



Pay for Performance Defining a New Framework

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Blue Cross of California

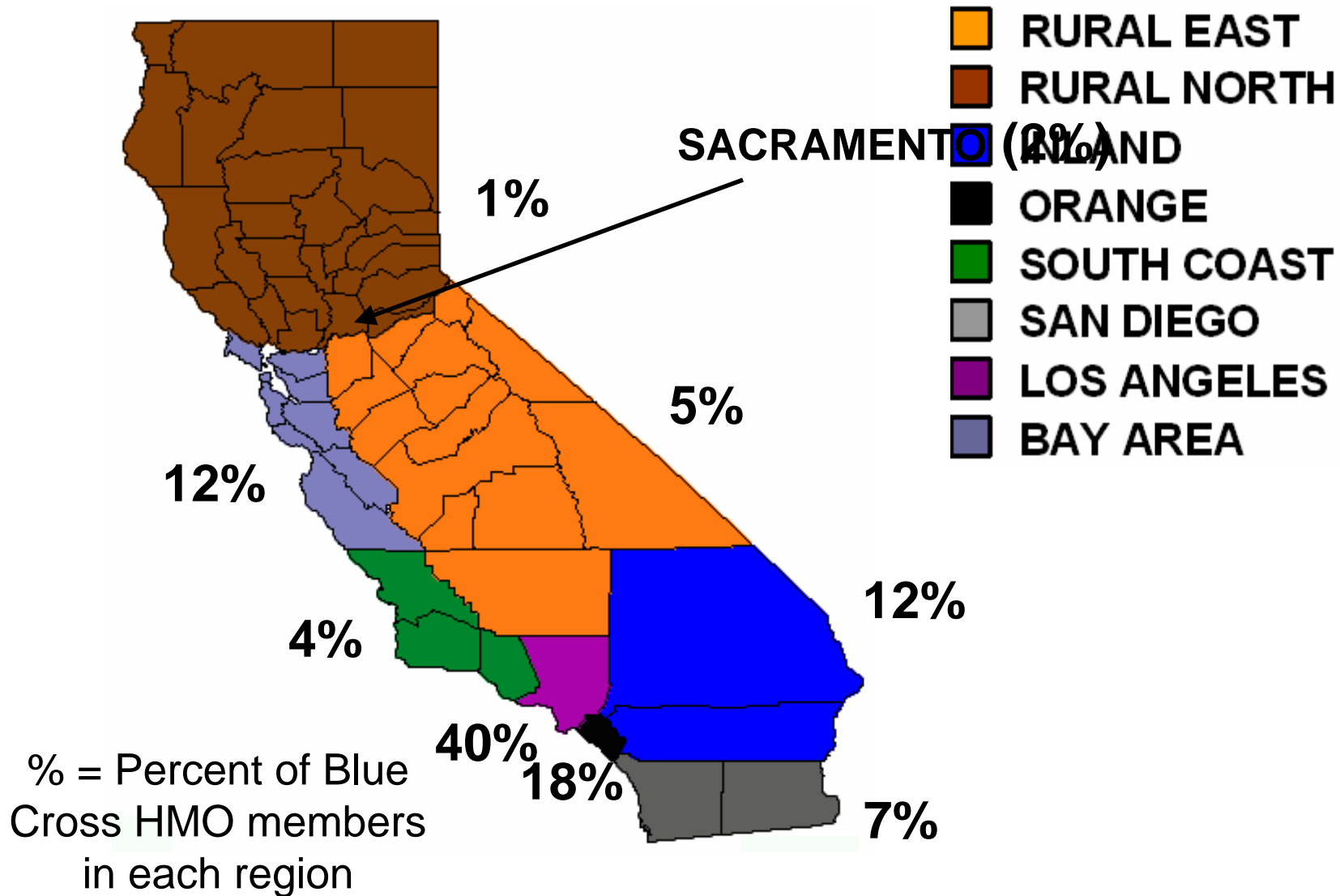
**National Pay for Performance Summit
February 28, 2008**

Introduction

- Integrated Healthcare Association (IHA) 5th year of statewide measurement
- Over 200 groups and IPAs in the program
- Incentives from 7 California health plans
- Clinical quality measures and Patient Assessment Survey
- Total Blue Cross bonus payment for measurement year (MY) 2006 was \$69 million

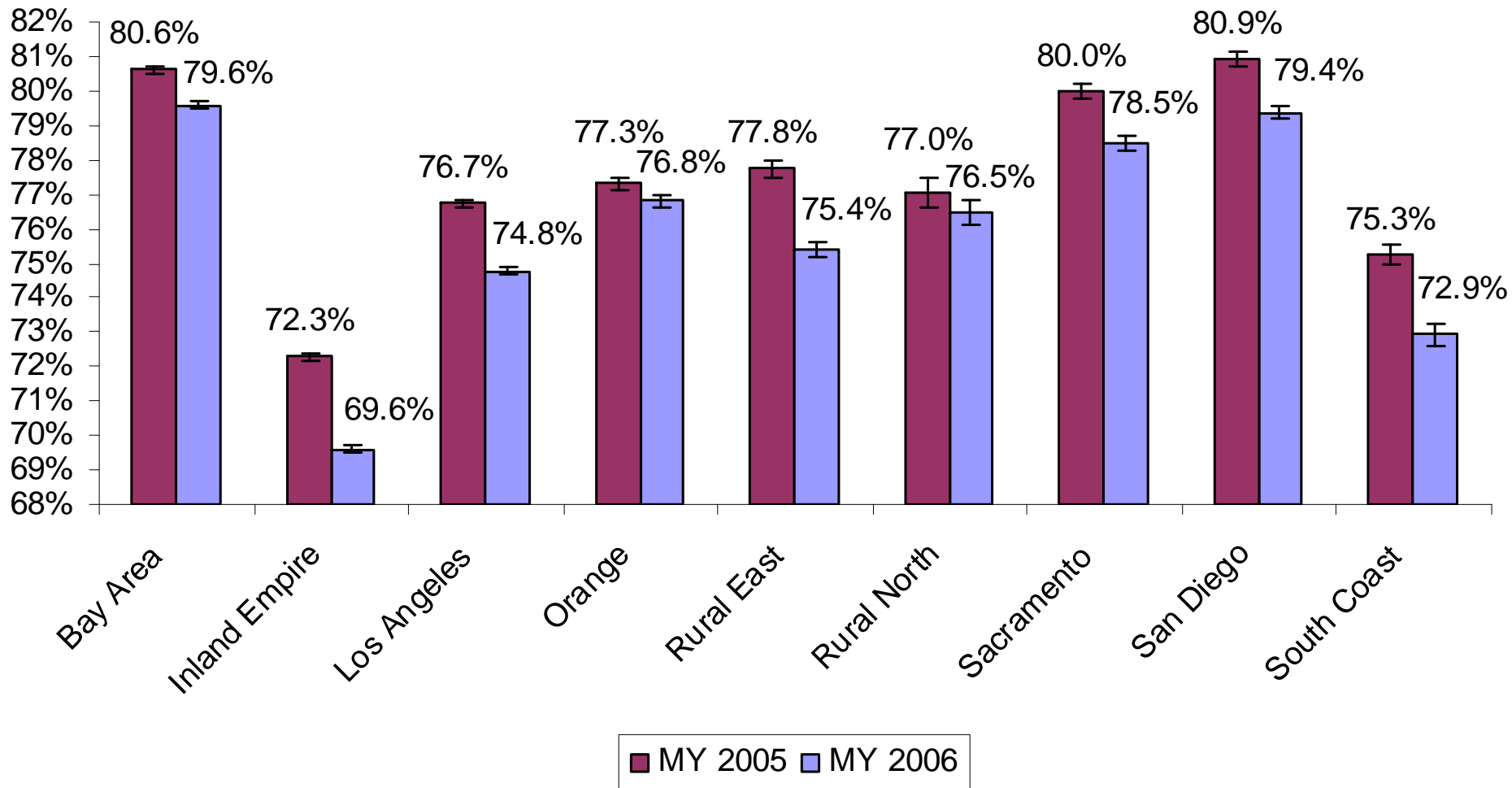
Blue Cross of CA HMO Membership

Total = 1.4m



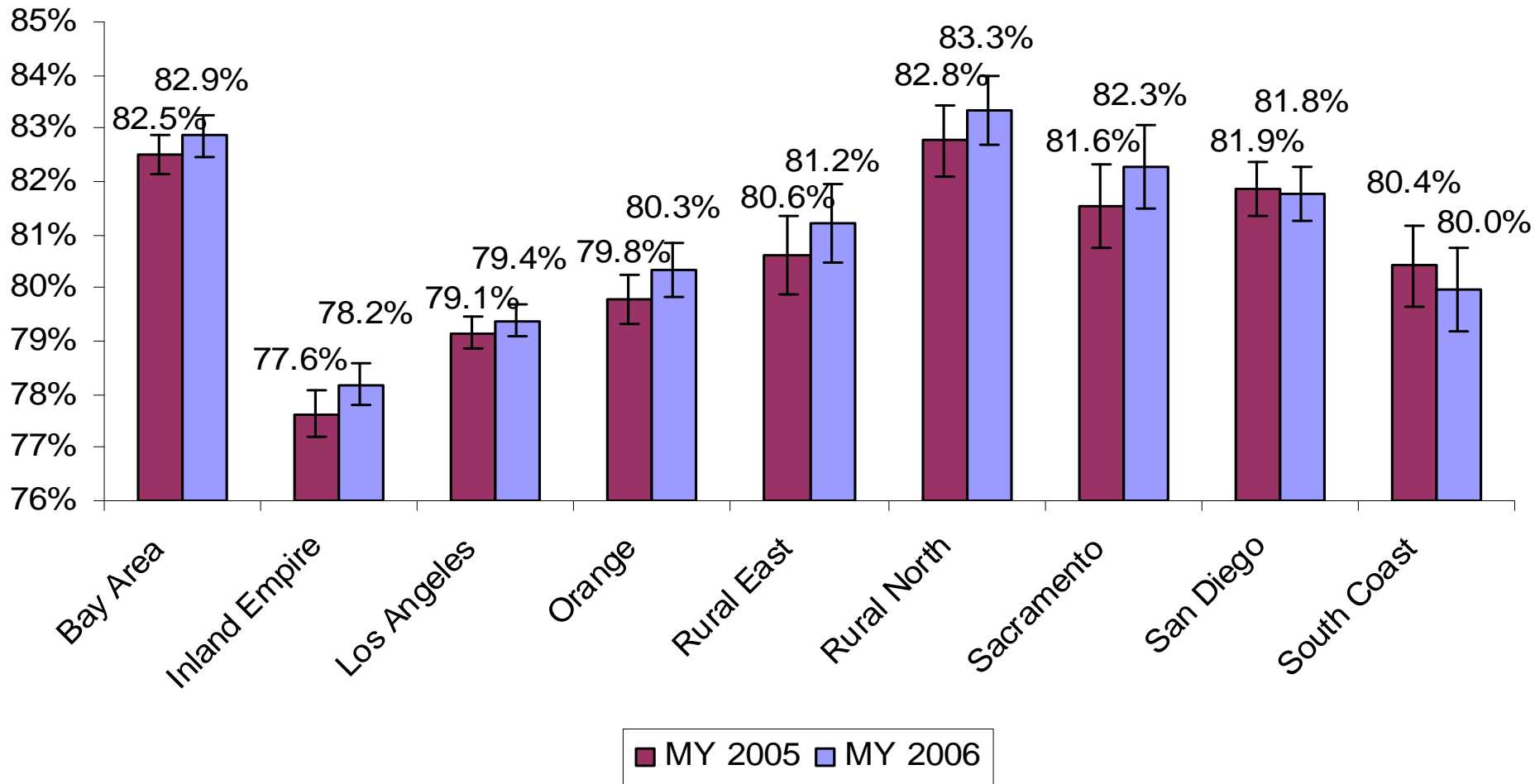
Clinical Quality by Region

Clinical Quality by Region



Patient Satisfaction by Region

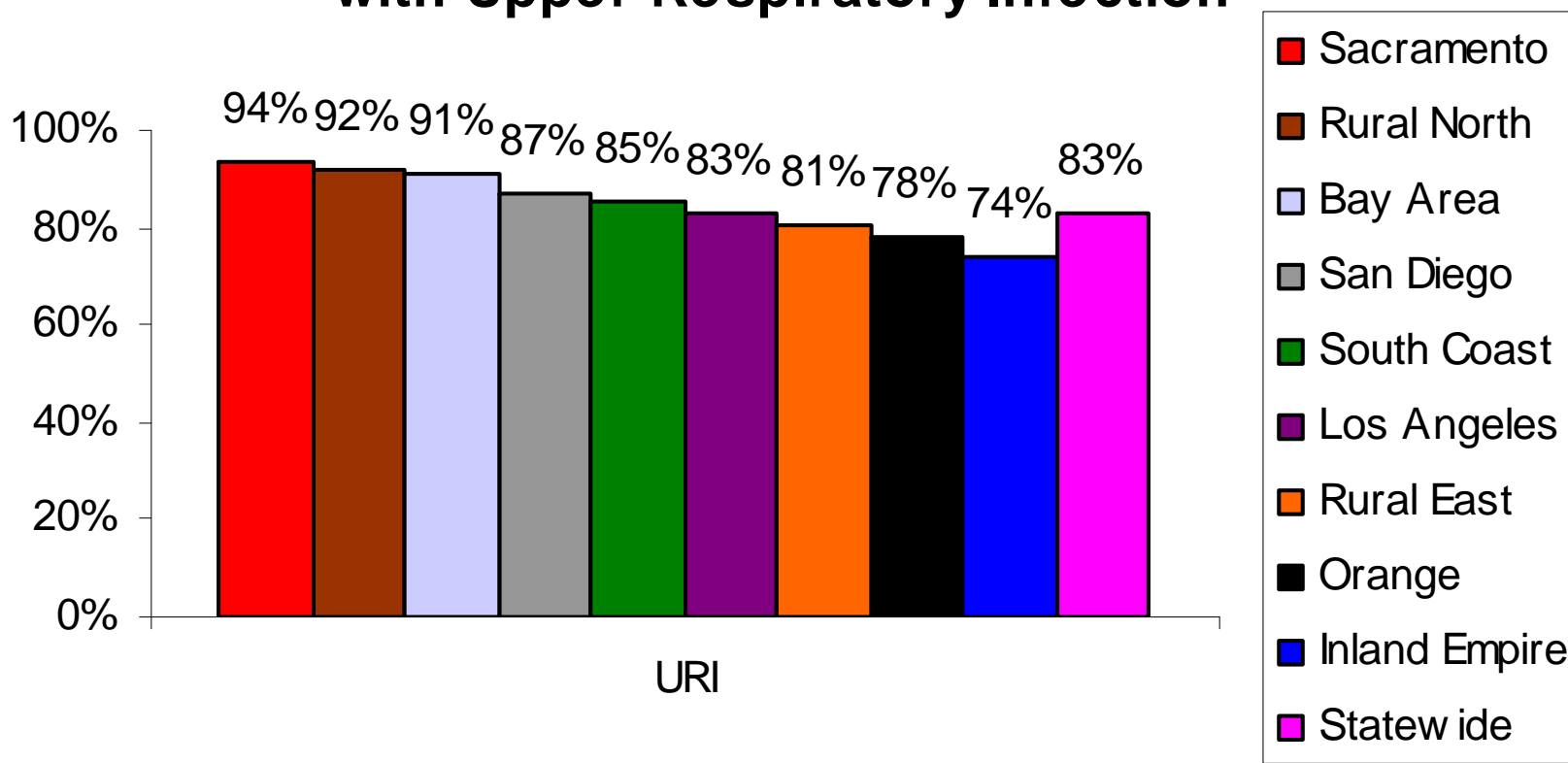
Patient Satisfaction by Region



Regional Performance Metrics

Treatment for Children with URI

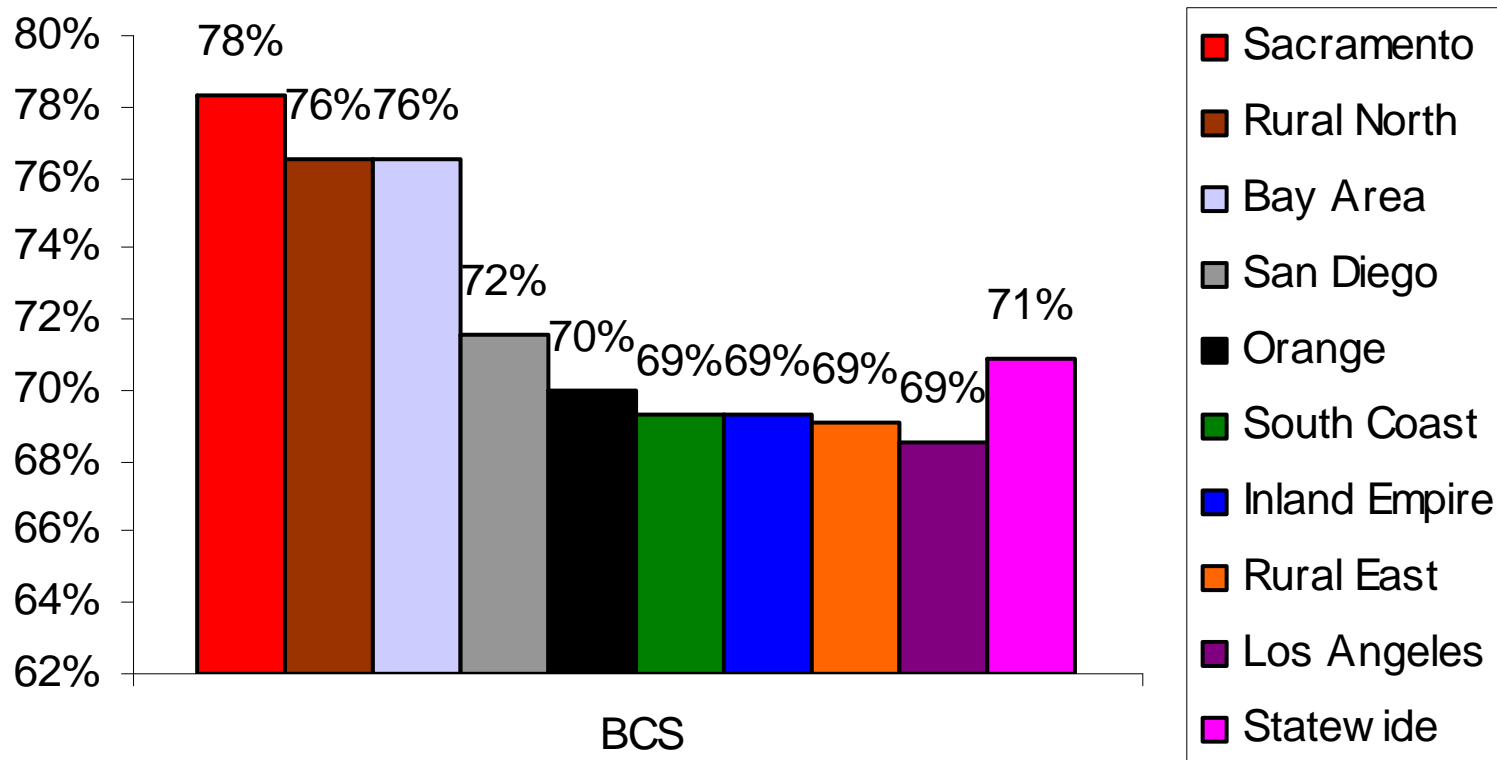
MY 2006 Appropriate Treatment for Children with Upper Respiratory Infection



Regional Performance Metrics

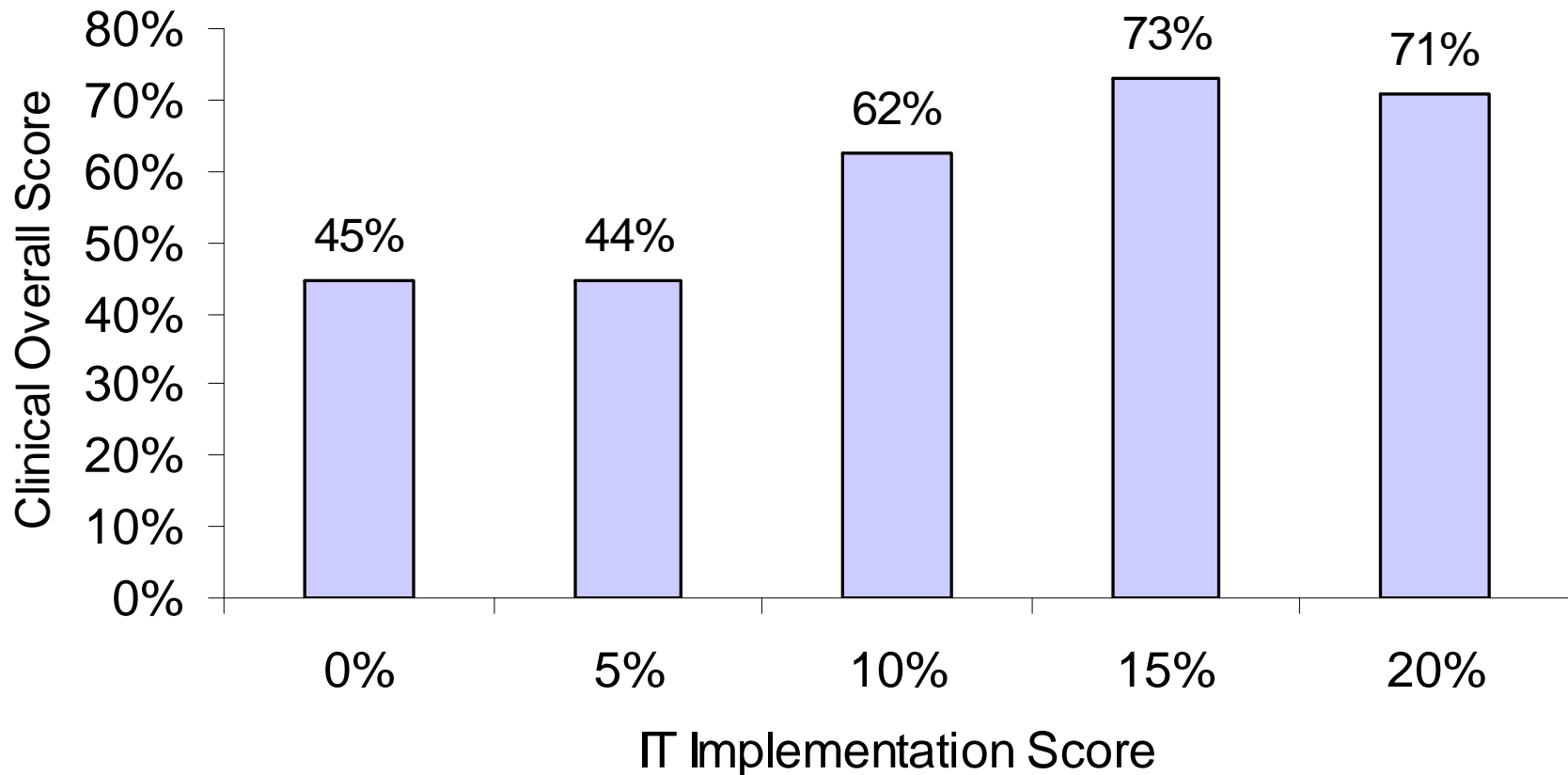
Breast Cancer Screening

MY 2006 Breast Cancer Screening



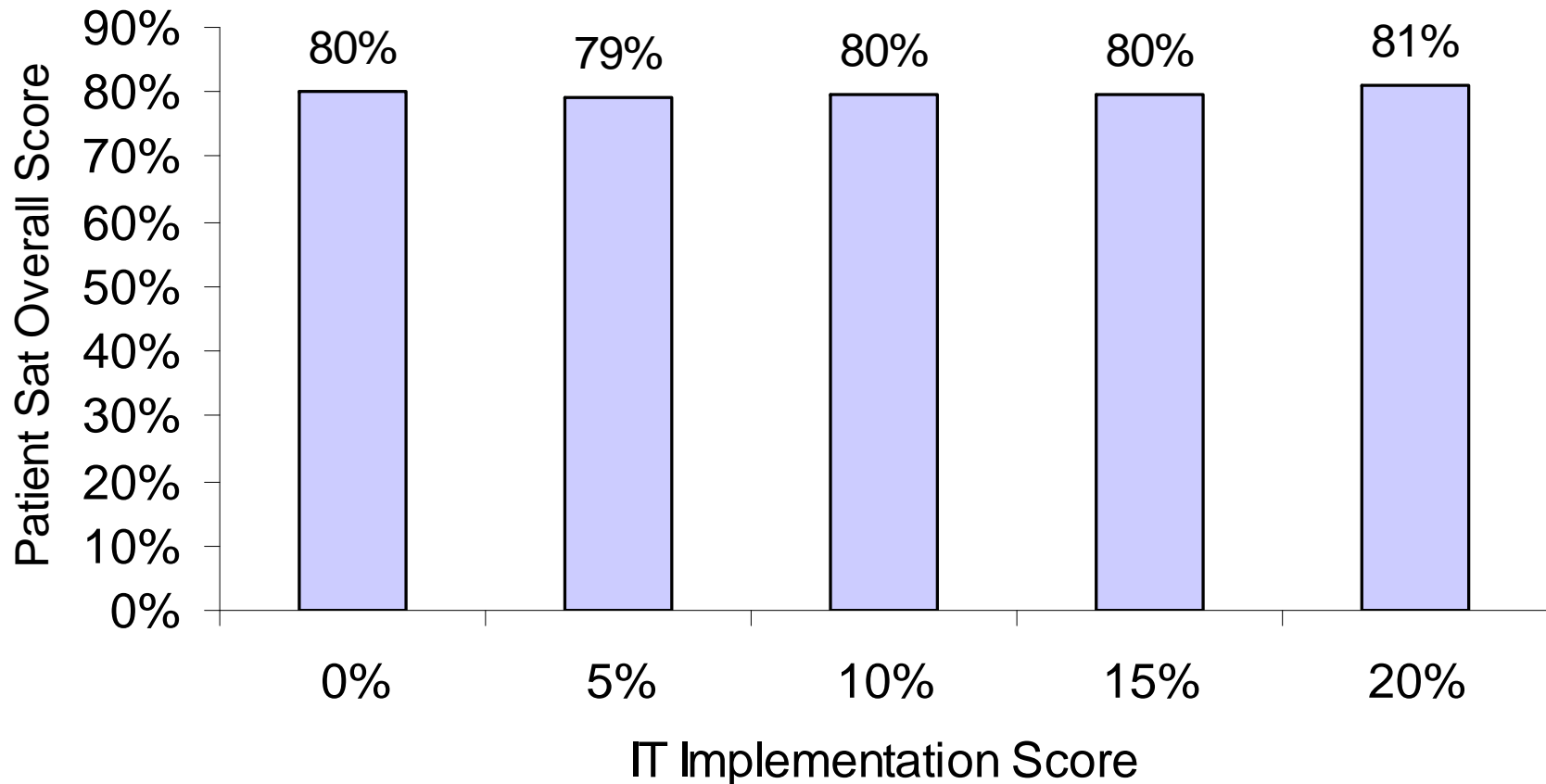
IT Implementation Has Impact on Clinical Quality Scores

MY 2006 IT Implementation vs. Clinical Overall



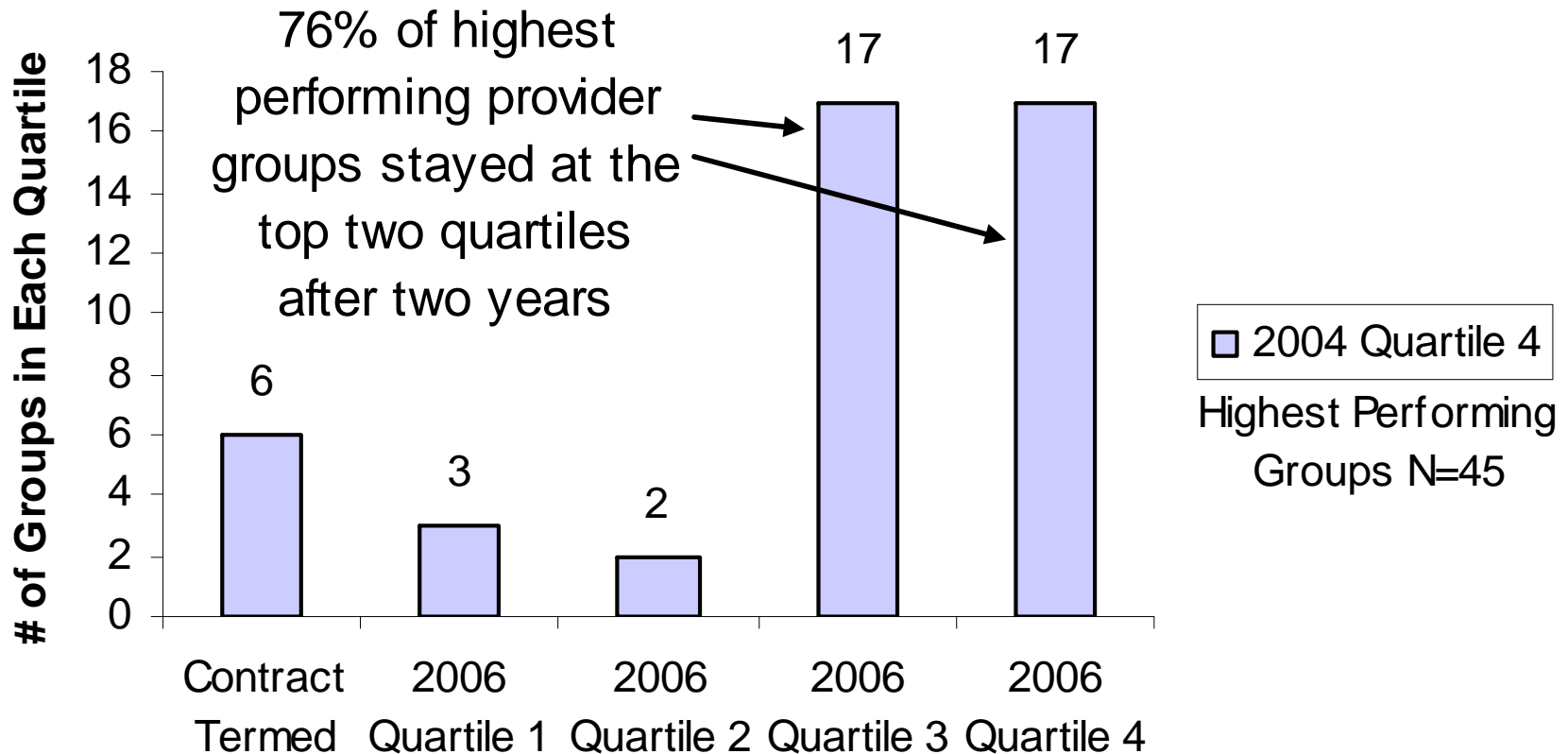
IT Implementation Has No Impact on Patient Satisfaction Scores

MY 2006 IT Implementation vs. Patient Satisfaction



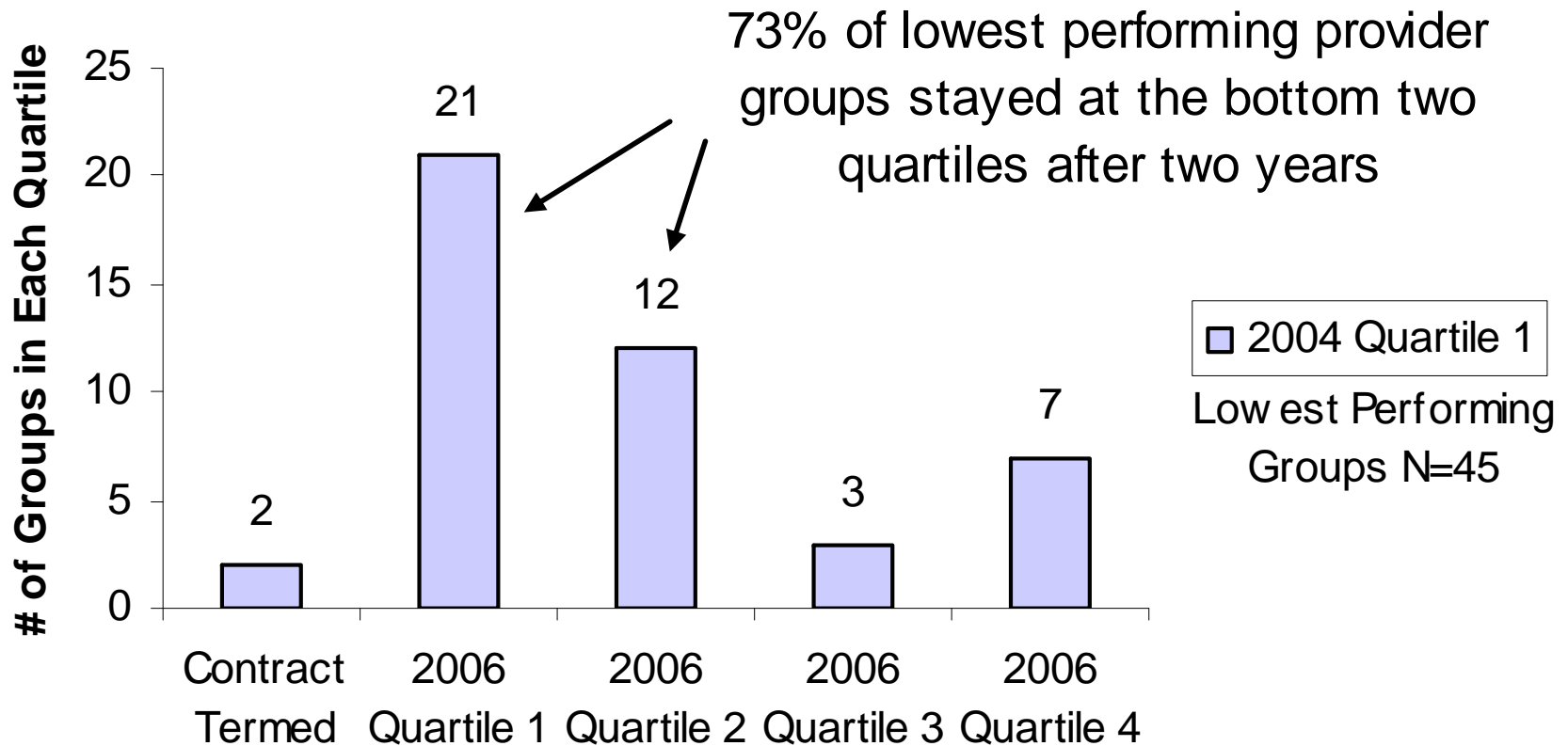
Did the Rich Stay Rich?

Tracking MY 2004 Highest Quartile Provider Groups and Their Performance in MY 2006



Did the Poor Stay Poor?

Tracking MY 2004 Lowest Quartile Provider Groups and Their Performance in MY 2006



Health Disparities and California P4P: Market Statistics (2005 Data)

Demo-graphics	Riverside San Bernardino	Fresno	Sacra-mento	San Francisco	National Average
PCP / 100K	53	80	79	116	86
PCP + SPC / 100K	119	171	184	276	207
Hospital Beds / 1000	1.8	1.6	1.8	2.2	2.7

Source: 2006 HealthLeaders-InterStudy Market Overview

Health Disparities and California P4P: A Tale of Two Regions

Demographics	Inland Empire	Bay Area
PCPs/100K Pop.	53	116
% Pop. Medi-Cal	17%	12%
% Hispanic	43%	21%
Per Capita Income	\$21,733	\$39,048

Inland Empire Performance Metrics

Inland Demographics

- Lower PCP and specialist numbers in Inland Empire compared to California and the nation
- Lower number of college graduates and higher number with high school education or below
- Ethnic breakdown amongst insured in San Bernardino County shows
 - Higher percent African American and Latino
 - Lower percent Asian and White
- Lower percent insured in Inland Empire compared to California

Conclusions

- Persistent and consistent regional variation in performance
- Low performing regions in general do not improve relative performance
- Membership has not declined in poor performing groups
- Incentive formula based only on thresholds or rank perpetuates disparity.