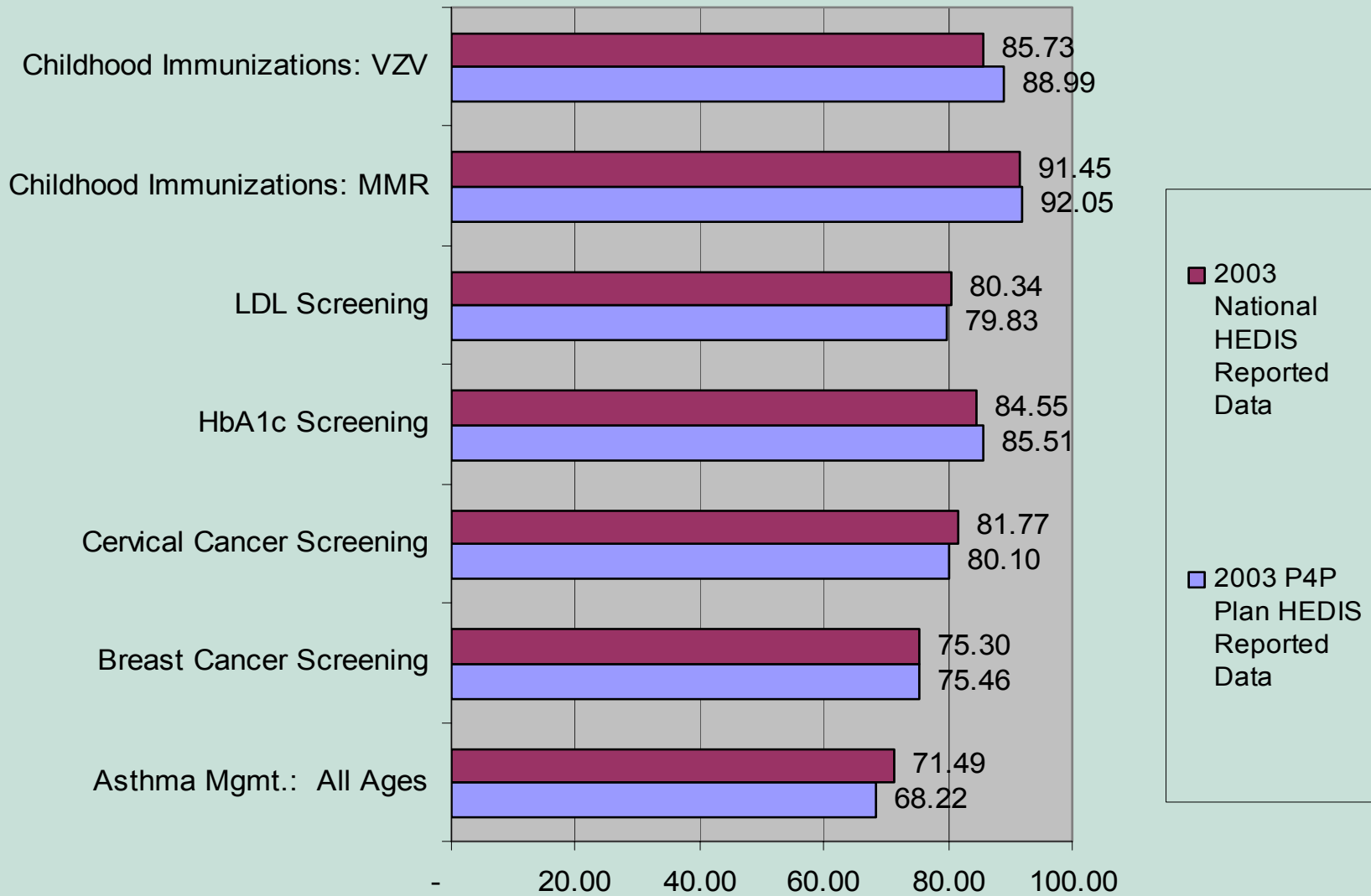
- Nearly 150,000 more women received cervical cancer screenings
- 35,000 more women received breast cancer screenings
- An additional 10,000 California kids got 2 needed immunizations
- 18,000 more people received a diabetes test  
(based on comparison between first year (2003) and test year (2002))

# *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

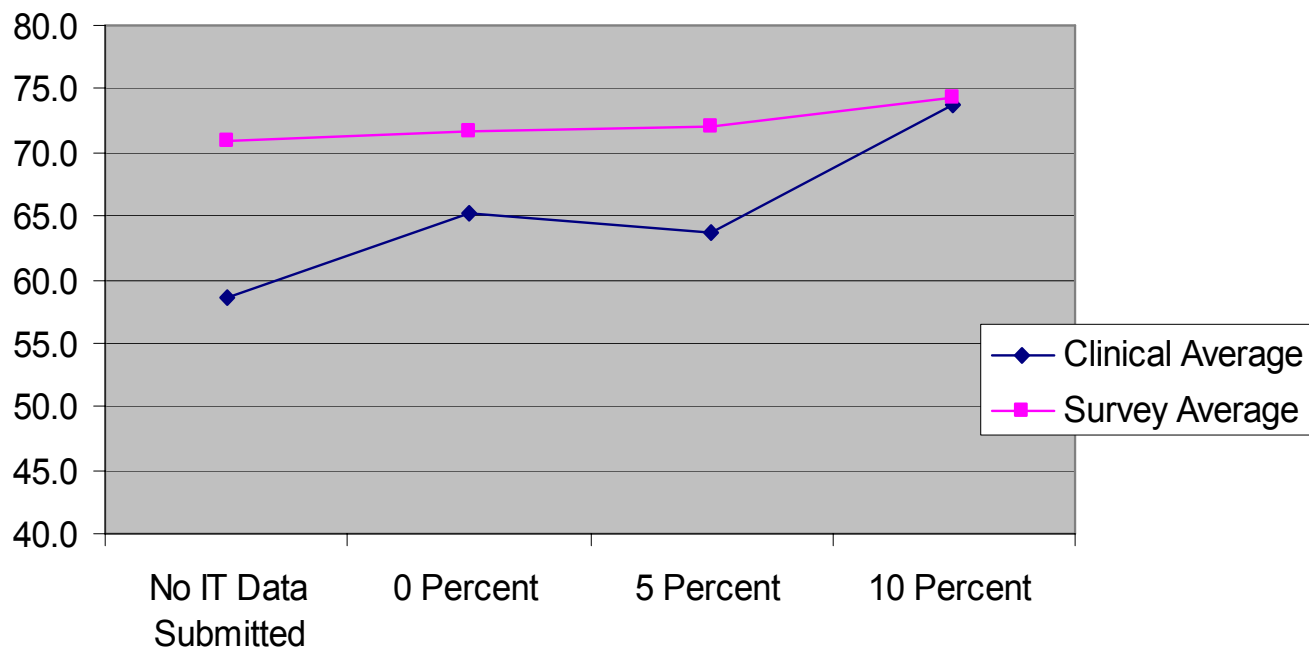


## 2003 Reported Data, P4P Plan vs. National



# *Better IT and Better Quality Go Together*

**Clinical and Survey Measure Averages by IT Total Score**



# *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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