

Some Thoughts on Payment, Performance and The Future of P4P



imagination at work

Robert S. Galvin, MD
2nd National P4P Summit
February 14, 2007

Impressive Momentum

Private Sector Programs

- 2004 – 35
- 2005 – 115
- 2006 - >150 (?)

Medicare

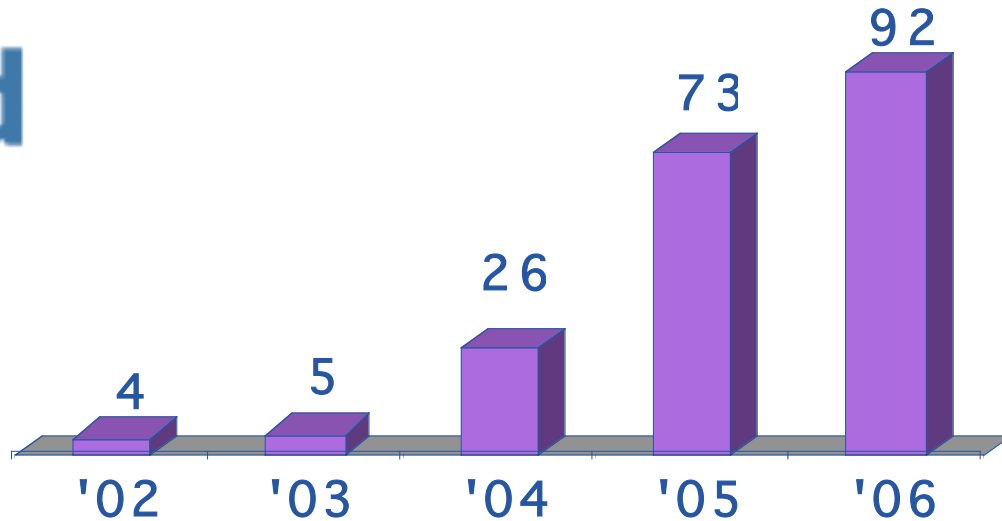
- **Demonstrations:** Ten Initiatives
- **‘Core’:** Pay for Reporting
 - Hospitals
 - Physicians

Significant Mindshare

Google™

1,310,000 Hits (0.12 Seconds)

PubMed



Positive Media Coverage



WSJ
THE WALL STREET JOURNAL.
ONLINE

April 10, 2003

THE INFORMED PATIENT
By LAURA LANDRO



**A New Way to Get
Doctors to Take
Better Care of Patients:
Bribe Them**
April 10, 2003

The New York Times

Bonus Pay by Medicare Lifts Quality

By REED ABELSON

Published: January 25, 2007

IOM Endorsement



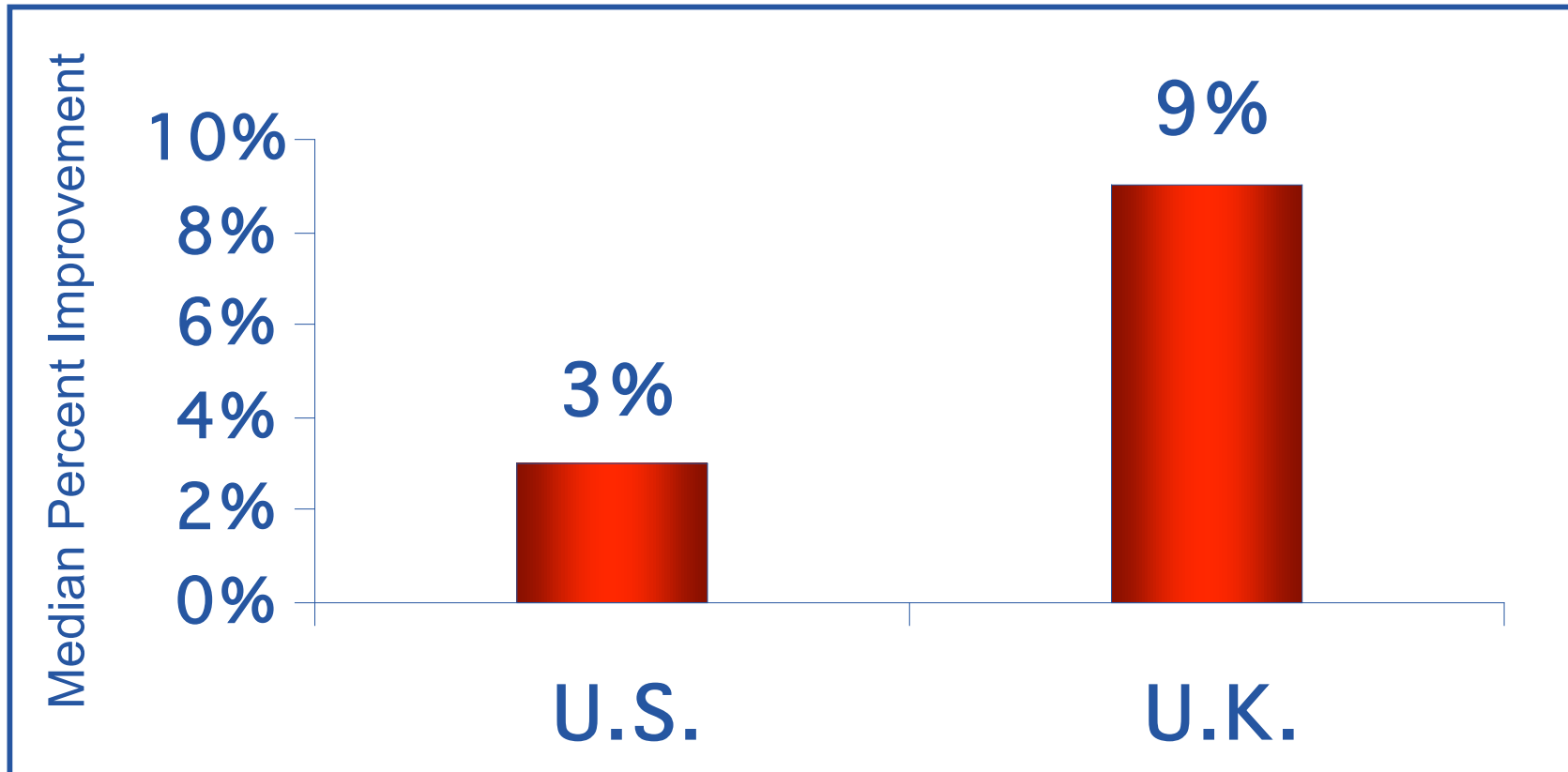
“The Secretary of DHHS should implement pay for performance in Medicare using a phased approach . . .

“

- Clinical Quality, Patient-Centered and Efficient
- Achievement and Improvement

Plus Endorsements By MedPAC & CMS

Proof of Concept: A Tale of Two Countries



**Minimal
Rewards**

**20% Increase
in Fees**

Challenges

- Short-Term and Tactical
- Longer-Term and Strategic

Momentum Is Not Reality

- Practicing Physicians Still Skeptical

- Amount of Dollars Still Small . . . And IOM Recommends A Slow Phase In . . .

“ . . . the idea of paying doctors for providing quality care is offensive . . . ”
Rep. Pete Stark (D-CA)

- Programs Do Not Integrate Costs and Patient Centeredness

“P4P . . . empowers government bureaucrats to make medical decisions instead of physicians and patients . . . ”
Heritage Foundation

- New Political Leadership Could Slow Momentum . . . And The Right Is Skeptical As Well



imagination at work

Thought Experiment

If the Challenges on the Prior Page Were Resolved, and P4P Became the Dominant Form of Payment, Would the Health Care System Produce the Kind of Value We're Looking for?

NO

Strategic Issues

MEASURES Process, Outcomes and
the Pipeline Crisis

FRAMEWORK P4P and Overall Payment
Reform

EVIDENCE Self-Fulfilling Prophecies
and Death By Academia

INNOVATION Performance vs.



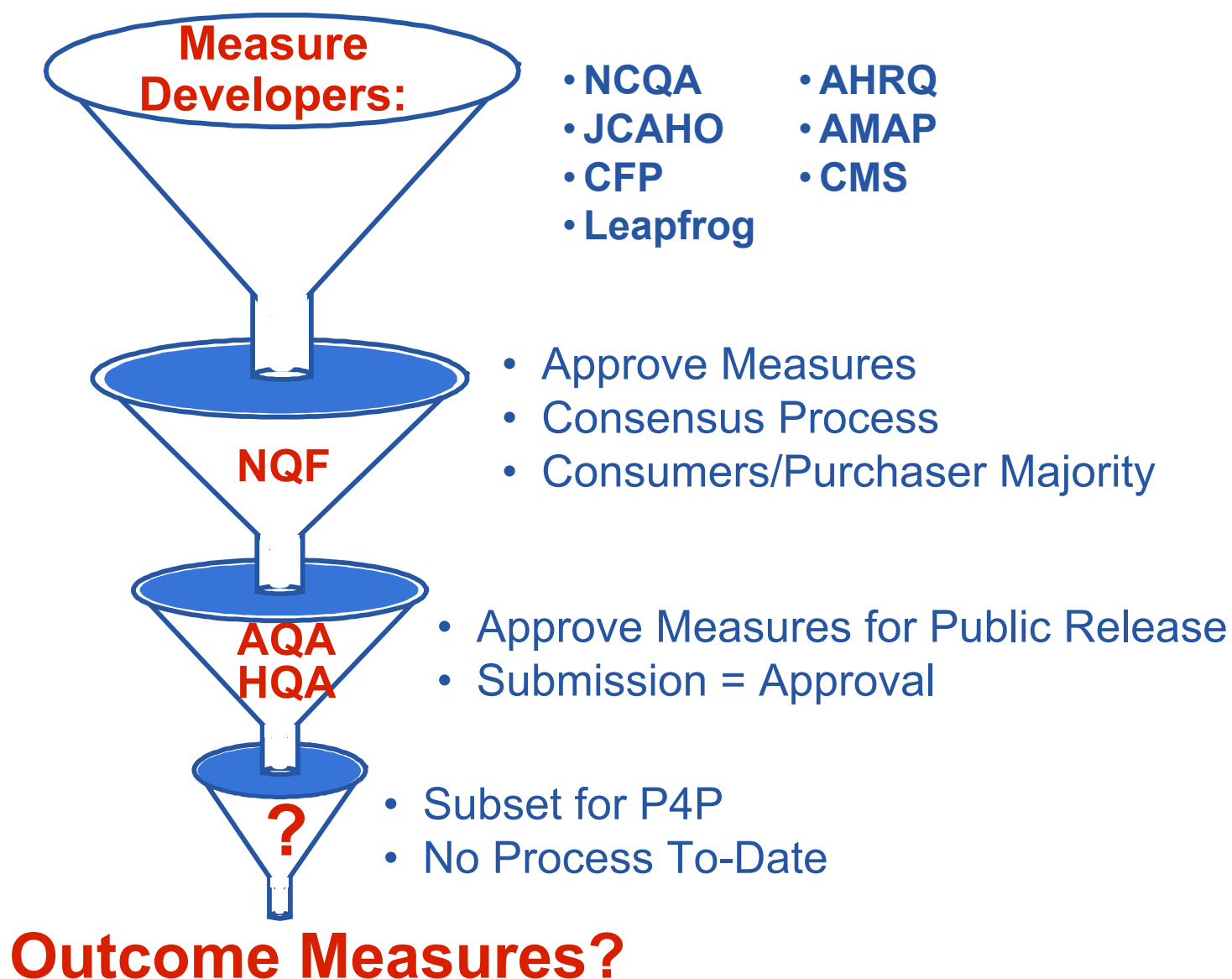
Process and Outcomes



- Using Common Process Measures for Heart Disease and Pneumonia
- Hospitals Adhering to Guidelines Had Lower Mortality Rates – But Measures Accounted for <5% of the Reason
- Not All Processes Are Created Equal

Outcomes Until Proven Otherwise?

Today's Measurement Process



Outcome Measures Are A Long Way Away

AQA: Measures Okayed 1/07 (Edited)

“Whether or Not Patients With Chest Pain Had an EKG”

“Whether or Not Patients With Pneumonia Had Their Temperature Taken”

Our Current System Will Not Support P4P

Structure Itself Needs to Change

- More Focus on Measure Development
- NQF Consensus Process Applied to Transparency/P4P

**Time To Rethink the
Pipeline → Market Process**

Is P4P The Same As Payment Reform?

Current Payment System is Fatally Flawed

- Fee-for-Service
- Weighted Towards Interventions
- Discourages Prevention/Coordination

But P4P Programs Put Rewards On Top Of This Structure

- “You Can Put Lipstick On A Pig, But It’s Still A Pig”



P4P is Part Of Payment Reform

So What?

- **Balance Focus on P4P With Core Payment Changes**
- **Be Willing to Claim Victory Even If Not Pure P4P**
 - Biggest Win in '06: CMS Increased Payments for Evaluation and Management Services
- **Put Pressure on CMS and Health Plans to Change**

**No P4P With FFS . . . Unless
Clear and Compelling Case**

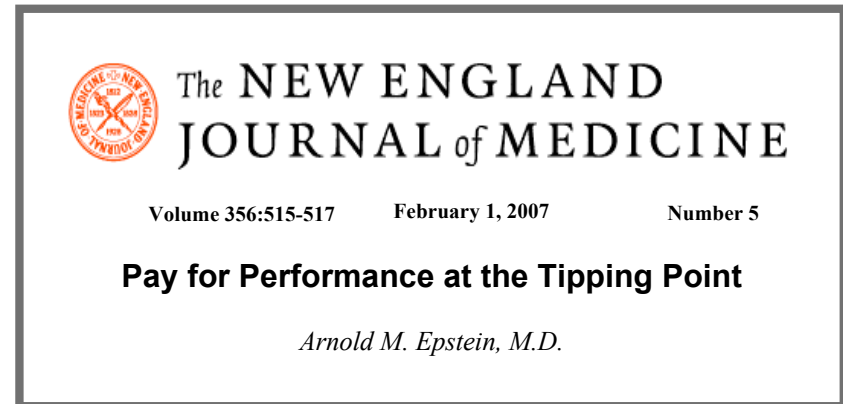
The Self-Fulfilling Prophecy

How the Status Quo Stays the Status Quo

- Multiple Factors – Attaining 100% Consensus, Reluctance to Invest – Lead to Modest Experimentation on Innovation
 - “It’s Better Than Nothing”
- Early Studies Indicate Lack of Efficacy
 - Largely Due to Inadequate Design
- Influential Policy-Academics Jump The Gun on Evidence Interpretation
- Momentum Shifts Away From Innovation

Death By Academia?

Based on a handful of studies with small incentives, including the Premier Demonstration:



“...The CMS may have much to gain from recognizing that pay for performance is fundamentally a social experiment likely to have only modest incremental value.”

WHO WILL CHALLENGE?

What Do We Do Now?

First and Foremost

**DO NOT GIVE AN INCH ON
THE PRINCIPLES**

Substantial Improvement
Will Not Occur Without Real
Payment Reform

Other Steps

- Continue Momentum to Tackle Short-Term Challenges
- Address Longer-Term Issues
 - Fix the Measure 'Pipeline – to – Market' Process
 - Drive Core Payment Reform and P4P Simultaneously
 - Design Robust Studies to Produce Stronger Evidence **And . . . ?**

Should We Consider a National Organization To Drive Value-Driven Payment Reform?

- Consumers-Purchasers As Lead Voice
- Address Major Issues
- Establish Principles, Thought Leadership, Push Agenda
 - Could Be A Leadership Council . . . An Addition to A Current Organization...Or A New Organization

Nothing Changes In Our Health Care System Without Leadership, Commitment . . . and Endurance