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Human Resource Consulting



To Tame a Shark, Feed it Sacred Cows

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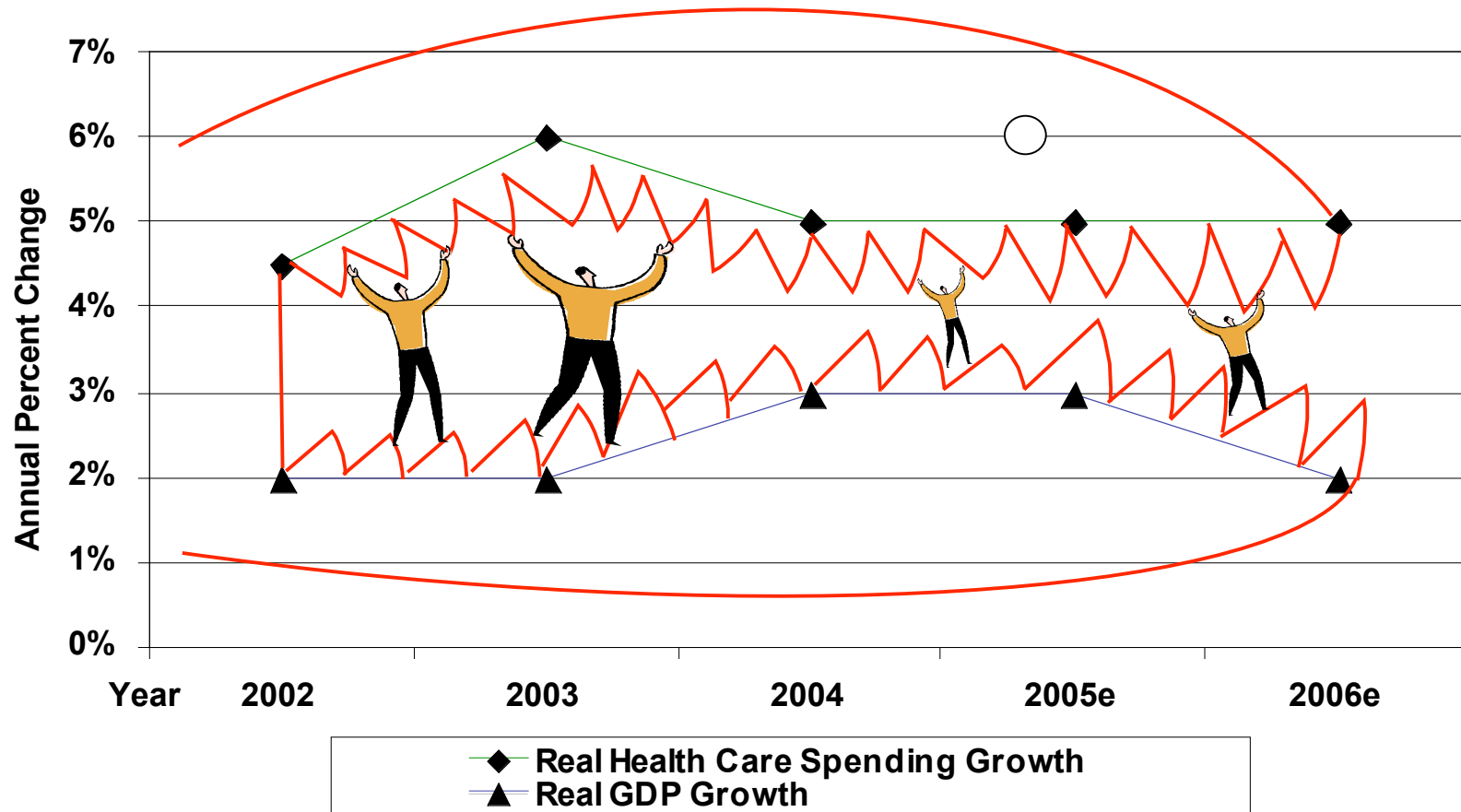
Medical Director, Pacific Business Group on Health

July 11, 2007 Delennah Companies



The Irresistible Menace that Motivated the IOM to Deem Provider Efficiency “P4P-Critical”

Annual Percent Changes per Capita in Health Care Expenditures and in GDP



Data from Borger et al, *Health Affairs Web Exclusive*, “Health Spending Projections Through 2015: Changes on the Horizon,” 2/2006. Dental work by Dr. Milstein.



Why Relying on the Generosity of Others Is Not (and Cannot be) a Long-Term Sole Solution to Health Care Affordability

	Total	All Adults
If the only way to make sure that everyone can get the health care services they need is to have a substantial increase in taxes, we should do it.	Agree	28%
	Disagree	42%
	Not Sure/ Decline to Answer	29%

Extracted from a HarrisInteractive health care poll as reported in WSJ Health-Care Poll, July 31, 2006



NY Times © 2006

America's growing fraction of service workers – under dual stresses



Challenging Design Questions in Efficiency-Based P4P: Customer & Provider Perspectives Diverge

- **Customer or Provider Determination of Minimum Validity?**
- **Fast or Slow Provider Efficiency Transparency?**
- **Comprehensive or Narrow Efficiency Measures?**
- **MD Group & Individual MD Measurement or MD Group Only?**
- **Real or Standardized Prices?**
- **Quality Balanced or Quality Matched?**
- **Electronic or Paper Data Sources?**
- **Steep or Gentle P4P/Efficiency Slope?**

(Researchers are split, except on first question)



To Lower Total Cost of Care, What Sacred Cows *External* to Care Delivery Processes Must be Sacrificed?



**Efficiency
Measures and
Measurements
Must Meet
Rigorous
Standards of
Scientific
Acceptability**



**If Efficiency
Measures are not
Produced by
EHRs, Providers'
Data Collection
Cost Must be
Reimbursed**



**Performance-
Reward
Formulas Must
Sustain the
Livelihoods of
All Current
Providers**



To Lower Total Cost of Care, What Sacred Cows *Within* Care Delivery Processes Must be Sacrificed?



**Tacit Complicity
in Patient Self-
Management
Failures**



**MD as Primary
Performance
Lever (Rather
Than Teams and
Systems)**



**100%
In-Country
Health Care
Workforce**



↑↑ MD Accountability for Efficiency Will Challenge Physician Solidarity

“As we think about failure to conserve ‘the commons’ of pooled health insurance resources, the primary care physicians are picking blades of grass one-at-a-time. The specialists have lawnmowers.”

**– George Isham, MD
HealthPartners**



A Constructive Vision of the Path Forward in Physician Accountability for Efficiency

- **We have a common problem**
- **It is understandable**
- **It is solvable**
- **Solving it will require leadership, commitment and a willingness on the part of each sector to forego its narrow interests**

– ABIM, September 2006



Closing Thoughts for Aspiring Shark Tamers

- **Middle income households are now being eaten; they need two new jobs to be done**
- **A voluntary “700 Billion Bucks Saved Campaign” won’t succeed**
- **Both relevant IOM recommendations are important: include efficiency measurement at every level of provider aggregation; and prioritize efficiency measurements in P4P**
- **Efficiency breakthroughs will require sacred cow sacrifice**
- **“Plan B” is much worse...and avoidable**