

Pay for Performance and Public Reporting: Purchasers' Path to Controlling Health Costs and Promoting Value

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Pacific Business Group on Health

IHA, National Pay for Performance Summit

February 7, 2006



About the Pacific Business Group on Health

- Founded in 1989
- 50 large employer members
- Billions in annual health care expenditures
- >3 million covered lives
- PacAdvantage: small group purchasing pool (thousands of California small groups of 2-50 employees)

Pacific Business Group on Health Members



Pacific Business Group on Health: Mission and Priorities

Mission: To improve the quality and availability of health care while moderating costs.

- Quality Measurement and Improvement
- Value Purchasing
- Consumer Engagement

Pay-for-Performance...Different Perspectives

The newest scam dreamed up by the multimillionaire CEOs of the health insurance companies and HMOs is to link the payment for physician services to the “quality of care” that they provide...this is simply a way to reduce payments to the vast majority of physicians.

**William Plested, MD, Chair,
AMA Board of Trustees**



DON'T HOLD UP QUALITY HEALTHCARE.

The Senate's reconciliation bill includes a provision calling for “penalizing” doctors for “inefficiency” and rewarding those who order the cheapest care—not the best care. A profile in cost savings isn't a profile in quality. For example, the doctor who uses advanced technology to detect cancer while it can still be cured could be penalized compared to the doctor who saves money by skipping on tests. So-called efficiency profiling undermines doctor/patient trust. There is no efficiency in blind cost cutting—paying doctors to take shortcuts today means paying more tomorrow.

WE URGE CONGRESS TO MODIFY SO-CALLED EFFICIENCY PROFILING SO THAT IT REWARDS QUALITY CARE, NOT THE CHEAPEST CARE.

Alliance for Aging Research, Alpha-1 Association, Alpha-1 Foundation, American Association of People with Disabilities, American Bladder & Pelvic Pain Association, Inc., Incontinence Cystitis Network, Kidney Cancer Association, National Association for Continence, National Association of Nurse Practitioners in Women's Health, National Health Council, National Marfan Foundation, National Spinal Cord Injury Association, Osteogenesis Imperfecta Foundation, Parkinson's Action Network, Prevent Blindness America, Simon Foundation for Continence, United Spinal Association, WomenHeart: the National Coalition for Women with Heart Disease

REWARD THE BEST CARE, NOT THE CHEAPEST CARE.

For more information, please call United to Protect Quality Care at 202-347-7911.

CongressDailyAM – Thursday, Dec 8, 2005.

Pay-for-Performance...Different Perspectives

In the next five to 10 years pay-for-performance based compensation could account for 20 percent to 30 percent of what the federal program pays providers.

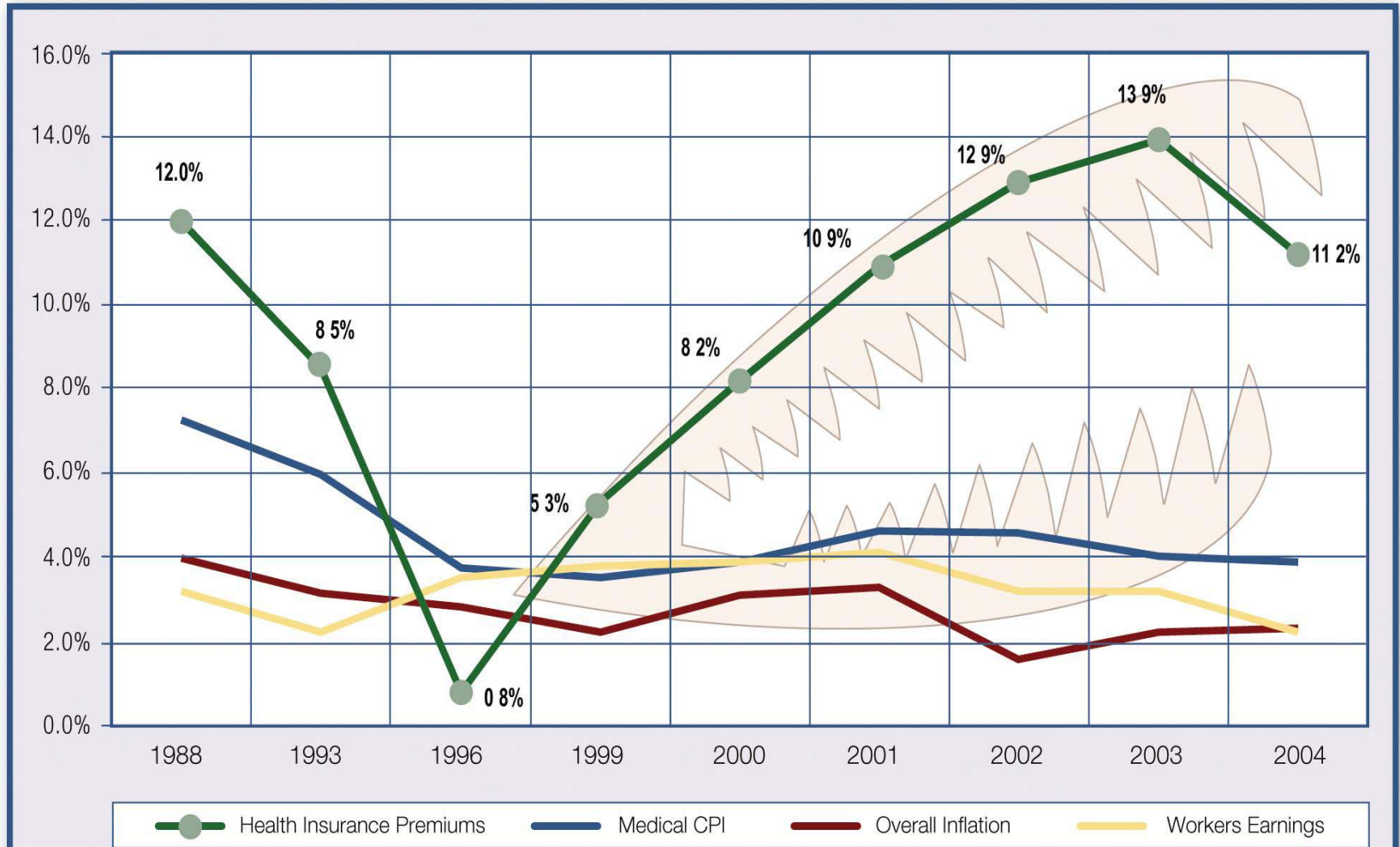
“We could do a lot more for a lot lower cost if we had the right incentives for good care.”

Mark McClellan, MD, CMS Administrator

You don't say, 'Pay me first and then we'll talk about quality'.

Bill Thomas, Chairman, House Ways & Means Committee

Cost Pressures – No End in Sight

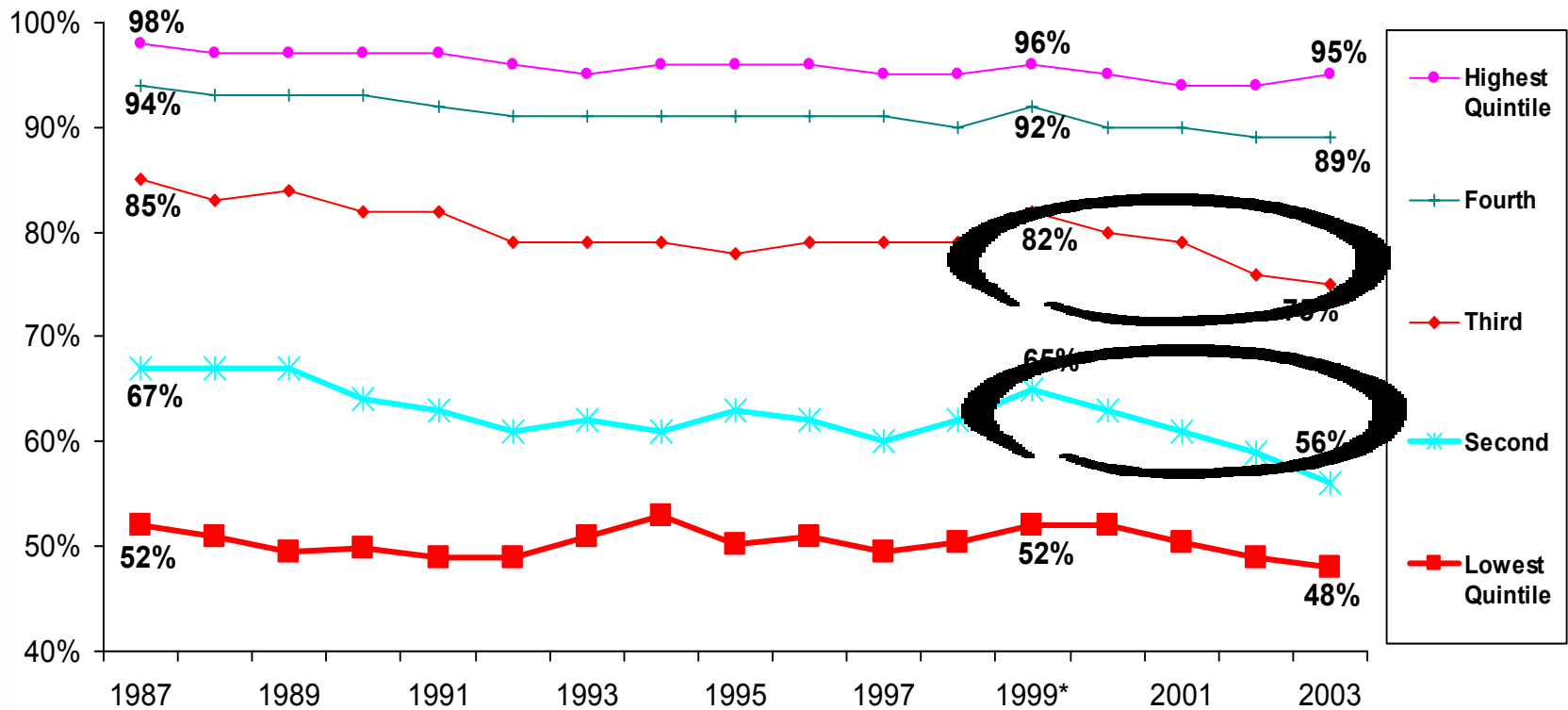


Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits; 2004. Dental work by Arnie Milstein, MD, PBGH Medical Director
 Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

A Politically Unstable Trend:

Middle Income Workers are Being Eaten the Most Quickly
(Uninsurance kills ~5,000 annually; rising ~450 annually)

Percent of working adults insured, by household income quintile
1987-2003

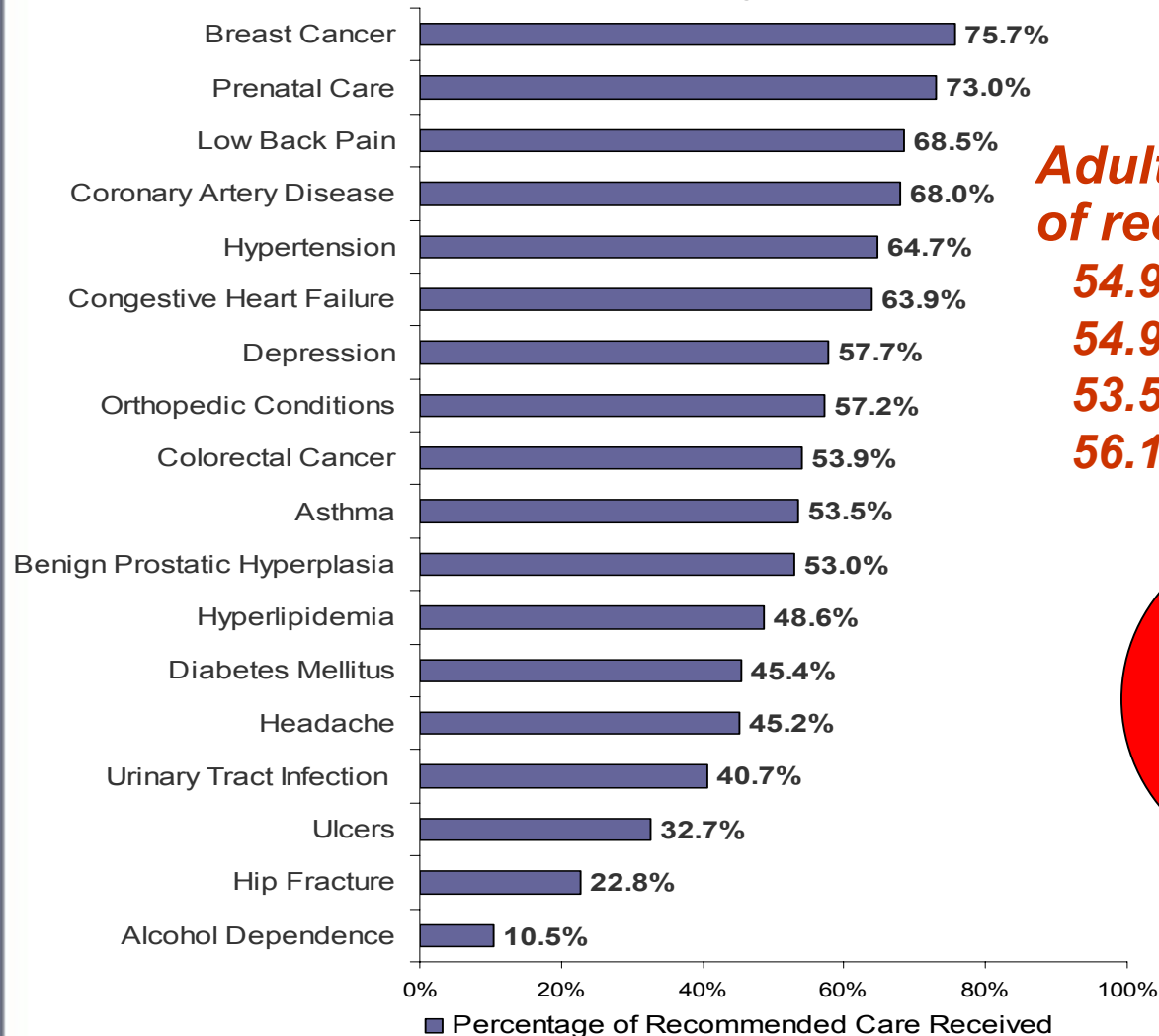


Adapted from "A Need to Transform the U.S. Health Care System: Improving Access, Quality, and Efficiency," compiled by A. Gauthier and M. Serber, *The Commonwealth Fund*, October 2005.

* In 1999, CPS added a follow-up verification question for health coverage. Source: Analysis of the March 1988–2004 Current Population Surveys by Danielle Ferry, Columbia University, for The Commonwealth Fund.

Quality Shortfalls: Getting it Right 50% of the Time

Adherence to Quality Indicators



Adults receive about half of recommended care

54.9% = Overall care

54.9% = Preventive care

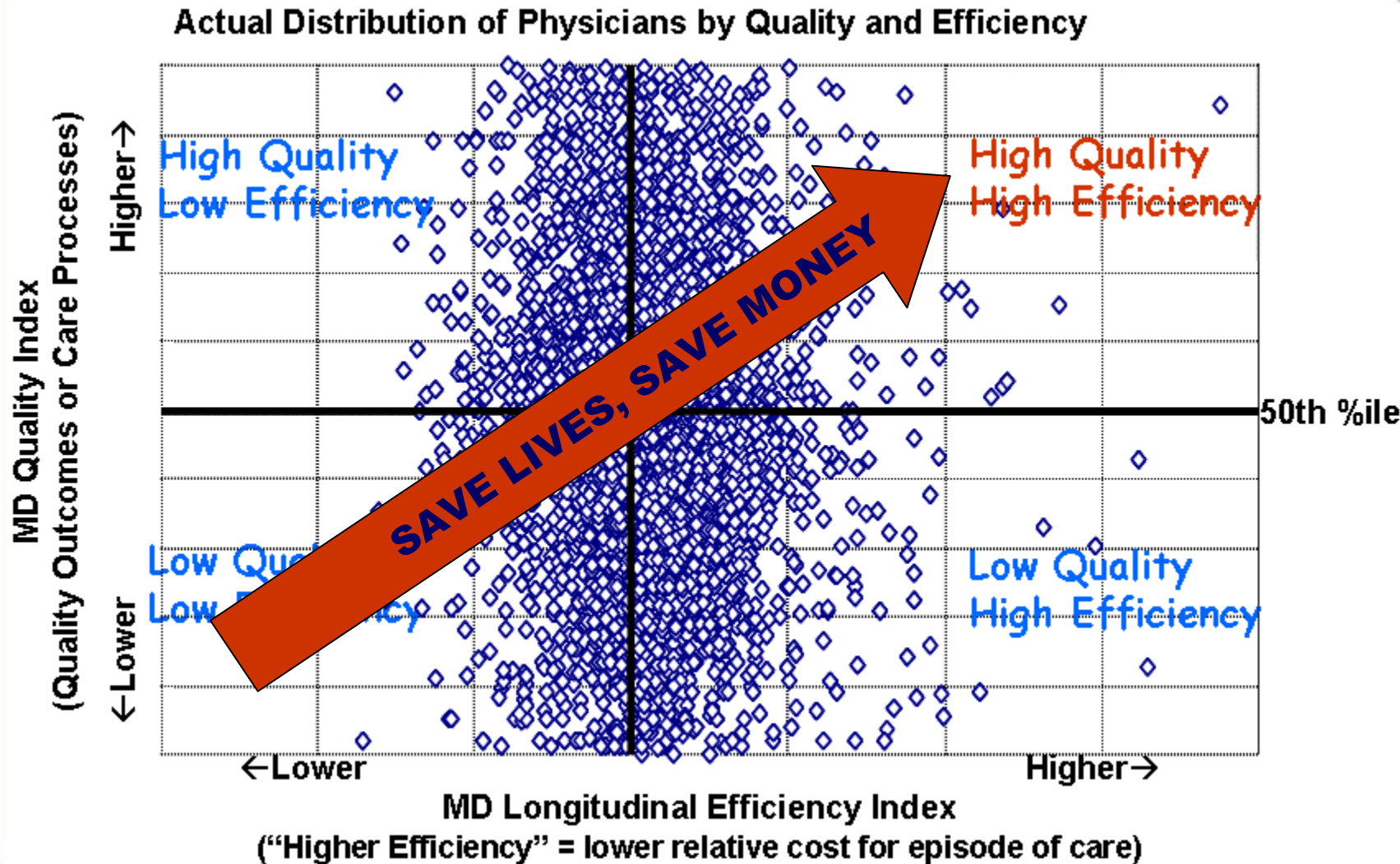
53.5% = Acute care

56.1% = Chronic care



Source: McGlynn EA, et al., "The Quality of Health Care Delivered to Adults in the United States," New England Journal of Medicine, Vol. 348, No. 26, June 26, 2003, pp. 2635-2645

Measuring Provider Quality and Cost-Efficiency to Improve Value



Breakthrough Plan Competencies: Potential Impact on Premium

Health Plan Competency	Potential Premium Savings		
	Low	Medium	High
1. Health Promotion	0.1%	1.7%	5.2%
2. Health Risk Management a. Risk reduction b. Self-care and triage c. Disease management	-1.3%	1.1%	5.6%
3. Shared Decision-Making/Treatment Options	0.1%	0.4%	1.0%
4. Provider Options	7.3%	12.2%	17.0%
5. Consumer Incentives & Engagement	Included above	Included above	Included above
6. Provider Incentives & Engagement	Included above	Included above	Included above
TOTAL PREMIUM VALUE	6.2%	15.4%	28.8%

Putting Information & Money to Work

Consumer and Provider Incentives

Patient/Consumer Incentives	Provider Incentives
<ul style="list-style-type: none">▪ Information → Tools for the Right People at the Right Time	<ul style="list-style-type: none">▪ Information → Tools for Quality Improvement and Accountability
<ul style="list-style-type: none">▪ Network Limits → (Narrow Networks)	<ul style="list-style-type: none">▪ Channeling Volume
<ul style="list-style-type: none">▪ Value Pricing → Price Differentiation<ul style="list-style-type: none">▪ Contribution▪ Point of Care	<ul style="list-style-type: none">▪ P4P → Variable Payment

Nearing the Tipping Point: Millions Using Health Care “Quality” Information

Saw information on quality among...

Used the information in making a decision...

Health Plans 28%

% and Number
of all Americans

13.4% **27 Million**

Hospitals 22%

8.4% **17 Million**

Physicians 11%

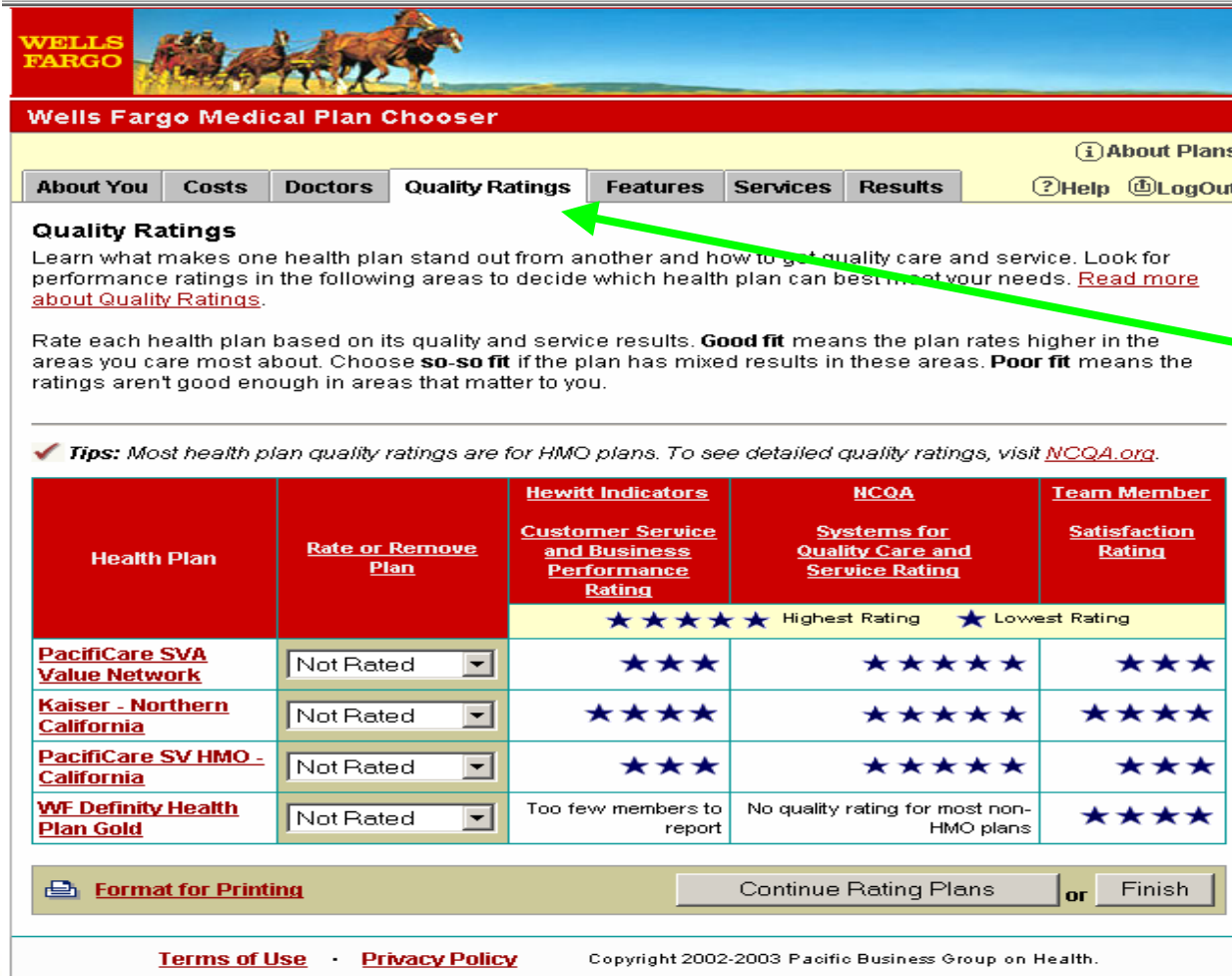
5.4% **11 Million**

Source: Kaiser Family Foundation et al., *National Survey on Consumers' Experiences*, 2004

Consumer Incentives for Value Health Plan Choosers

Health Plan Chooser – Showing cost and paving the way to quality

wizard.asp?page=quality_ratings



WELLS FARGO

Wells Fargo Medical Plan Chooser

① About Plans

About You | Costs | Doctors | **Quality Ratings** | Features | Services | Results | ? Help | @ LogOut

Quality Ratings

Learn what makes one health plan stand out from another and how to get quality care and service. Look for performance ratings in the following areas to decide which health plan can best meet your needs. [Read more about Quality Ratings.](#)

Rate each health plan based on its quality and service results. **Good fit** means the plan rates higher in the areas you care most about. Choose **so-so fit** if the plan has mixed results in these areas. **Poor fit** means the ratings aren't good enough in areas that matter to you.

✓ **Tips:** Most health plan quality ratings are for HMO plans. To see detailed quality ratings, visit [NCQA.org](#).

Health Plan	Rate or Remove Plan	Hewitt Indicators	NCQA	Team Member
		Customer Service and Business Performance Rating	Systems for Quality Care and Service Rating	Satisfaction Rating
		★ ★ ★ ★ ★ Highest Rating ★ Lowest Rating		
PacifiCare SVA Value Network	Not Rated	★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★
Kaiser - Northern California	Not Rated	★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★
PacifiCare SV HMO - California	Not Rated	★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★
WF Definity Health Plan Gold	Not Rated	Too few members to report	No quality rating for most non-HMO plans	★ ★ ★ ★

Format for Printing Continue Rating Plans or Finish

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Member preference-based ranking:

- Cost
- Doctor
- Quality
- Features
- Services

Consumer Incentives for Value Hospital Choice Tools & Tiers

- Hospital quality linked to treatment choice information
- Network, cost and quality information linked to tiered benefit design

Address <http://bsca.sqctool.com/5etRankings.aspx?f=Other>



Blue Shield of California
An Independent Member of the Blue Shield Association

[mylifepath.com](#) [My Home](#) [My Health Plan](#) [Find a Provider](#) [Find a Plan](#) [Pharmacy](#) [Health & Wellness](#)

Helpful Resources
To speak to a registered nurse about this tool, call **1 (866) LIFEPATH**, then press 1. TDD line is **1(800) 855-2880**.
• [Read frequently asked questions](#)

Feedback
Tell us [what you think about this tool](#).

Newly Diagnosed?
[Get individualized treatment information](#)

HMO Members
Except for emergencies or urgently needed out-of-area care, hospital services must be authorized by your HMO physician or Blue Shield to be covered. The hospitals displayed in your results may include hospitals that would not be authorized. Please

Lifepath Decision GuideSM

[Summary](#) [Patients/yr](#) [Mortality](#) [Complications](#) [Length of Stay](#) [Cost](#) [Other Evals](#) [More](#)

Report on Hip Replacement, Total

Pasadena, CA, 5 miles
Data Source: All Patients

This report compares hospitals within 5 miles of Pasadena, CA for Hip Replacement, Total, and is based on your selections and rankings. This is just one of several sources you should consult to select a hospital; always consult your physician about what decision is right for you. [Click here for more information](#).

[New Search](#) | [Change Hospitals](#) | [Change Rankings](#)

Name	Rank	Index	Patients/yr	Mortality	Complications	LOS	Cost
Glendale Adventist Medical Center (Choice)	1 st	1.64	2 nd	1 st	1 st	3 rd	2 nd
Huntington Memorial Hospital (Choice)	2 nd	2.00	1 st	2 nd	3 rd	2 nd	2 nd
Glendale Memorial Hospital & Health Center (Choice)	3 rd	2.18	3 rd	3 rd	2 nd	1 st	1 st

[New Search](#) | [Change Hospitals](#) | [Change Rankings](#) [Print report](#)
[Email report](#)

About this chart

This chart summarizes the results of all measures for this group of hospitals. Lower numbers are better.

The overall rank of this group of hospitals is based on how each hospital performed on each measure and on your rankings of the importance of each

Legend

Rank: The overall rank of each hospital in this group of hospitals.

Index: A point score used to calculate the ranks. This is the average rank across all measures, weighted by the rank you gave to each measure.

Patients/yr: Rank based on the number of patients treated at each hospital.

Mortality: Rank based on the percentage of

Member preference-based ranking:

- Volume
- Mortality
- Complications
- Length of Stay
- Leapfrog
- Cost
- Patient Experience

Consumer Tools

Medical Group Performance

Medical Group Ratings

Compare how medical groups score on seeing that patients get the right care and how patients rate their care and service experiences.

Higher scores for Getting the Right Medical Care means that medical groups see that patients get care that meets recommended standards. Groups also are scored on the Patient Rating of Care Experience; this includes aspects of care—like communicating with doctors and staff—that only patients can report.

★★★ Excellent ★★ Good ★ Fair ☆ Poor Explain ratings		
Medical Group Ratings		
California Medical Group	Getting the Right Medical Care	Patient Rating of Care Experiences
Camino Medical Group	★★★	★★
Palo Alto Medical Foundation, PA Division	★★	★★★
Physicians Medical Group of San Jose	★★	★★
San Jose Medical Group	★★	★★
Santa Clara County IPA	★★	★
The Permanente Medical Group - Peninsula Area	★★	★

Reports on California's Medical Groups

Sponsor: State of California Office of Patient Advocate

http://www.opa.ca.gov/report_card/

Medical Group Information:

Performance:

- Clinical Quality
- Patient Experience

Reporting Issues:

- Transparency of “Target Rate”
- Consumer ability to “drill down” to find out more
- Clinical quality measures based on national standard measures used in statewide pay-for-performance initiative

Consumer Incentives for Value Physician Performance Information

Questions?

PROVIDER INFORMATION	
Name:	Shirley Holmes, MD
Gender:	Female
Specialty:	Internal Medicine
Board Certification:	Certified
Group Practice:	Uptown Internal Medicine
ID#:	037625
Office:	5672 Queens Court, NE Grand Rapids, MI 49525 Kent County (616) 555-1212
Get Driving Directions	
Office Hours:	M, W, F 8:30-5; T, Th 9:30-7
Patient Ages Accepted:	All ages
Quality Measures:	
Below are the number of apples this Primary Care Provider (PCP) earned based on his/her individual or group practice quality performance in 2003.	
Quality Measures	2003 Quality Performance
Disease Management	
▪ Diabetes Care	
▪ Asthma Care	
▪ Depression	
▪ Pediatric Antibiotic Resistance	
Preventive Health	
▪ Adult Physical Exams	
▪ Children's Physical Exams	
▪ Childhood Immunizations	*
▪ Breast Cancer Screening	
Patient Satisfaction	
▪ Overall Satisfaction	
This physician has earned 28 out of 32 possible apples in providing quality care to patients. On average PCPs achieved 22 apples.	
Key	
	Met or exceeded Priority Health's target rate
	Scored in the highest 1/3 of performance below the target rate
	Scored in the middle 1/3 of performance below the target rate
	Scored in the lowest 1/3 of performance below the target rate
* This PCP did not have enough Priority Health patients in this category to qualify for measurement.	
PRACTICE DETAILS	



Priority Health, Grand Rapids, Michigan

- 450,000 insureds
- 1,100 PCP's; 1,700 specialists
- Information on 75% of PCPs
- P4P since 1996; public reporting since 2002
- See: www.priorityhealth.com

Physician Information:

Basics:

- Specialty
- Board Certification
- Hours/Contact

Performance:

- Disease management
- Preventive Care
- Patient Experience

Reporting Issues:

- Transparency of "Target Rate"
- Almost all look "above average"
- Combines practice site and individual physician results

Treatment Choice: Core Purchaser Expectation of Support to Consumers

Health Dialog: phone and interactive online decision support

Help individuals get motivated to participate in the management of their health and healthcare.



Health Coach

Help individuals learn how to collect and review up-to-date, evidence-based information on the nature of their conditions.

Help individuals learn how to prepare for discussions with their physicians, placing special emphasis on helping them prepare to discuss treatment options.

Help individuals learn how to review their options by assessing the facts and opinions they have collected in the context of their personal values and preferences.

Help individuals learn how to translate decisions which reflect their values and preferences into action

- **Evidence that the CURRENT Payment Gets What it Pays For**
 - Rewards for quantity; payments for rework and mistakes; few incentives for quality
- **Evidence that Paying for Performance Works**
 - Rewarding Results documented impact of major national P4P programs
- **Pay for Performance is Growing and Large**
 - In California, about 50% of **individual** physicians receive performance-based payments (ranging from 3% to 25% of compensation)
 - Expanding number and types of programs

Major Studies Affirm Need for Value Purchasing in Medicare and Collaborative Efforts Chart Path for the Future

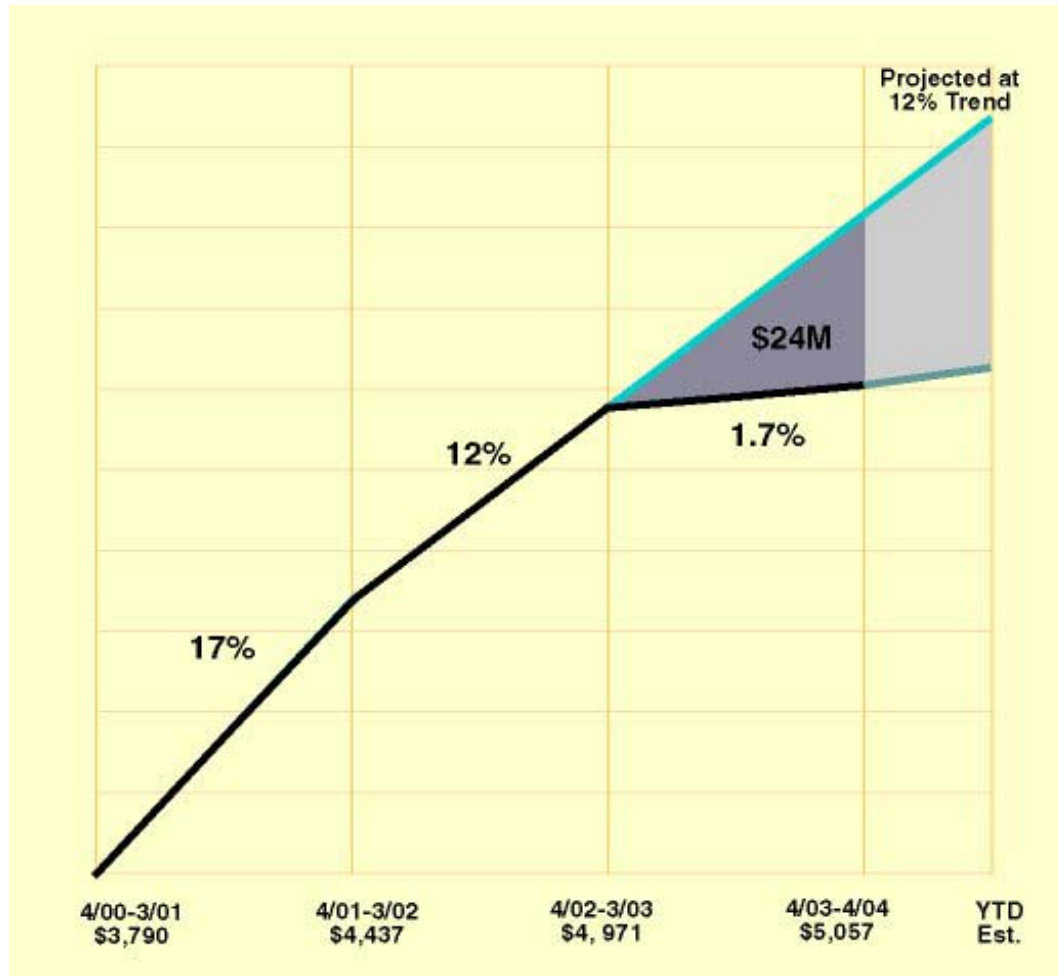
Major Study Confirms “More is Not Better;” Identifies Quality Short-falls and Financial Savings Potentials for Medicare: In a study published in Health Affairs added to the evidence that demonstrates greater spending and more frequent use of hospital and physician services are not associated with better performance on measures of quality, improvements in patient survival, ability to function, or satisfaction with care. Link: www.chcf.org/topics/hospitals/index.cfm?itemID=115921

National “Rewarding Results” Evaluation Demonstrates Benefits of Performance Payments: The Rewarding Results demonstration project released findings from a three-year evaluation of seven large-scale projects in diverse markets that demonstrated that providing financial incentives improves the quality of care. Link: www.leapfroggroup.org/RewardingResults/newsroom.htm

Medicare Premier Hospital Demonstration Results in Rapid Quality Improvement: CMS released early results of this three-year demonstration project, which documented improvements in the quality of care delivered to all inpatients directly linked to financial incentives for better performance. Link: <http://www.cms.hhs.gov/quality/hospital/>

Ambulatory Quality Alliance (AQA) and the Hospital Quality Alliance (HQA) Demonstrate the Power of Collaboration: Demonstrating the power of hospitals, physicians, health plans, consumers and purchasers working together, the AQA and HQA have developed cross-stakeholder consensus on key issues related to the definition, collection and use of performance information in both hospital and ambulatory settings. AQA Link: <http://www.ambulatoryqualityalliance.org/>
HQA Link: <http://www.cms.hhs.gov/quality/hospital/HQAFactSheet.pdf>

Real Savings from Early Steps to Rewarding Higher Value Physicians



UNITE-HERE Labor Management Trust Fund Program (Hotel workers union representing 120,000 members in Las Vegas, NV)

- Savings from network design using admin data to profile on quality and cost-efficiency
- Substantial physician engagement -- all engaged, but only 50 of 1,800+ excluded
- One year savings of 10.3%; second year 5%
- 70% of saving from network design (balance from benefit design)
- P4P for quality and affordability by physicians

Courtesy of Elizabeth B. Gilbertson, UNITE-HERE Labor Management Trust Fund, 2005

Bridges to Excellence: Physician Rewards Using NCQA Recognition Programs

Physician Office Link (NCQA Physician Practice Connections):

- Physician Rewards of up to \$50 per member per year
- Consumer Activation from report card and patient experience survey

Clinical Information Systems	Patient Education and Support	Care Management
Use of Patient Registries	Educational Resources (languages)	Care of Chronic Conditions (disease management)
Electronic RX and Test ordering systems	Referrals for Risk Factors & Chronic Conditions	Preventable Admissions
Electronic Medical Records	Quality Measurement and Improvement	Care of High-Risk Medical Conditions (care management)

Diabetes Care Link (NCQA Diabetes Recognition Program):

- 12 measures developed with the American Diabetes Association
- Physician Rewards of up to \$100 per diabetic per year
- Consumer Activation from report card, care management tool and rewards for compliance

Cardiac Care Link (NCQA Heart Stroke Recognition Program):

- 6 measures developed with the American Heart Association
- Physician Rewards of up to \$160 per cardiac patient per year
- Consumer Activation from report card, care management tool and rewards for compliance



Medical Group Payments: IHA's California Pay for Performance

GOAL: Breakthrough improvements in quality and patient experience

MULTI-STAKEHOLDER COLLABORATIVE:

- Seven health plans with over 7 million enrollees
- Over 200 medical groups
- Purchasers
- State of California
- Consumers

COMMON MEASURES:

Clinical Quality	Patient Experience	Investment and Adoption of IT
50% weight	30% weight	20% weight
10 HEDIS-based preventive and chronic care measures	5 measures (i.e. access, specialty care, MD communication)	2 Measures: point of care and population management
Reported with Administrative data	Collected through common statewide CAHPS-like survey	Collected through web-based survey plus audit

PUBLIC REPORTING AND PERFORMANCE SCORECARD:

- California Office of Patient Advocate (http://www.opa.ca.gov/report_card/)
- Pacific Business Group on Health (<http://www.healthscope.org>)

PAY FOR PERFORMANCE AND TRANSPARENCY

- In 2004 over \$50 million paid based on common metrics
- Performance information used for consumer choice and benefit design

Medicare Value Purchasing: Why It Matters to Private Purchasers

- **Medicare will eat the federal budget AND the entire economy if we let it**
 - Current trend Medicare will be 7.7% of GDP by 2035; 13.8% by 2078 (today 2.6%)
- **And...**
 - CMS as largest purchaser must lead by example
 - Medicare measures, reporting and money will drive improvement
 - Medicare will promote standardization of measures
 - Medicare data can provide basis for better commercial provider selection

Medicare Value Purchasing: Core Elements

- **Robust Performance Measures**
 - Efficiency/resource measures essential to counterbalance loss of utilization controls
- **Full Public Reporting**
 - THE key to value improvement: must have clear path to full public reporting
- **Substantial Performance-Based Payment**
 - Payments must grow to be substantial (require growth over time and real cost to not “playing”)

Value Purchasing: Bi-Partisan Commitment to a New Path for Medicare

Congressional Action in 2005:

- **Hospital Payment & Reporting Charting the way**
- **Demonstrations for Physician/Hospital Gainsharing**
- **Physician Payment Reform and Performance Reporting – path to fixing physician payment in Value Based Purchasing**
- **Home Health Public Reporting and Value Based Purchasing**

Medicare Hospital Reporting & Payment: Congress Charting The Path

- **Robust Measures:** Measures SHALL include process, structure, outcomes, patient experience, efficiency, cost of care (and Secretary can expand and replace measures)
- **Public reporting:** Substantial withhold if not “volunteering” -- Non-reporting reduction of 2% effective 2007 (up from the 0.4% that resulted in virtually universal participation) and measures SHALL be made public
- **Substantial Payments:** Secretary SHALL implement full value based purchasing, with payments to hospitals by 2009, that SHALL include: quality and efficiency as factors – starting now by reducing DRG's for Hospital Acquired Infections

Not everything that can be counted counts, and not everything that counts can be counted.

Albert Einstein

An overview of PBGH programs and initiatives and links to:

- ***Aligning Physician Incentives: Lessons and Perspectives from California, September 2005***
- ***Advancing Physician Performance Measurement: Using Administrative Data to Assess Quality and Efficiency, 2005***
- **PBGH, California Medical Association – *Medicare Value Purchasing Consensus Statement, 2005***

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