The Role and Impact of Pay-for-Performance: The Government Perspective

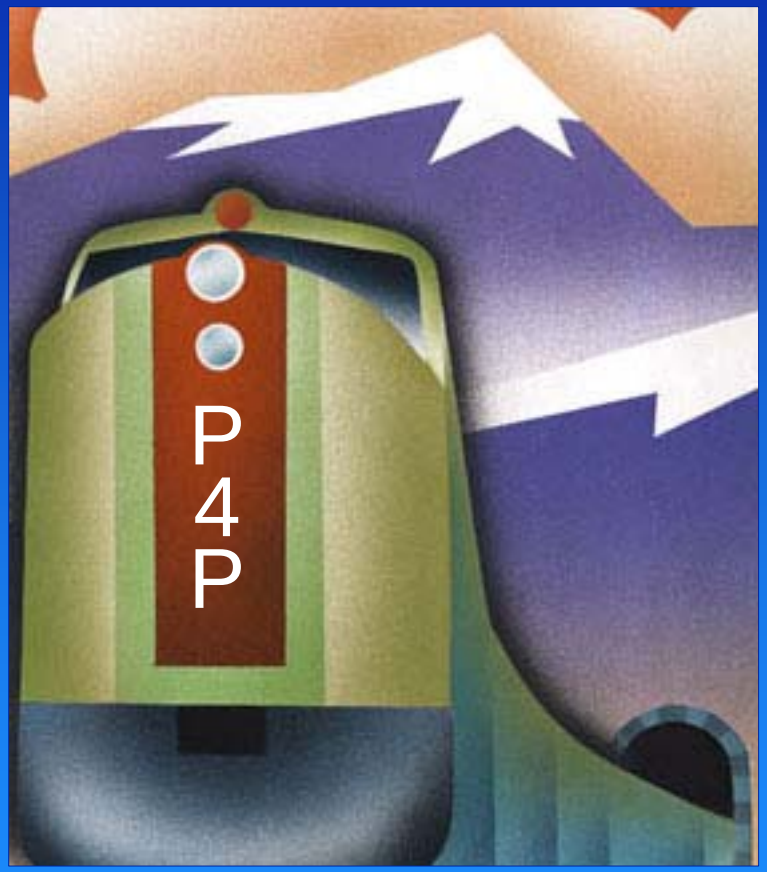
Carolyn M. Clancy, MD

Director

U.S. Agency for Healthcare Research and Quality

Los Angeles – February 27, 2008

P4P: The Government Perspective



- Pay-for-Performance Landscape
- Value-Based Purchasing
- Incentives for Consumer Involvement
- Value-Driven Health Care and P4P
- Q&A

Questions Involving Reimbursement

Effects of Reimbursement on Use of Chemotherapy

- A physician's decision to administer chemotherapy to cancer patients not affected by higher reimbursement, *however*,
- More generously reimbursed providers prescribed more costly chemotherapy regimens

Research funded through AHRQ's Center of Excellence on Markets and Managed Care (Source: M. Jacobson, et al. March/April *Health Affairs*, 2006)

Uncertainty and Doubt

THE WALL STREET JOURNAL.

- 60% of Americans believe there are fair ways to measure and compare medical care
- 38% would support pay based on quality ratings while 47% are unsure and 15% are opposed

WSJ/Harris Interactive poll conducted 2/6 – 2/8

The San Diego Union-Tribune.

"A review of 10 pay-for-performance programs by PricewaterhouseCoopers found tremendous variation among how health care providers were evaluated and how bonuses were paid, creating an administrative nightmare for providers participating in multiple programs."

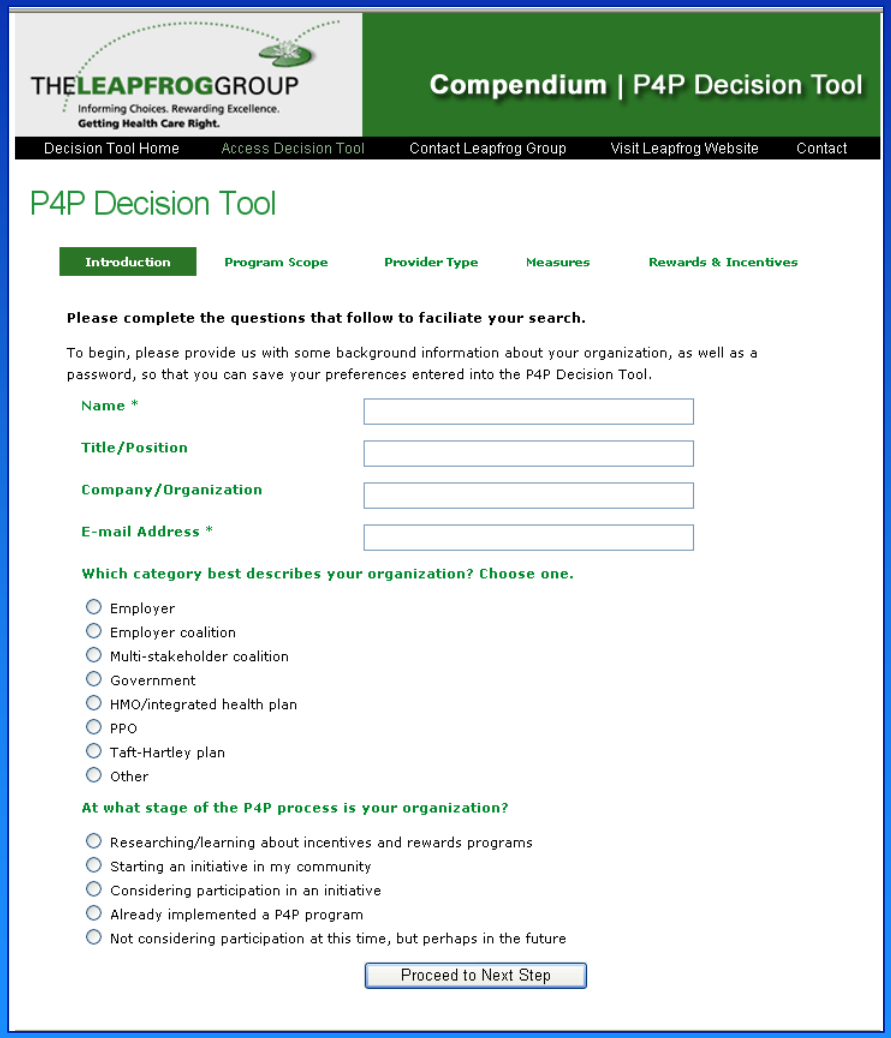
February 24, 2008

A Growing National Commitment

- Hospital Quality Alliance
- AQA
- Quality Alliance Steering Committee
- CMS-Premier P4P Demonstration Project
- Leapfrog Group
- And much much more!

Many groups working toward same goal, collaboratively

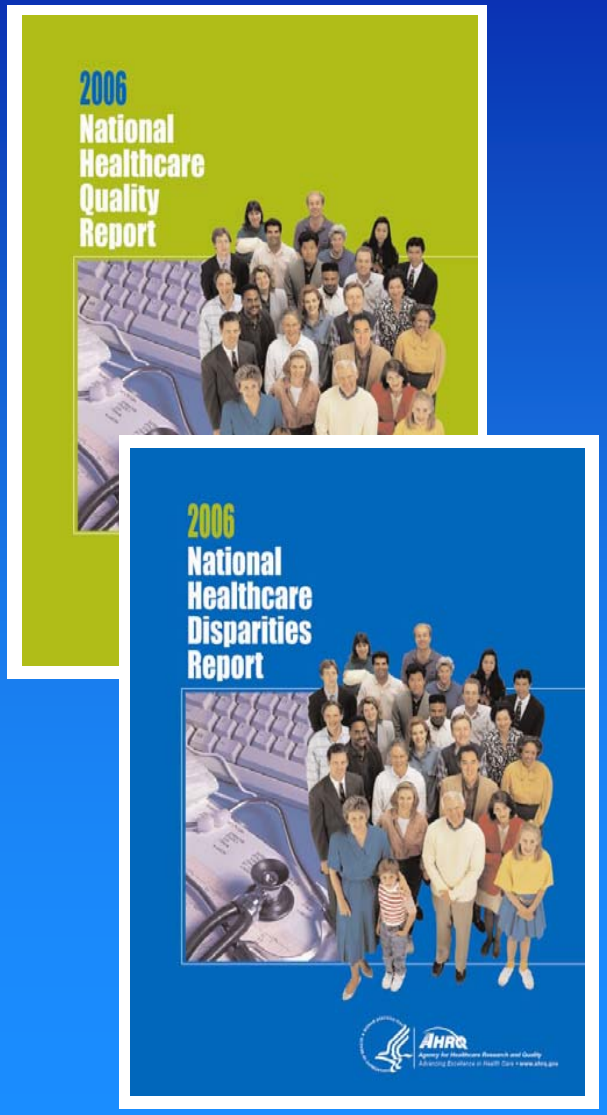
Leapfrog P4P Decision Tool



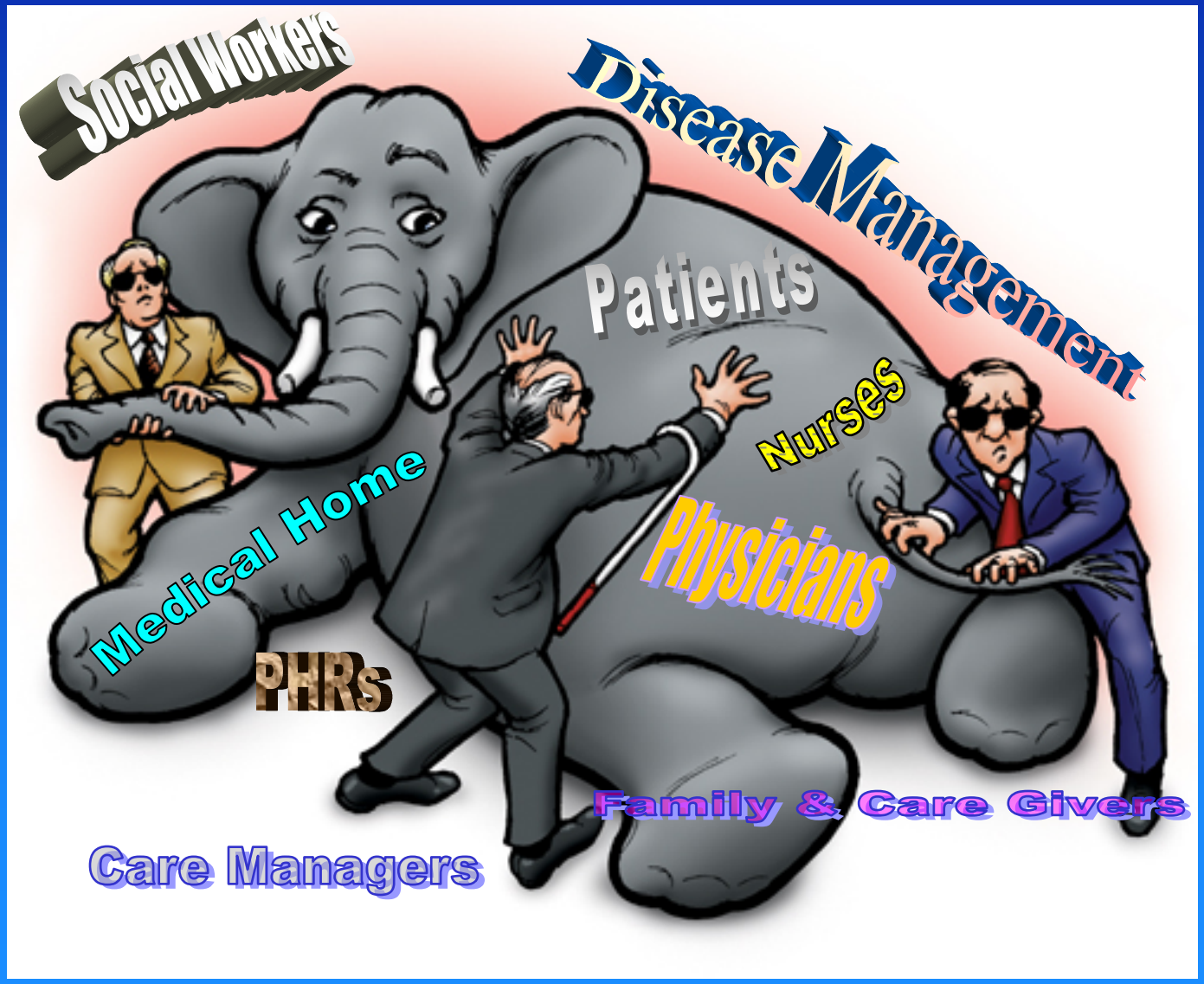
- Decision-support tool that guides users through the process of selecting pay-for-performance programs
- Matches user preferences with programs listed in the Leapfrog Group's Compendium, an online clearinghouse of incentive and reward programs
- Based on *Pay for Performance: A Decision Guide for Purchasers*, by AHRQ

2007 Healthcare Quality and Disparities Reports Coming Soon

- New efficiency chapter
- More disability data added
- More on health literacy



Coordination of Care



Medicare Hospital Value-Based Purchasing (VBP) Plan

- An 11/07 report to Congress by CMS proposes a framework for linking Medicare hospital payments to performance measures
- The proposal is intended to make a portion of hospital payment contingent on actual performance on specific measures rather than on a hospital's reporting data for these measures
- Under the plan, the value-based purchasing program would be phased in over three years, ultimately replacing Medicare's Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU) program

A value-based purchasing program which would begin in 2009 is authorized in the Deficit Reduction Act of 2005. Congressional action is required for it to be enacted.

Electronic Health Record Demonstration Project

- CMS will provide Medicare incentive payments in 12 communities nationwide to physicians who use certified Electronic Health records (EHRs) to improve patient care
- Financial incentives will be provided to as many as 1,200 small- and medium-size primary care physician practices over a 5-year period
- Total payments over the five years, may be up to $58,000 per physician or $290,00 per practice

Application period is open through May

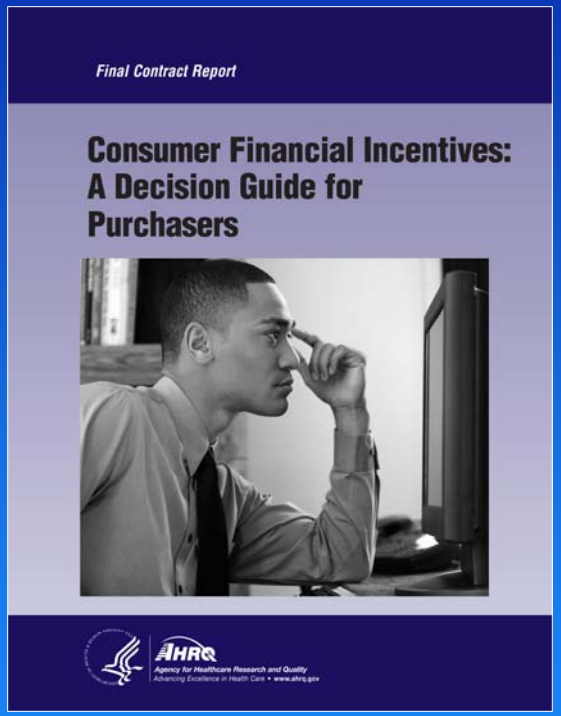
http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2008_Electronic_Health_Records_Demonstration.pdf

Health Care Efficiency Measures

- Report by RAND Corporation under AHRQ contract
- Due out this spring
- Prepublication draft available at the back of the room

Financial Incentives for Consumers

- AHRQ commissioned:
  - *Consumer Financial Incentives: A Decision Guide for Consumers*
- Reviews the application of incentives for five types of consumer decisions
  1) Selecting a high-value provider
  2) Selecting a high-value health plan
  3) Deciding among treatment options
  4) Seeking preventive care
  5) Decreasing or eliminating high-risk behavior



Patient Involvement Campaign

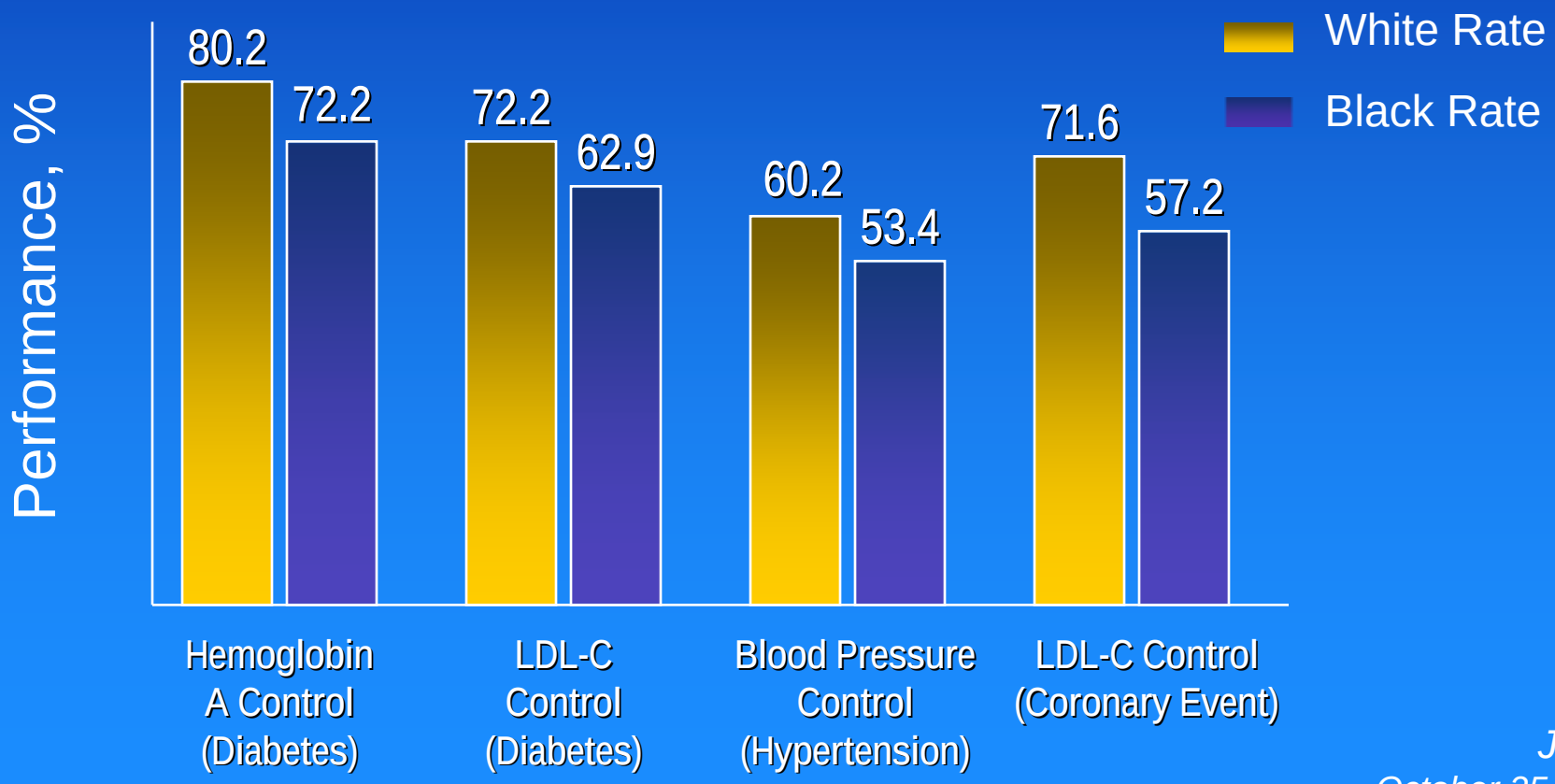
- AHRQ's campaign with the Ad Council uses a series of TV, radio and print public service announcements
- Web site features a "Question Builder" for patients to enhance their medical appointments
  - **www.ahrq.gov/questionsaretheanwser**

Health Care Partners Medical Group

- HealthCare Partners Medical Group (HCP) in southern California is a leader in P4P
- HCP is one of the first major medical groups in the nation to make prices available to the public

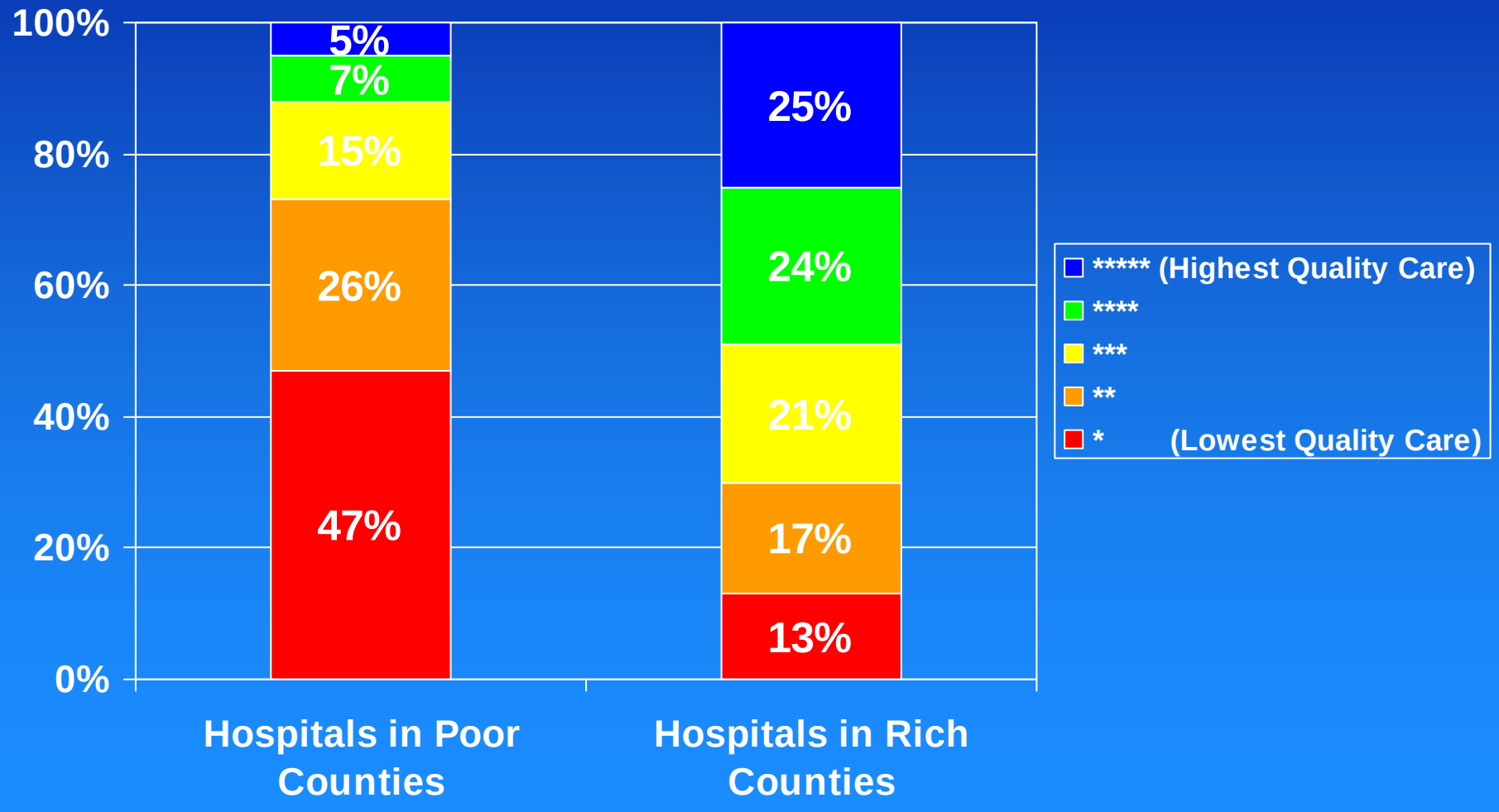
Disparities in Medicare Health Plans

Performance on four primary outcome measures is lower for blacks than whites



JAMA
October 25, 2006

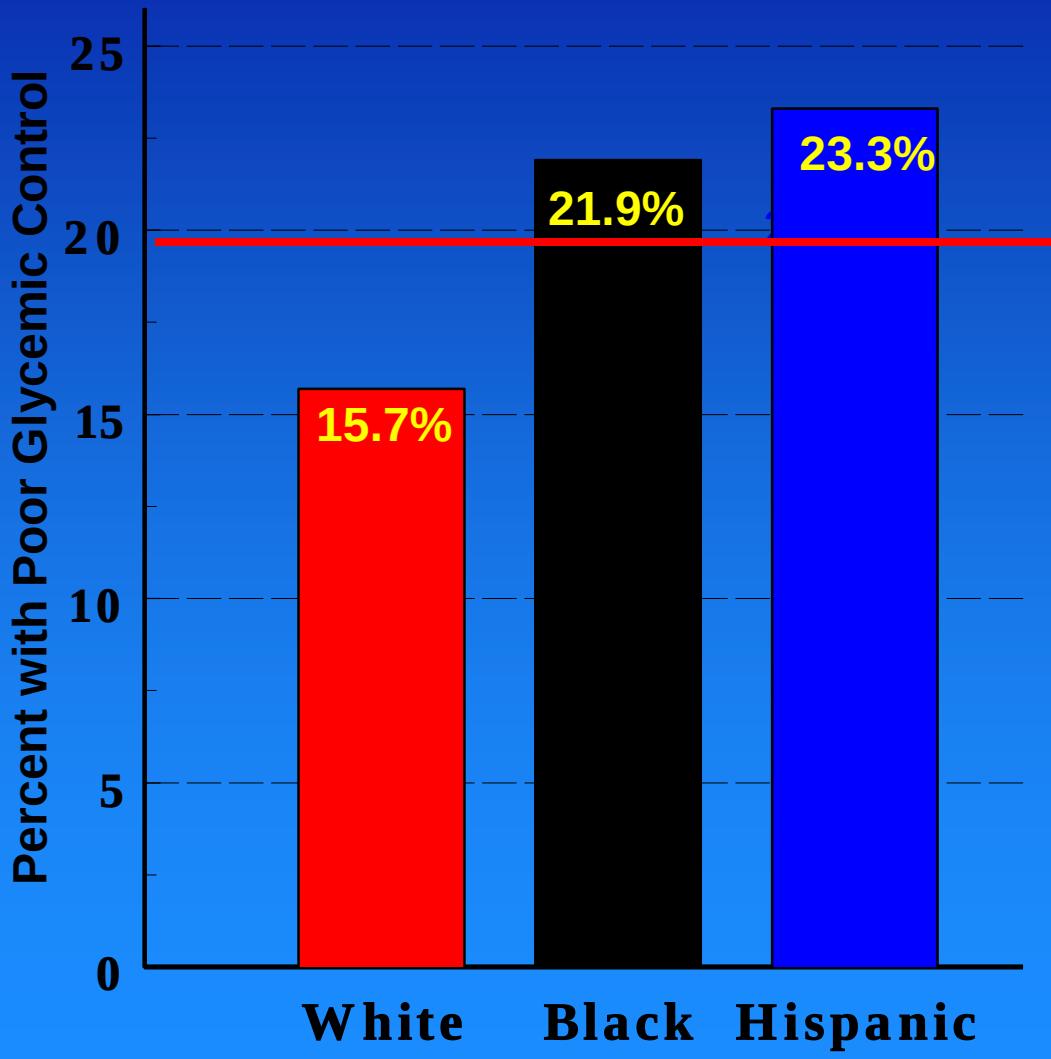
Quality of Hospital Care for Heart Attack and Heart Failure: Poor Counties, Rich Counties



Source: Gannett News Service, Rating Hospital Heart Care, 2006.

PM/PR/P4P: Poor Glucose Control by Race/ethnicity in One System

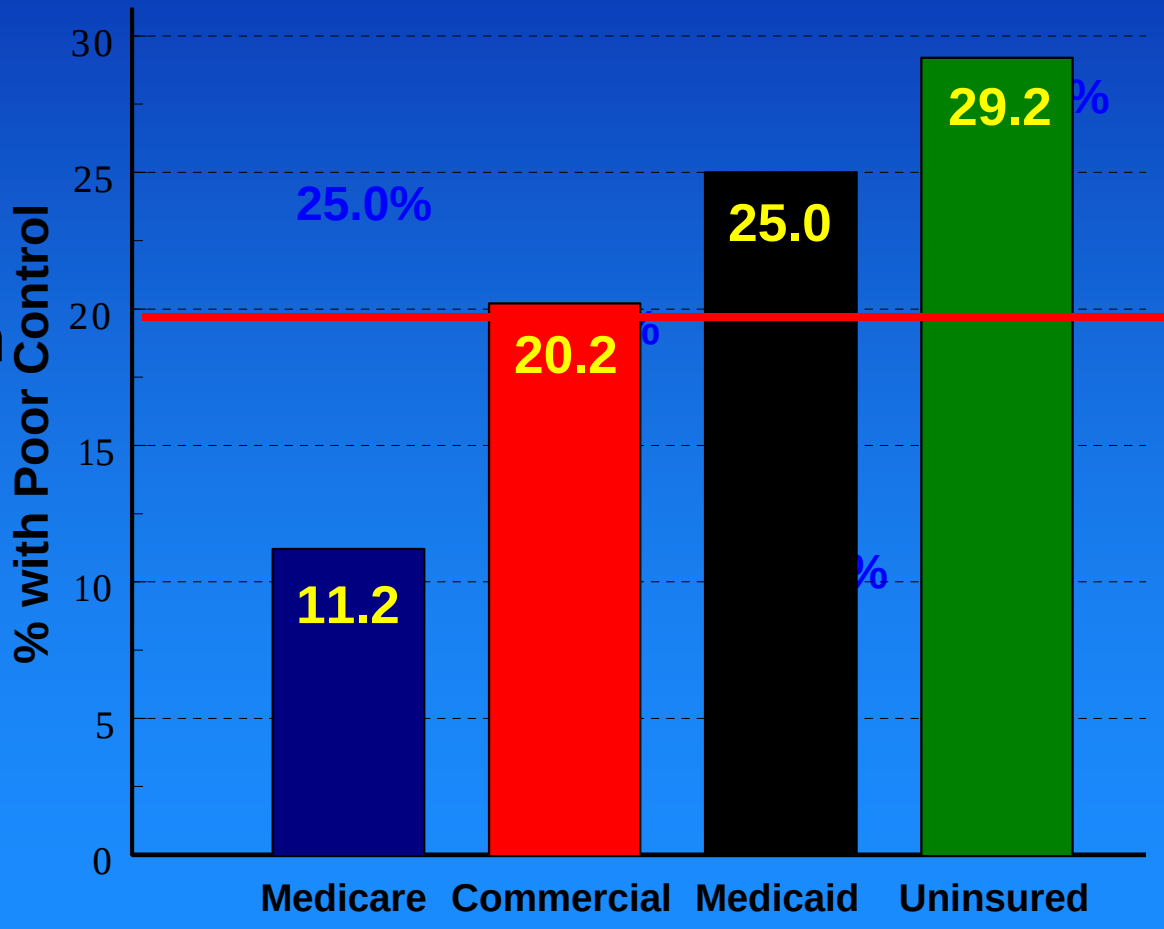
- Poor glucose control is strongly associated with diabetic complications
  - Eyes, kidneys, amputations, admissions
- P4P programs reward practices with lower than 20% “poor values”
- More than half of our diabetic patients are Black or Hispanic



“Poor Glucose Control” by Insurance

At baseline:

- 25% of our Medicaid pts were in poor control.
- Almost 30% of our uninsured pts were in poor control.
- About 40% of our patients are uninsured or covered by Medicaid



Using Performance Incentives to Reduce Health Care Disparities

- Collect race and ethnicity data – the information is necessary and there are no moral, legal or technical barriers for doing it
- Emphasize conditions of higher prevalence in minority populations – look at where we know there is variability in care needs and high prevalence; focus there first
- Institute “disparity” guidelines or measures – nationally prominent disparity guidelines would help reduce disparities
- Reward improvement – Only focusing on absolute measures might lead to widening disparities

Pay for Performance, Public Reporting, and Racial Disparities in Health Care, Medical Care Research and Review, Vol. 64, No. 5 suppl, 283S-304S (2007)

Getting to Value-Driven Health Care

"The mantra of competition based on value is that there is no such thing as a national health care market. What we have is a network of local markets."

Michael O. Leavitt, Secretary
US Dept. of Health and Human Services

Chartered Value Exchanges

AHRQ Learning Network for Value Initiative

- Encourage sharing of experiences and lessons learned
- Identify and share promising practices that improve health care value
- Identify gaps where innovation is needed
- Provide face-to-face and virtual opportunities for peer-to-peer sharing of experience
- Identify interventions or tactics that yield the best outcomes
- Translate interventions into adaptable change strategies
- Create a user-friendly, Web-based knowledge repository
- Goal: have all Community Leaders become or join Chartered Value Exchanges

Measurement *Data aggregation* *Report Cards* *Provider Incentives* *Consumer Incentives*

National Framework for Quality and Cost Transparency for High-Value Care

*List of all involved partners available.

** Nursing, Academic Communities, etc.

Implementation Components of the National Framework

*List of all involved partners available.

** Nursing, Academic Communities, etc.

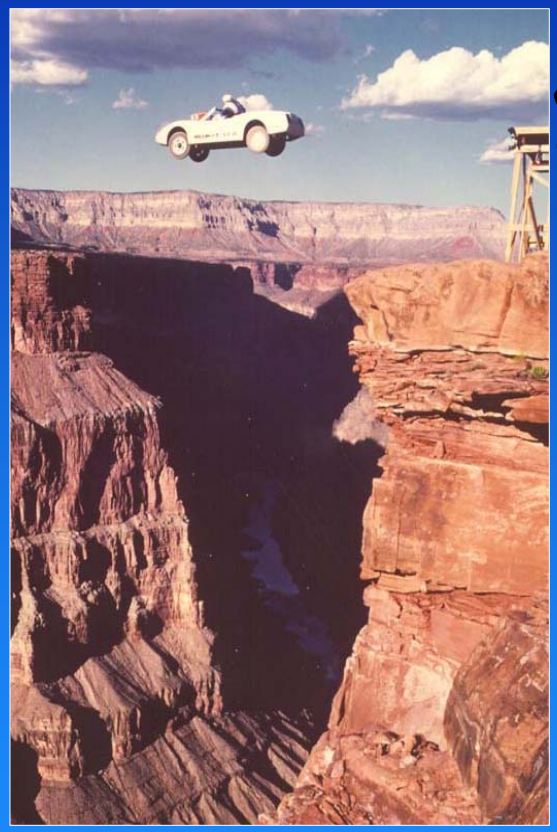
Getting to Best Possible Care

- **Moving the ball right now**:
  - Public Reporting – AND transparency
  - Payment Reforms
  - Common Measures for public and private sectors
  - Enhanced support for local collaboratives

- **Specific Policy Opportunities**:
  - P4P: absolute performance – &/or improvement?
  - Rewarding the 'leading edge' *and* bringing others along
  - Support for unbiased consumer information – and for effective use of HIT
  - Insist on clear synthesis of results from public and private demonstrations

Scope of the Opportunity in Health Care

- Major challenges in 21st Century health care include evaluating all of the innovations and determining which:
  - Represent added value
  - Offer minimal enhancements over existing choices
  - Fail to reach their potential
  - Work for some patients and not for others



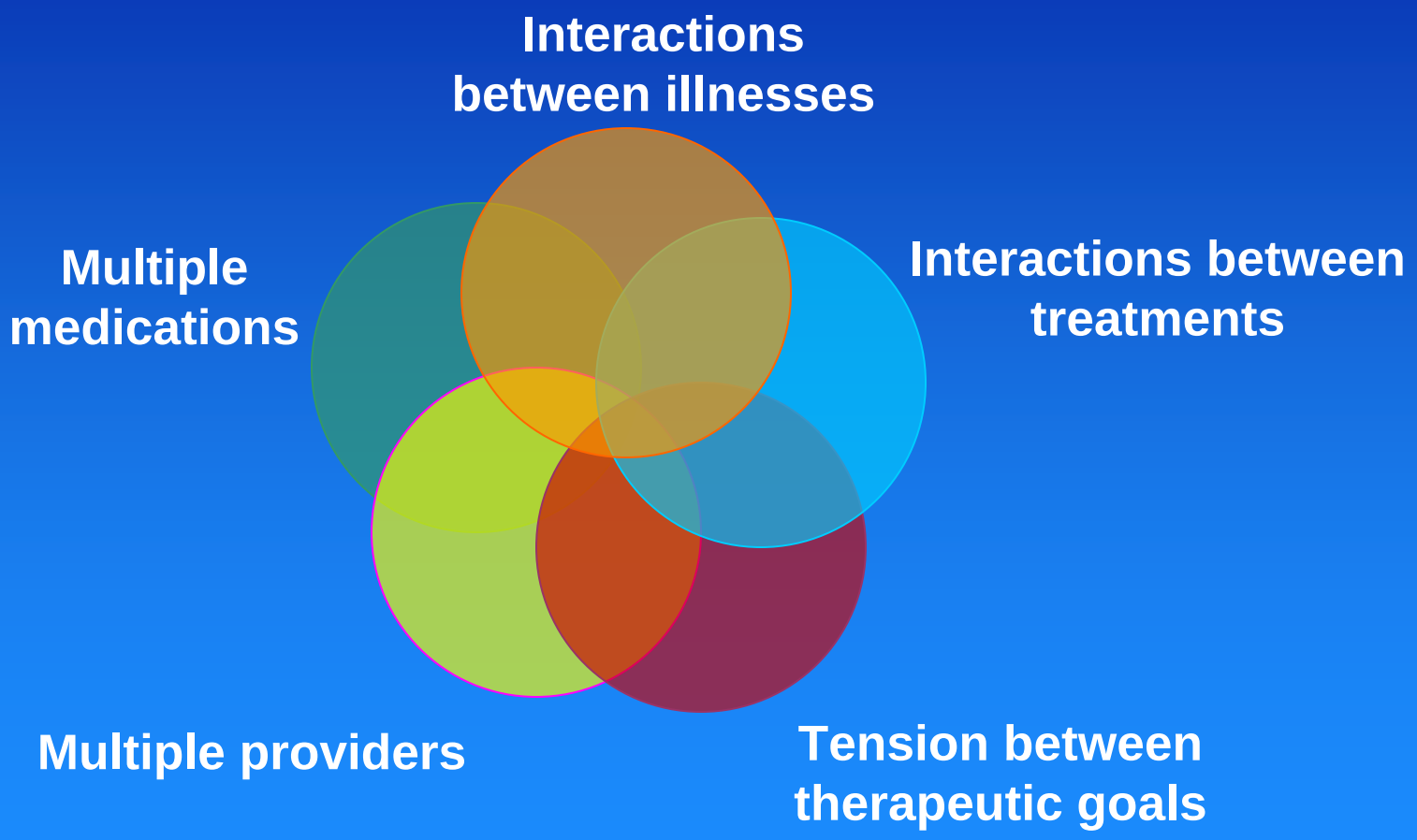
Comparative Effectiveness: Effective Health Care Program

- **To improve the quality, effectiveness, and efficiency of health care delivered through Medicare, Medicaid, and S-CHIP programs.**
  - Focus is on what is known ***now***: ensuring programs benefit from ***past*** investments in research and what research ***gaps*** are critical to fill
  - Focus is on ***clinical effectiveness***

Implications For Our Work at AHRQ

- AHRQ Mission – “to improve the quality, safety, effectiveness and efficiency of healthcare.”
- Improving the use of evidence in healthcare
- What we have learned:
  - Understand policy and practice context
  - Involve stakeholders early
  - Broaden approach to evidence
  - Link evidence gaps to future research
  - Translate findings for different audiences

Challenges in Addressing Multiple Conditions

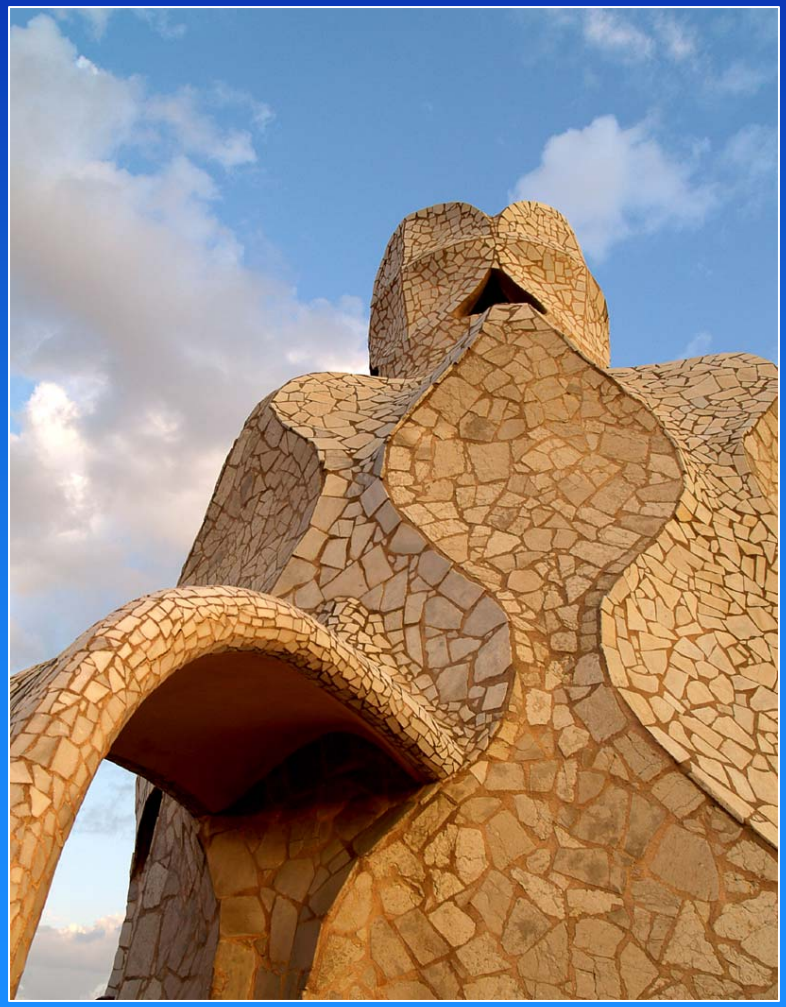


P4P & Comparative Effectiveness

- Paying more for quality
- Paying less for poor care
- Paying less for marginal care
- Differential reimbursement to providers
- Value-based insurance design

P4P & Comparative Effectiveness

- "Value-Based Insurance Design"
  - Requires a finely tuned payment system
  - Requires consumers to keep up with their information



From Research to High-Value Health Care

- Increased overlap between researchers/ product developers and health care leaders → 'embed' findings in clinical strategies, electronic and personal health records
- Distributed leadership
- Clear path for feedback from care delivery to research enterprise at multiple points
- From 'stand-alone' registries to those that are used both locally and regionally / nationally
- Transparency in production and *use* of CE information

Aligning Payment Incentives: The Conundrum

- Financial incentives do influence behavior
  - Though are only one factor
- All payment systems have financial incentives, intentionally or unintentionally
- The current incentives are perverse, but there are many other ways to do it wrong
- We have some, but not enough, evidence on how to improve them
- Need to learn as we go

The National Academies IN**FOCUS**

Challenges

- Learning from all of the local data that is being collected
- Moving P4P from a tactical to a strategic enterprise
- Determining how to close the gap

http://www.hhs.gov/valuedriven/index.html

The NEW ENGLAND JOURNAL of MEDICINE

Eulogy for a Quality Measure

Thomas H. Lee, M.D.

On May 8, 2007, one of the best-known quality measures in health care was put to rest. The percentage of patients with acute myocardial infarction who receive a prescription for beta-blockers within 7 days of hospital discharge has been used to evaluate U.S. managed care plans since 1996. This measure will no longer be reported by the National Committee for Quality Assurance (NCQA) because it is simply no longer needed — a development that offers encouragement and important lessons.

The data in the graph show why the NCQA Committee on Performance Measurement voted unanimously to retire the beta-blocker measure. A decade ago, only two thirds of U.S. patients who survived acute myocardial infarction received beta-blockers; today, nearly all do. As the curve representing the 10th percentile crept above 90%, the NCQA found little variation among health plans. At least when it comes to this intervention, the U.S. health care system has become reliable.

This story is hardly one of overnight success: the NCQA's action came 25 years and 6 weeks after the publication of the Beta-Blocker Heart Attack Trial (BHAT).[1] This randomized trial sponsored by the National Heart, Lung, and Blood Institute was stopped 9 months early because, after a 2-year follow-up period, mortality in the group of patients receiving propranolol was 7.2%, as compared with 9.8% in the placebo group. Subsequent data suggest that the relative reduction in mortality might be as high as 40% and that these benefits apply even to patients with relative contraindications to treatment with beta-blockers, such as chronic ob-


DEPARTMENT OF HEALTH & HUMAN SERVICES • USA
AHRQ
Agency for Healthcare Research and Quality
Advancing Excellence in Health Care
www.ahrq.gov

Questions?