



Performance Pays. Proven.

Rewarding Provider Performance: Aligning Incentives in Medicare *Implications for Providers*

Institute of Medicine Audio-conference

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PREMIER

IOM Report: General reactions

- Overarching conclusions are ‘right-on’ in regards to P4P influence on better quality of care for patients
- Transparency (public reporting) is important part of operational conditions going forward
- Only the beginning of a long overdue need to change the Medicare financing system

IOM Report: Positives

- The phased-in approach
- Importance of rewarding all providers across all care settings through entire episodes of illness
- Rewarding **both** improvement and achievement of high levels of performance
- Importance of information technology use in the improvement of quality
- Learning environment promoting collaboration, to include more CMS demonstrations

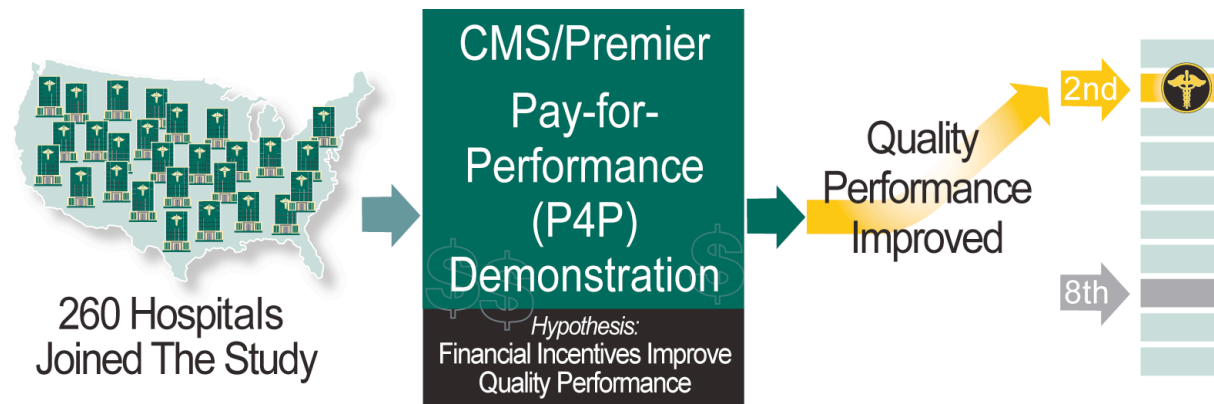
CMS/Premier P4P Demonstration

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Over 260 hospitals participated in the CMS/Premier P4P Demonstration. The hypothesis posed that financial incentives improve quality performance.

Hypothesis

Financial Incentives improve hospital quality performance



Findings

Focus on Quality - The P4P Program financial incentives did focus hospital executive attention on measuring quality and refining care processes according to the study infrastructure.

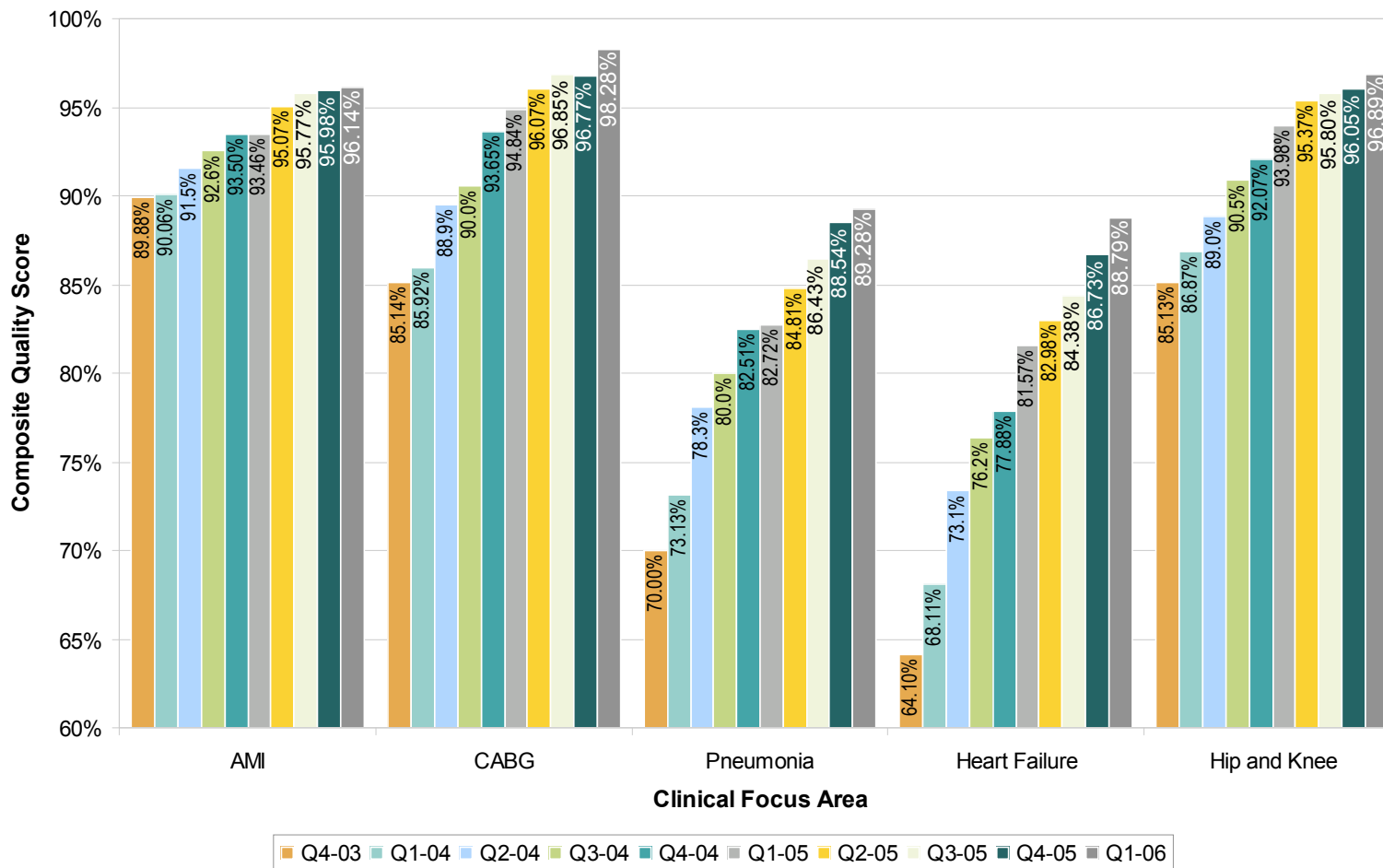
Premier is the Change Agent - The Premier Infrastructure and measurements were actually the change agents in focusing quality improvement efforts. The more hospitals were monitored, the better performance improved over time.

Dramatic and Sustained Improvement

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Composite Quality Score

Trend of Quarterly Median (5th Decile) by Clinical Focus Area
 October 1, 2003 - March 31, 2006 (Year 1 Final Data, Year 2 and Yr 3 YTD Preliminary)



IOM Report: Positives

- And the research agenda ...
 - For example, the recent Premier research as follow-up from the CMS demonstration concludes that improving patient care in clinical areas of pneumonia, heart bypass surgery, hip and knee surgery, and AMI in the acute care setting

Reduces Costs,
Avoids unnecessary deaths,
Reduces Complications,
Reduces Readmissions, and
Shortens Length of Stay

The Cost/Quality Debate

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Clinical Quality and Financial Performance are Inseparable

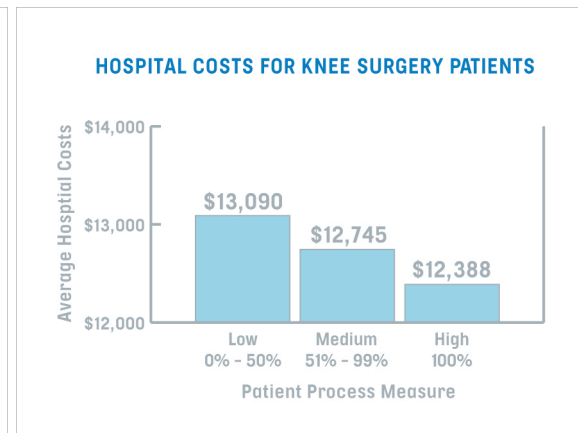
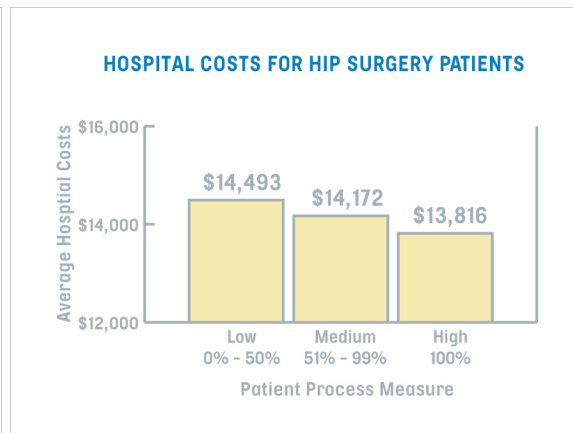
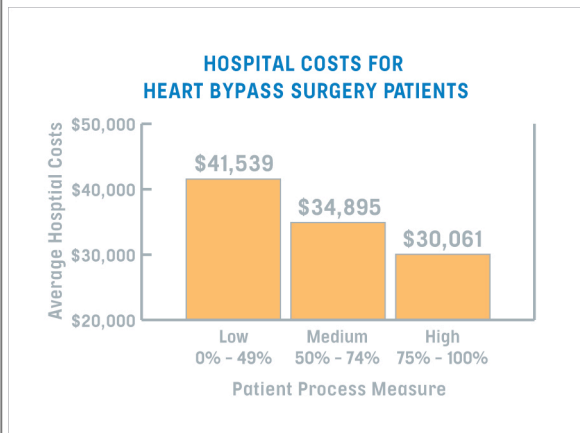
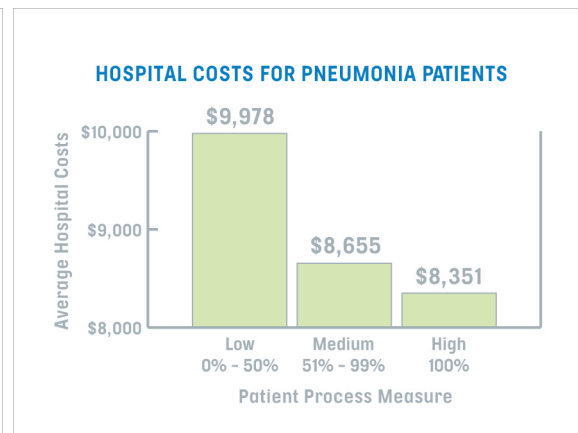
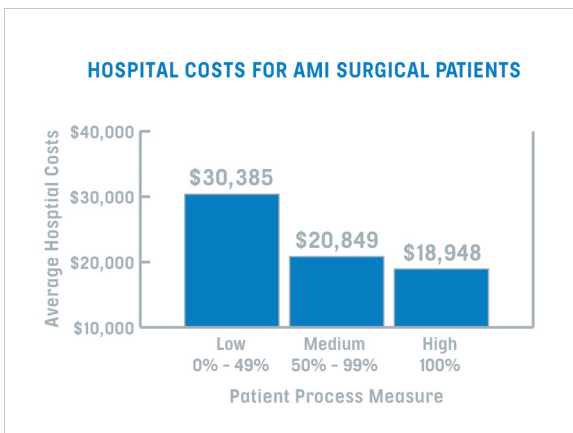
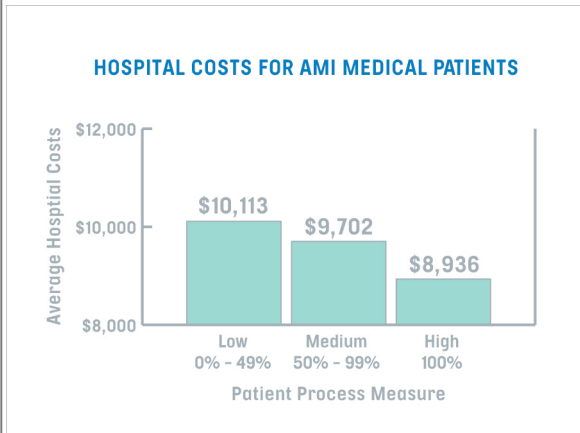
Premier “Performance Pays” Study

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- Over 77,000 Medicare Patients Studied
- High-volume Clinical Focus Areas
- Evidence-based Care Processes Studied
 - Quality measures from CMS/Premier P4P demonstration
 - Industry-supported, uncomplicated measures
- Cost and Outcome Elements Studied
 - Total hospital cost for patient
 - Mortalities
 - Patient readmission and complications
 - Patient length of stay in hospital

Finding 1: Reliable care cost less

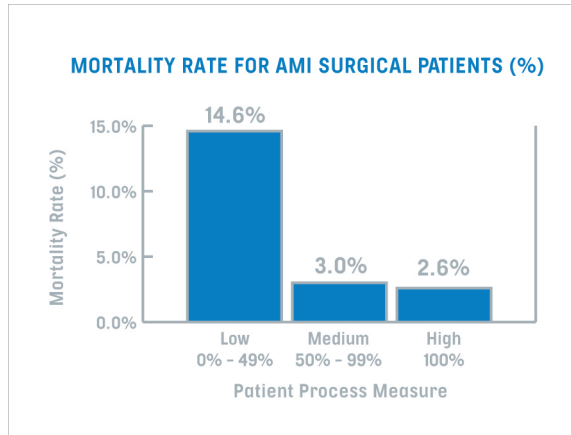
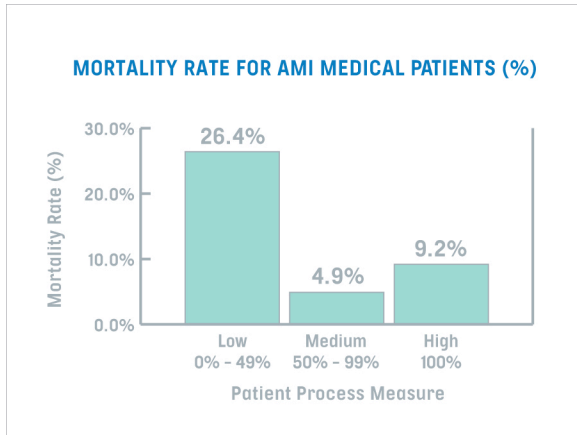
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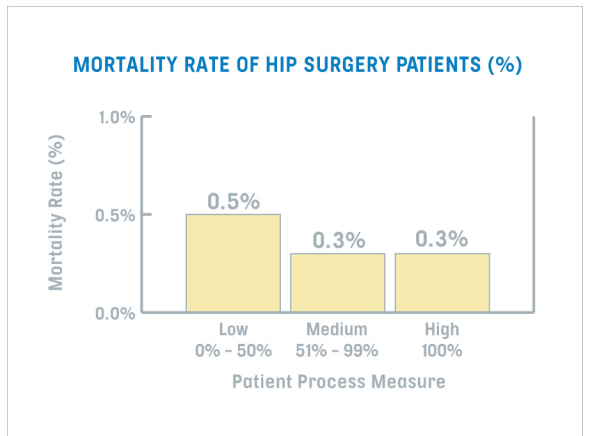
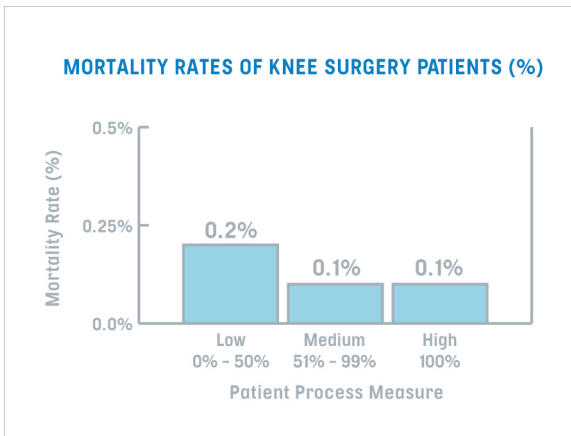
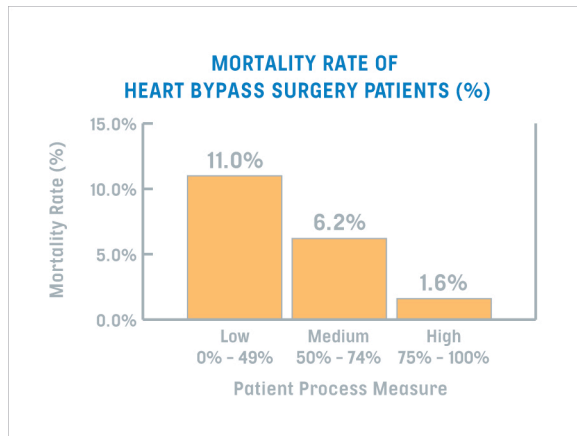
Premier Performance Pays Study, September, 2006

Finding 2: Reliable care avoids unnecessary deaths

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The complexity of the pneumonia condition, where other conditions are present, requires additional research before conclusions can be drawn.

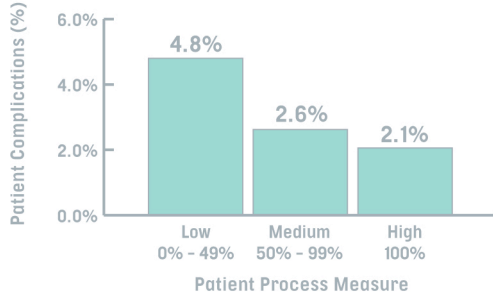


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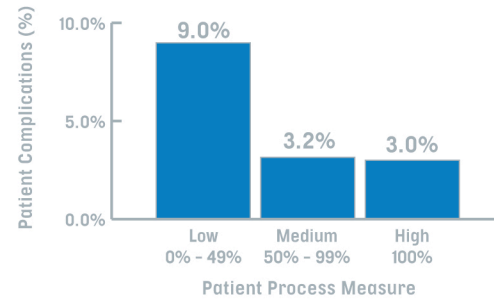
Finding 3: Reliable care reduces complications

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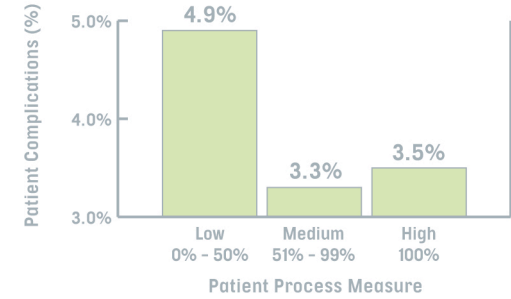
AMI MEDICAL PATIENTS WITH COMPLICATIONS (%)



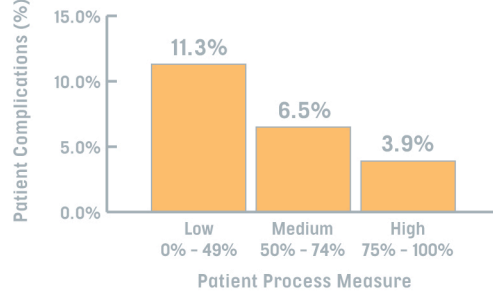
AMI SURGICAL PATIENTS WITH COMPLICATIONS (%)



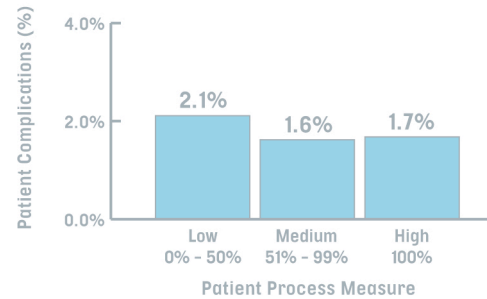
PNEUMONIA PATIENTS WITH COMPLICATIONS (%)



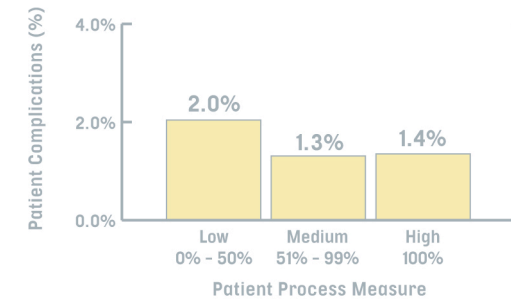
HEART BYPASS SURGERY PATIENTS (CABG) WITH COMPLICATIONS (%)



KNEE SURGERY PATIENTS WITH COMPLICATIONS (%)



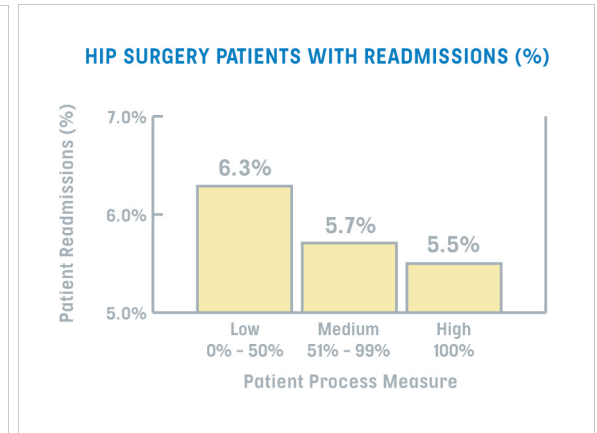
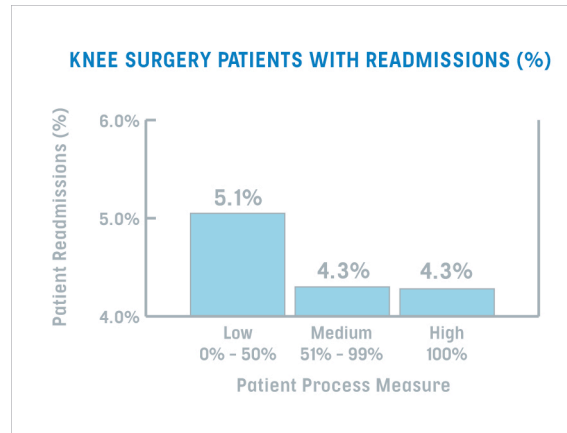
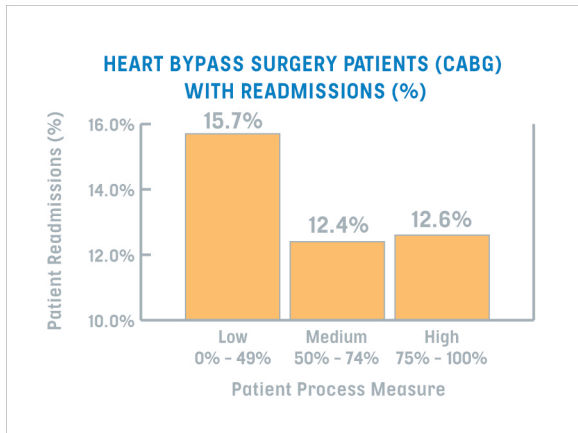
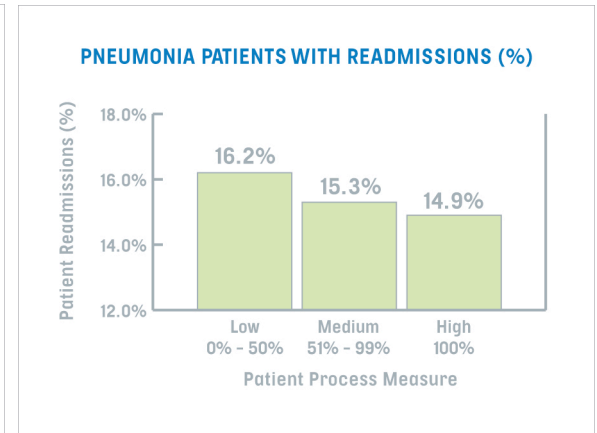
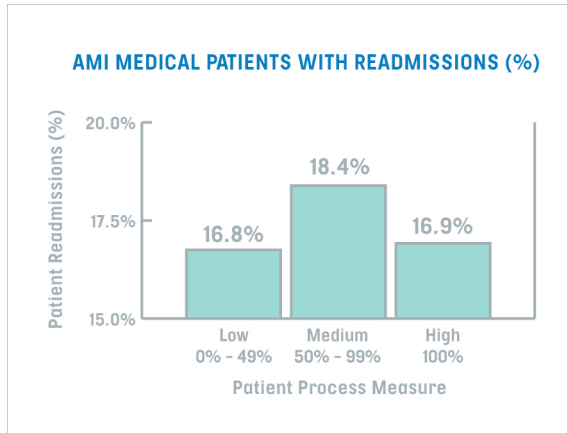
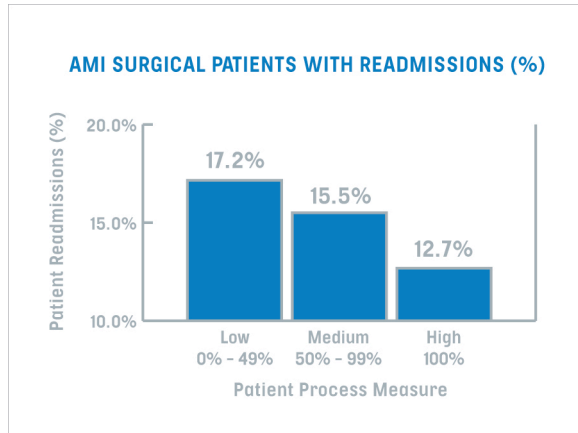
HIP SURGERY PATIENTS WITH COMPLICATIONS (%)



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Finding 4: Reliable care reduces readmissions

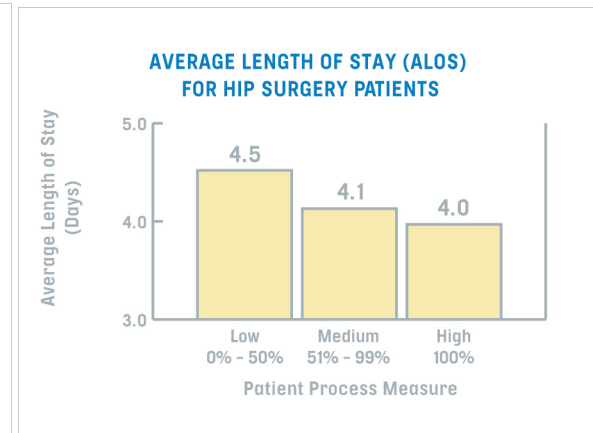
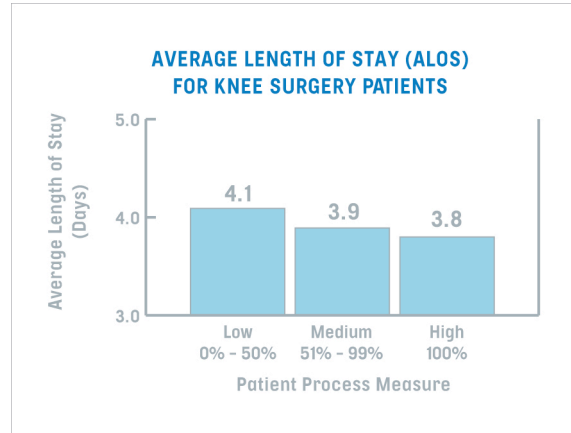
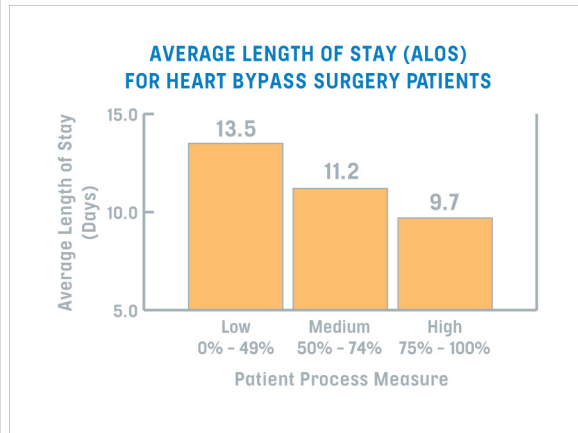
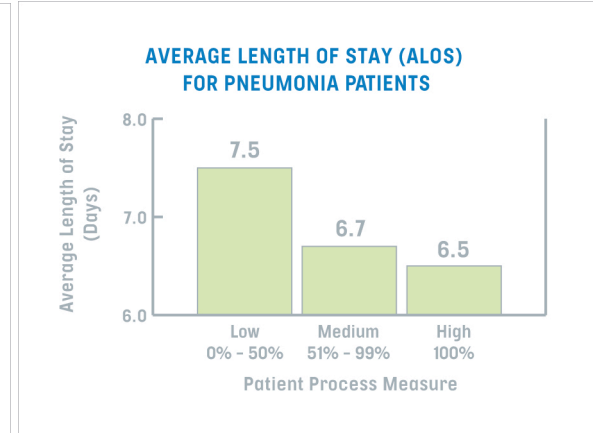
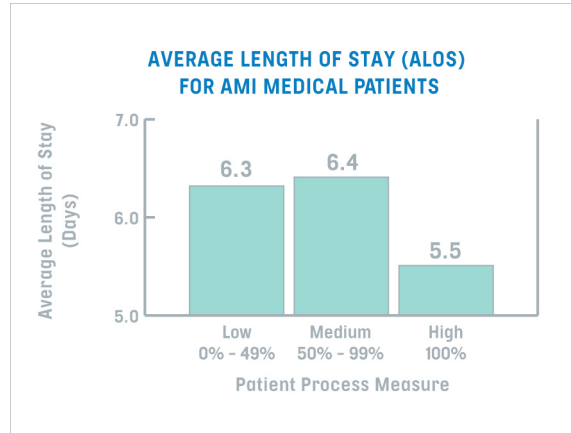
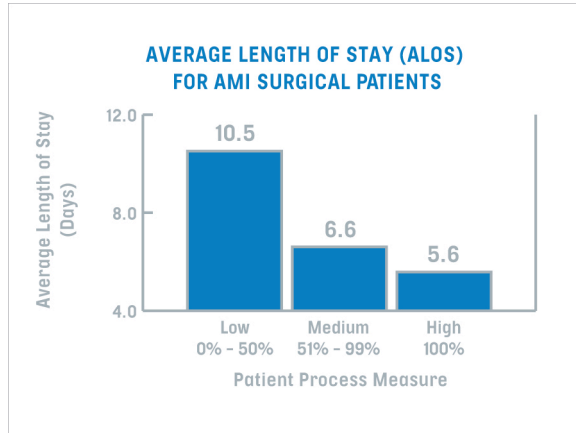
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Finding 5: Reliable care reduces length of stay

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IOM Report: Some opportunities

- Lack of emphasis on aligning physician and hospital payments
- Slow to include physicians (3-year lag)
- Stronger support to private organizations that contribute to the learning system (outside the QIO program)
- Payment options for the reward; in the hospital settings higher quality will bring cost savings to Medicare program
- Validation process

Key Messages for Hospital Providers

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- Get Board involvement
- Expand quality measurement
- Dedicate appropriate resources to include IT, in the collection of quality measures, decision support and benchmarking tools
- Align incentives of executive and leadership teams
- Physician reporting and collaboration