

Seeing is believing\*

A sustainable framework for achieving transparency in the health industries

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# Perspectives on transparency

Health industry leaders

Research on P4P transparency

Is transparency having an effect?

Government and other industries

# Transparency is important for sustainable health systems

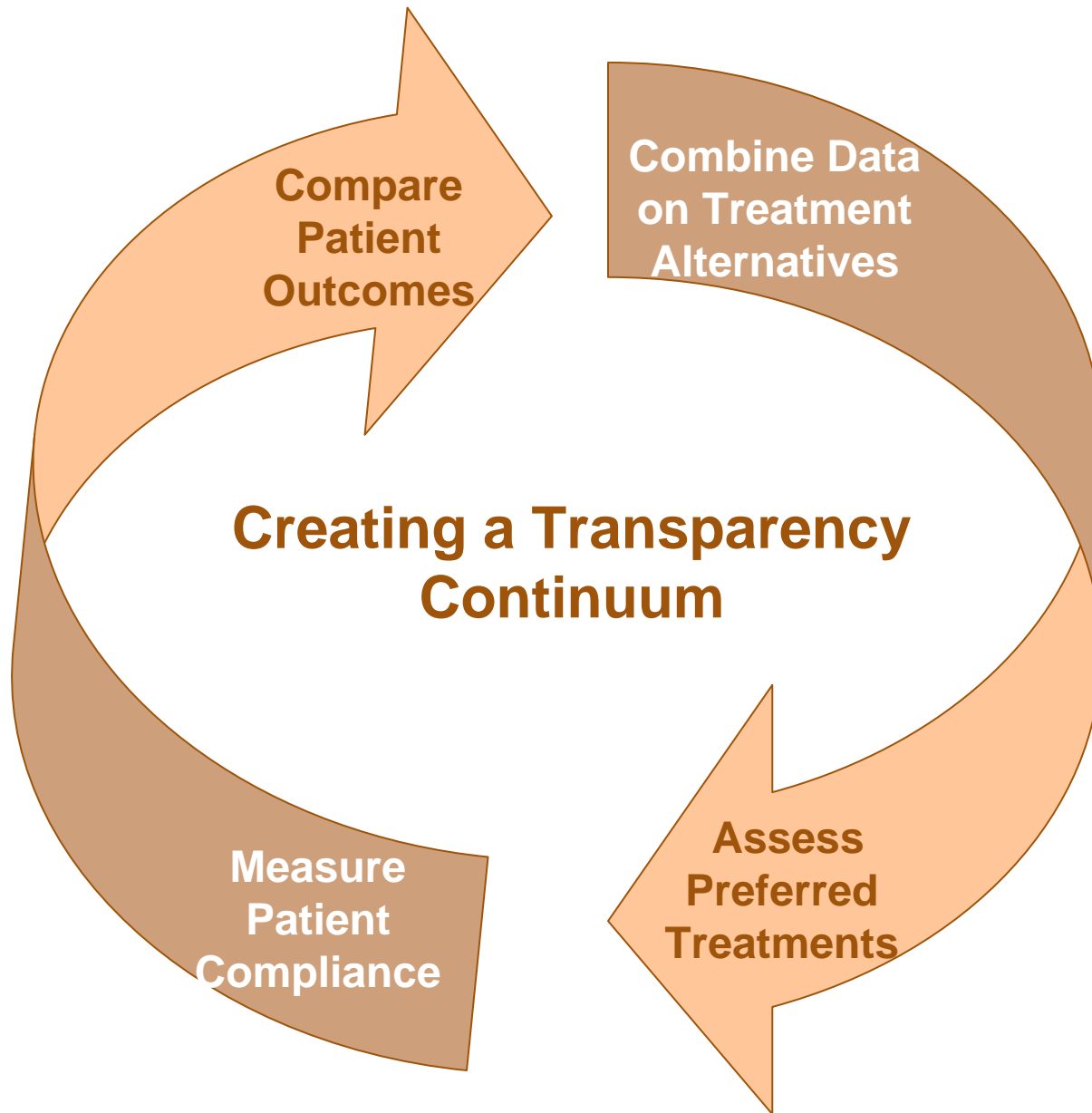
**How would you rate “transparency of quality and pricing information” on its importance to a sustainable health system?**

1 (Not important)	1%
2	2%
3	12%
4	35%
5 (Very important)	50%

Source: HealthCast 2020: Creating a Sustainable Future, PricewaterhouseCoopers Health Research Institute

## Health leaders see three goals for a transparent community

- Information about cost and quality that is trusted by stakeholders
- Incentives for patients, providers and payers that improve efficiency and effectiveness of care
- Connectivity to disseminate information through interoperable health information systems



1. Information about cost and quality that is trusted by stakeholders



# Tremendous variation exists...

- **Physician P4P programs are generally more developed among commercial plans.**
- **Nearly 60 indicators of physician performance are being used by the plans surveyed. Of those 60 indicators, not a single indicator was used by all 10 plans.**

**Of the plans surveyed, no two pay providers for performance in the same way.**

**Of the plans surveyed, all administer their programs in widely different ways.**

# Commercial P4P is expanding

- **All 10 plans surveyed intend to expand quality monitoring of providers**
- **Eight are expanding P4P programs**
- **However, plans say P4P as just tinkering with a payment system that is fundamentally broken:**
  - **Emphasis on sick versus well care**
  - **Gaps in coverage**
  - **A fragmented delivery system**
  - **Rising technology and pharmaceutical costs**

# Commercial plans are in various stages of evolving

	1	2	3	4	5	6	7	8	9	10
Physician P4P program well established										
Hospital P4P program well established										
Consistency across geography										
Organizational commitment/funding										
Administrative ease for providers										
Support/incentives for HIT solutions										
Hospital data transparent										

Rated least developed to most developed

*Plans shaded are Blues plans*

# Key P4P Attributes Are Still in Development

	1	2	3	4	5	6	7	8	9	10
Physician data transparent										
Extent of network provider participation										
Degree of provider engagement in design										
Collaboration with other organizations										
Positive cost results										
Positive quality results										







Rated least developed to most developed

Health plans believe that they must tailor their P4P scorecards for specific needs, leading to a cornucopia of metrics in the market.

# Physician Performance Metrics

	1	2	3	4	5	6	7	8	9
Automated rating of adherence to evidence-based practice							●		●
Appropriate treatment for upper respiratory infection	●					●			
Asthma – appropriate use of medications	●				●	●	●		
Asthma care (several metrics)		●		●	●				
Breast cancer screening	●	●			●	●	●		●
Cervical cancer screening	●	●		●		●	●		
Colorectal cancer screening		●					●		
Childhood immunizations (several metrics)	●	●			●	●			

# Physician Performance Metrics, continued

	1	2	3	4	5	6	7	8	9
Well-child visits: 1st, 15 mos., 3 to 6 yrs									
Pediatric acute otitis media 1st line antibiotics use									
Appropriate antibiotics use: various conditions									
Adolescent well care visits, immunizations									
Chlamydia screening									
Atrial fibrillation management (several metrics)									
Coronary artery disease management (several metrics)									

# Physician Performance Metrics, continued

	1	2	3	4	5	6	7	8	9
Diabetes management (several metrics)	●	●		●	●	●	●		●
Hypertension management (several metrics)				●	●				●
Congestive heart failure management (several metrics)									●
Cholesterol screening		●			●	●			
Cholesterol management: LDL control < 130						●			

# Physician Performance Metrics, continued

	1	2	3	4	5	6	7	8	9
Statin use in members w/ischemic heart disease							●		
Cardiology discharge care with acute myocardial infarction				●					
Cardiology rate control w/chronic atrial fibrillation				●					
Orthopedics total hip arthroplasty				●					
Osteoporosis management after fracture		●							
Appropriate mental health mgmt: Attention deficient and hyperactivity disorder follow-up care					●				
Assisting smokers to quit				●					

# Physician Performance Metrics, continued

	1	2	3	4	5	6	7	8	9
<b>Quality Infrastructure</b>									
NCQA certification: "Physician Practice Connection"			●						●
NCQA e-prescribing			●						
NCQA practitioner specialty certification			●						●
CMS physician voluntary reporting program			●						
Maintenance of board certification/ABIM PIM			●						●
<b>Quality of Service</b>									
Access to care	●					●			
Emergency room visits per 1,000 members							●		
Practice open					●		●		

# Physician Performance Metrics, continued

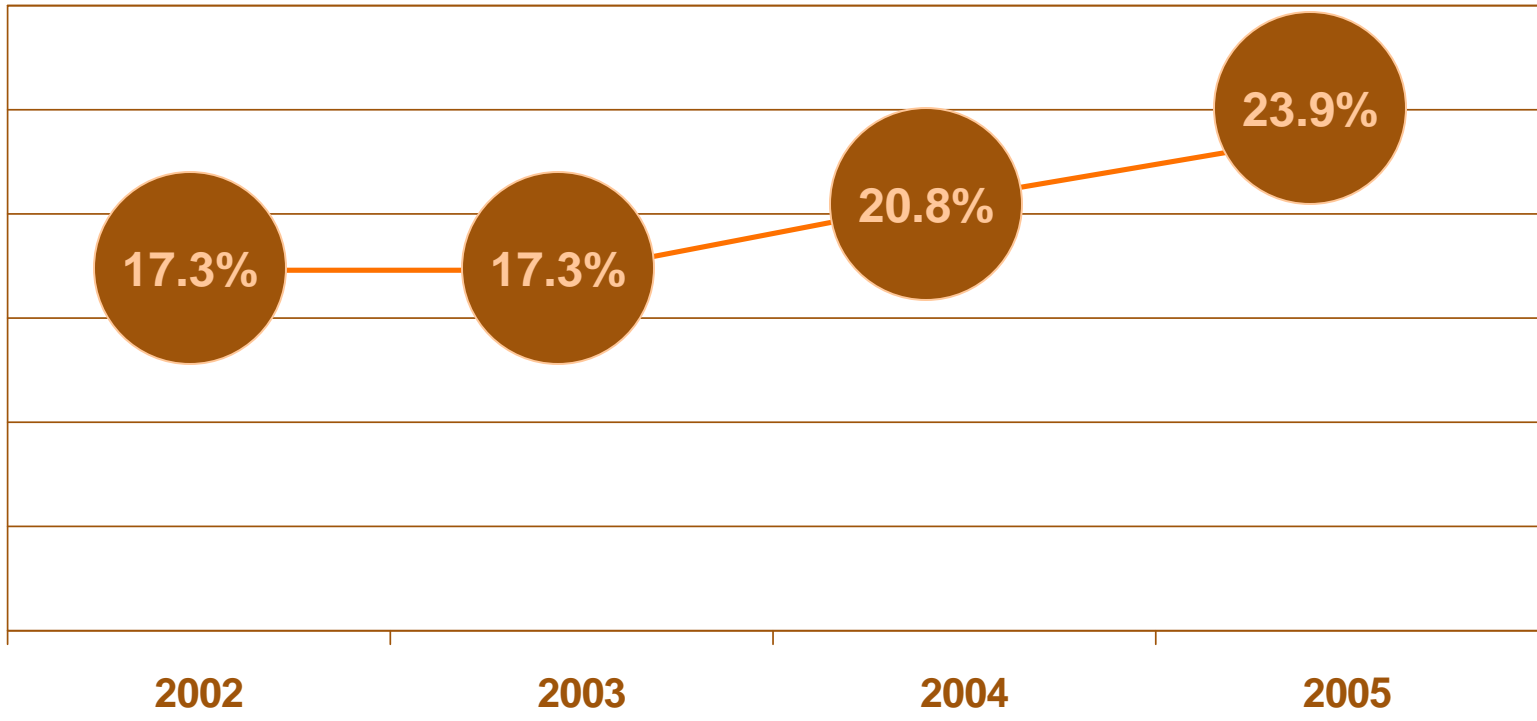
Coordination of care	●					●			
Doctor-patient interaction	●					●			
Rating of primary care physician	●								
Rating of specialist	●					●			
Patient satisfaction					●			●	
Overall satisfaction (2 items)		●				●			
Satisfaction with access (4 items)		●							
Satisfaction with care (6 items)		●							
Perceived access (5 items)		●							
Preventive services counseling		●							

## 2. Incentives for patients, providers and payers that improve efficiency and effectiveness of care

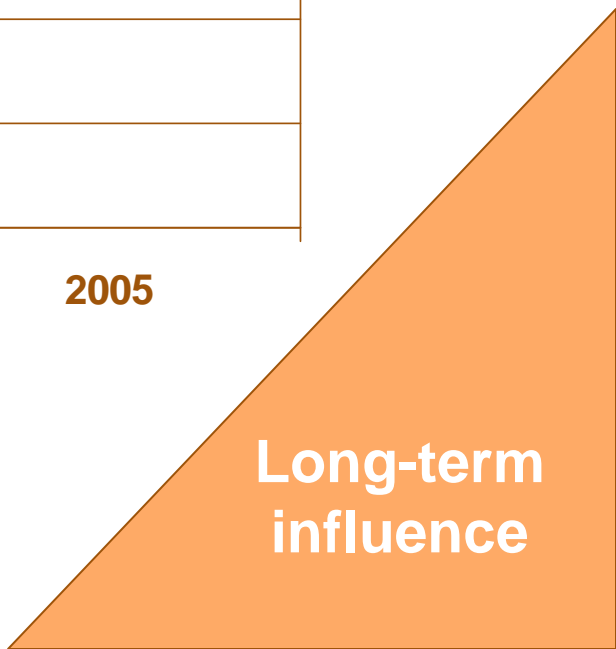
	1	2	3	4	5	6	7	8	9	10
<b>Bonus</b> —Annual lump sum or monthly capitation		●	●	●	●		●	●		
<b>Enhanced Fee Schedule</b> —Standard fees augmented (1% to 8%)	●	●								●
<b>Public Recognition</b> —Typically viewed on health plan website		●	●			●	●	●	●	●
<b>Premium Network Designation</b>			●				●		●	●
<b>Administrative relief</b> —Support provided for IT, disease mgmt/case mgmt resources, exemption from prior auth requirements									●	●

# 3. Connectivity to disseminate information through interoperable health information systems

*Physician use of electronic medical records*



Source: Center for Disease and Prevention, National Center for Health Statistics, National Ambulatory Medical Care Survey, 2002-2005



**Long-term influence**

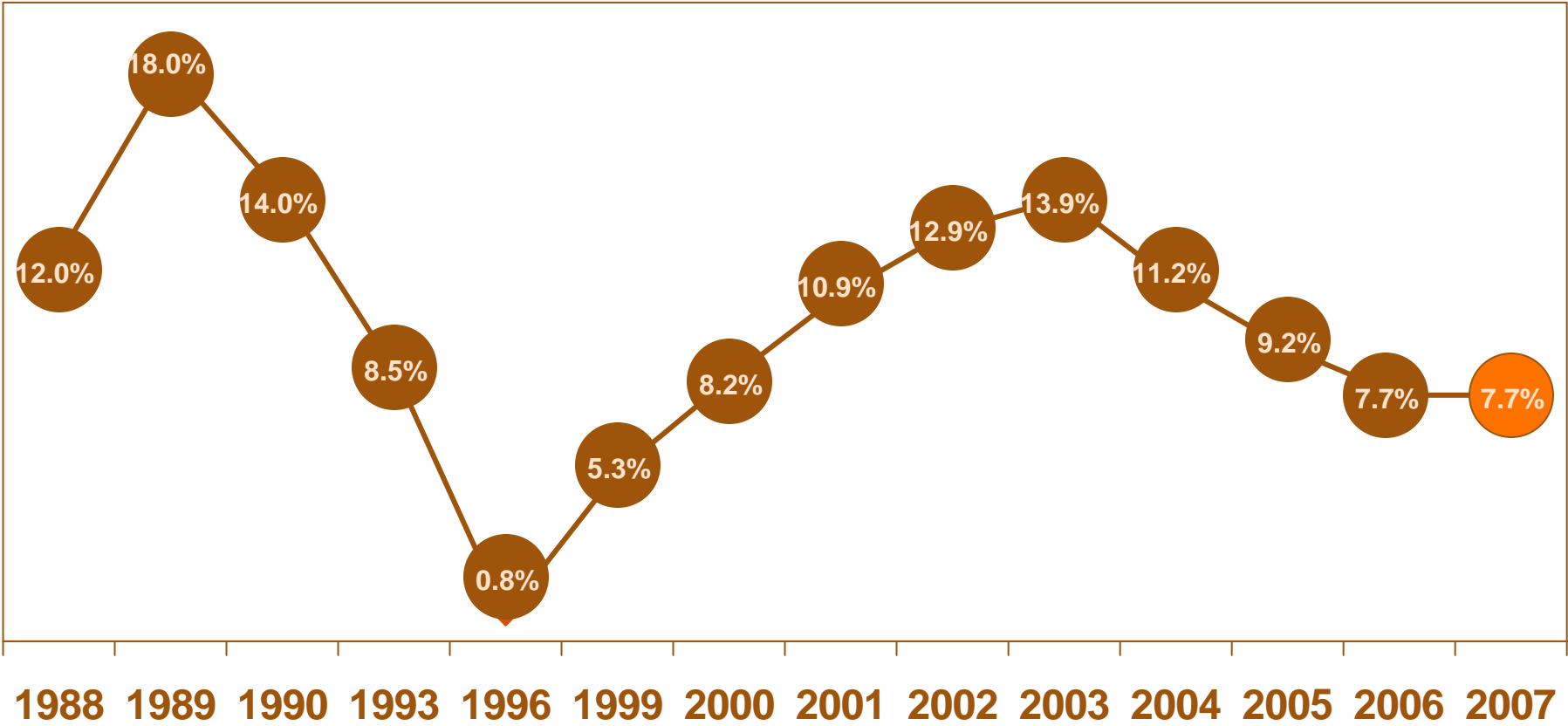
A report card on P4P shows mixed performance:

- + Provider involvement
- Lack of standard measures
- Limited collaboration
- Limited evaluation of results
- Limited investment

# Is transparency having an effect?

# Premium increases have leveled off

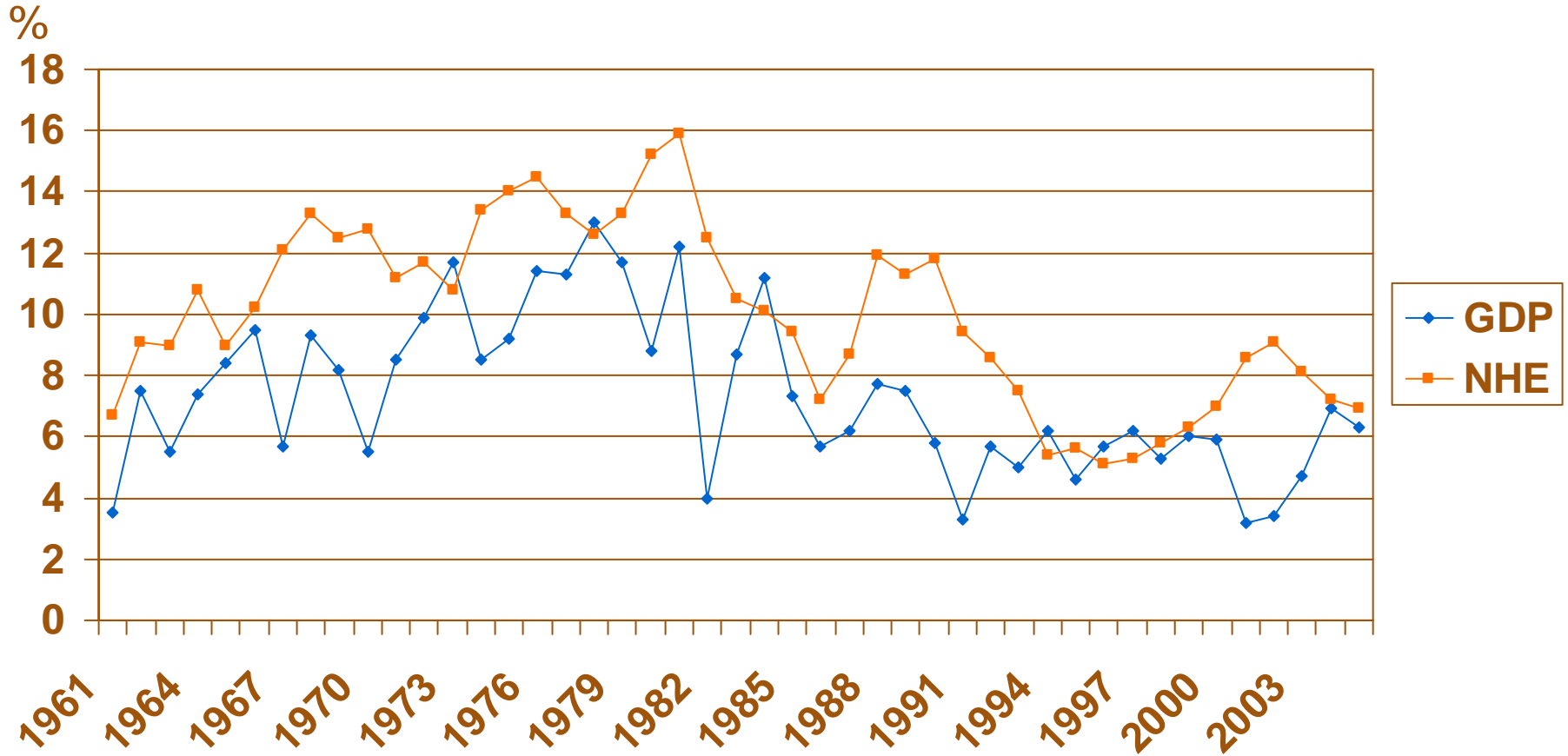
*Percent increase in private health insurance premiums*



Source: The Kaiser Family Foundation and Health Research and Educational Trust for 1988-2006; PricewaterhouseCoopers Estimate 2007

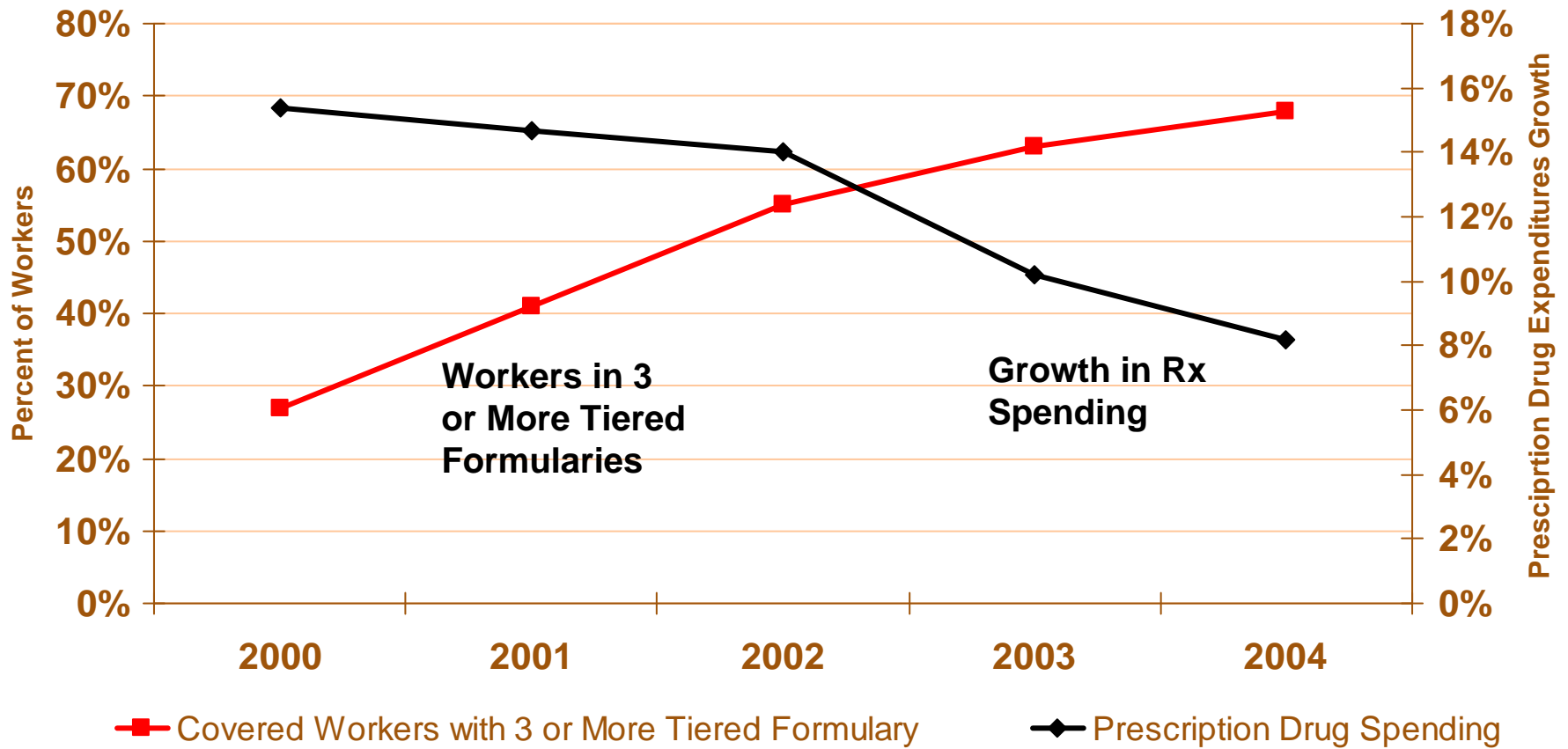
# Health spending growth is tracking GDP growth

*The gap between national health expenditures and gross domestic product has narrowed*



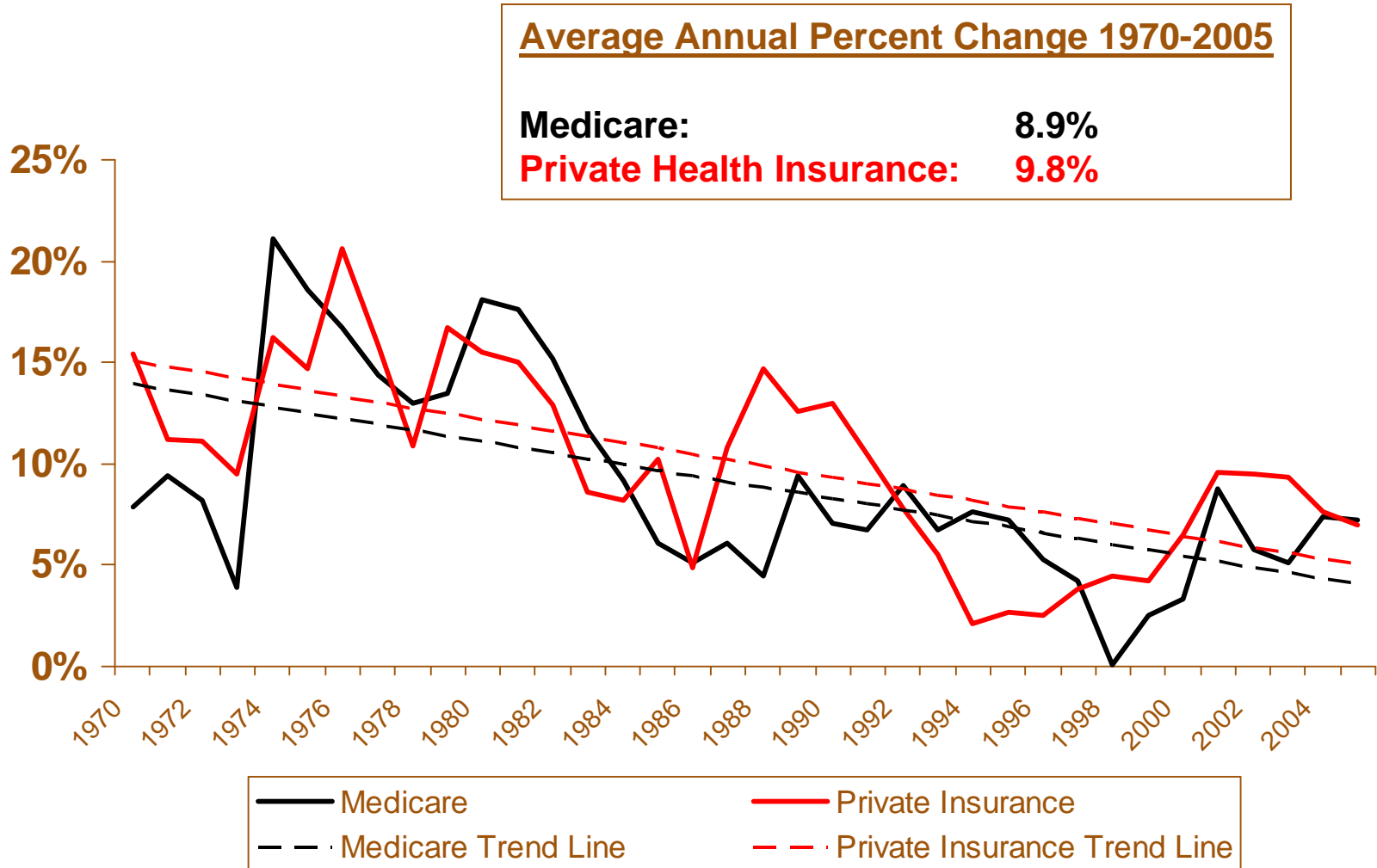
Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

# Consumer Cost-Sharing Began Affecting Rx Growth



Sources: Kaiser Family Foundation, National Health Accounts, 2006.

# The long-term trend on medical costs is downward



Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group

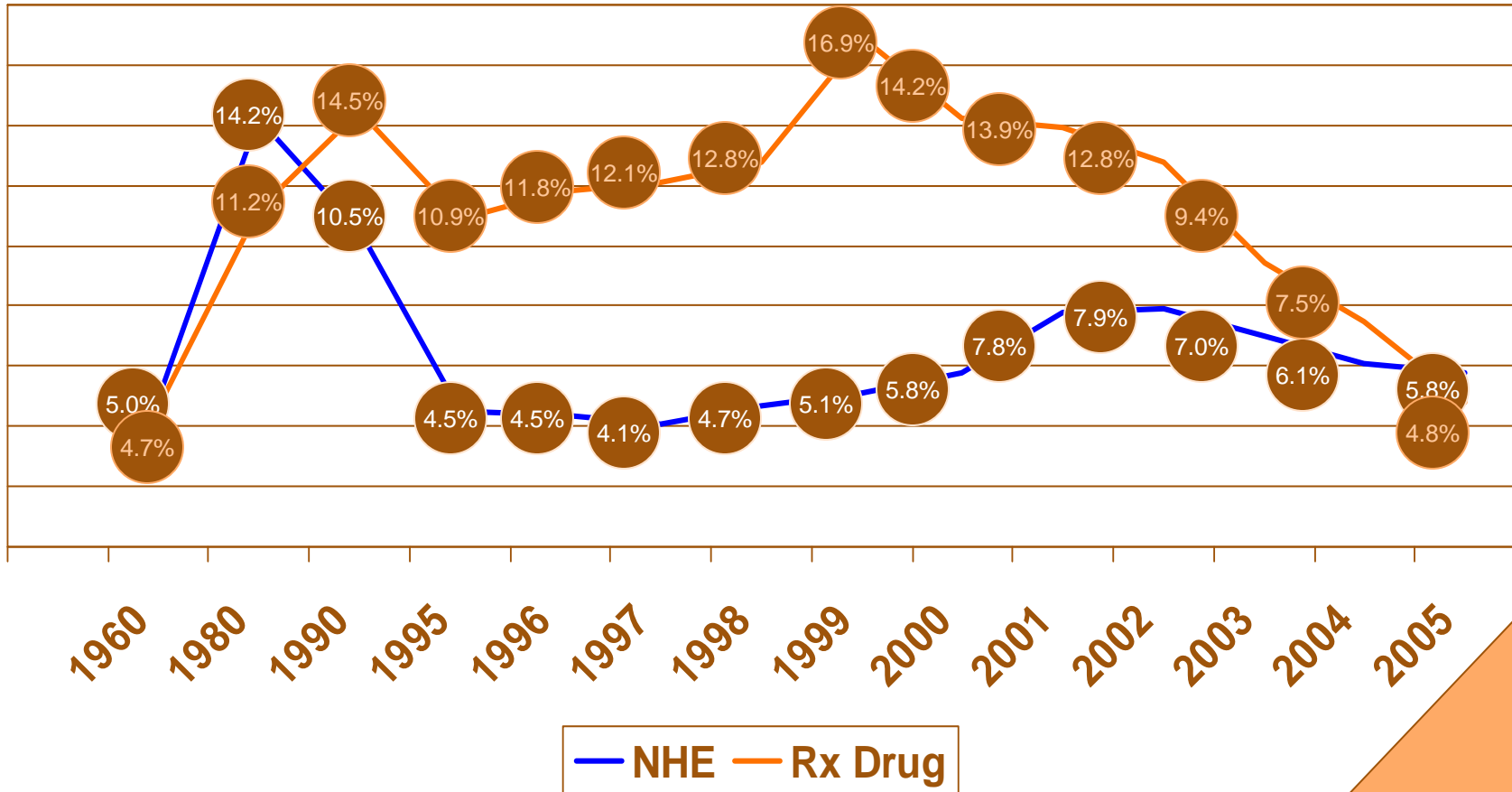
March 2007

# 2007 and 2008 Expected Medical Cost Trend

	2007	2008
PPOs	11.9%	9.9%
HMO/POS/EPOs	11.8%	9.9%
Consumer-directed health plans	10.7%	7.4%

- ***Continued deceleration on the horizon***
- ***Single digit expected increases in trends***

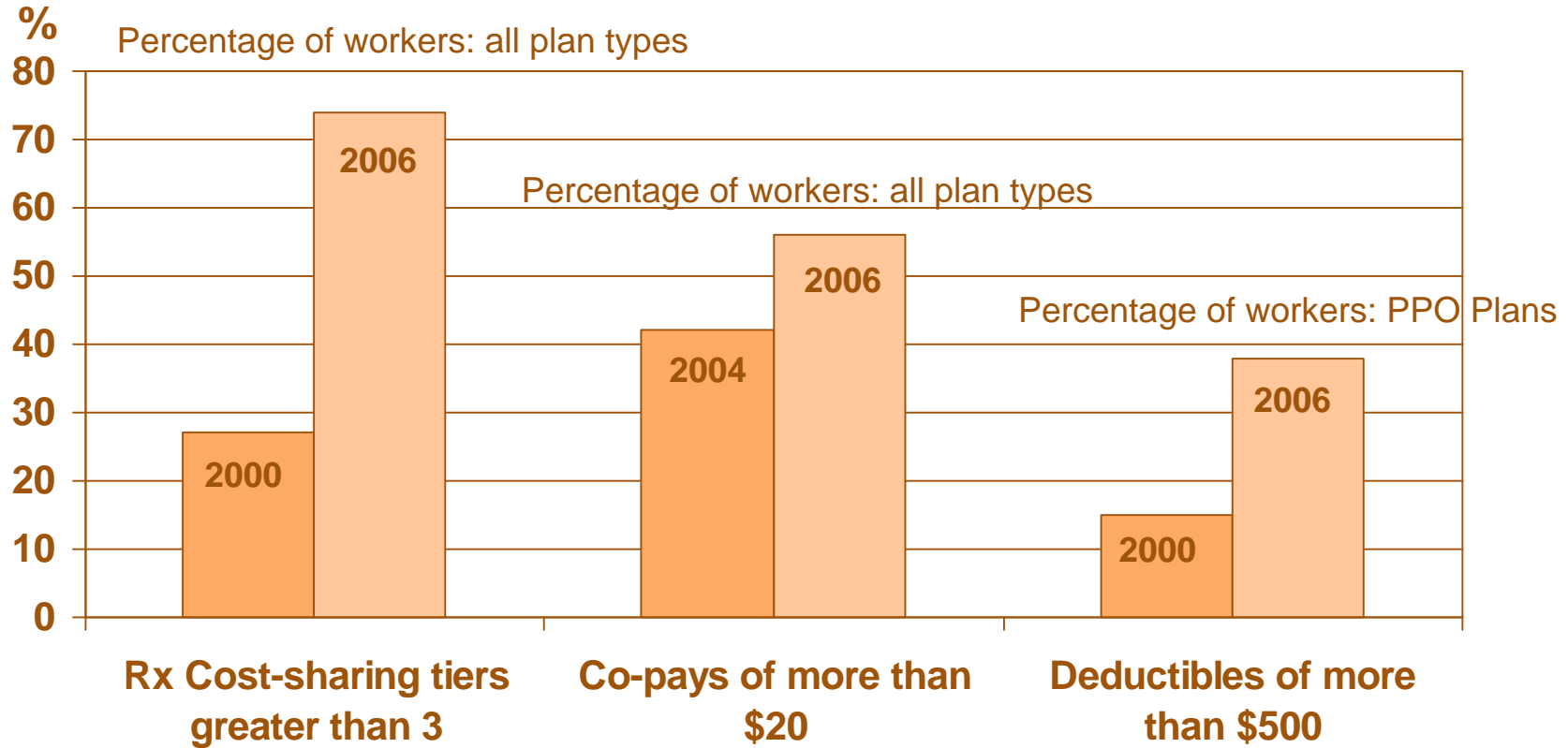
# Slower spending growth for prescription drugs



Source: National Health Expenditures by Type of Service and Source of Funds: Calendar Years 1960-2005, Centers for Medicare & Medicaid Services

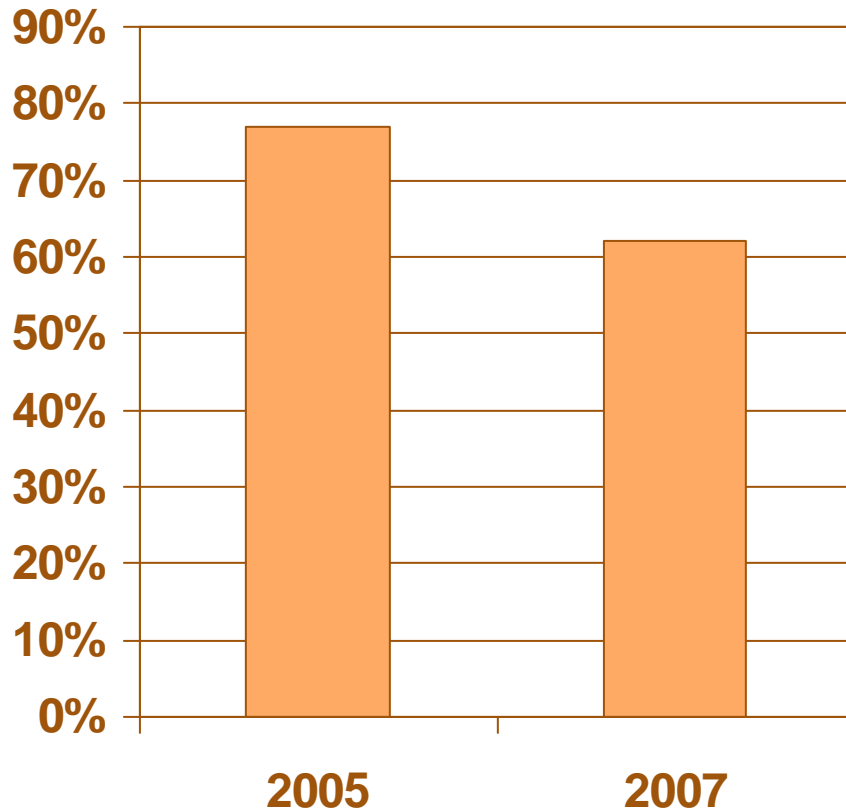
Short-term  
influence

# Increased transparency and cost-sharing with employees



# Employers say that information alone isn't enough

**Do you believe that giving employees more information about healthcare quality and prices will reduce your company's healthcare costs?**



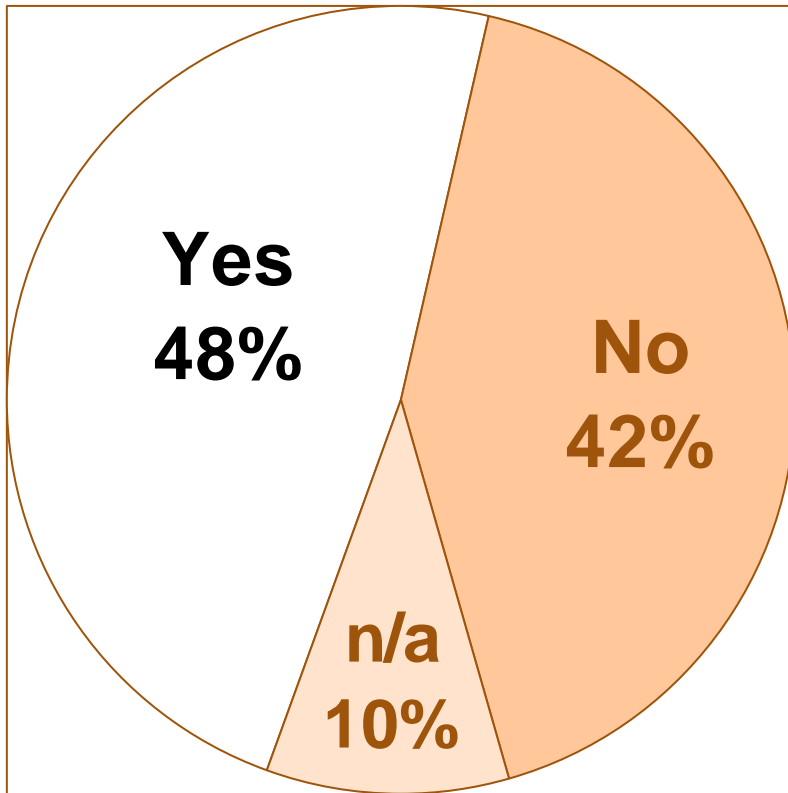
- Only a small percentage of consumers change providers based on quality rankings
- Information must be paired with incentives to drive change

Source: PricewaterhouseCoopers Management Barometer Survey

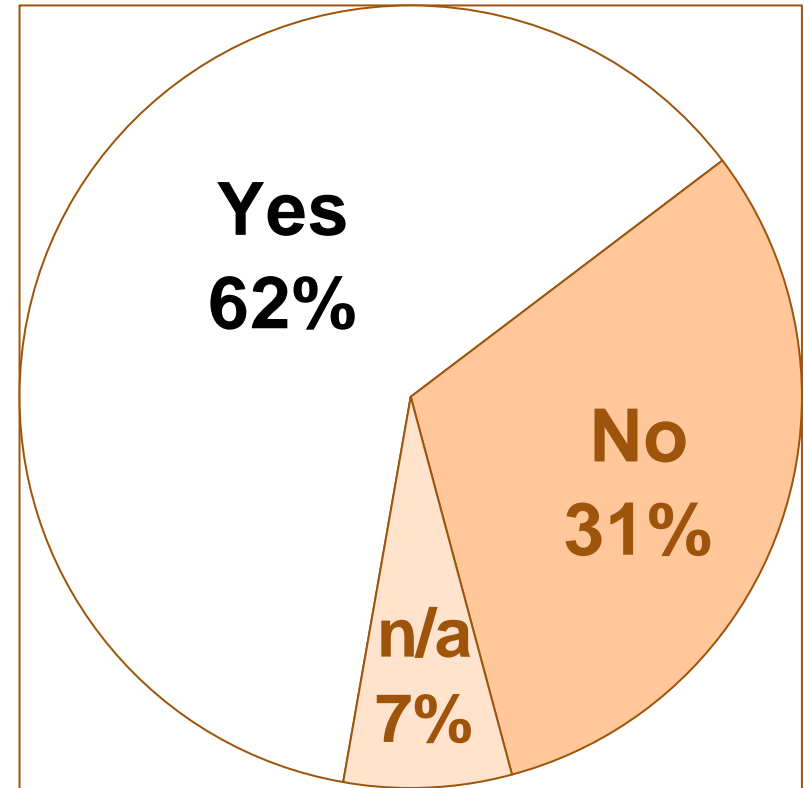
# Employers starting to favor penalties

“Our company should require employees who exhibit unhealthy behavior to pay a larger share of their health benefit costs.”

2005



2007



Source: PricewaterhouseCoopers Management Barometer Survey

Other industries have learned important lessons from transparency

## **Technology**

### **Benefits:**

Accelerated product innovation  
Increased knowledge sharing and openness among user groups  
Elimination of weak players

### **Challenges:**

Increased competition,  
Shorter shelf life for products

## **Financial Services**

### **Benefits:**

Increased information about Financial implications of debt and credit  
Improved price comparisons  
More effective decision-making on investments

### **Challenges**

Integrating large quantities of data from different systems

## Lesson from government on transparency

David Brailer, M.D., the first national coordinator for health information technology, says that some key lessons from encouraging health IT adoption can be applied to transparency

- Communicate in a common language that consumers understand
- Focus on a minimum number of important initiatives
- Adopt incentives that drive patient behavior

# Conclusions and Recommendations

- **P4P allows payers to respond to increasing demands for transparency and shape their own destiny in a consumer-oriented market**
  - **But wide variation in P4P programs mutes their potential impact**
  - **Ultimately, to have impact, we need an all-payer approach to P4P**

For more information

[www.pwc.com/hri](http://www.pwc.com/hri)

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