



Pay For Performance: A Better Environment for Quality in Health Care

**George Isham, M.D., M.S.
Chief Health Officer**

HealthPartners, Minneapolis, MN

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The Healthcare System

The Quality Chasm

- ❖ **Highly variable (and too often unsafe) quality of clinical care**
- ❖ **Gaps between evidence and practice**
- ❖ **New science takes 17 years to widely incorporate and practice**

The Healthcare System

Some More Problems ...

- ❖ **The business model for pharmaceutical companies, device manufacturers, and healthcare services depends on inducing demand for their products and services**
- ❖ **Unit pricing (FFS) induces over use of services**

The Healthcare System

Some More Problems ...

- ❖ **Asymmetry of information between patients and professionals**
- ❖ **Patients do not understand the quality and cost of healthcare services (Quality for consumers is convenience, access and amenities)**
- ❖ **Variability in health care performance is often unknown and providers are reluctant to display it**

The Healthcare System: A Broken Thing

Quality Chasm

Uninformed Consumers

Spiraling costs

HealthPartners' Approach

- ❖ **Measure value (Q/C), display it for consumers and reward providers for delivering it**
- ❖ **Insist on transparent provider performance reporting for consumers, providers and purchasers**
- ❖ **Realign cost and quality for consumers through plan design**

HealthPartners' Approach

- ❖ **Pay for Performance**
- ❖ **Do not pay for catastrophic performance**
- ❖ **Support quality improvement**

The Distinctions Plan Offers Consumer Incentives to Select High Value Providers

- ❖ A large open access network supports choice**
- ❖ Sorts providers into two tiers**
- ❖ Includes access to comparative information about providers**
- ❖ Includes provider incentives for quality and cost efficiency**

The DistinctionsSM Plan

How HealthPartners Tiers Providers

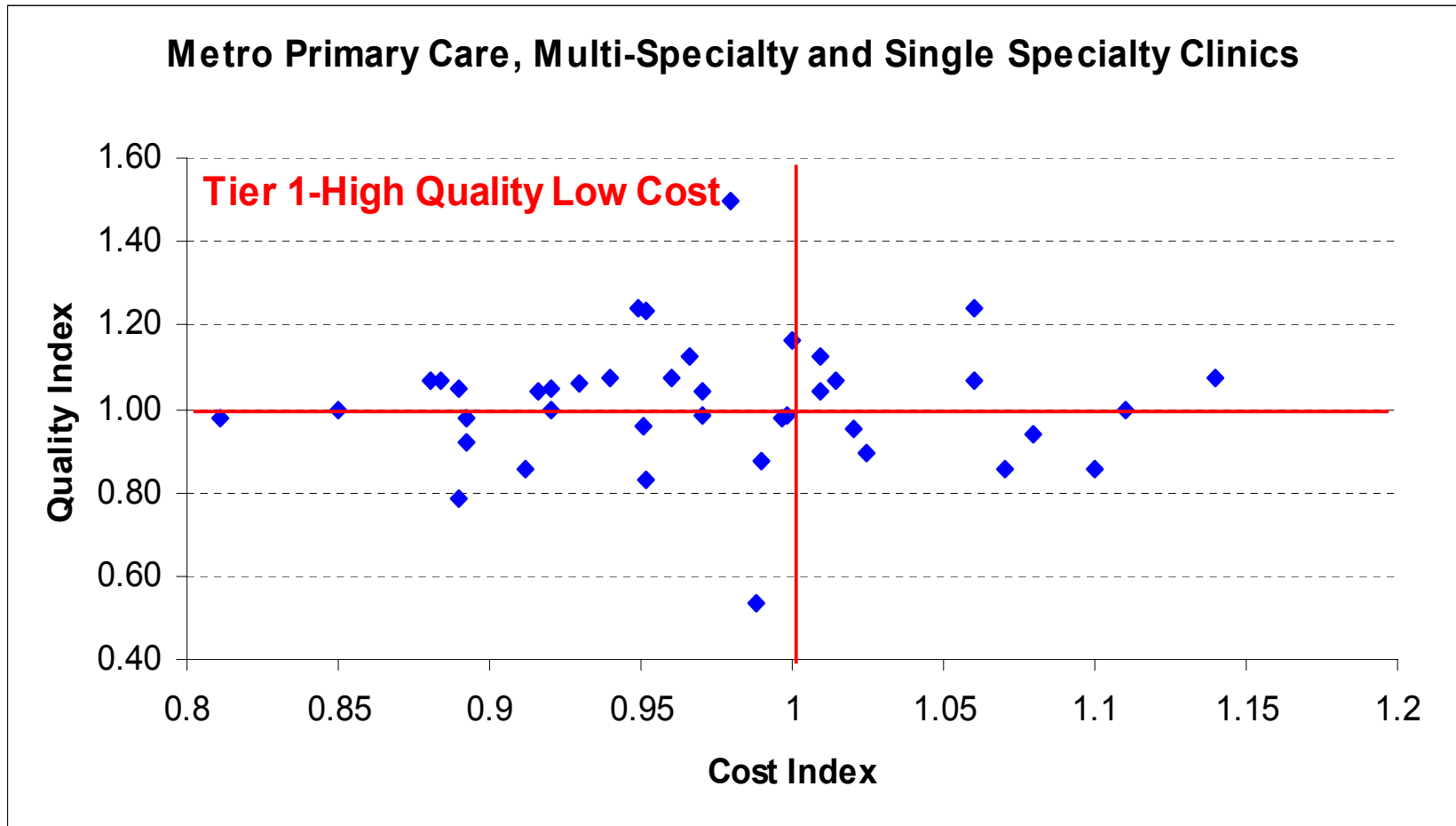
- ❖ **Step 1. Quality & Service**
 - ❖ **Providers are scored on quality and service measures.**
- ❖ **Step 2. Affordability**
 - ❖ **Providers are scored on risk-adjusted total cost of care. The score reflects the combined impact of price, efficiency and utilization management.**

The DistinctionsSM Plan

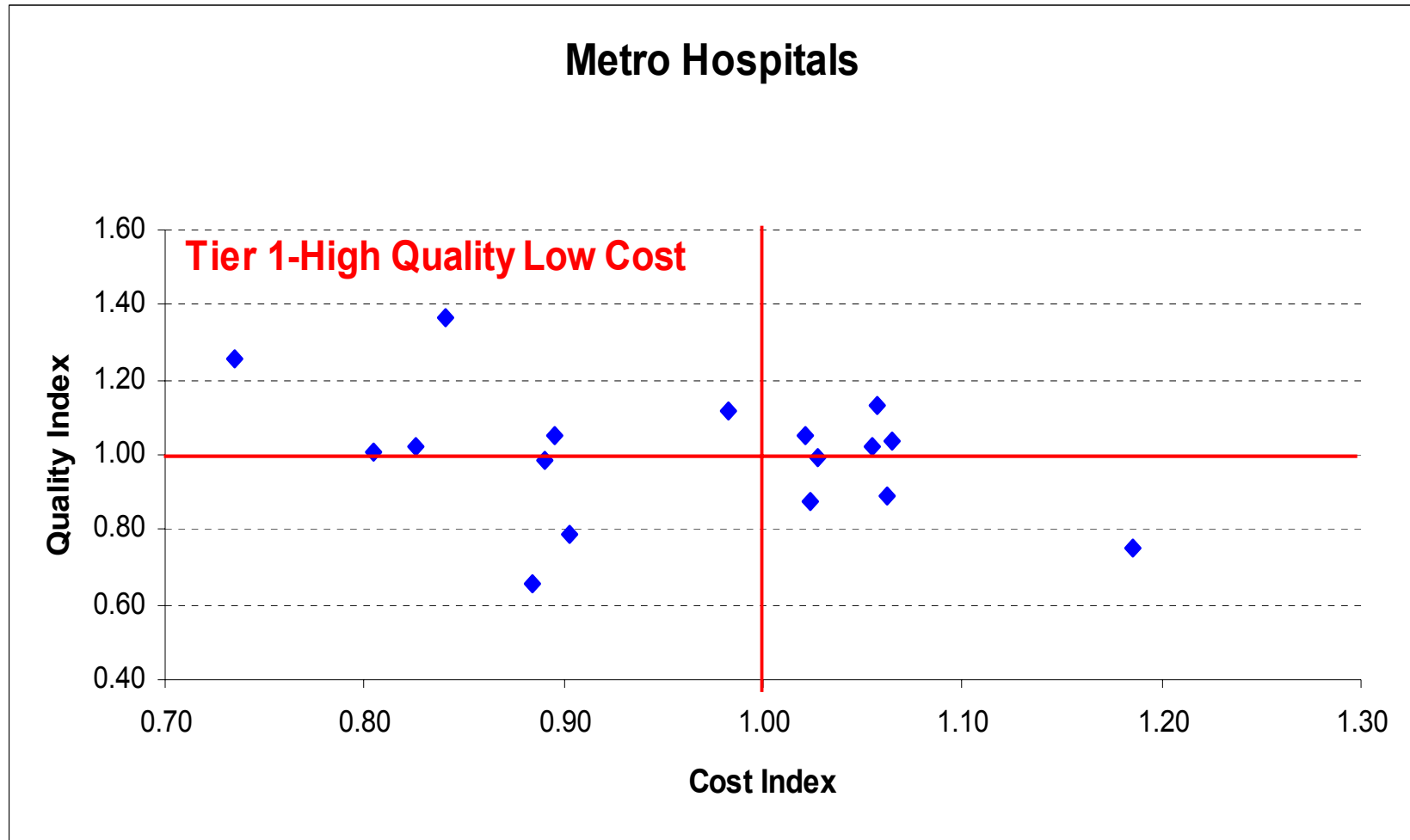
How HealthPartners Tiers Providers

- ❖ **Step 3. Combined Scores**
 - ❖ **Providers need to meet both the risk-adjusted total cost of care test and the quality and service test to qualify for the best tier placement**

Quality – Cost Relationship



Quality – Cost Relationship



Primary Care Report Card

Tier One	Cost Score	Quality Scores								
Care Network	Overall Cost	Overall Quality	Patient Satisfaction	Help to Stay Healthy	Tobacco Treatment	Healthy Eating & Physical Activity	Preventive Care	Diabetes Care	Heart Disease Care	Depression Care*
Camden Physicians Ltd	\$	Q★	★★	★★	★★	★★★★	★★	★★	★★	★★
Crossroads Medical Center, PA	\$	Q★	★★	★★	★★	★★	★★	★★	★★	NA
HealthPartners Clinics	\$\$	Q★	★	★★	★★★★	★★	★★	★★	★★	★★
Independent Clinics	\$\$	Q★	★★★★	★★★★	★	★★	★★	★★	★★	★★
North Clinic, PA	\$	Q★	★★	★★	★★★★	★★	★★	★★	★★	NA
North Suburban Family Physicians	\$\$	Q★	★★	★★	★★★★	★★★★	★★	★★★★	★★	NA
Northwest Family Physicians	\$	Q★	★★	★★	★	★★	★★	★★★★	★★	NA
Park Nicollet Clinics	\$\$	Q★	★★	★★	★	★★	★★	★★★★	★★	★★
Quello Clinic, Ltd	\$	Q★	★	★★	★★★★	★★	★★	★★	★★	NA
Regina Medical Group	\$\$	Q★	★★★★	★★	NA	★★★★	NA	NA	NA	NA

Tier Two	Cost Score	Quality Scores								
Allina Medical Group	\$\$\$	Q★	★	★★	★★★★	★★	★★	★★	★★	★★
Aspen Medical Group	\$\$\$		★	★★	★★	★★	★★	★★	★	NA
Buffalo Clinic/Monticello Clinic	\$\$\$		★	★★	NA	★	NA	NA	NA	NA
Children's Physician Network	\$\$\$\$	Q★	★★	★★	★★	★★★★	★★★★	NA	★★	NA
Columbia Park Medical Group	\$		★★	★	★★	★★	★★	★	★★	NA
Fairview Clinics	\$\$\$	Q★	★	★★	★★	★★	★★	★★★★	★★	★★
Family Health Services Minnesota, PA	\$\$\$	Q★	★★	★★	★★	★★★★	★	★★	★★	★★
HealthEast Clinics	\$\$\$	Q★	★★	★★	★★	★★	★★	★★	★★	NA
Lakeview Clinic Ltd	\$\$		★★★★	★★★★	★	★★	★★	★★	★★	NA
North Memorial Clinics	\$\$\$		★★	★★	NA	NA	NA	NA	NA	NA
Ridgeview Care System	\$\$\$\$		★★	★★	★	★★	★★	★★	★★	NA
Riverway Clinics	\$\$		★	★	★★	★	★★	★★	★★	NA
Stillwater Medical Group, PA	\$		★★★★	★★	★	★★	★★	★★	★★	★★

Hospital Report Card

Tier One		Quality Scores										Cost Scores			
Hospital	Overall Quality	Admissions for Medical and Surgical Treatment				Admissions for Maternity Care			Commitment to Quality Improvement			Overall Cost	Inpatient Costs	Outpatient Costs	Inpatient Maternity Costs
		Overall Satisfaction with Care	Coordination & Communication of Care	Health Advice and Support	Avoiding Delays in Care	Overall Satisfaction with Care	Coordination & Communication of Care	Health Advice and Support	Participation in Pay for Performance Program	Leapfrog Group's Score	JCAHO – Assigned Quality Score				
Lakeview Medical Center	Q★	★★★	★★	★★	NA	★★★	★★	★★★	NA	★★	★★★	\$	\$	\$	\$
Mercy Hospital	Q★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	\$\$	\$	\$\$	\$
Methodist Hospital	Q★	★★	★★	★★	NA	★★	★★	★★	★★★	★★	★★	\$\$	\$\$	\$	\$\$
North Memorial Medical Center	Q★	★★	★★	★★	★★	★★	★★	★★	★★★	★★	★★	\$	\$	\$\$	\$
Regions Hospital	Q★	★★	★★	★★	NA	★★	★★	★★	★★★	★★	★★	\$	\$	\$	\$
Ridgeview Medical Center	Q★	★★★	★★★	★★	NA	★★★	★★★	★★	NA	★★	★★	\$\$	\$\$	\$\$	\$
HealthEast Woodwinds Hospital	Q★	★★	★★	★★	NA	★★	★★	★★	★★★	★★	★★★	\$\$	\$	\$\$\$\$	\$\$

Tier Two		Admissions for Medical and Surgical Treatment				Admissions for Maternity Care			Commitment to Quality Improvement			Cost Scores			
Abbott Northwestern Hospital		★★	★★	★★	★★	★★	★	★★	★★	★★	★	\$\$\$	\$\$\$\$	\$\$\$	\$\$\$
Children's Hospitals (Mpls & St. Paul)		NA	NA	NA	NA	NA	NA	n/a	★★★	★★	★★	\$\$\$\$	\$\$\$\$	\$\$\$	n/a
Fairview Ridges Hospital		★★	★★	★★	★★	★	★★	★★	★	★★	★★	\$\$	\$\$\$	\$	\$\$\$\$
Fairview Southdale Hospital		★	★	★★	★★	★★	★	★★	★	★★★	★	\$	\$	\$	\$\$\$\$
Fairview University Medical Center		★	★★	★	★★	★★	★★	★★	★	★★★	★	\$\$\$\$	\$\$\$\$	\$\$\$	\$\$\$\$
HealthEast St. John's Hospital	Q★	★★	★★	★★	★★	★★	★★	★★	★★★	★★	★★★	\$\$\$	\$\$\$	\$\$\$\$	\$\$
HealthEast St. Joseph's Hospital	Q★	★★	★★	★★	★★	NA	NA	NA	★★★	★	★★	\$\$\$	\$\$	\$\$\$\$	\$\$
Hennepin County Medical Center		★	★★	★★	NA	NA	NA	NA	★★★	★★	★★	\$\$\$\$	\$\$\$\$	\$\$	\$\$\$\$
St. Francis Regional Medical Center	Q★	★★	★★	★★	NA	★★	★★	★★	★★	★★	★★	\$\$\$	\$\$\$	\$\$\$	\$\$\$
United Hospital	Q★	★★	★★	★★	★★	★★	★★	★★	★★	★★	★★	\$\$\$	\$\$	\$\$\$\$	\$\$\$
Unity Hospital	Q★	★★	★★	★★	NA	★★	★★	★★	★★	★★	★★	\$\$\$	\$\$\$	\$\$\$\$	\$\$\$

NA = Data not available.

HealthPartners Quality/Cost Incentive Programs

**Two programs that drive quality
improvement:**

- 1. Outcomes Recognition Program**
- 2. Pay for Performance Program**

Outcomes Recognition Program (ORP)

- ❖ **Introduced in 1997**
- ❖ **Offers bonus rewards to medical groups who achieve superior results**
- ❖ **26 medical groups in ORP care for 90 percent of our members**
- ❖ **Bonus pools \$100,000 - \$300,000**

Pay for Performance Program

- ❖ **Introduced in 2002**
- ❖ **Integrates payment for quality into primary care, specialty and hospital contracts**
- ❖ **Pay for Performance is part of the market rate – good value for employers and members**

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Outcomes Recognition Program and Pay for Performance Program

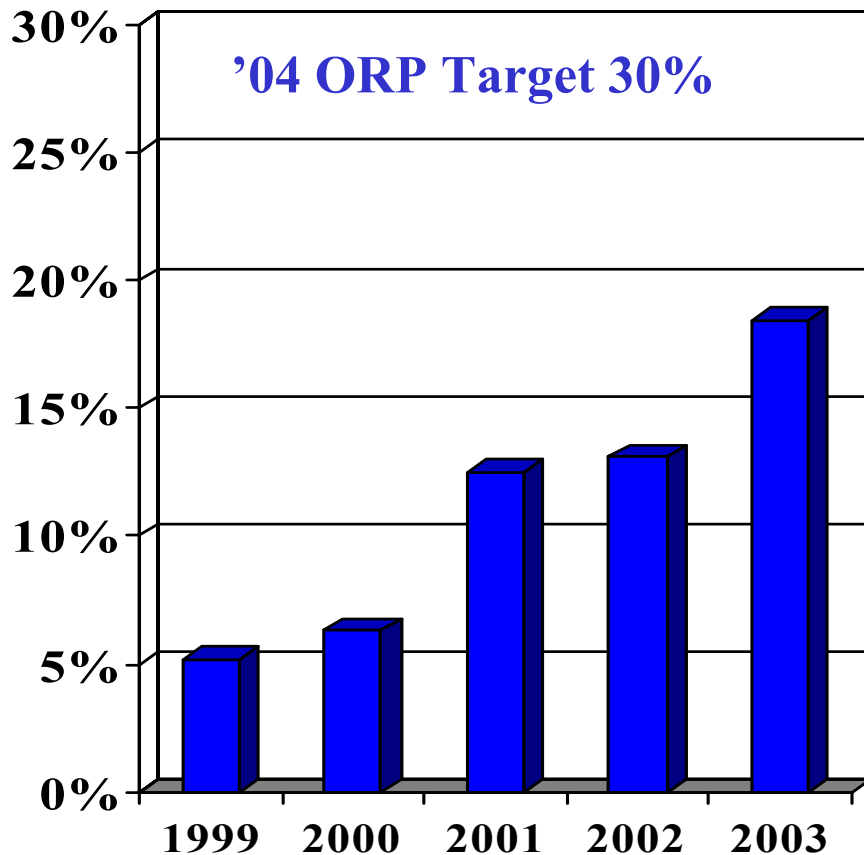
- ❖ **In 2004, HPI will pay up to \$16 million in provider reimbursement for quality performance**

2005 Primary Care Measures

	Excellent	Superior
Optimal Care for Heart Disease	55%	60%
Optimal Diabetes Care	25%	30%
Body Mass Assessment	80%	90%
Tobacco:		
Assessment	90%	95%
Assist	75%	80%
Generic Drug	60%	63%
Optimal Depression Care	60%	65%
Satisfaction with Appointment Scheduling	55%	60%

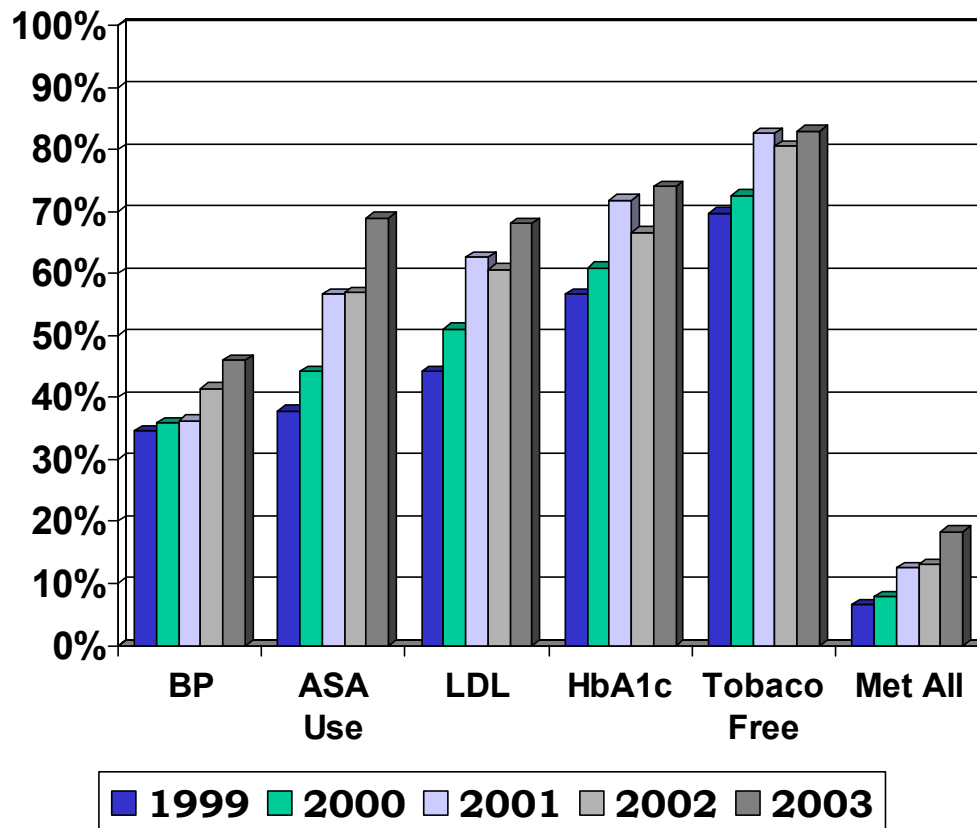
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Optimal Diabetes Care: Preventing Complications



- ❖ **↓ MI, stroke, eye & kidney problems**
- ❖ **26,000 mbrs with diabetes**
- ❖ **4,800 @ target for *all* risks**

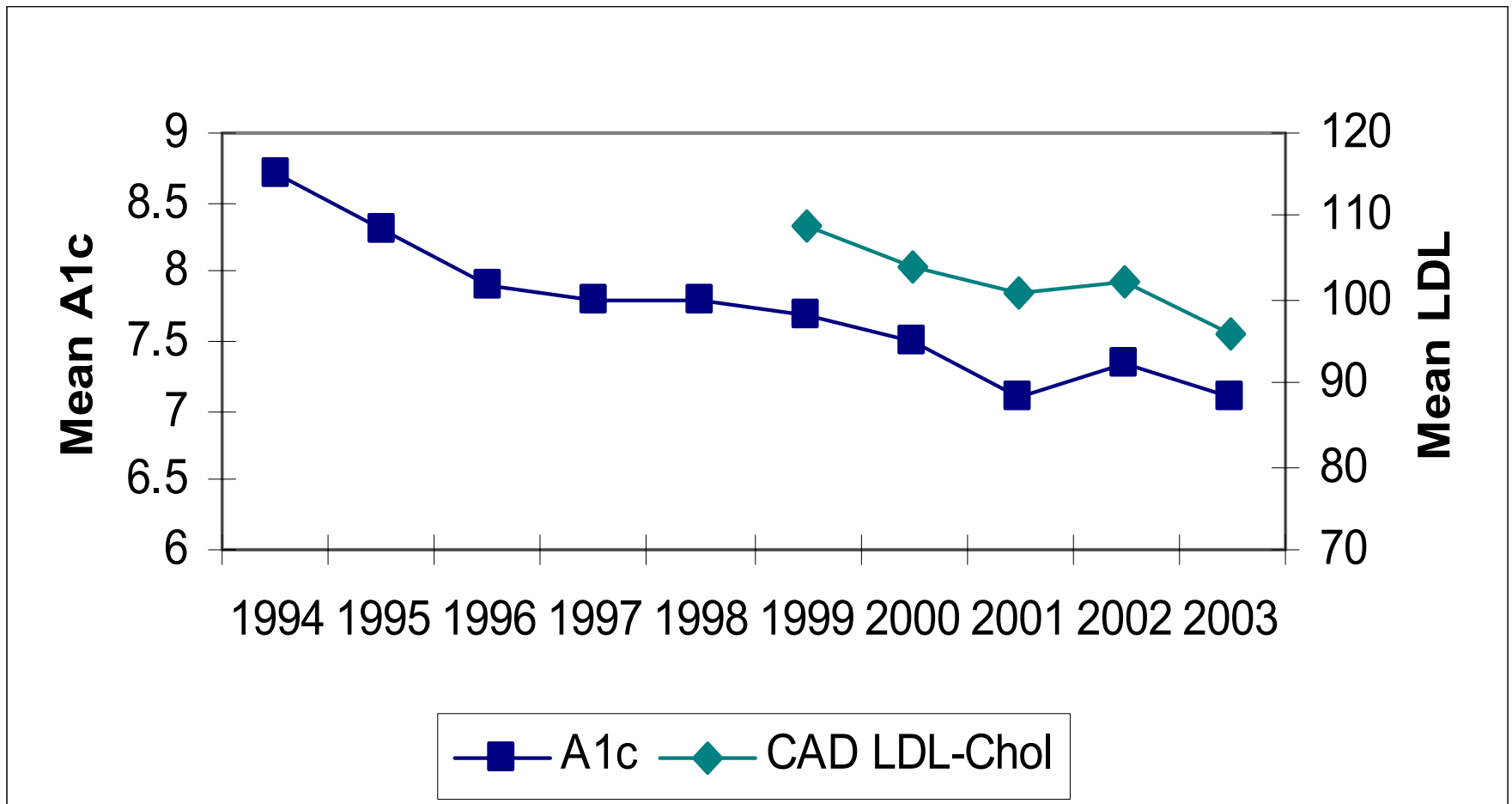
Excellent Diabetes Care: Managing All Risk Factors



OPTIMAL CARE

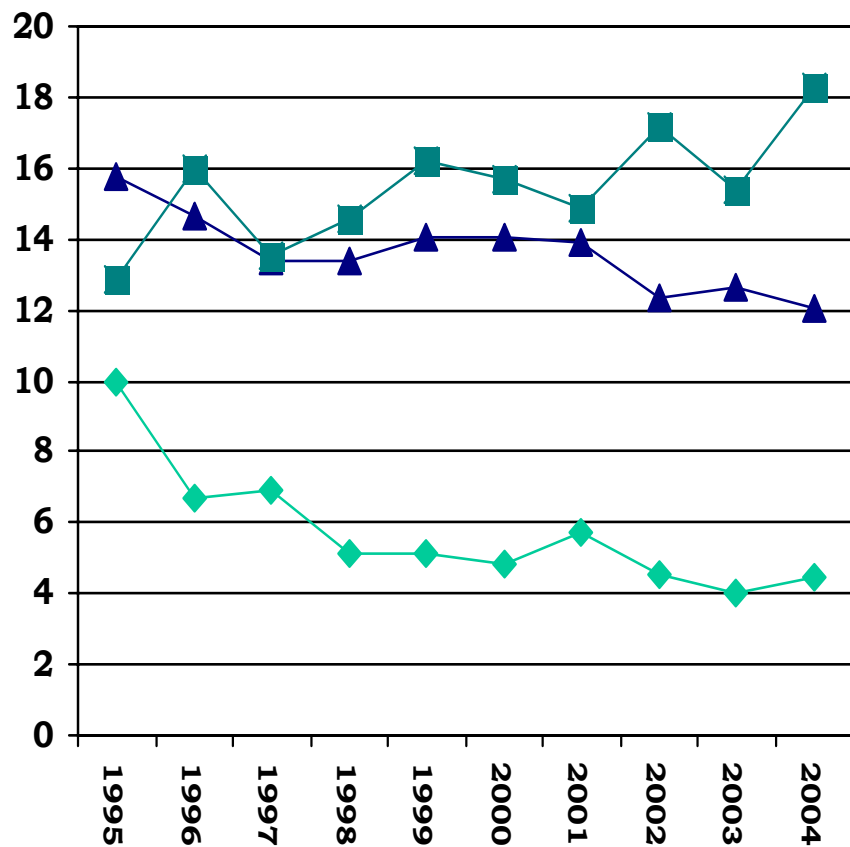
- ❖ Blood pressure under 130/85
- ❖ Daily aspirin use
- ❖ “Bad” cholesterol under 130
- ❖ HbA1c at or under 8.0
- ❖ Non smoker

Average A1c & CAD LDL

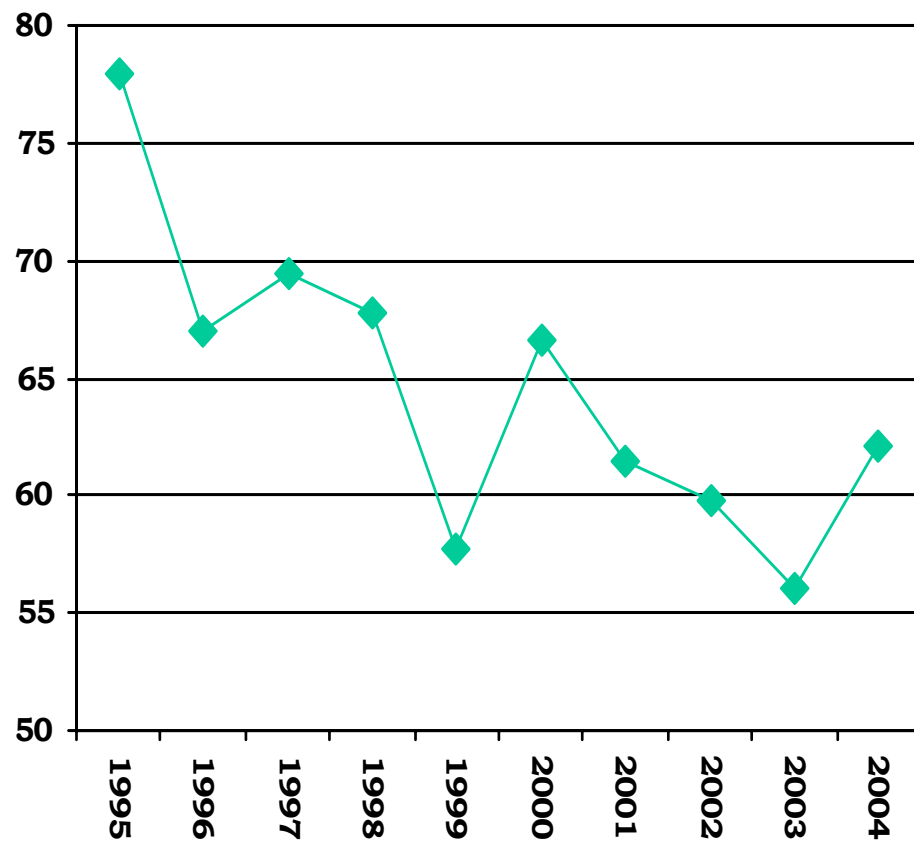


Fewer Diabetes Complications

- ◆ Amputations/1,000
- ▲ MI/1,000
- CABG+PTCA/1,000



New Retinopathy/1000

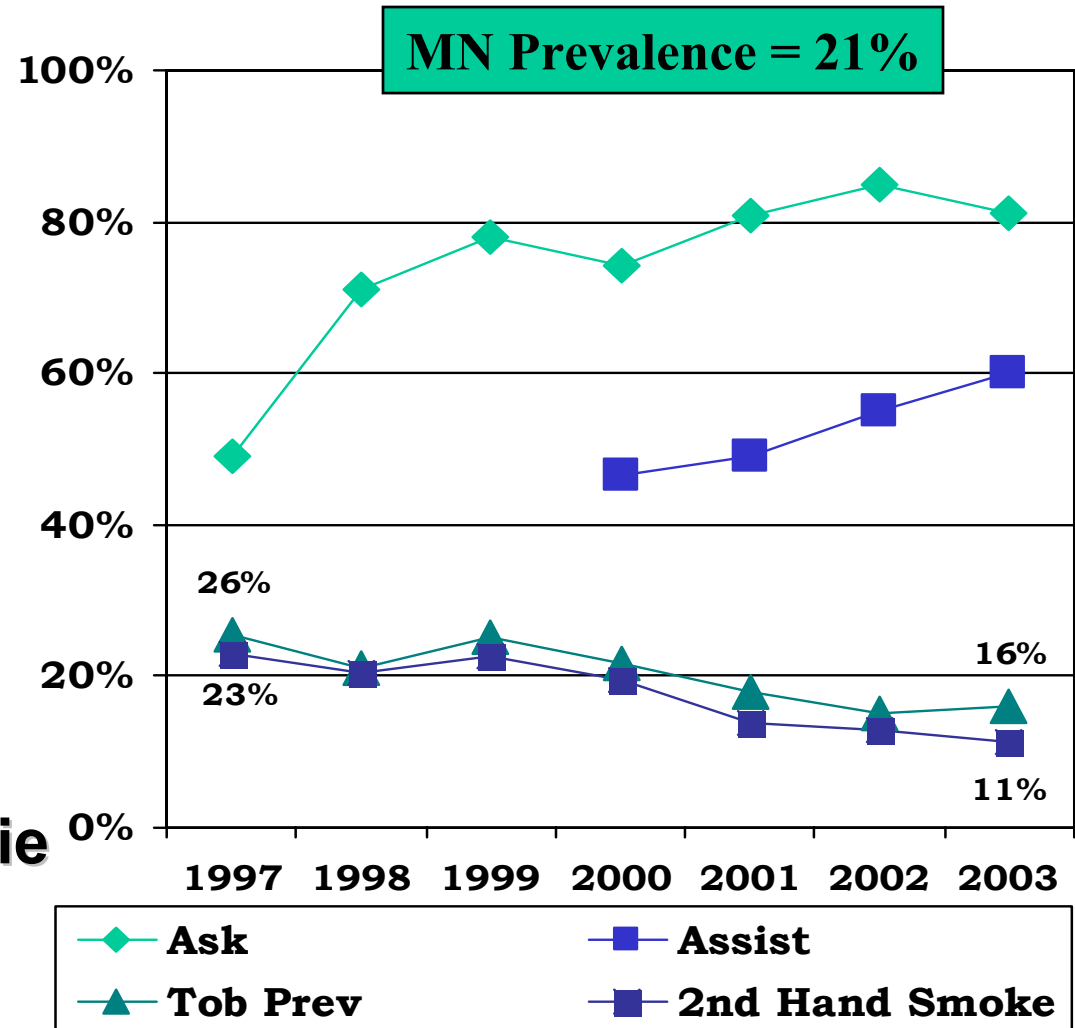


Tobacco 'Vital Sign' Impact

- ❖ 40% have quit!
- ❖ 60% more asked!
- ❖ 30% more get help!
- ❖ 50% less 2nd Hand smoke!

This means:

- ❖ 54,000 people quit
- ❖ Each year 250 don't die



HealthPartners Payment Policy Never Events

Patients Should Never Have to Pay for a Never Event

- ❖ **As of January 1, 2005:**
 - ❖ **Hospitals report Never Events to HPI**
 - ❖ **HPI denies payment or recoups payment**
 - ❖ **Applies to hospitals only, not physicians**
 - ❖ **Charges are provider liability**
 - ❖ **Member cannot be billed!**

Background Never Events

- ❖ **In 1999 IOM documented the prevalence of medical errors in hospitals – “To Err is Human.”**
- ❖ **IOM recommended a mandatory reporting system to ID and improve persistent safety problems**

Background Never Events

- ❖ **In response in 2002 the National Quality Forum (NQF)**
 - ❖ **Defined 27 Never Events - things that should *never, ever* happen**
 - ❖ **Established standards for reporting medical errors**

Some NQF Never Events

- ❖ **Surgical Events**
 - ❖ Wrong surgery, body part or patient
 - ❖ Retention of foreign object
- ❖ **Product or Device**
 - ❖ Contaminated drugs, devices, biologics
- ❖ **Patient Protection**
 - ❖ Infant discharged to wrong person
 - ❖ Patient death associated with disappearance
- ❖ **Care Management**
 - ❖ Patient death or disability
 - ◆ Medication error
 - ◆ Stage 3 or 4 pressure ulcers
- ❖ **Environmental Events**
 - ❖ Patient death or disability
 - ◆ Wrong gas delivered
 - ◆ Burn while being cared for
 - ❖ **Criminal Events**
 - ◆ Abduction
 - ◆ Sexual Assault

Minnesota's Adverse Health Event Reporting Law

- ❖ **Mandated the reporting and systematic tracking of NQF “Never Events”**
- ❖ **Sponsored by a coalition of hospitals, doctors, nurses, and patient advocates**
- ❖ **Bold leadership by Minnesota hospitals**
- ❖ **Passed May, 2003 and effective July, 2004**
- ❖ **First in nation – unparalleled transparency**

Adverse Health Events in Minnesota Hospitals

❖ First public report for period July 1, 2003 – October 6, 2004 *

❖ Surgical	52 events
❖ Product or device	4 events
❖ Patient protection	2 events
❖ Care Management	31 events
❖ Environmental	9 events
❖ Criminal	<u>1 event</u>
	99 events

*Represents event reports completed during transition period of law

MN Community Measurement □ 2004 Healthcare Quality Results

Blue Cross and Blue Shield of Minnesota

First Plan

HealthPartners

Medica

Metropolitan Health Plan

Preferred One

UCare Minnesota

Minnesota Council of Health Plans

MN Medical Groups

NCQA

StratisHealth

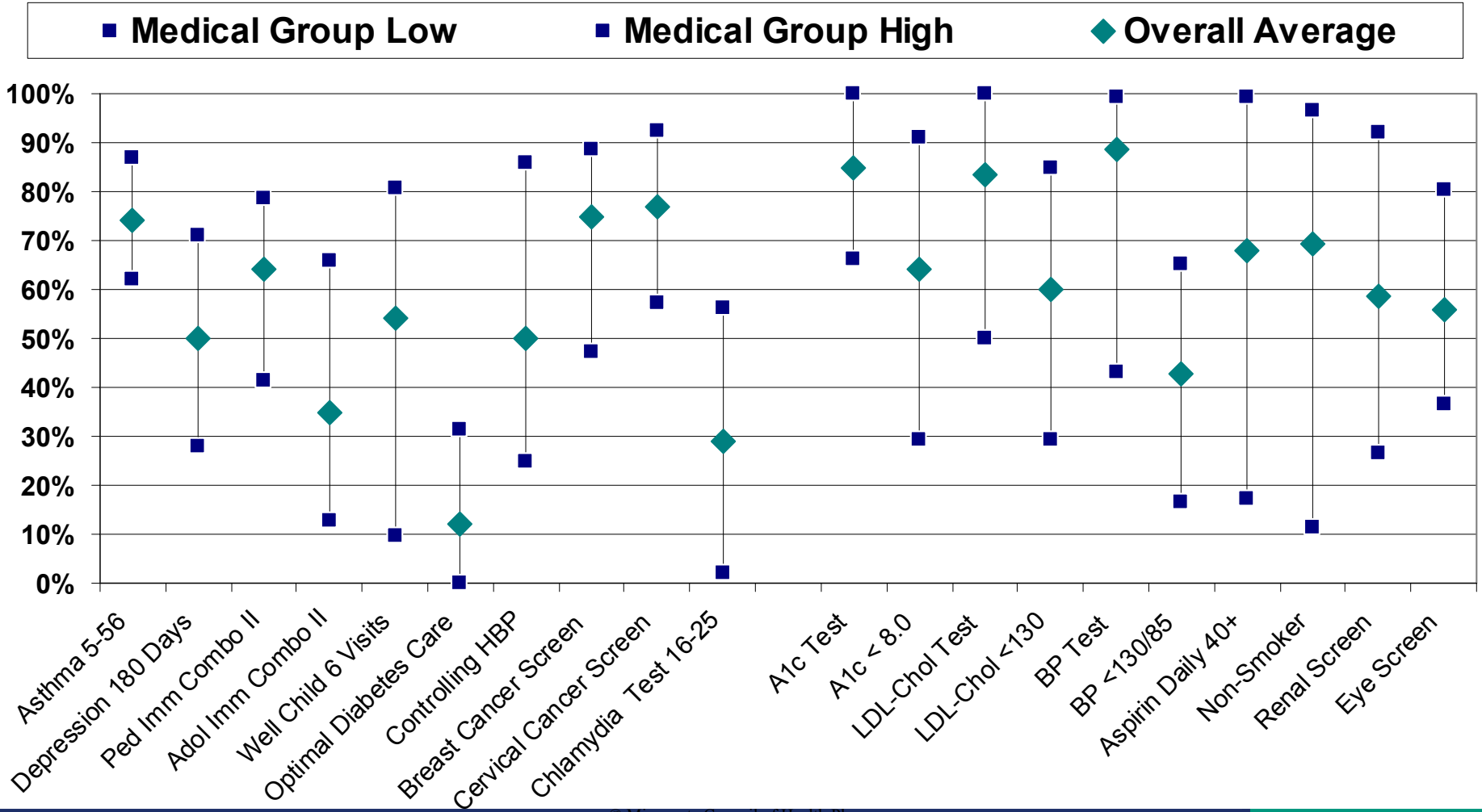
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2004 Medical Group Results

Average, High, Low Rates by Measure

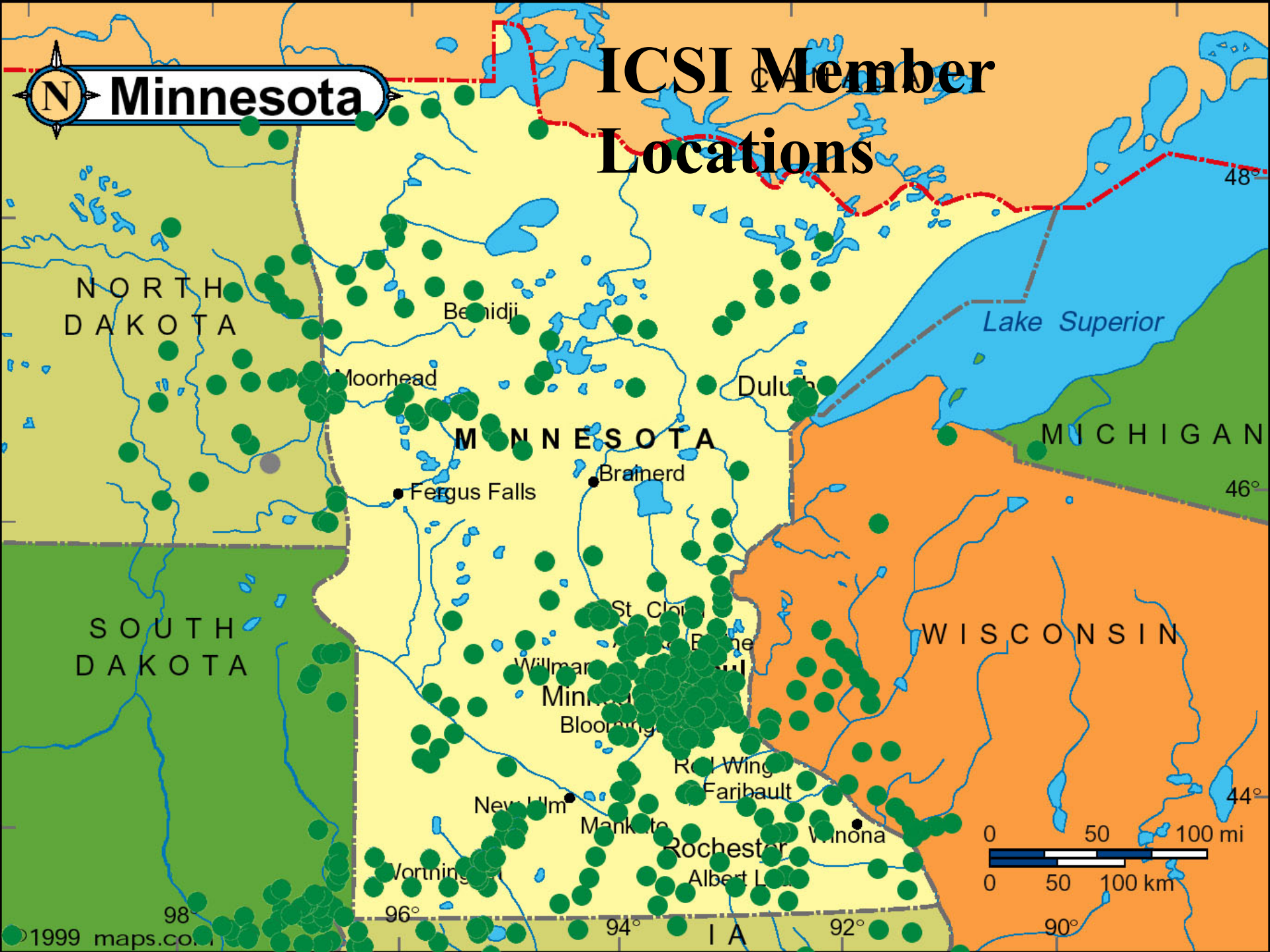


ICSI (Institute for Clinical Systems Improvement)

- ❖ **A collaboration of 48 medical groups & hospital systems**
- ❖ **Sponsored by six health plans**
- ❖ **Established 1993**
- ❖ **Includes 54 hospitals and medical practices totaling 7100 physicians (2/3rds in MN)**



ICSI Member Locations



NORTH
DAKOTA

MINNESOTA

MICHIGAN

SOUTH
DAKOTA

WISCONSIN

Lake Superior

Beauregard

Moorhead

Duluth

Fergus Falls

Brainerd

St. Cloud

Willmar

Minneapolis

Bloomington

Rochester

Faribault

New Ulm

Mankato

Winona

Worthington

Rochester

Albert Lea



Mission

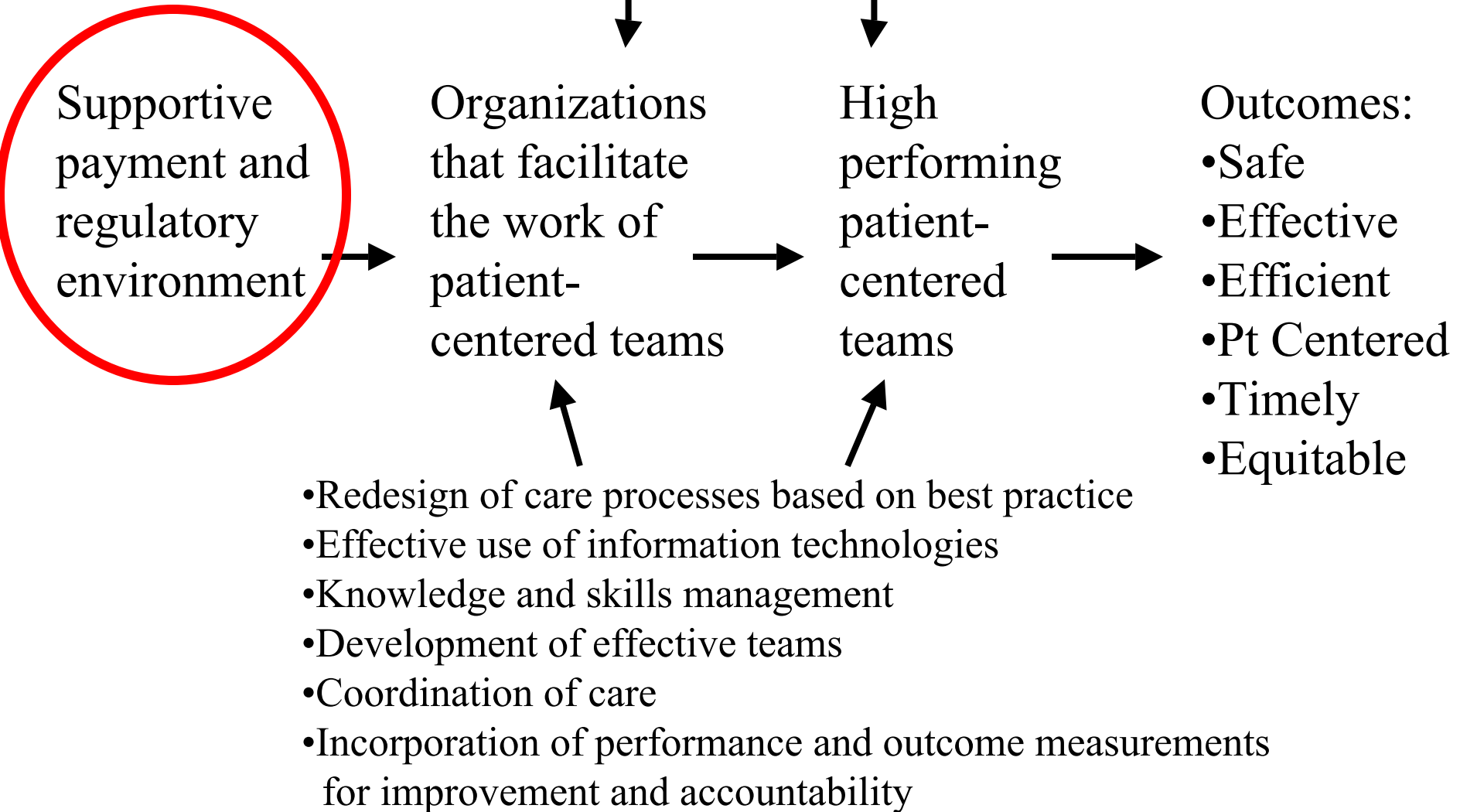
The mission of our collaboration is to champion the cause of health care quality and to accelerate improvement in the value of the health care we deliver.

Crossing the Quality Chasm **Committee's Conclusion:**

The American health care delivery system is in need of fundamental change. The current care systems cannot do the job. Trying harder will not work. Changing systems of care will.

To order: www.nap.edu

Care System



A supportive payment and regulatory environment
(In other words, a non-toxic payment and regulatory environment) is a critical requirement for crossing the quality chasm.