Pay for Performance: The Road Ahead for IT Incentives

July 17, 2006

Geof Baker, CEO
Med-Vantage, Inc.
San Francisco, CA
www.medvantage.com

Informed Decision Making Tools for Members and Physicians

© 2005 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Agenda

- **National Context for Clinical IT Adoption**
- **P4P Direct Incentives for Clinical IT Adoption**
- **Current Direction**
- **Case Studies**
- **What's Next**
- **P4P & Transparency Resources (Health Performance Institute)**

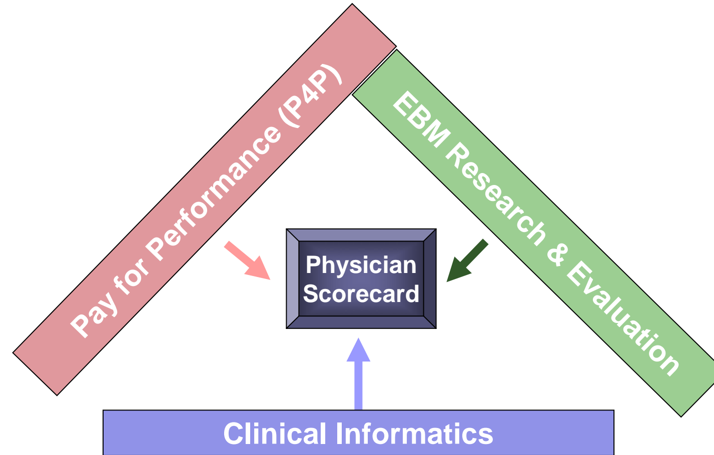
Med-Vantage®

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Evidence-Based Scorecard Solutions

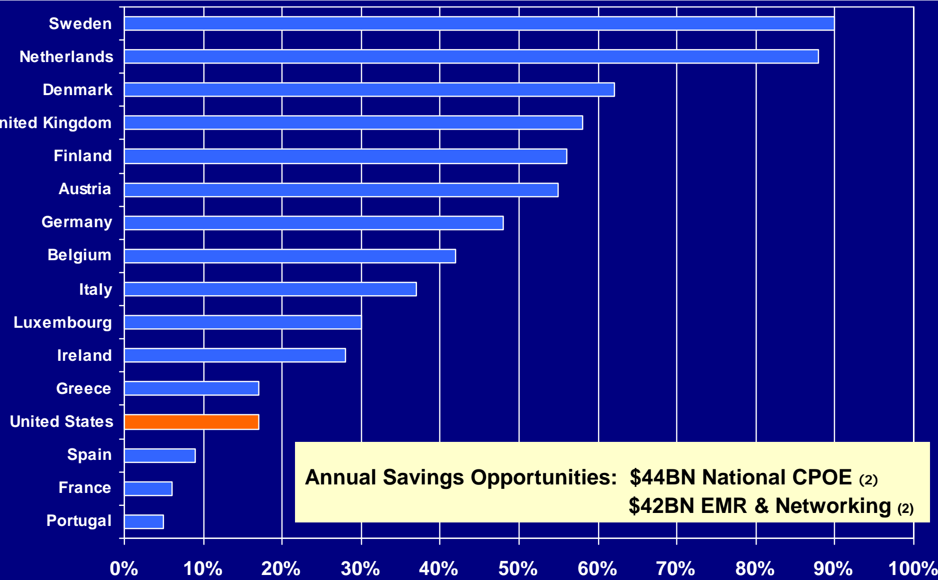
Company Overview

We build custom physician efficiency and quality measure scorecards and software applications used by health plans to report actionable results to plan members and physicians.



© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

USA World Cup: Far to Go



Source(s): "European Physicians Especially in Sweden, Netherlands, and Denmark, Lead U.S. in Use of Electronic Medical Records." Harris Interactive Health Care News 2(16). (2) The Center for Information Technology Leadership (February 23, 2004), (2) Rand Corp, Health Affairs (9/10 2005), (2) Lewin Group - $77.8BN, CITL analysis, 2005.

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

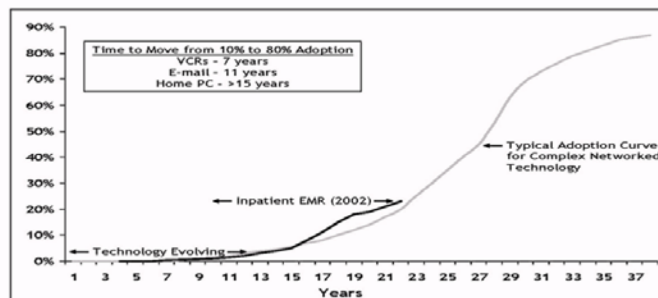
We agree…but How?

Health information technology has been shown to improve quality by increasing adherence to guidelines, enhancing disease surveillance, and decreasing medication errors.

Source: Basit Chaudhry, MD., et al., "Systematic Review: Impact of Health Information Technology on Quality, Efficiency, and Costs of Medical Care," Annals of Internal Medicine, May, 2006, Vol. 144-10, pp. 742-752

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

What Will it Take for Doctors to Use Technology?



Source: Health Information Technology Leadership Panel, The Lewin Group, March 2005, p. 26

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

What's in this for me?

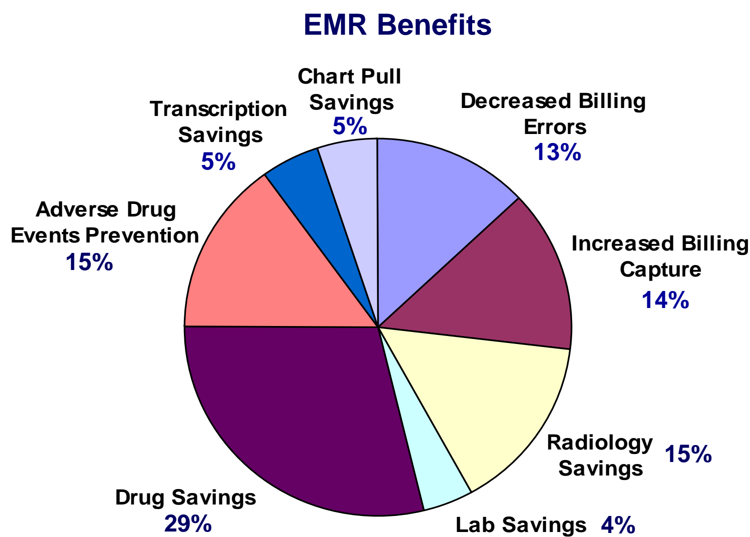
- Who benefits?
- Who will fund this adoption?
- How will I get paid for this?
  - Voluntary (collaboratives, RHIOs)
  - Grants
  - Direct Incentives (P4P)
- Is there enough scale and volume to make this worthwhile?
- How will I be measured?
  - Standards
  - Interoperability

Source: "Costs and Benefits of Health Information Technology," AHRQ, April. 2006.

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

EMR - Who Reaps the Savings Benefit?

EMR Benefits

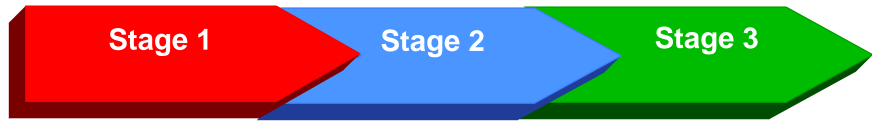


Source: Partners Health Care experience based on 2500 patients and providers. "Cost and Benefit Analysis for electronic medical records in primary care." The American Journal of Medicine 2003;114:397-403

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Evolution of P4P Program Designs

National P4P Overview



Features

Stage 1	Stage 2	Stage 3
• PCP HEDIS measure • Hospital measures • Minimal consumer reporting • HMO product line • Withhold or Bonus based payouts	• PCP + Facility measures, 1-2 Specialties • Balanced Scorecard • EB quality and affordability measures • HMO, PPO, CDH • Tiered fee schedules	• PCP, Specialist + Facility • Balanced Scorecard • Shared savings for funding • Integrate with DM • Actionable MD info - alerts, registries, reminders • All products, ASO

Benefits

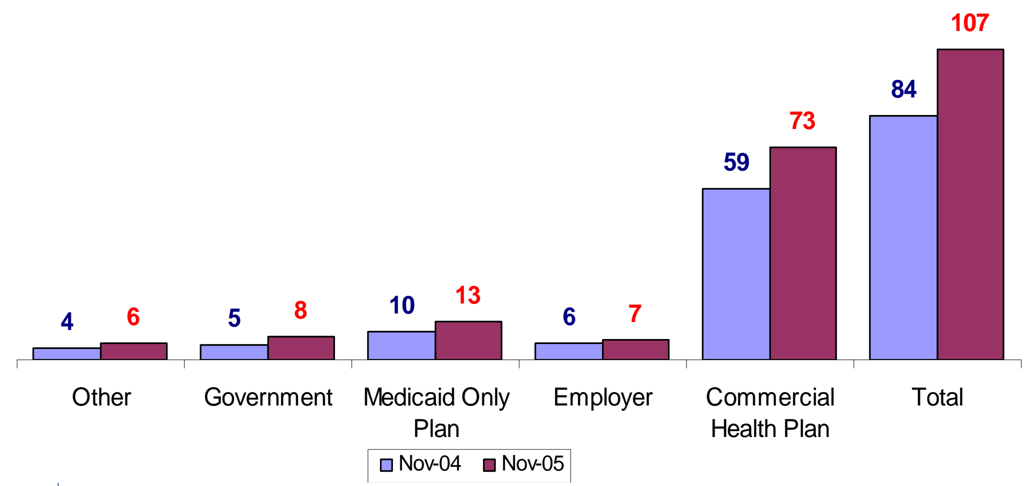
Stage 1	Stage 2	Stage 3
• Informational • Low impact on cost • Preventive care • Existing data sets	• Static consumer report cards • Safety and medication errors • Provider IT investment • Collection of non-claims data (lab values, etc.)	• Dynamic consumer report cards (Provider ID) • Demonstrable ROI • Sophisticated clinical info • Point of care data integration

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Med Vantage Survey of P4P Programs

National P4P Overview

Prediction: 145-160 programs in 2006



© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

What Factors Most "Drove" the Decision to Implement a P4P Program?

National P4P Overview

Decision Making Criteria*	Mean 2004	Mean 2005
Improved clinical outcomes	8.3	7.9
Market differentiation, positive image	6.6	6.6
Alignment with other initiatives	7.2	6.4
Reducing medical errors/improving safety	6.6	5.9
Improved medical loss ratio, lower cost	5.9	5.9
Need for better data collection and reporting	6.2	5.4
Employer pressures	6.2	5.0
Regulatory or accrediting body	4.1	3.8

***Scale is 1-9, where 1 equals NOT important and 9 equals VERY important.**

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

P4P Sponsors Recommendations for Others Planning to Implement P4P

National P4P Overview

Recommendation	Responses	%
Involve providers early in the design	61	74%
Use well-established/co-authored measures	52	63%
Be willing to make changes over time	40	49%
Pilot the P4P measures/reports first	26	32%
Use transparency/public reports as incentive	15	18%
Be clear where your own ROI will be	8	10%
Other	7	9%

n = 82

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

P4P Sponsors Anticipated Changes to Own P4P Program in Next 1-2 Years

National P4P Overview

Anticipated Change	Responses	%
Change the performance domains/weights	55	67%
Tie P4P to DM, tiering, benefit design changes	48	59%
Collaborate with others (e.g. employers, plans)	38	46%
Develop a public performance report	35	43%
Expand program to other products (PPO, ASO)	33	40%
Expand program from PCP to specialty	33	40%
Expand program to additional specialties	29	35%
Expand program to include hospitals	22	27%
Other	17	21%

n = 82

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

2005 Physician P4P Domains

2005 Survey Physician P4P

	2003 Survey n = 34	2004 Survey n = 50	2005 Survey n = 76
Clinical	89%	94%	91%
Patient Satisfaction	79%	56%	37%
Efficiency/Utilization	57%	46%	50%
IT/Infrastructure	39%	54%	42%
Administrative	54%	40%	25%
Other	32%	22%	26%
Patient Safety	n/a	n/a	12%

NOTE: in 2003 and 2004 both hospital and physician P4P programs were included in this question

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

2005 Physician P4P: Average Weights for Domains

2005 Survey Physician P4P

Clinical	52%
Efficiency/Utilization	35%
IT/Infrastructure	26%
Patient Satisfaction	22%
Administrative	15%
Patient Safety	15%
Other	28%

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

2005 Hospital P4P: Average Weighting of P4P Domains

National P4P Overview

Clinical	48%
Patient Safety	34%
Efficiency/Utilization	30%
IT/Infrastructure	13%
Patient Satisfaction	12%
Administrative	10%

n = 30

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Threshold for Payer Incentives

Example 1
"Financial incentives of the approximate range of $3 to $6 per patient visit or $0.50 to $1.00 per member per month appear to be a sufficient starting point to encourage wide-spread adoption of basic EMR technologies by small, ambulatory primary care practices."

Work Group on Financial, Legal, and Organizational Stability Connecting for Health…A Public-Private Collaborative, June 23, 2004

Example 2: PPC @ $50 per patient for NCQA Recognition (BTE)

Fully insured Funding Source: Generic savings
Self-Funded Funding source: Dispensation fee or differential fee schedule

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Current Direction on P4P IT incentive Efforts

1. Interoperability Standards - (CMS, AHRQ)
2. Data Aggregation / Exchange
   - Seeding of provider health data connectivity (RHIOs, Taconic, AHRQ, BCBSMA, Wellpoint)
3. P4P for IT Adoption / Use of Clinical Systems
   - POL/PPC and MassPRO survey used for BTE rewards (Carefirst, Cigna, Aetna)
   - Non-proprietary IT survey tools that leverage PPC standards (Horizon, Anthem, Highmark, Maine Health Management Coalition, others)
4. E-Rx - Significant Traction (generic brand, formulary compliance)
5. Consumer Engagement (enhanced provider directory)

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Challenges with P4P IT incentive Efforts

1. ERx (Wellpoint vs. BCBSMA)
   - Free is not cheap enough (friction cost of re-engineering)
2. IT Usage difficult to measure
   - Use of surveys / attestation statements for now
3. Limited interoperability (collection of chart and lab results electronically)
   - Profound complexity (AHIC standards, security, aggregation)
   - Providers do not want to toggle between multiple plan portals (CORE)
   - Funding concern with first mover; does single player investment make sense?

Med•Vantage®

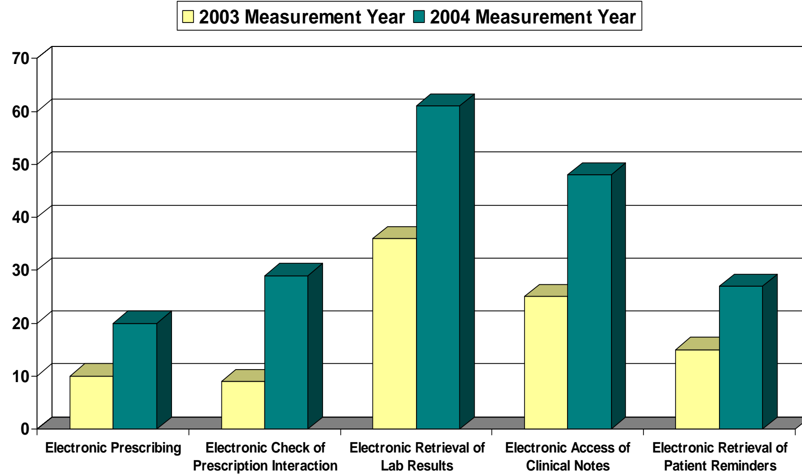
© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Clinical IT Measure Catalog

Metric Description	Metric Specification	Metric Data Source	Examples
Integration and Actionable Reporting of Patient Clinical Data	Physician group (1) electronically integrates two or more clinical data sources (visits, lab, Rx, inpatient stay or ER visits; radiology; clinical chart results) and (2) provides to practice sites or individual MDs (a) actionable reports/registry results updated twice annually (b) computerized registries updates twice annually and/or (c) HEDIS measures with lab results	Paper submission - self-attestation, together with copies of reports (PHI de-identified)	California IHA health plans (HMO/POS only)
Decision Support at Point of Care	At least 50% of the PCPs for HMO/POS lives use electronic systems for at least 2 of the following: eRx; e-drug checks for safety/efficiency; e-lab results; clinical notes (other MD or hospital); patient reminders at visit; accessing clinical findings (BMI, tobacco/substance abuse, etc.)	Paper submission - self-attestation (with 5% audit of practices)	MVP, IHA
Electronic Messaging (secure e-mail)	At least 50% of the PCPs or PCPs with 50% of the covered HMO/POS lives use electronic systems to send or receive messages to and from patients or other physicians	Self-attestation with back-up audit	IHA, Blue Cross of Calif, MVP Health Care
Effective Patient Registry Systems	Patient registry systems are evaluated based on (1) user friendliness; (2) operational specs; (3) data entry; (4) data confidentiality; (5) decision support (6) individual care planning; (7) population care planning; (8) feedback to providers; (9) reporting functions; (10) development capability and user support	Survey tool - could be done by plan or self-administered	BCBS MS
Bridges to Excellence POL and NCQA Physician Practice Connections (PPC)	Graduated thresholds based on total points in 9 standards: (1) Access & Communication, (2) Patient Tracking and Registry Functions, (3) Care Management, (4) Patient Self-Management Support, (5) Electronic Prescribing, (6) Test Tracking, (7) Referral Tracking, (8) Performance Reporting and Improvement, (9) Interoperability	Submission of documentation according to specifications, NCQA evaluation and back-up audit	BTE, Taconic IPA, Silicon Valley HIT, CareFirst BCBS
e-Prescribing	Adoption of eRx system with full decision support and demonstrated use (at least 25% of Rx written for employees thru the system for first six months; higher thresholds later)	Report from entity managing web portal for eRx (numerator) compared to plan PBM report of total Rx (denominator)	MVP
e-Prescribing	Adoption of eRx system from among 15 approved vendors	Evidence of contract; participating in eRx training; and confirmation of eRx	BCBSMI
EMR	Installation of an EMR system from among a variety of approved vendors	Self-report + audit	HMSA Hawaii; CDPHP
EMR	Step 1 EMR implementation: ability to generate patient specific problem list, medication list, and electronic visit note record Step 2 Electronic Integration of Data: electronic visit note includes specific preventive health data, as well as integration of three of the following: lab, x-ray, pharmacy, specialty consult report, or hospital ER report and inpatient discharge summary data	Documentation to plan + plan audit	CDPHP
eRx and/or EMR	eRx system or EMR with chronic disease registry in use for plan members	Documentation to plan + plan audit	Wellpoint (Anthem Northeast)

Early IHA Results

2005 Survey Physician P4P



Source: IHA, Rand, UC Berkeley Analysis of Results, Oct-05

Med•Vantage®

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Maine Health Management Coalition: Office Systems Survey and Reporting

2005 Survey Physician P4P

Self-Reported Survey on Physician Office Systems:

- Electronic Medical Records
- Patient Registries
- Decision Support (evidence-based guidelines – shared with patients)
- Electronic Prescribing
- Risk Factor Assessment
- Self Management Support

Healthcare information you can trust

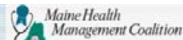
Maine Health Management Coalition · www.mhmc.info

Med•Vantage®

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Consumer reporting of Physician HIT

2005 Survey Physician P4P



Maine Doctor Ratings | Maine Hospital Ratings | How Do I Get Quality Care? | Interviews w/Maine Doctors & Patients

Return to home page

Search for doctors within 10 miles of zip code View Results

Blue Ribbons | Office Systems | Follows Guidelines | Measures Results

Maine Doctor Ratings: Uses Clinical Office Systems to Manage Care

The practice uses systems to keep track of patient medical information and to better manage patient care. For example, computer information systems can help doctors create reminders for patients who need flu shots or routine lab tests. Ideally, a practice has a computer system in place to manage patient care. Learn more about this from Dr. Lisa Letourneau and Drs. Albaum and Claffey.

The Steering Committee assigned pies to represent scores on the Office System Survey. They awarded a blue ribbon to a practice that achieved an overall score of half a pie or more. Look below the list of practices for further explanation.

= No report or no progress = Just starting = Good = Better = Best

This page shows 7 ways doctors keep track of patients' information:

sort by: Practice City	1 Electronic Records	2 Electronic Rx	3 Illness Registry	4 Clinical Guidelines	5 Risk Factors	6 Patient Self-care	7 Coordinates Care	Overall
B Street Health Center 57 Birch Street, **Lewiston** 04240 · view map	Best	Best	Best	Best	Best	Best	Best	Best
Bayview Pediatrics 45 Forest Falls, **Yarmouth** 04096 · view map	Just starting	No report or no progress	Better	No report or no progress	Better	Better	Best	Good
Boreas Family Medicine PO Box 39, **Lincoln** 04452 · view map	No report or no progress	Better	Best	Best	Better	Best	Best	Better
Bowdoin Medical Group - Biddeford 60 Graham Street, **Biddeford** 04005 · view map	Best	Best	Best	Best	Best	Best	Best	Best
Bowdoin Medical Group - Brunswick 74 Baribeau Dr, **Brunswick** 04011 · view map	Best	Best	Best	Best	Best	Better	Better	Best

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

Key Trends and Issues Ahead in P4P

- **Commitment to IT adoption, interoperability is distant**
- **Getting "actionable information" to physicians**
- **Public scorecards on quality, efficiency, and IT**
- **Integration of P4P and DM**
- **Growth in *consumer* incentives**
- **Continuing role of CMS**
- **'Budget neutral" P4P**
- **Continued push for standard ambulatory measures**
- **The emergence of "shared savings" models**

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

New P4P Resource – Health Performance Institute

1. Non-profit, non-aligned organization serving physicians, health plans and purchasers
2. Mission: To enhance the collective understanding of how provider incentive programs and public display of provider performance can best promote health care quality, efficiency, safety and systems of care.
3. Offers non-proprietary (no license fee required) clinical IT survey tool for health plans to use with providers for provider directories & P4P
4. Launching EBMPedia™, first national physician consensus and comment tool for > 200 quality measures with cross references to national standard sets (AQA, AHRQ, ACC)

www.healthpi.org

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.

For More Information…

I thought that guy would never stop talking

Geof Baker, CEO
Med-Vantage, Inc.

1 California Street, Suite 2800
San Francisco, CA 94111
(415) 765-7103
www.medvantage.com
gbaker@medvantage.com

© 2006 Med-Vantage, Inc. All Rights Reserved. Proprietary and Confidential. May not be reproduced without permission.