

Some Key Issues in Paying for Performance

Stephen M. Shortell, Ph.D.

Blue Cross of California Distinguished Professor of
Health Policy and Management

Professor of Organization Behavior

Dean, School of Public Health

University of California-Berkeley

Second National Pay for Performance Summit
Beverly Hills, CA
February 15, 2007

Key Issues

What Do You Reward?

Whom Do You Reward?

Where Will The Money Come From?

How Much Does The Reward Need To Be?

Necessary (?) But Insufficient!

What Do You Reward?

Clinical Quality Issues

Patient Experience Issues

Efficiency Issues

High Performance vs. Improvement in
Performance

- Absolute Thresholds
- Percentile Ranks
- Graduated / Hybrid Models

Whom Do You Reward?

The Organization vs. Team vs.
Individual?

“Virtual” Groups or Care Units

Where Will The Money Come From?

Existing Funds

Generated Savings

New Money

Individual “Silo” Pools vs. Consolidated Pools

How Much Is Enough?

\$ _____

Fill In The Blank

Possible Unintended Consequences

Negative

- Decreased Access to Care
- Increase in Disparities
- Narrow Improvement (Caring to the Measure)

Positive

- “Re-birth” of Primary Care – Reward those primary care providers willing to play a coordinating role for patients across the continuum of care
- A New Type of Primary Care Provider – the PCCP – Primary Care Coordinating Provider. Analogous to the Hospitalist in Inpatient Care Settings.

Don't Forget The Big Picture!

Incentives x Capabilities

Other Incentives

- Public Reporting
- Peer Pressure
- Professional Norms and Values

Capabilities

- Electronic Information Technology
- Quality Improvement Process Redesign Skills
- Teamwork
- A Collaborative Learning Culture
- Leadership