



# Modern Leadership and Pay for Performance

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# Pay for Performance

A “generic“ example from the US...



- As patents expire health plans implement incentive payments for physicians for switching patients from brand name drugs to generics
- The reasoning?
  - Savings for health plans, employers, patients
  - Doctors argue that it's only right to reimburse them for spending time evaluating whether a cheaper generic alternative is better or as good for a patient

## What about ethics?



- Injecting financial incentives into what some patient advocates and legislators say should be a purely medical decision
- Such rewards may put doctors in the ethically questionable position of taking a payment that patients know nothing about

Example: Blue Reward\$  
(Blue Cross Blue Shield of Michigan)



- Primary-care physicians were asked to consider switching patients from a brand-name drug and received \$100 for each plan member who filled a generic cholesterol-lowering statin prescription
- To assist doctors, the HMO mailed them a list of Blue Care Network patients who were taking two brand-name statins.



- \$2 million in expenses for payments to doctors
- \$5 million in drug cost savings for Blue Care Network and \$1 million in co-payment savings for members

## Example: Excellus Blue Cross Blue Shield in Upstate New York



- If physician groups increased their ratio of generic drug prescriptions to brand-name ones by five percentage points, their physicians receive a slightly higher reimbursement for their patient office visits
- The medical groups in the pilot project all met that target, and at least one increased its rate of generic prescriptions by eight percentage points, compared with a six- to seven-point increase overall in the Syracuse area
- The practice's improved generic prescription ratio saved patients between 10% and 12% in drug copayments and costs



Given that primary-care doctors have seen their real incomes decline for at least a decade because of higher administrative costs and stagnant reimbursements, "why shouldn't they get paid for doing the right thing?"





# Modern Leadership of Physicians

An “innovative” example from Germany...



Changing physician behavior is the most critical (and important) task if we want to improve treatment efficiency in the long run.

# Physician payment in Germany



- Germany has an elaborated and well established physician payment system.
- Most of the management and policy-making brainpower in Germany is focused on updating and fine-tuning this payment system.
- German doctors are known to be “greedy and to run after every Euro”.



Source: Dr. Mario Weiss

# Behavior change – pay for performance



In June 2007, GAIA and the AOK Hessen initiated the a project to induce behavioral change regarding the prescription of generic drugs.

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Praxis  
Dr. Med.

Beratungsoffensive ihrer KVN und der AOK Hessen  
Einsparungsmaßnahmen  
Sehr geehrte Damen und Herren,

in Rahmen  
AOK Hesse  
den Verin  
Die AOK H  
Umstellung  
ratungsoff  
Wirtschaft

In Kooper  
her die B  
die AOK  
sicher Sach  
vermitteln  
konstante

Amiodip  
ipram, D  
platin, G  
Carbid  
Mirtazap  
Hydrochl  
razepam, T

Wir als AOK  
ven Inter  
daran gef  
sichert

**Patientenliste für Dr. .**

Nachname	Vorname	GebDat	Bestandige Medikation
A.	A.	07.05.20	Mirtazapin
D.	M.	22.02.23	Citalopram
F.	Ar.	24.06.16	Mirtazapin
H.	Er.	02.06.26	Levodopa in Kom
JA.	Er.	01.06.31	Citalopram
Ol.	Er.	01.12.27	Citalopram
Sc.	F.	27.02.40	Citalopram
S.	Er.	16.02.25	Citalopram
Tr.	A.	01.06.34	Mirtazapin
W.	H.	28.12.22	Tiamazepam
W.	Ar.	01.12.19	Levodopa in Kom
W.	H.	17.07.18	Lamotrigin

**Fax-Antwort - Abrechnungsfomular**

Abrechnung für Praxis:  
Praxis  
Dr. Med. F .

KV Hessen  
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Zimmer 302  
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Bankverbindung:  
BLZ:  
Konto:  
Bitte prüfen und ggf. korrigieren

**Bitte faxen Sie diese Übersicht nach abgeschlossener Umstellung an uns zurück!**  
Fax-Nr.: 069 79502-8310

Folgende, von Ihnen ermittelte AOK-Versicherte habe ich beim Ausstellen eines Folgerezeptes entsprechend Ihren Empfehlungen beraten und umgestellt bzw. sind nicht mehr Patienten meiner Praxis:

Nicht mehr Patient	Nachname	Vorname	GebDat	Wirkstoff	wurde umgestellt	Handzeichen
<input type="checkbox"/>	P.	Ar.	07.05.20	Mirtazapin	<input type="checkbox"/>	
<input type="checkbox"/>	Di.	M.	22.02.23	Citalopram	<input type="checkbox"/>	
<input type="checkbox"/>	Tr.	Ar.	24.06.16	Mirtazapin	<input type="checkbox"/>	
<input type="checkbox"/>	J.	Er.	02.06.26	Levodopa in Kom	<input type="checkbox"/>	
<input type="checkbox"/>	Ju.	Er.	01.06.31	Citalopram	<input type="checkbox"/>	
<input type="checkbox"/>	Ol.	Er.	01.12.27	Citalopram	<input type="checkbox"/>	
<input type="checkbox"/>	Sc.	Er.	27.02.40	Citalopram	<input type="checkbox"/>	
<input type="checkbox"/>	Sc.	Er.	16.02.25	Citalopram	<input type="checkbox"/>	
<input type="checkbox"/>	Tr.	Ar.	01.06.34	Mirtazapin	<input type="checkbox"/>	
<input type="checkbox"/>	W.	H.	28.12.22	Tiamazepam	<input type="checkbox"/>	
<input type="checkbox"/>	W.	Ar.	01.12.19	Levodopa in Kom	<input type="checkbox"/>	
<input type="checkbox"/>	W.	H.	17.07.18	Lamotrigin	<input type="checkbox"/>	

- Physicians were offered 20 Euro/patient for switching medication from generic product A to generic B.
- 4 months after the start of the project 46% of all target patients (15,000) were successfully switched, but only for 4.23% of patients the physicians claimed the 20 Euro reimbursement.
- Why did 90% of the physicians who performed the required task not ask for their payment ?

## And how could this happen ... in Germany?!



- ✓ The physicians were provided with a clear vision and a “reason why” that was meaningful to them.
- ✓ We developed best-of-class “switch processes” that could be implemented by physician offices easily.
- ✓ Reward-signalling:  
honest and valuable offer to reimburse additional work.

Key learning: Modern management theory and practical experiences gained in the German automotive and aircraft industry can also be applied to physicians.

*”If you can’t manage for performance, you have to pay for it.”*



*Less performance pay and more leadership...*

*if we can get management and the government to understand and to believe in modern management concepts.*



# Thank you very much for your attention!

Please do not hesitate to contact me in case you have further questions.

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