

Breakthrough P4P Case Study: Med ϵ ncentive's Doctor-Patient Interactive Reward Program

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Three **Big** Ideas

#1 **P4P-Ix (Information Therapy)**

Give information that helps patients improve the quality indicators.

Three **Big** Ideas

#1 P4P-Ix (Information Therapy)

#2 P4P Alignment

**Align incentives for
physicians and patients**

Three **Big** Ideas

#1 P4P- Ix (Information Therapy)

#2 P4P Alignment

#3 P4P Use really **BIG incentives**

**Use incentives that are
large enough to work**



**Healthwise
Not for Profit
Founded 1975**



Healthwise

We provide consumer health information



*10 of 10 top Health Plans
3 of 3 top disease mgt.
Most large health portals
400+ hospitals*

*Web-based
Phone-based
Book-based*

*88 Million
Times a
Year*

to help people make better health decisions

Crisis in Healthcare

- Cost crisis
- Quality crisis
- Manpower crisis

**A Transformation in the
Role of the Consumer**

Three **Big** Ideas

#1 P4P-Ix (Information Therapy)

**Give information that
helps patients improve
the quality indicators**

Three Simple Rules

1. Help people do as much for themselves as they possibly can.
2. Help people get the care they need by giving them “guidelines” and quality indicators.
3. Help people say “no” to care they don’t need.

**Help people make
better health decisions.**

The “x” in Medicine

- Rx = Medications
- Sx = Symptoms
- Hx = History
- Dx = Diagnosis
- Tx = Treatment



Ix = information therapy

An information prescription

“Information Therapy”

- **The *prescription* of specific evidence-based medical information**
- **to a specific patient, caregiver, or consumer**
- **at just the right time to help them make a specific health decision or behavior change**

as part of the process of care



Information Therapy

From:

Information is “about your care”

To:

Information is “care”



Information Therapy

*Prescribing the right
information to
the right person
at the right time.*

To learn more: www.ixcenter.org

2007 Ix Conference, October 8-10, Park City, Utah

Three **Big** Ideas

#2 P4P Alignment

Align Physician and Consumer Incentives

Pay doctors more when they use care guidelines

Charge consumers less when they use information prescriptions

Ask physicians to encourage patient use of Ix

Ask patients to encourage physician use of care guidelines

Three **Big** Ideas

#3 Make it a **BIG** incentive

CMS Incentive: ___%

What does it take to get the physician's attention?

Is a 20% pay raise too much when it comes to quality?

Should patients who "do it right" earn a discount?

#3 Make it a BIG incentive

Pay doctors more when they use care guidelines

Charge consumers less when they use information prescriptions

Ask physicians to encourage patient use of Ix

Ask patients to encourage physician use of care guidelines

Med*e*ncentive

*e*vidence-based rewards for a healthier world.





**Presbyterian Health
Foundation
Research Park**

Oklahoma City

The Program

Med*e*ncentive

*e*vidence-based rewards for a healthier world.



- Second generation pay-for-performance (P4P) program
- “Bolts-on” to any health plan
- Lowers costs by incorporating the Company's patent pending, web-based incentive system
- Interactively rewards both doctors and patients for incorporating evidence-based medicine (EBM) guidelines and information therapy (Ix), and for demonstrating healthy behaviors.

The Team

- **Jeff Greene**
 - founder, CEO, Director, MedEncentive; co-founder CEO CompONE Services
- **Susan Chambers, MD**
 - co-founder, Director, MedEncentive; co-Founder and Officer, ObGyn of OKC; Oklahoma's 2003 Woman of the Year, Past President; World Neighbors; President, COPA
- **David Parke, MD**
 - co-founder, Director, MedEncentive; President, Dean McGee Eye Institute; Chairman Dept of Ophthalmology University of Oklahoma; President, 2007 American Academy of Ophthalmology; Chairman Medem; Director, Ophthalmic Mutual Insurance Company

Healthcare Reformist Breakfast Club

Med*e*ncentive

*e*vidence-based rewards for a healthier world.

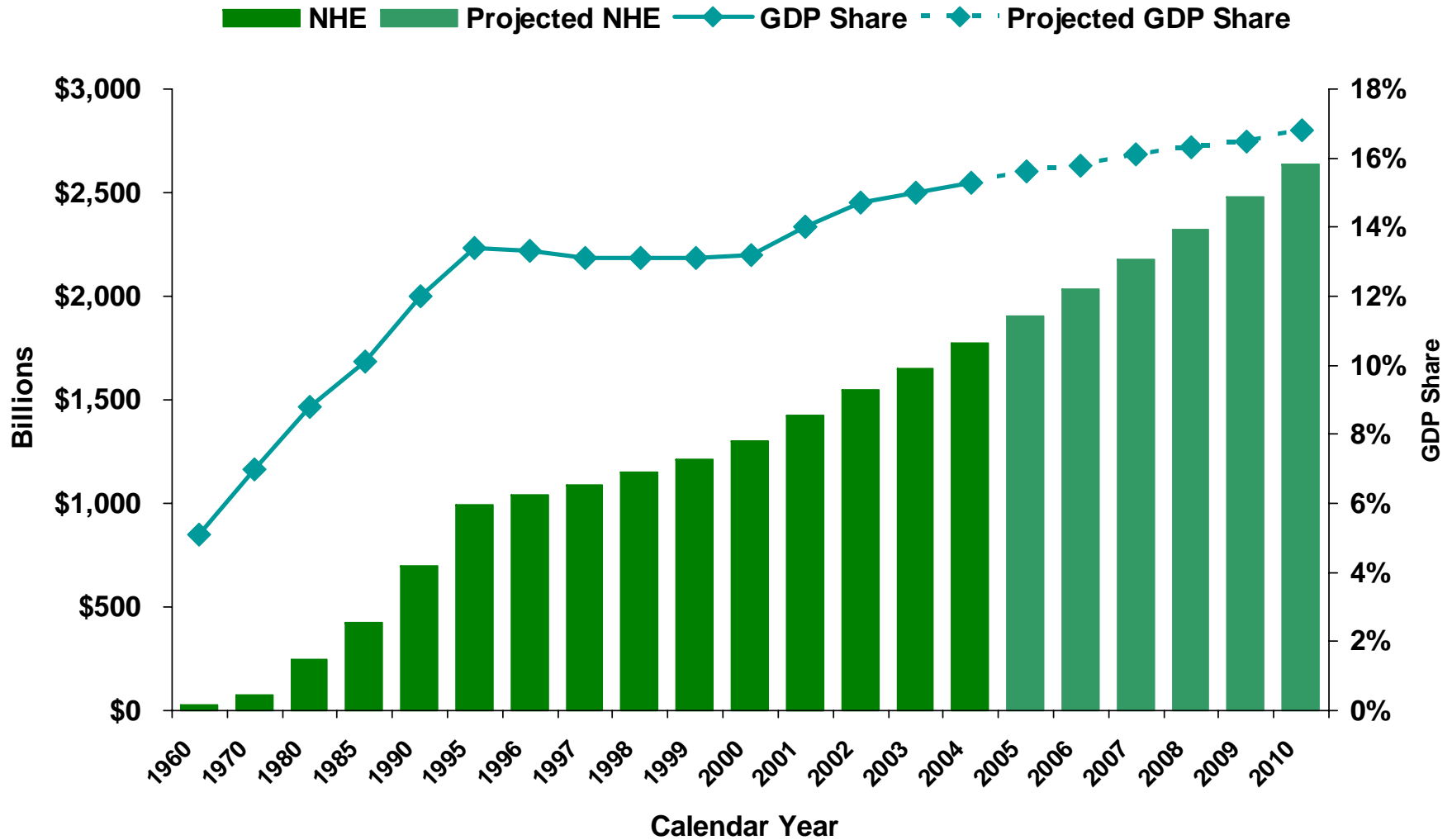


- Jeff Greene founds CompONE in 1987
- Dr. Susan Chambers, Dr. David Parke, and Greene begin weekly breakfast meetings in 1997
- Greene files first patent in 2003 (pre-P4P era)
- Internet product developed and market testing begins in 2004
- Chambers, Parke and Greene co-found MedEncentive in 2005
- Test results exceed expectations

The Problem...

Inflation

U.S. healthcare delivery is broken and needs dramatic solutions...



Underlying causes of healthcare inflation

- 1 Poor quality of care** (RAND Corp 2004 report)
 - Recommended care delivered only **55%** of the time
- 2 Poor physician-patient communication** (University of Toronto and other studies)
 - Doctors interrupt patients within the **first 23 seconds**
 - **15%** of patients fully understand their doctor
 - **50%** of patients comply with doctors' orders
 - Causes misdiagnosis, inferior clinical outcomes, malpractice, and higher costs
- 3 Misaligned provider and patient incentives**
 - Incentives to provide **more** care not **better** care
 - Defensive medicine increases cost by **10%**
 - There are few patient incentives to comply with care recommendations or to lead healthy lifestyles

The Solutions...

Quality Improvement and Cost Containment Initiatives

- HMO
- Gatekeeping and Pre-certification
- Disease Management
- Consumer-driven Healthcare
- Population Health Management
- Economic Credentialing Providers
- Tort Reform
- Digitized Medical Record (EHRs and PHRs)
- **Pay-for-Performance (P4P)**

The ABCs of Healthcare Cost Containment

- A **Given: Evidence-based medicine (EBM)**, by definition, has been proven to work...
- B **Given:** A 2005 RAND Corp study determined that dispensing health information or **information therapy (ix)** has been proven to work...
- C **Given and the Challenge:** The federal government and major private purchasers are 100% committed to **pay-for-performance (P4P)** but it has not been proven to work...

The 1,2,3 of what P4P must address to be successful...

1 **There is widespread physician resistance:**

- Measurements have been unclear or out of physicians' control
- Fear of “cookbook” medicine
- Fear more work for same or less pay
- Meager and delayed financial rewards fail to shape behavior
- Don't trust health insurers or the government

2 **Patients have little or no “skin in the game”**

3 **The payer's value proposition (ROI) has not been validated**

Like a three-legged stool

MedEncentive has concluded that no health care cost containment solution can be sustained without balancing the interests of the three essential stakeholders...



Purchasers/Payers



Providers



Consumers/Patients

The MedEncentive Solution...

Unlike Any Other Health Care Reform Concept

*Mede*ncentive

- Triangulates the interests of:

- the medical provider



- the consumer/patient, and

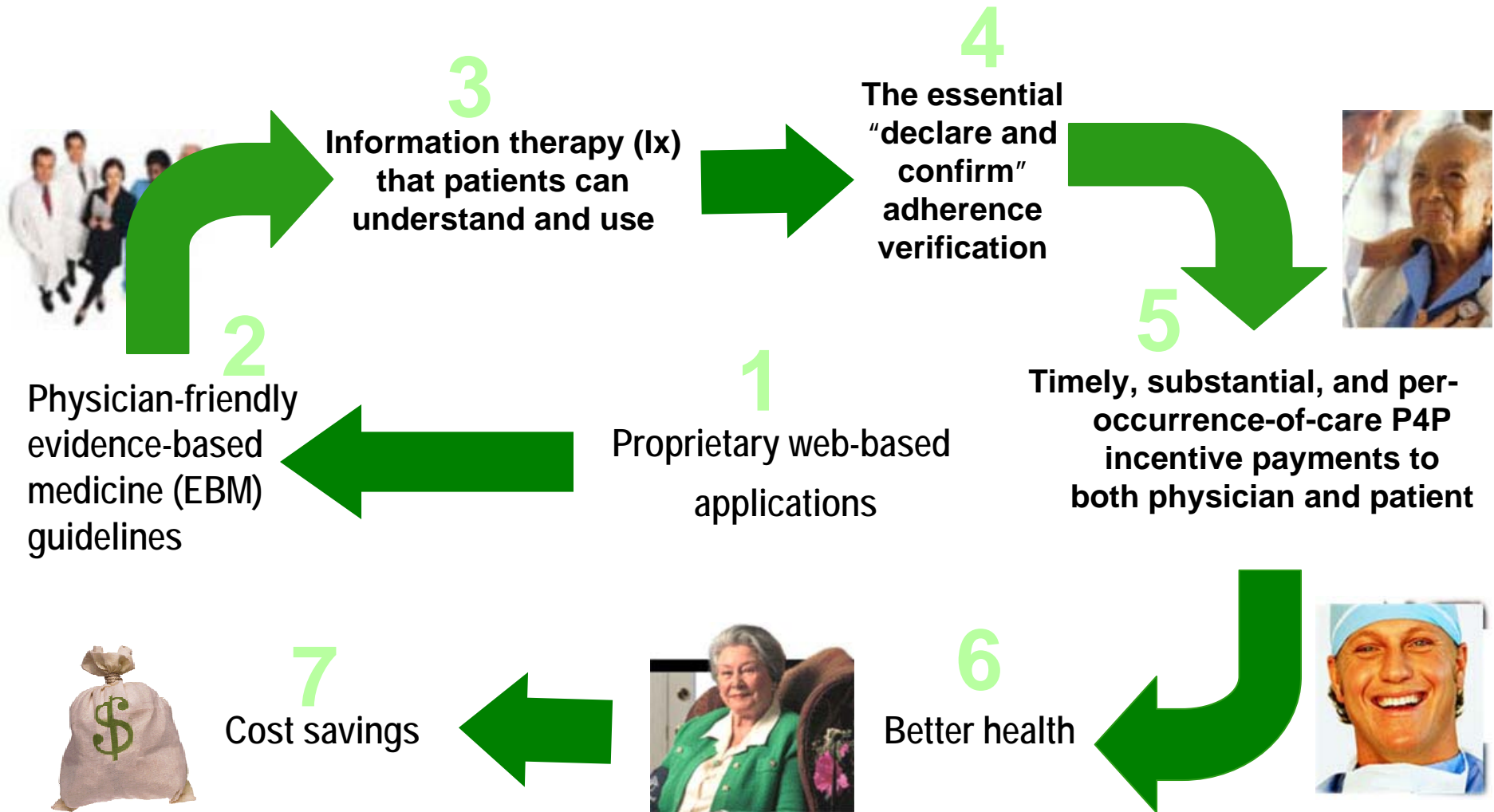


- the purchaser/payer



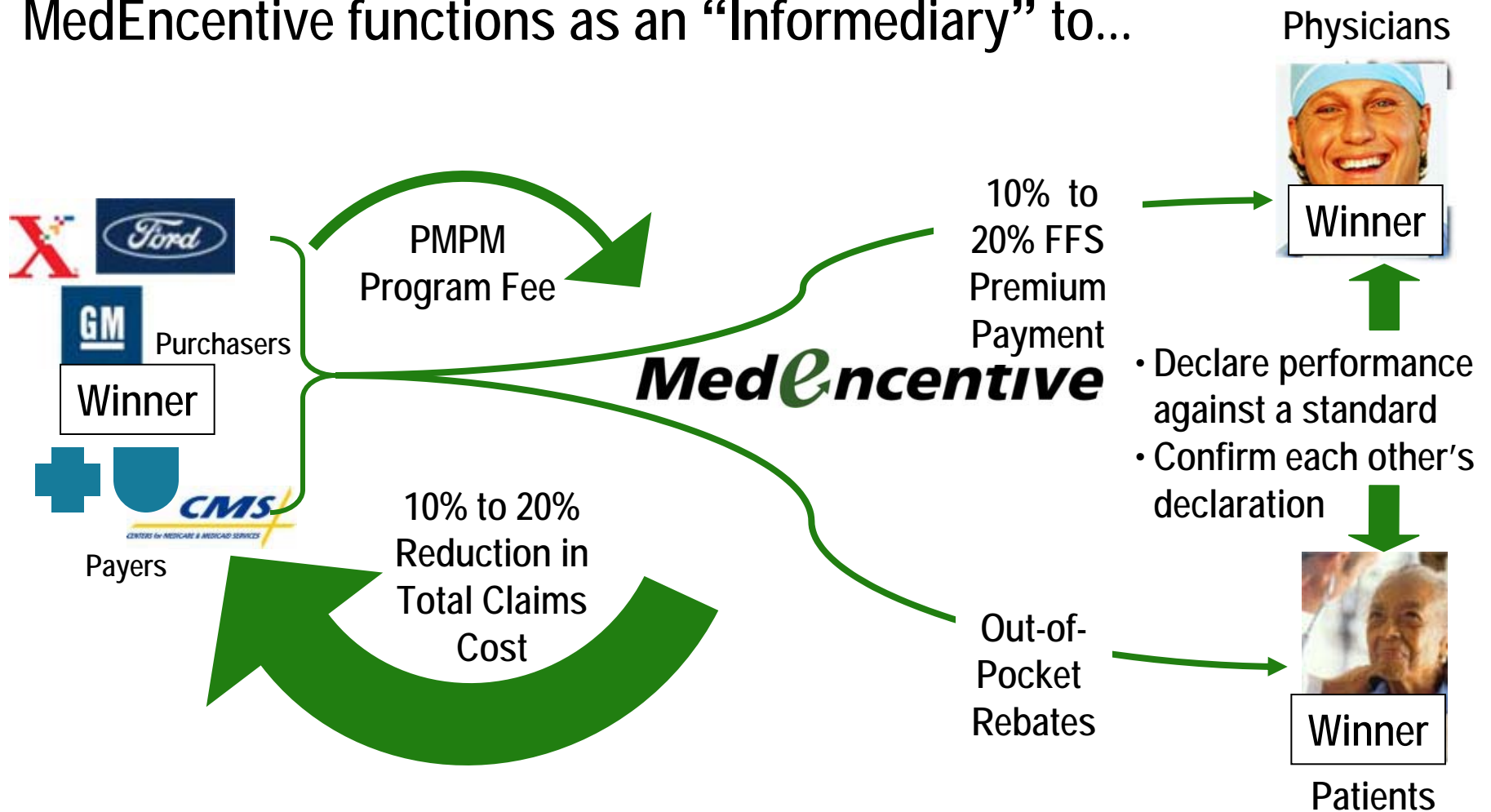
...to create a win-win-win solution

Med^encentive Information Therapy Program



Med^encentive Web-based Solution

MedEncentive functions as an “Informediary” to...



...create a “Triangulation” that produces a Win-Win-Win

Some Program basics...

- Program participation is voluntary for both doctors and patients
- Doctors and patients can earn financial rewards immediately for each office visit
- Physician compensation is approximately 20% more for each office visit for additional effort and responsibility, not for merely doing what they are already being paid to do
- Patient financial rewards are in the form of office co-pay rebates ranging from \$10 to \$30, depending upon the employer

Doctors can practice the Ix Program in two ways...

- Real-time while the patient is in-office or shortly thereafter, or...
- After-the-fact...
 - As a result normal insurance claim, MedEncentive sends an email
 - Time limits to respond
 - MedEncentive also sends a fax reminder

The MedEncentive Ix Program provides access to world-class medical content and evidence-based guidelines



- MedEncentive's logo implies this health plan is superior in terms of quality and value
- Delivers evidence-based guidelines and up-to-date patient content from four leading academic medical centers through HealthGate and now from...



MedEncentive's physician website takes only seconds to complete...

The screenshot displays a web browser window with the address `http://localhost/ePPOPHYSICIAN/Docs/WorkClaim.aspx`. The page is titled "Patient: Test Patient" and includes instructions for completing the form. The main content area features a "Hypertension Decision Tree" flowchart. The flowchart starts with a decision diamond "Hypertensive Crisis?". If "No", it leads to a box "If not Hypertensive Crisis Begin Lifestyle Modification : Lose weight, limit alcohol, increase activity, reduce sodium, maintain potassium calcium and magnesium, stop smoking, reduce saturated fat and cholesterol". Below this is a decision diamond "Not at Goal BP?". This leads to a box "Initial Drug Choices" with two paths: "Specific Indications" leading to a box listing "ACE Inhibitors, Angiotensin II Receptor-blockers, Alpha-blockers, Beta-blockers, calcium antagonists, Diuretics" and "Compelling Indications" leading to a box listing "Heart Failure: ACE inhibitors, diuretics; Myocardial Infarction: Beta-blockers (non-ISA), ACE inhibitors; Diabetes Mellitus (type I w/proteinuria): ACE inhibitors; Isolated systolic HTN (elderly): Diuretics preferred, long-acting dihydropyridine CA antagonists". From "Initial Drug Choices", the flow goes to a box "Uncomplicated" listing "Diuretics, Beta-Blockers". This leads to a decision diamond "Still not at Goal BP?". If "Yes", it leads to a box "Substitute another drug from a different class". If "No", it leads to a box "Add second agent from different class (diuretic if not already used)". Both paths lead to a final box "Still not at goal BP while".

On the left side of the interface, there are three sections of questions:

- Section 1:** "Are you following this guideline for this patient?" with radio buttons for "Yes" and "No", and a link "Click here for 'no' options".
- Section 2:** "Do you wish to prescribe information therapy to this patient?" with radio buttons for "Yes" and "No", and a link "Click here for 'no' options".
- Section 3:** "Please rate your patient's compliance for this diagnosis." with radio buttons for "Compliant", "Compliance is a non-factor", and "No Response".

At the bottom of the left column are "Help" and "Done" buttons.

- Flow chart hyperlinks allow physician interaction with guideline including decision support

- 3 simple questions makes application fast and easy to use, yet answers allow patient to validate physician compliance to the guideline and program

MedEncentive's anti-cookbook medicine feature is key to physician acceptance ...

Patient: Test Patient
Date of Service: 2004-10-05 To 2004-10-05

Instructions: All questions associated with each diagnosis in the left column must be appropriately answered to be eligible for higher payment on this claim. A "no" response will require a listed or typed explanation. Refer to "No" options under each question. Only the primary diagnosis requires your response, however you can prescribe additional information therapy to your patient by clicking on other listed guidelines and diagnoses. When completed click the "Done" button. Click "Help" for expanded instructions.

Hypertension Decision Tree

1. 401.1 (P) BENIGN HYPERTENSION

Are you following this guideline for this patient?
 Yes
 No

Do you wish to prescribe information therapy to this patient?
 Yes
 No

Please rate your patient's compliance for this diagnosis.
 Compliant
 Compliance is a non-factor
 No Response

Decision Tree Flow:

- Hypertensive Crisis? (Yes/No)
- If not hypertensive crisis, proceed to Uncomplicated.
- Uncomplicated: Diuretics, Beta-Blockers.
- Still not at Goal BP? (Yes/No)
- If still not at goal BP, options include: Substitute another drug from a different class, Add second agent from different class (diuretic if not already used).

Compelling Indications (Anti-cookbook medicine feature):

- Co-morbidity
- Emergent condition
- Pending lab or other test results
- Contraindicated because:
- Patient declines for financial reasons
- Patient declines for other reasons:

Other Clinical Indications:

- Heart Failure: ACE inhibitors, diuretics
- Myocardial Infarction: Beta-blockers (non-ISA), ACE inhibitors
- Diabetes Mellitus (type I w/proteinuria): ACE inhibitors
- Isolated systolic HTN (elderly): Diuretics preferred; long-acting dihydropyridine CA antagonists

- Allows the flexibility for physicians to deviate from the guideline (the "anti-cookbook medicine" feature)

The physician's response automatically triggers the patient prescription for "information therapy"



Jane Doe
123 Test ST
Oklahoma City, OK 73127

Dear **Jane**,

Welcome to the MedIncentive Program sponsored by your health plan. This letter is an information therapy prescription from **Dr. Doright** to services rendered on **01/01/2005**.

The purpose of this prescription is to provide you with important medical information to help you self-manage your condition and to help you maintain good health. This letter also serves the purpose of initiating the process that will financially reward you when you indicate your compliance with your doctor's instructions and with treatment guidelines compiled by leading medical schools.

To receive your information therapy you must have access to the Internet. If you have Internet access at home, this is ideal. If not, we recommend contacting your employer about Internet access at your place of work. You may also consider accessing the Internet at your doctor's office or at the public library.

You will find your information therapy by going to <http://www.medincentive.com/DemoPatient/> on the Internet. This Web site will ask you for a user id and a password.

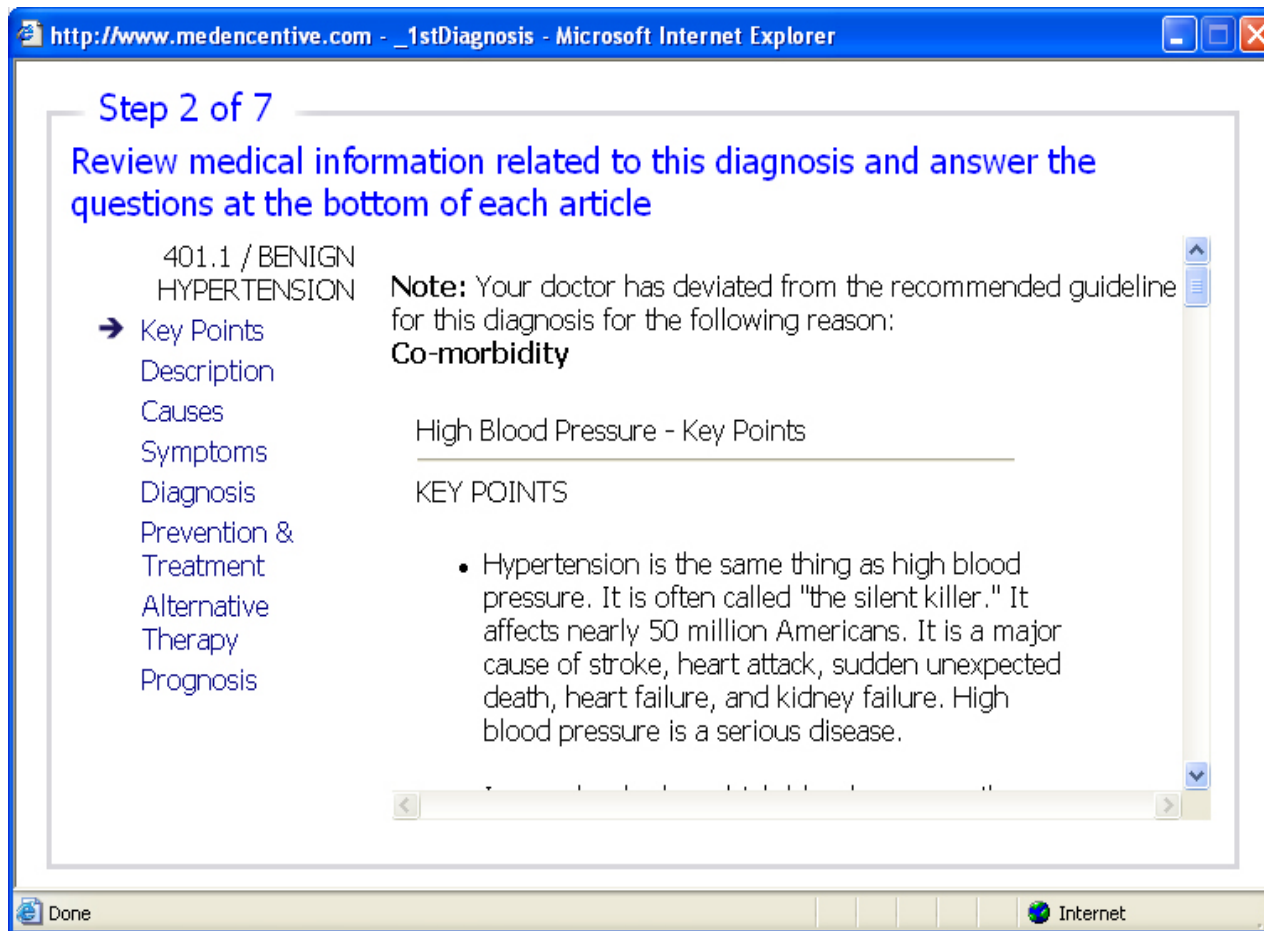
Your user id is: **Jane**
Your password is: **Doe**

This website provides helpful instructions for you to successfully receive your information therapy. One important instruction worth noting is **the two week time limit** for you to successfully complete the information therapy questionnaires in order to be eligible for any financial rewards associated with this notification. Also, be aware that failure to actively participate in this self-management program may result in increased health care cost to you. Your participation may earn you a financial reward of **\$25.00**.

Contact your doctor if you have medical questions. Contact Patient Services at 405-947-7410, ext. 123 if you have operational or financial rewards questions.

- Provides alternative web access options so all can participate
- Log-on instructions with the URL and User ID/Password
- Allows 2-week timeframe to complete instructional course
- Offers financial incentive to participate in the program
- Initially sent by mail, but after log-on patient communications can be done electronically

Patients are educated with the same guideline as their doctor - specific to their diagnosis



The screenshot shows a web browser window with the address bar displaying "http://www.medencentive.com - _1stDiagnosis - Microsoft Internet Explorer". The main content area is titled "Step 2 of 7" and contains the instruction: "Review medical information related to this diagnosis and answer the questions at the bottom of each article". Below this, there is a navigation menu on the left with the following items: "401.1 / BENIGN HYPERTENSION", "→ Key Points", "Description", "Causes", "Symptoms", "Diagnosis", "Prevention & Treatment", "Alternative Therapy", and "Prognosis". The main content area displays a "Note: Your doctor has deviated from the recommended guideline for this diagnosis for the following reason:" followed by the heading "Co-morbidity". Underneath, there is a section titled "High Blood Pressure - Key Points" with a sub-heading "KEY POINTS". A single bullet point is visible: "• Hypertension is the same thing as high blood pressure. It is often called 'the silent killer.'" It affects nearly 50 million Americans. It is a major cause of stroke, heart attack, sudden unexpected death, heart failure, and kidney failure. High blood pressure is a serious disease.

MedEncentive's patient interface provides:


- Information in easy-to-understand language (8th grade level)
- An evaluation to make sure the patient understood the material presented

The patient questionnaire provides “checks and balances” to the physician’s input and vice-versa when:

http://www.medencentive.com - MedEncentive Claim Application Final Questionnaire - Microsoft Intern...

Step 5 of 7

Please Complete the Following Final Questionnaire

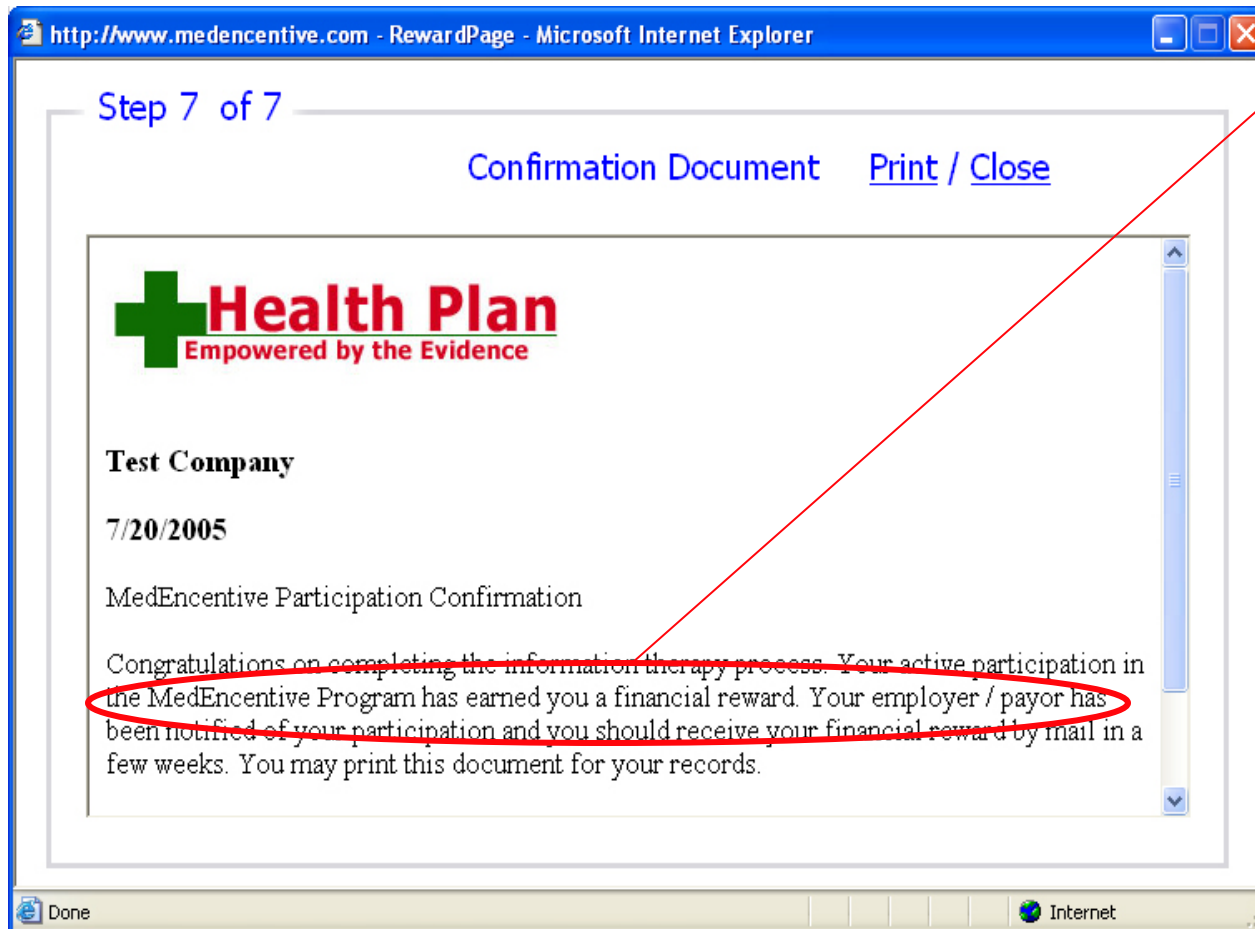


1. Did your doctor direct you to this website and discuss the reasons why you should view this information?
 Yes
 No
2. Did your doctor prescribe medication to you?
 Yes
 No
3. Are you taking your medications?
 Yes
 No

Done Internet

- Patient demonstrates knowledge
- Patient records health status
- Patient declares compliance to EBM
- Patient rates physician against EBM
- Patient’s responses are shared with their physician, creating a powerful compliance motivator

Timely completion of “information therapy” results in immediate financial reward to patients for compliance



- MedEncentive triggers an automatic transaction notifying the TPA to generate a patient payment
- The voucher serves as another co-branding opportunity and a vehicle for other patient communications

Employer set-up

- Cost Justification Worksheet
- Customer Agreement
- Program is very scaleable: simply a matter of distributing Employee-Member Kits

Employee-Member Kit is Like a Gift from the Employer



- 1 Kit is designed to be handed or mailed to each employee
- 2 Message from employer leader adds personal touch
- 3 Benefit description can be customized
- 4 Informational video describes how and why the Program works
- 5 Kit can include health ID card for each beneficiary

How About Employee Orientation?

- It is as easy as distributing the Employee Kit
- Basic patient instructions are simple:
 - 1 Ask your doctor for an information therapy prescription
 - 2 Take your information therapy
 - 3 Enjoy your financial reward and better health
- Patients receive benefit of Program even if their doctors are slow to adopt by means of the “grace period” and “system generated Ix”

Physician Enrollment and Orientation

- It is done online
- It can be initiated through:
 - organized orientations; or
 - prompting by patients; or
 - provider licensees (IPAs, PHOs, etc.)
- It is phased-in over a “grace period” by incorporating “system generated Ix”

The unanswered questions...

- **Will MedEncentive control health care costs?**
- **Will doctors and patients participate in the Program?**
- **Will the Program be easy to deploy and maintain?**
- **Will the Program produce an ROI?**

**How well does MedEncentive
work?**

For over two years, MedEncentive's performance capabilities have been tested and validated

- Three separate pilot implementations involving 1,100 covered lives
- After a year-long trial, all three test employers experienced significant health care cost reductions
- The principal test site, City of Duncan, has been the subject of an indepth analysis and a recently released study entitled: ***Pay-for-Performance Success Using Interactive Doctor-Patient Rewards***

The City of Duncan faced a budget crisis because of three consecutive years of double digit increases in health costs

- **About Duncan, OK**

- located in south central Oklahoma
- population 22,000, median income \$31,000
- oil & gas discovery in 1921
- major Haliburton installation



- **The City of Duncan**

- uses a self-insured, self-funded health plan
- faced a budget crisis because of growing health costs
- forced to cut health benefits; faced employee union discontent
- elected to try the MedEncentive Program to control costs

Implementation was relatively inexpensive and fast

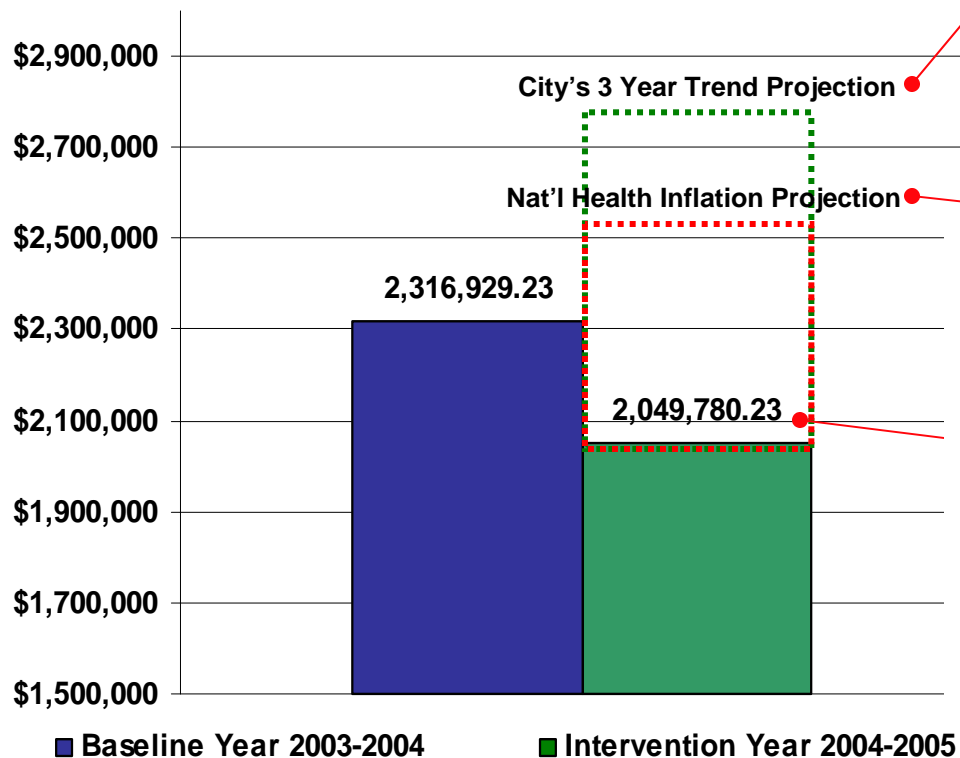
- Implemented in less than 60 days
- Health fair was conducted to officially launch the program and orient plan members
- Provider network addendum was negotiated with physician leadership
- Doctors and office staff received one orientation session, instructional videos/printed materials and registration assistance
- Plan members and the City's management received instructional videos/printed materials
- The City's TPA and re-pricer made moderate modifications to automate processes

The following hypotheses were tested:

- 1 Global healthcare costs would be contained in the first year of implementation
- 2 Expenditures among cost categories would be re-distributed in favor of physicians and administration
- 3 Defensive medicine would be abated
- 4 Patients would perceive a benefit in physician prescribed Ix

Prediction #1: In spite of increases in prices (hospital and doctor) and admin, costs would decrease

City of Duncan
Global Healthcare Expenditures
2003-2004 vs 2004-2005



The annual expenditures were projected to increase 20%.

The national inflation rate



Prediction # 1
Confirmed

The City of Duncan realized a significant ROI

Investment	
Physician premium payments	\$ 17,500
Patient Rewards	\$ 9,835
MedEncentive Fees	\$ 6,840
TOTAL Investment	\$ 34,175
	<hr/>
First Year Savings	\$ 267,149
Return on Investment	7.82

- **The City was handsomely rewarded in first year of the program.**
- **These savings are dwarfed by the impact on ongoing future savings**
- **The City also realized an incremental 7% savings in the cost of its next year's stop-loss insurance policy**

Prediction 2: There would be a re-distribution among the categories of cost

Net Change by Provider Type



• As designed, MedEncentive caused physician and admin costs (including MedEncentive program access fees) to



Prediction # 2^t
Confirmed

Prediction #3: A reduction in defensive medicine would occur...

Change in Physician Costs by Service Type



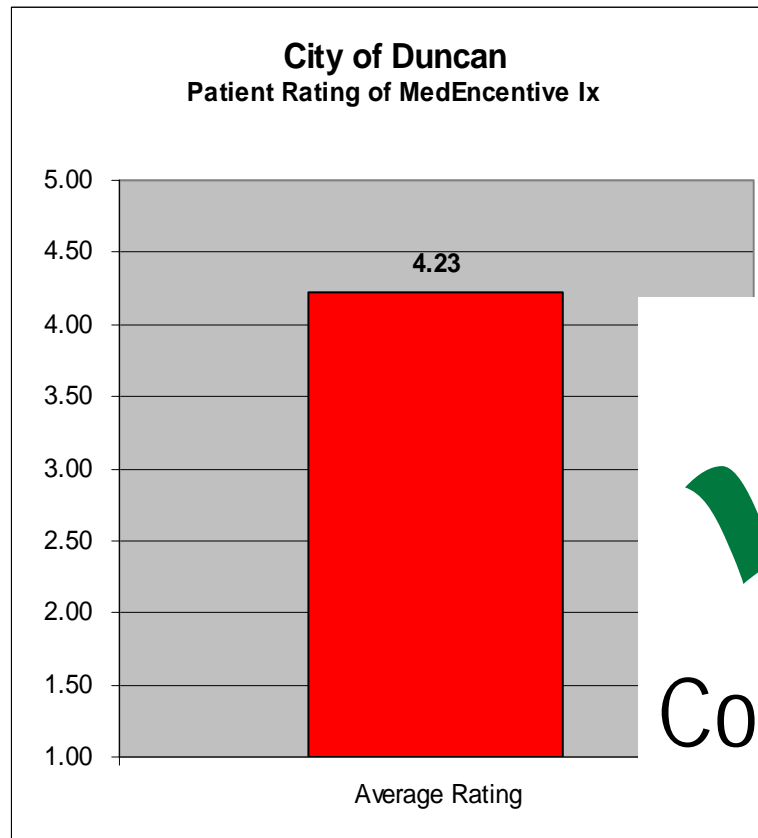
- The increase in physician service costs were allocated by medical specialty type based on CPT codes
- As expected, Medicine services including office visits



Prediction # 3
Confirmed
adherence to guidelines

Prediction #4: Patients would perceive a benefit

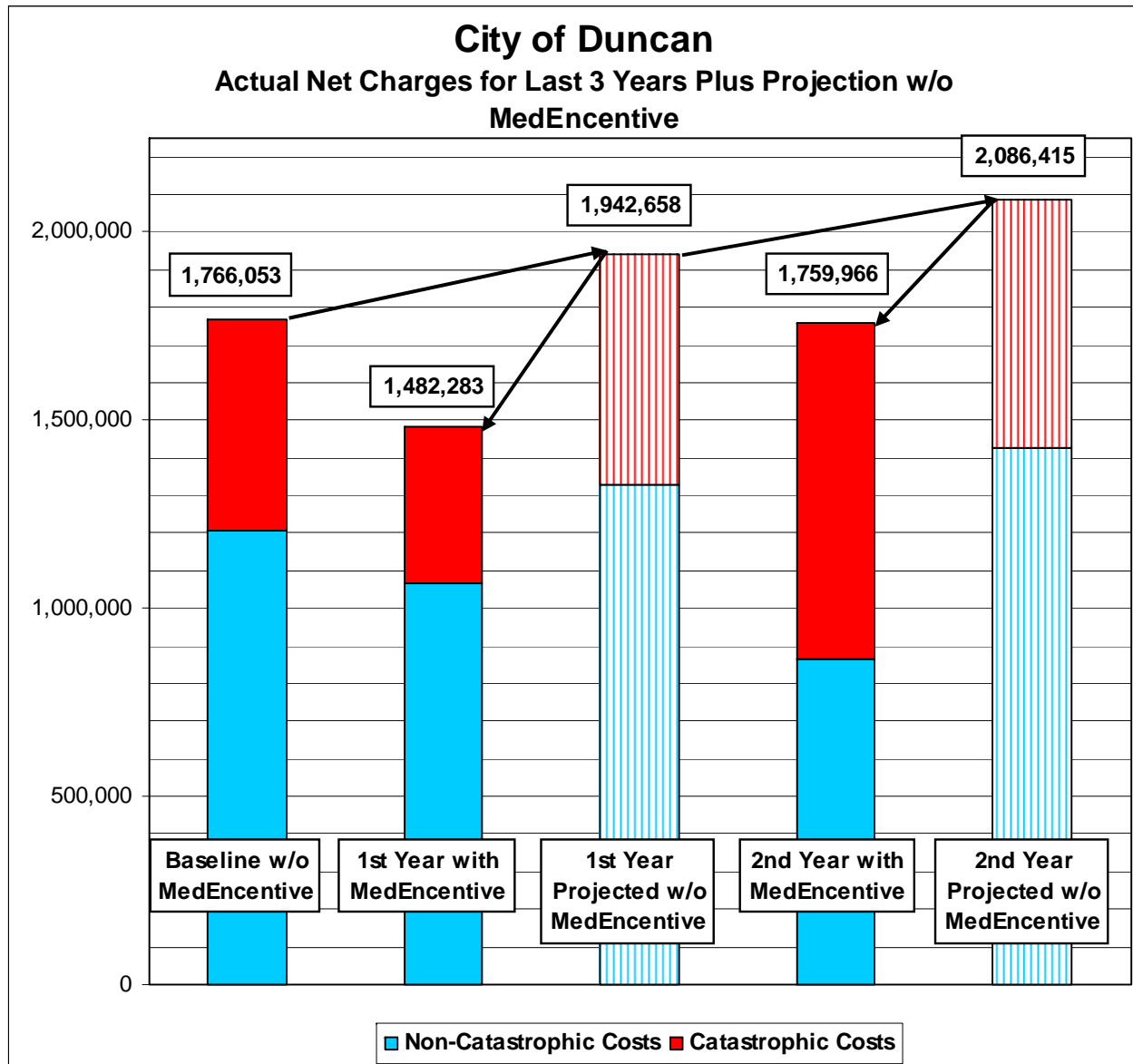
On a scale from 1 - 5, how helpful has this information been to you in managing your disease or condition? (1 being not at all helpful and 5 being very helpful)




Prediction # 4
Confirmed

**Second year of positive results
further validates the MedEncentive
Program...**

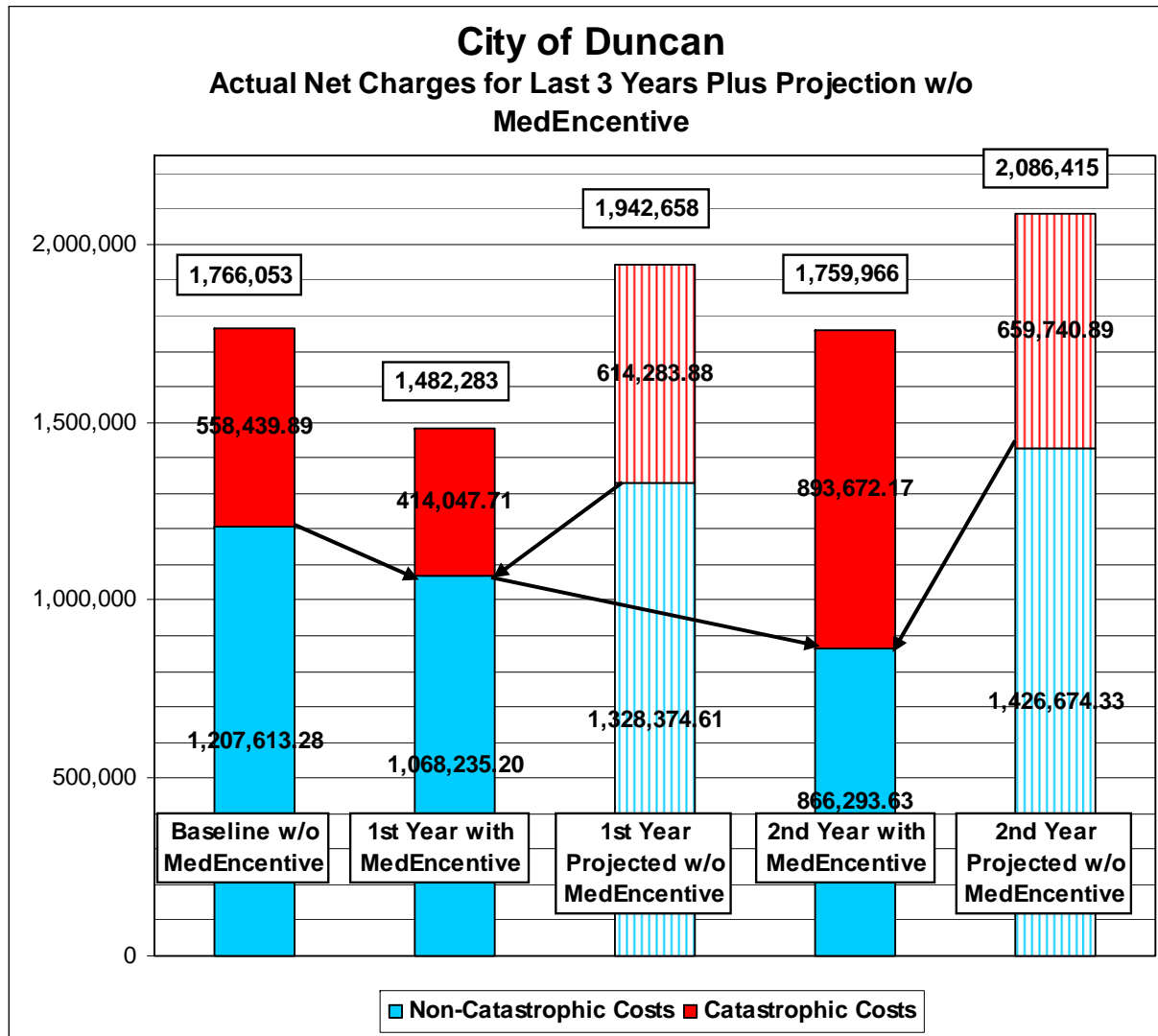
Two consecutive years of cost savings



- Assuming the nat'l health inflation rate, total claims costs after implementing MedEncentive were **23.7%** less than projected in the first year...
- and another **15.6%** less in the second year...
- for a total of **\$786,825** in savings over the two year period.

**The MedEncentive Program is
currently most effective at
controlling non-catastrophic
costs...**

2nd Year's Results Even Better than the 1st Year's



- The Program is currently most effective controlling non-catastrophic costs, which decreased more in the second year than the first year, for a total savings of **\$480,698** from the baseline year.
- Assuming the nat'l health inflation rate, the actual 2 year cumulative non-catastrophic costs were **\$820,520** or **29.8%** less than projected

The City of Duncan realized a significant ROI

Two year program investment vs. non-catastrophic claims cost

Physician Compensation*	\$21,144
Patient Rewards*	\$27,835
MedIncentive Fees	<u>\$25,978</u>
Total Investment	\$74,957
Two Year Savings vs. Projection	\$820,520
Return on Investment	995%

- The City has been handsomely rewarded in the first 2 years of the program.
- Most recent year's spike in catastrophic cases is accelerating pre-certification/hospitalization product.

* Conservative approximates

Program is designed to be adjusted to achieve cost containment...

- “Precision-guided rewards and performance standards” allow customer to focus on specific problems and intended outcomes
- Take note of City of Duncan and INTEGRIS Health’s second and third year modifications

How about hospitals and surgical specialties?

- Pre-certification and hospitalization programs are being developed
- May have an even more profound impact on costs and clinic outcomes than the Ix Program

What kind of performance standards can be used in the MedEncentive Program?

We are only limited by our imagination:

- Evidenced-based medicine (EBM) guidelines
- Information therapy (Ix) prescriptions
- Healthy behaviors
- EHRs and PHRs
- Pre-certification and informed consent
- IOM hospital patient safety recommendations
- Risk assessment follow-through
- etc...

Recent developments...

- Wichita Clinic's MedEncentive License - Nation's first provider organization licensed to distribute and administer a third party P4P program
- Consortium of Oklahoma and Kansas providers submitted a MedEncentive demonstration proposal to Medicare in collaboration with the University of Oklahoma - endorsed by Senator Coburn and others

The unanswered questions are answered...

- Will MedEncentive control health care costs? 
- Will doctors and patients participate in the Program? 
- Will the Program be easy to deploy and maintain? 
- Will the Program produce an ROI? 

Summary - A compelling value proposition

“Employer, how would you like an employee benefit program that:

- 1 helps your employees to be healthier, happier and more productive;
- 2 is endorsed by leading physicians;
- 3 is very simple to implement and maintain;
- 4 allows you to offer a benefit enhancement that elevates you to hero status with your employees; and last but not least,
- 5 has been proven to control health care costs?”

What's Next?

- Every clinic visit is preceded and followed with an Ix
- Every medical test is preceded and followed by an Ix
- Personalized self-management plans for every patient
- Personalized prevention plans-updated annually
- Every surgical decision is supported by decision aids
- Decision support for routine end-of-life care
- The three simple rules are supported for every patient

New Generation Information Therapy

Harbor- UCLA Medical Library



Basic Ix not only takes you into the library, it also helps you find the right floor, the right section and the write book.

A HealthMastery® Campaign

Gets you to the right book

- Opens to the right page
- Helps you understand it
- Relates to your needs
- Sends more when you're ready
- Expert & Customized support

Virtual Coach

Mimics a coach session with well-informed professional

Helps to motivate action from the information presented

1. Help people do as much for themselves as they possibly can.
2. Help people get the care they need by giving the “guidelines” to the patient.
3. Help people say “no” to care they don’t want.



Q&A