



## **Efficiency in P4P:**

# *Guiding Principles for Implementing a Successful Physician Efficiency Profiling Program*

**Dr. Jonathan Niloff**

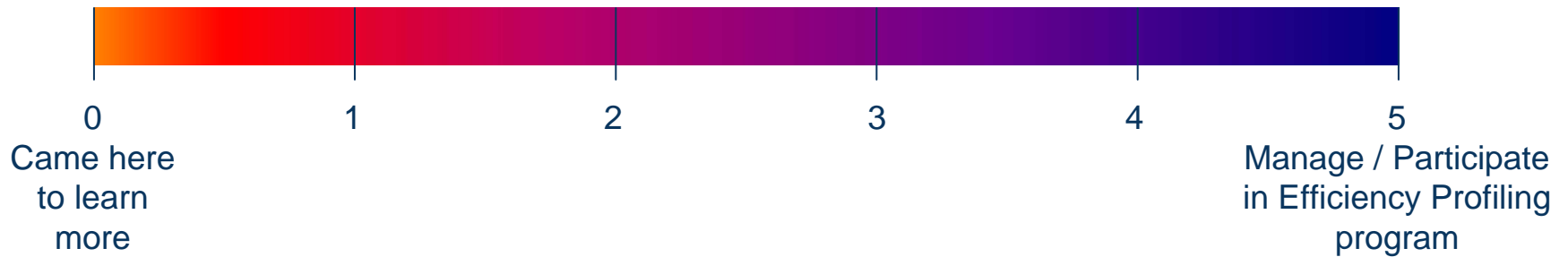
**Tuesday, March 10, 2009 – 1:45 pm  
Track 1: Concurrent Session 1.08**





# Going in ...

## Experience with Physician Efficiency Profiling



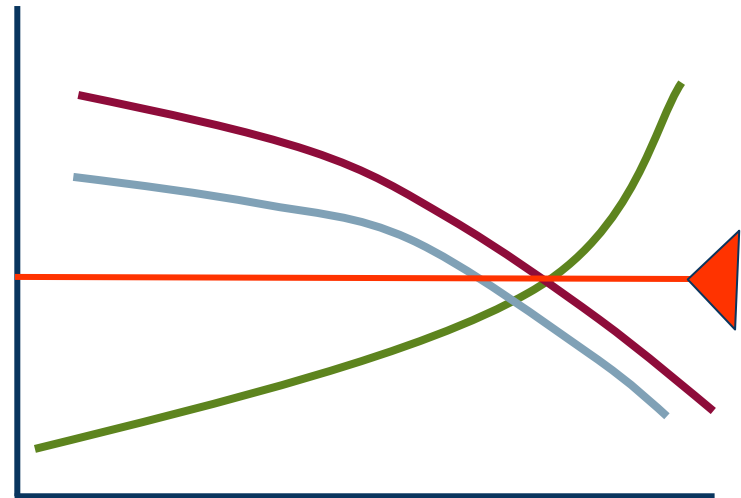
## Perception of Physician Efficiency Profiling Among your Constituents





# First Things First

- Define your goals
- Improve Efficiency
- Reduce Variation
- Lower Costs





# First Things First

- Define your goals
- **Why are you profiling?**
- **What is the desired outcome?**
  
- Identify opportunities
- Educate physicians
- Change behavior



**Capture Physician Attention  
Provide Motivation**



# Keys to Success



Profile what you want to change



Credible methodology and transparency

- No credibility = DOA
- No buy-in = no success



Proper positioning

- Improvement opportunities – not punitive



A good roll out plan



# Keys to Success (cont.)



## Sufficient detail to:

- Understand improvement opportunities
- Gain physician credibility



## Presentation - Good materials

- Make it easy
- Highlight key action items
- Graphical formats are best

PCP	Specialty	Total Members	Percent Female	Average Age	Percent Older Than 50	Average Actual DCG Score	Total Actual Expenditures PMPPI 5	Efficiency Index
Betha, J. MD.	Pediatrics	481	62%	11	0%	0.42	\$126	1.48
Zelma, D. MD.	Pediatrics	816	47%	10	0%	0.33	\$88	1.22
Claudine, J. MD.	Pediatrics	285	91%	11	0%	0.35	\$85	1.10
My, I. MD.	Family Practice	501	41%	36	16%	0.46	\$117	1.17
Assala, P. MD.	Pediatrics	267	42%	16	2%	0.13	\$24	0.82
Ava, A. MD.	Internal Medicine	271	37%	46	37%	0.54	\$105	0.90
S. Esther, D. MD.	Pediatrics	271	55%	9	0%	0.52	\$129	1.22
Hebra, T. MD.	Pediatrics	421	48%	12	0%	0.29	\$176	2.79
Yvonne, F. MD.	Internal Medicine	378	37%	41	20%	0.55	\$172	1.43
Arnie, MD.	Internal Medicine	313	50%	48	38%	0.85	\$161	0.87
Amalia, M. MD.	Internal Medicine	320	36%	48	42%	0.94	\$329	1.61
Debra, A. MD.	Family Practice	207	40%	40	24%	0.06	\$24	1.36
Arjunanta, A. MD.	Pediatrics	247	56%	12	0%	0.46	\$126	1.27
Sonya, V. MD.	Internal Medicine	481	37%	45	32%	0.99	\$256	1.19





# Keys to Success (cont.)

## The right incentives





# How Accurate is Accurate Enough?

- Limitations of claims data
  - “Absolute” is not attainable – and **not** required
- Goal is credibility and validity – not perfection!
  - Methodology
- Directionally correct and valid for identifying opportunities





# The Distractions



- “Not enough patients to be statistically valid”
- “This isn’t my patient”
- “My role in the care of this patient was minor”
- “My patients are sicker”
- “The fees I get are different”
- “I had one very sick patient that *skewed* my results”



# Methodological Considerations

- The right method for the right constituency
  - PCPs – panels +/- episodes
  - Specialists – episodes
- The right Grouper for episodes
  - Specificity for the care costs included
- Attribution
  - HMO vs PPO populations
  - Ability for physicians to correct attributions

*"My role in the care of this patient was minor"*

*"This isn't my patient"*



# Methodological Considerations (cont.)

## ■ A big enough “n”

- Single vs. Multi-payer
- How long should the measurement period be?

*“Not enough patients to be statistically valid”*

## ■ Adjustments

- Risk +/- or Case mix
- Payer mix
- Outliers

*“My patients are sicker”*

*“The fees I get are different”*

*“I had one very sick patient that @#%\$ my results”*

## ■ Completeness of data



# Efficiency Index

$$\text{Efficiency Index (EI)} = \frac{\text{Actual Costs}}{\text{Predicted Costs}}$$

*Efficiency Index is the ratio of actual expenses to predicted expenses adjusted for the population risk +/- or case mix*



# How do I interpret Efficiency Indexes?

$$\text{Efficiency Index (EI)} = \frac{\text{Actual Costs}}{\text{Predicted Costs}}$$

- An EI > 1.0 indicates that costs were greater than one would predict for the severity and complexity of the episodes profiled
  - Less efficient than average
- An EI < 1.0 indicates that the costs were less than one would predict for the severity and complexity of the episodes profiled
  - More efficient than average



# Case Study: PCP Efficiency Profile

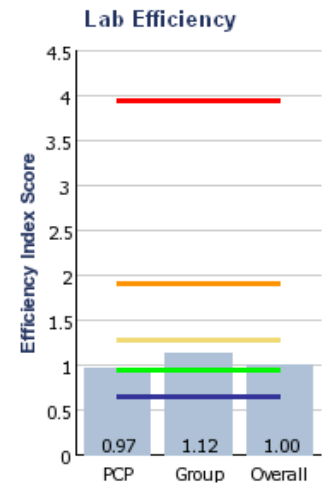
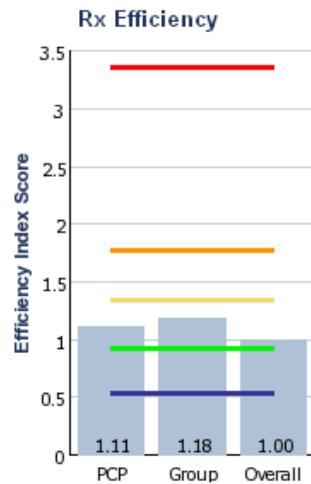
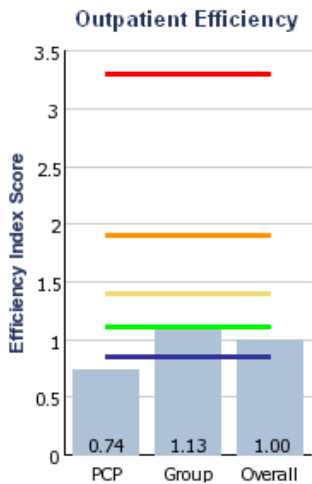
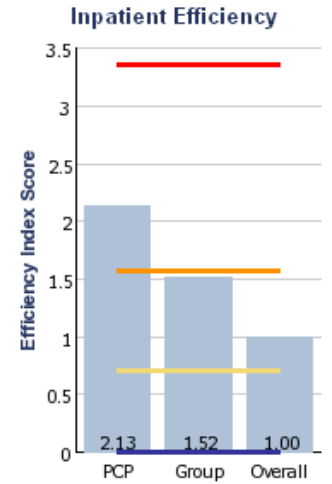
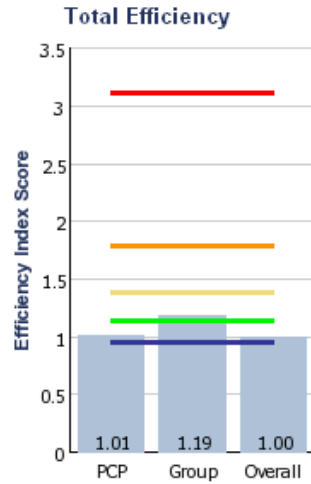
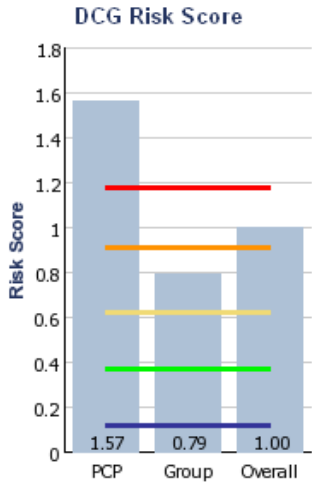
- IPA
- Capitated risk contracts with multiple payers
  - And P4P quality incentives
- Goal: Improve capitated performance
- Phased approach
  - Phase I: Education
  - Phase II: Internal P4P payment metric



# Case Study: PCP Efficiency Profile

- Based on HMO panels
- Aggregated data from all HMO payers
- 12 months of claims data with lag
- Risk adjustment with DCGs
  - Normalized DCG scores are used to calculate the predicted costs for each PCP's panel of patients
- Payer mix adjustment
- Outliers trimmed

Modify filters





# PCP Reporting Drill-down

## PCP Profile - Efficiency Index Summary

PCP	Total Members	Average Actual DCG Score	Total Inpatient PPHM\$	Total Inpatient Efficiency Index	Total Outpatient PPHM\$	Total Outpatient Efficiency Index	Total Pharmacy PPHM\$	Total Pharmacy Efficiency Index	Total PPHM\$	Total Efficiency Index
Abbott, Sophie, E. MD,	54	0.14	\$0	0.00	\$25	1.41	\$7	0.87	\$32	1.09

## PCP Profile - Outpatient Efficiency Index

PCP	Total Members	Average Actual DCG Score	PCP Visits	SCP Visits	Lab	Radiology	Ambulatory Surgery	Diagnostics	DME	PT/OT	Speech	Other	Total
Albright, Malinda, J. MD,	115	0.22	3.03	1.11	0.85	1.14	1.41	0.71	0.21	0.03	0.00	1.41	1.39
Ames, Julianna, B. MD,	260	0.85	1.16	1.55	1.22	1.47	1.65	1.09	0.86	1.31	0.00	0.82	1.23
										0.00	0.00	0.62	0.26
										1.84	0.00	0.80	0.99
										1.76	0.00	4.00	2.21
										0.16	0.00	0.34	1.17
										0.41	0.00	4.36	2.86
										0.81	0.00	0.93	1.41
										1.00	17.38	1.87	1.64
										0.49	0.00	1.02	1.10
										1.38	0.00	1.03	1.12
										0.66	0.00	0.96	1.08
										1.04	0.00	0.10	0.42
										2.59	0.00	0.79	0.98
										4.04	0.00	7.13	3.07
										0.70	0.00	1.04	1.08
										0.70	0.00	1.08	1.10
										0.38	0.00	1.03	1.12
										0.45	0.00	0.64	0.88
										0.23	0.00	0.89	0.72

## Cognos Viewer - Outpatient Imaging Drill Detail

Cost Type

Amt Billed

Group	PCP	Patient	Health Plan	DOS	Provider	PDX	PDX Description	Proc	Procedure Description	Amt Billed
Group 2	Ames, Julianna B. MD	Ace, Laurinda	Claims1	8/20/2005	Hospital 42	V7612	SCREEN MAMMOGRAM NEC	76092	No Description Available	\$121.23
Group 2	Ames, Julianna B. MD	Ace, Laurinda	Claims1	9/16/2005	Galdi, Tami	6272	SYMPT FEM CLIMACT STATE	76075	No Description Available	\$220.00
Group 2	Ames, Julianna B. MD	Ace, Laurinda	Claims1	4/10/2006	Ackerman, Dollie MD	43310	OCL CRTD ART WO INFRCT	93880	EXTRACRANIAL STUDY	\$150.00
Group 2	Ames, Julianna B. MD	Ace, Laurinda	Claims1	4/28/2006	Blyther, Genesis	7804	DIZZINESS AND GIDDINESS	70553	MRI BRAIN W/O & W/DYE	\$2,150.00
Group 2	Ames, Julianna B. MD	Ace, Laurinda	Claims1	5/18/2006	Hospital 42	43310	OCL CRTD ART WO INFRCT	93880	EXTRACRANIAL STUDY	\$356.00
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	12/2/2005	Syrett, Ursula	7271	BUNION	73630	X-RAY EXAM OF FOOT	\$100.00
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	3/26/2006	Sumabat, Marisa	V7612	SCREEN MAMMOGRAM NEC	76092	No Description Available	\$68.00
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	4/6/2006	Hospital 478	V7612	SCREEN MAMMOGRAM NEC	76092	No Description Available	\$150.58
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	5/5/2006	Deperro, Dalla	78659	CHEST PAIN NEC	78465	HEART IMAGE (3D), MULTIPLE	\$1,100.00
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	5/5/2006	Deperro, Dalla	78659	CHEST PAIN NEC	78478	HEART WALL MOTION ADD-ON	\$205.00
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	5/5/2006	Deperro, Dalla	78659	CHEST PAIN NEC	78480	HEART FUNCTION ADD-ON	\$195.00
Group 2	Ames, Julianna B. MD	Arenivar, Enriqueta	Claims1	5/5/2006	Deperro, Dalla	78659	CHEST PAIN NEC	A9502	Tc99m tetrofosmin	\$390.00
Group 2	Ames, Julianna B. MD	Arias, Millie M	Claims2	10/29/2005	Cuizon, Carolyn H. MD	5920	CALCULUS OF KIDNEY	72192	CT PELVIS W/O DYE	\$172.00
Group 2	Ames, Julianna B. MD	Arias, Millie M	Claims2	10/29/2005	Cuizon, Carolyn H. MD	5920	CALCULUS OF KIDNEY	74150	CT ABDOMEN W/O DYE	\$172.00
Group 2	Ames, Julianna B. MD	Arias, Millie M	Claims2	11/25/2005	Hospital 605	61171	MASTODYNIA	76091	No Description Available	\$122.00
Group 2	Ames, Julianna B. MD	Arias, Millie M	Claims2	11/26/2005	Baca, Clementine A. MD	61171	MASTODYNIA	76091	No Description Available	\$63.00
Group 2	Ames, Julianna B. MD	Arias, Millie M	Claims2	1/20/2006	Ho, Clarissa S. MD	73390	BONE & CARTILAGE DIS NOS	76075	No Description Available	\$240.00
Group 2	Ames, Julianna B. MD	Barbour, Lona	Claims1	8/18/2005	Tubby, Ina	7295	PAIN IN LIMB	73218	MRI UPPER EXTREMITY W/O DYE	\$196.00
Group 2	Ames, Julianna B. MD	Barbour, Lona	Claims1	8/19/2005	Hospital 42	71944	JOINT PAIN-HAND	73130	X-RAY EXAM OF HAND	\$173.20
Group 2	Ames, Julianna B. MD	Barbour, Lona	Claims1	11/2/2005	Funck, Emille MD	71944	JOINT PAIN-HAND	73130	X-RAY EXAM OF HAND	\$24.00



“We issue reports ... twice a year. The data explains ... and motivates a change in behavior.”

– CEO, IPA

## Next Step

- Implementing specialist efficiency profiles



# Specialist Efficiency Profile

- Based on a select group of ETGs for each specialty being profiled
  - ETGs define complete episodes of care based on diagnosis and procedure codes
  - Account for differences in co-morbidities, complications and demographics (e.g. age)



## Specialty Profiles: What data is included?

- Data from “complete” ETG episodes
- Multiple years of data
- Aggregate data across multiple payers
- Outlier episodes are pruned
- Attribution to the specialist with the highest management and/or surgery charges for that episode



## Specialty Profiles: Case mix adjustment

- Correct for severity differences with case-mix adjustment
  - Case mix adjustment permits meaningful “apples to apples” comparisons by correcting for differences in the illness burdens and case complexity in specialists’ practices.



## Provider Efficiency Summary by ETG Group

Group Name: Cardiology Group 1		Case Mix: 0.99	
ETG Group: CAD with AMI		Total # Episodes: 26	
		Efficiency Index: 1.17	
Provider	# of Episodes	Case Mix	Efficiency Index
<a href="#">Cooley, Ora F. MD</a>	2	2.12	0.68
<a href="#">English, Juana A. MD</a>	8	1.07	1.25
<a href="#">Hickman, Jeanine D. MD</a>	1	0.34	0.38
<a href="#">McGowan, Cara D. MD</a>	2	2.12	1.69
<a href="#">Riggs, Latasha G. MD</a>	7	1.06	1.21
<a href="#">Rivers, Angelica D. MD</a>	2	0.34	0.25
<a href="#">Valenzuela, Sherrie MD</a>	4	0.09	0.76

### Provider Efficiency Summary by ETG Group Prompt Filter Values

**Specialty:** Cardiology

**Group(s):** Cardiology Group 1

**Payer(s):** All

**ETG Group:** CAD with AMI



## Provider ETG Cost Profile

Provider Name: English, Juana A. MD		Total # of Episodes: 41		Case Mix: 3.05		Efficiency Index: 1.18		
ETG	Sub Class	ETG Description	# Episodes	Total Cost	Actual Cost per Episode	Adjusted Cost per Episode	Network Cost per Episode	Difference
0251		CHD, w AMI, w CABG	1	\$36,403.99	\$36,403.99	\$146,181.12	\$47,928.24	(\$11,524.25)
0253		CHD, w AMI, w angioplasty	6	\$201,717.82	\$33,619.64	\$72,302.37	\$23,705.69	\$9,913.94
0257		CHD, w AMI, ant wall, wo compl	1	\$3,299.36	\$3,299.36	\$6,055.14	\$1,985.29	\$1,314.07
0262		CHD, wo AMI, w angioplasty	12	\$237,218.37	\$19,768.20	\$52,715.78	\$17,283.86	\$2,484.33
0264		CHD, wo AMI, w cardiac cath	3	\$16,133.78	\$5,377.93	\$23,499.14	\$7,704.64	(\$2,326.71)
0265		Isch hrt dis, exc CHF, wo AMI	11	\$28,136.68	\$2,557.88	\$4,613.66	\$1,512.68	\$1,045.20
0278		Malig hypertension, w comorb	1	\$1,606.89	\$1,606.89	\$947.94	\$310.80	\$1,296.09
0279		Malig hypertension, wo comorb	1	\$235.84	\$235.84	\$1,063.61	\$348.72	(\$112.88)
0280		Benign hypertension, w comorb	1	\$292.56	\$292.56	\$2,528.54	\$829.03	(\$536.47)
0281		Benign hypertension, wo comorb	4	\$2,310.26	\$577.56	\$1,901.20	\$623.34	(\$45.78)
<b>Total</b>			<b>41</b>	<b>\$527,355.55</b>				

### Provider ETG Cost Profile Prompt Filter Values

**Specialty:** Cardiology

**Group(s):** Cardiology Group 1

**Specialist(s):** English, Juana A. MD

**Payer(s):** All



## Provider ETG Cost Detail

Provider Name: English, Juana A. MD		Total # of Episodes: 41				Case Mix: 3.05 Efficiency Index: 1.18									
ETG	Sub Class	ETG Description	# of Episodes	Avg Facility Cost per Episode	Network Avg Facility Cost per Episode	Avg Management Cost per Episode	Network Avg Management Cost per Episode	Avg Surgery Cost per Episode	Network Avg Surgery Cost per Episode	Avg Inpatient Cost per Episode	Network Avg Inpatient Cost per Episode	Avg Outpatient Cost per Episode	Network Avg Outpatient Cost per Episode	Avg Pharmacy Cost per Episode	Network Avg Pharmacy Cost per Episode
0251		CHD, w AMI, w CABG	1	\$22,453	\$39,483	\$1,882	\$1,345	\$3,553	\$5,413	\$0	\$24	\$8,516	\$6,184	\$0	\$273
0253		CHD, w AMI, w angioplasty	6	\$26,008	\$19,203	\$1,761	\$2,430	\$1,686	\$1,696	\$0	\$37	\$3,349	\$5,733	\$816	\$2,037
0257		CHD, w AMI, ant wall, wo compl	1	\$0	\$0	\$182	\$253	\$0	\$0	\$0	\$0	\$2,812	\$1,449	\$305	\$169
0262		CHD, wo AMI, w angioplasty	12	\$12,441	\$12,561	\$1,335	\$1,181	\$2,001	\$1,758	\$0	\$138	\$3,133	\$2,711	\$859	\$730
0264		CHD, wo AMI, w cardiac cath	3	\$3,390	\$3,390	\$636	\$636	\$319	\$319	\$0	\$0	\$1,033	\$1,033	\$0	\$0
0265		Isch hrt dis, exc CHF, wo AMI	11	\$440	\$277	\$302	\$259	\$32	\$56	\$0	\$1	\$1,186	\$1,050	\$598	\$452
0278		Malig hypertension, w comorb	1	\$0	\$0	\$198	\$198	\$0	\$0	\$0	\$0	\$819	\$819	\$590	\$590
0279		Malig hypertension, wo comorb	1	\$0	\$0	\$157	\$242	\$0	\$0	\$0	\$0	\$79	\$40	\$0	\$0
0280		Benign hypertension, w comorb	1	\$0	\$0	\$190	\$287	\$0	\$0	\$0	\$0	\$49	\$245	\$53	\$462
0281		Benign hypertension, wo comorb	4	\$0	\$0	\$175	\$223	\$151	\$26	\$0	\$0	\$146	\$381	\$106	\$246



## Provider Procedure Detail by ETG Group

Provider Name: English, Juana A. MD ETG Group: CAD with AMI		Total # Episodes: 8		Case Mix: 0.92 Efficiency Index: 1.25		
Service Category	# of Services	Services per Episode	Network Services per Episode	Total Cost	Cost per Service	Network Cost per Service
Diagnostics - Cardiac - Cardiography	1	0.12	0.33	\$47.50	\$47.50	\$21.85
Diagnostics - Cardiac - Echocardiogram	1	0.12	0.25	\$90.30	\$90.30	\$120.38
Office Visits - Medical	8	1.00	0.49	\$629.64	\$78.70	\$112.20
Procedures - Cardiovascular - Coronary Artery - Cardiac Catheterization	19	2.38	0.78	\$1,011.69	\$53.25	\$109.10
Procedures - Cardiovascular - Coronary Artery - PTCA/Angioplasty	8	1.00	0.38	\$6,090.44	\$761.30	\$910.03

### Provider Procedure Detail by ETG Group Prompt Filter Values

**Specialty:** Cardiology

**Group(s):** Cardiology Group 1

**Specialist(s):** English, Juana A. MD

**Payer(s):** All

**ETG Group:** CAD with AMI



# Key Take Homes

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- Goal is credibility and validity – not perfection!
- Transparency and detail promote trust and collaboration
- Focus on education and improvement opportunities

# Questions & Answers

