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

George Isham, M.D., M.S.
Chief Health Officer
HealthPartners, Minneapolis, MN

Health Information Technology Summit, D.C., September 9, 2005
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 business model for pharmaceutical companies, device manufacturers, and healthcare services depends on inducing demand for their products and services.

- Unit pricing (FFS) induces overuse 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 Distinctions℠ 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 Distinctions℠ 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

Metro Primary Care, Multi-Specialty and Single Specialty Clinics

Tier 1-High Quality Low Cost
Quality – Cost Relationship

Metro Hospitals

Tier 1 - High Quality Low Cost
# Primary Care Report Card

## Tier One

<table>
<thead>
<tr>
<th>Care Network</th>
<th>Cost Score</th>
<th>Quality Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Camden Physicians Ltd</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Crossroads Medical Center, PA</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>HealthPartners Clinics</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Independent Clinics</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>North Clinic, PA</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>North Suburban Family Physicians</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Northwest Family Physicians</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Park Nicollet Clinics</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Quello Clinic, Ltd</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Regina Medical Group</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
</tbody>
</table>

## Tier Two

<table>
<thead>
<tr>
<th>Care Network</th>
<th>Cost Score</th>
<th>Quality Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allina Medical Group</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Aspen Medical Group</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Buffalo Clinic, Monticello Clinic</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Children's Physician Network</strong></td>
<td>$$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Columbia Park Medical Group</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Fairview Clinics</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Family Health Services, Minneapolis, PA</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>HealthEast Clinics</strong></td>
<td>$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Lakeview Clinic Ltd</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>North Memorial Clinics</strong></td>
<td>$$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Ridgeline Care System</strong></td>
<td>$$$$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Riverway Clinics</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
<tr>
<td><strong>Stillwater Medical Group, PA</strong></td>
<td>$</td>
<td>Q★</td>
</tr>
</tbody>
</table>
## Hospital Report Card

<table>
<thead>
<tr>
<th>Tier One</th>
<th>Quality Scores</th>
<th>Cost Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Overall Quality</td>
<td>Overall Cost</td>
</tr>
<tr>
<td>Lakeview Medical Center</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Mercy Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Methodist Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>North Memorial Medical Center</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Regions Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Ridgeview Medical Center</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>HealthEast Woodhinds Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tier Two</th>
<th>Quality Scores</th>
<th>Cost Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Overall Quality</td>
<td>Overall Cost</td>
</tr>
<tr>
<td>Abbott Northwestern Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Children's Hospitals (Mpls &amp; St. Paul)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Fairview Ridge Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Fairview Southdale Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Fairview University Medical Center</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>HealthEast St. John's Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>HealthEast St. Joseph's Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Hamline County Medical Center</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>St. Francis Regional Medical Center</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>United Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
<tr>
<td>Unity Hospital</td>
<td>★★★</td>
<td>★★★</td>
</tr>
</tbody>
</table>

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
HealthPartners
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

<table>
<thead>
<tr>
<th>Measure</th>
<th>Excellent</th>
<th>Superior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimal Care for Heart Disease</td>
<td>55%</td>
<td>60%</td>
</tr>
<tr>
<td>Optimal Diabetes Care</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>Body Mass Assessment</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>Tobacco:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment</td>
<td>90%</td>
<td>95%</td>
</tr>
<tr>
<td>Assist</td>
<td>75%</td>
<td>80%</td>
</tr>
<tr>
<td>Generic Drug</td>
<td>60%</td>
<td>63%</td>
</tr>
<tr>
<td>Optimal Depression Care</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td>Satisfaction with Appointment Scheduling</td>
<td>55%</td>
<td>60%</td>
</tr>
</tbody>
</table>
HealthPartners
Optimal Diabetes Care: Preventing Complications

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

'04 ORP Target 30%
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

![Graph showing the average A1c and CAD LDL levels from 1994 to 2003. The graph indicates a decrease in A1c and an increase in CAD LDL over the years.](Image)

- Mean A1c: 70, 80, 90, 100, 110, 120
- Mean LDL: 60, 70, 80, 90, 100, 110, 120
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!
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.
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: 1 event

*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

© Minnesota Council of Health Plans
All rights reserved.
Do not show, disseminate, or make copies of these materials without permission from the MN Council of Health Plans. Brust@mnhealthplans.org  651-645-0099 ext. 12
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)
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

Supportive payment and regulatory environment → Organizations that facilitate the work of patient-centered teams → High performing patient-centered teams → Outcomes:

- Safe
- Effective
- Efficient
- Pt Centered
- Timely
- Equitable

- Redesign of care processes based on best practice
- Effective use of information technologies
- Knowledge and skills management
- Development of effective teams
- Coordination of care
- Incorporation of performance and outcome measurements for improvement and accountability

Adapted from IOM, *Crossing the Quality Chasm*
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.