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## Business and Labor Communities Determined to Move Ahead with Individual Tiering

MMS Continues to Insist on a Higher Standard

by Tom Walsh

Massachusetts business and labor leaders say they sympathize with physicians about the need for better data to rate individual physician performance. But they do not express enthusiasm about slowing or halting current initiatives until better data can be used.

Interviewed separately by *Vital Signs*, top business and labor figures felt strongly that current initiatives to "tier" doctors individually rather than by physician group should go forward. They emphasized that something has to be done to curtail rising health care costs.

"We could sit around talking about this, trying to get the perfect measurement, and it might take us 20 years," said Richard C. Lord, president and CEO of Associated Industries of Massachusetts (A.I.M.). "There will always be some disagreement from doctors and hospitals over what the perfect metric should be. But I do think we owe consumers some information so they can make choices now."



**Left:** Richard C. Lord, President and CEO, Associated Industries of Massachusetts  
**Right:** Michael J. Widmer, President, Massachusetts Taxpayers Foundation

"This train is moving, and I agree we can't wait for the perfect set of data," added Michael J. Widmer, president of the Massachusetts Taxpayers Foundation. At the same time, though, Widmer said doctors should not be unfairly hurt by the process. "I'm not comfortable with data that will unfairly tarnish anyone's reputation."

Last year, the state Group Insurance Commission (GIC) unveiled its two-tiered assessment of the state's physicians. The GIC — which provides health insurance to more than 267,000 Massachusetts state workers, retirees, and their dependents — is seeking to better control health care costs while enhancing quality of care by offering employees lower copayments when they select tier-one doctors rather than those rated tier two.

**Data Sources and Usage Could Be Inaccurate**  
Concerned about the appropriateness of the GIC's two-tier format — especially given numerous complaints from physicians soon after the initiative rolled out (see box) — the MMS commissioned Focus Medical Analytics (FMA) of Rochester, N.Y., to assess the program.

### Some Observations that Raised Concerns about Tiering

- Physicians were evaluated on the cost of conditions that do not occur in their specialty.
- A neurosurgeon was profiled as a general surgeon.
- A difference of 0.01 units (from 1.00 to 0.99) resulted in a non-preferred tiering.

The FMA report recommended tiering physicians only at a group level "until data accuracy is improved and the methodology is further validated." The report also cited inaccuracies caused by the program's reliance on claims data. Further, the report stated that using

this data for individual tiering "exacerbates the impact of accuracy issues. Pharmacy prescribing and radiology ordering information, for example, will be more accurate within a group than for an individual."

To identify systematic accuracy problems with this data, the FMA report recommended "a formal feedback and correction mechanism so that errors uncovered by physicians, plans, and other analysts can contribute to improving the evaluation system."

Kenneth R. Peelle, M.D., MMS president, said doctors understand that rising costs exert considerable pressure on employers, who pay the bulk of health insurance premiums. "We don't oppose transparency," Dr. Peelle said. "We think the biggest problem in tiering physicians is that the reliability of tiering them at the individual level is low. As we try to find a solution to the cost problem, we have to make sure we don't disrupt the physician-patient relationship."

#### Not a Single Phone Call

Richard Waring, vice chair of the GIC who represents the National Association of Government Employees, said the cost of medical care "is a big, complicated issue, and we can't solve it without working with everybody. I think what the commission is doing right now is the right way to go... If the medical society finds something in the data that doesn't make sense, the appropriate response is that we will examine it."

Waring added that his members — 12,000 of whom are Massachusetts state workers — have said nothing to him about physician concerns regarding tiering. "There's not been a single phone call yet," he observed.

Karen Hathaway of Local 93 of the American Federation of State, County, and Municipal Employees and a GIC commissioner, said her organization has supported the GIC program "right down the line." Added Hathaway, "We're in favor of anything that can lead to better quality of care and cost effectiveness for employees." Further, she said she sees little value in tiering doctors by groups. "When you go to the doctor, you see an individual, not a group," Hathaway said.

Hathaway echoed Waring in saying that her membership has been silent so far about tiering.

Alan G. Macdonald, executive director of the Massachusetts Business Roundtable, said the business community is "very focused" on health care transparency and that "defensiveness" on how to measure performance or obsessing about perfection "may lead to no measurement at all." He said he can appreciate doctors' concerns, "but from a system-wide point of view, if the system does not get pushed, there will always be a reason to put it off."

Macdonald said physician tiering per se is not a focus for the business community. "The issue is the need for more consumer awareness," he said. "You don't have a market if all the products look the same. If you assume every provider is the same in skill, there's not a market. The whole issue is how to identify the market for value."

Eileen McAnneny, A.I.M. director of legislative services and a point person for the association on health care issues, said, "More information is a good thing, and rewarding doctors who are efficient and not rewarding those who are inefficient makes sense." As for physician concerns about using flawed data, McAnneny concluded, "The data may not be perfect, but you can't let the imperfect get in the way of the good."