

Competition & Compensation Based on Quality

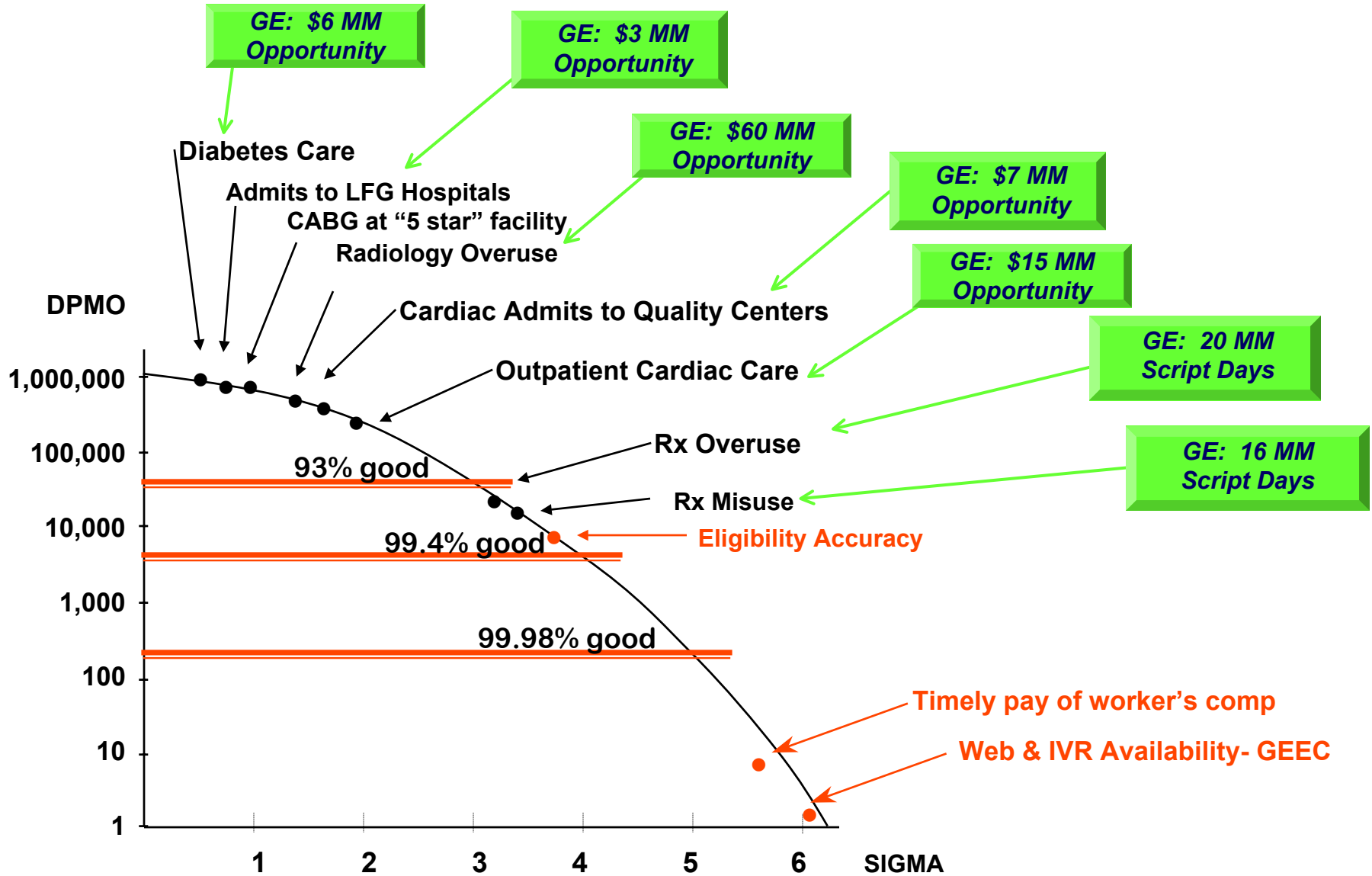
*“A revolution is a struggle to the
death between the future and the
past.”*

Fidel Castro

The Next Evolution In The Revolution

The Quality Colloquium at Harvard, August 2003

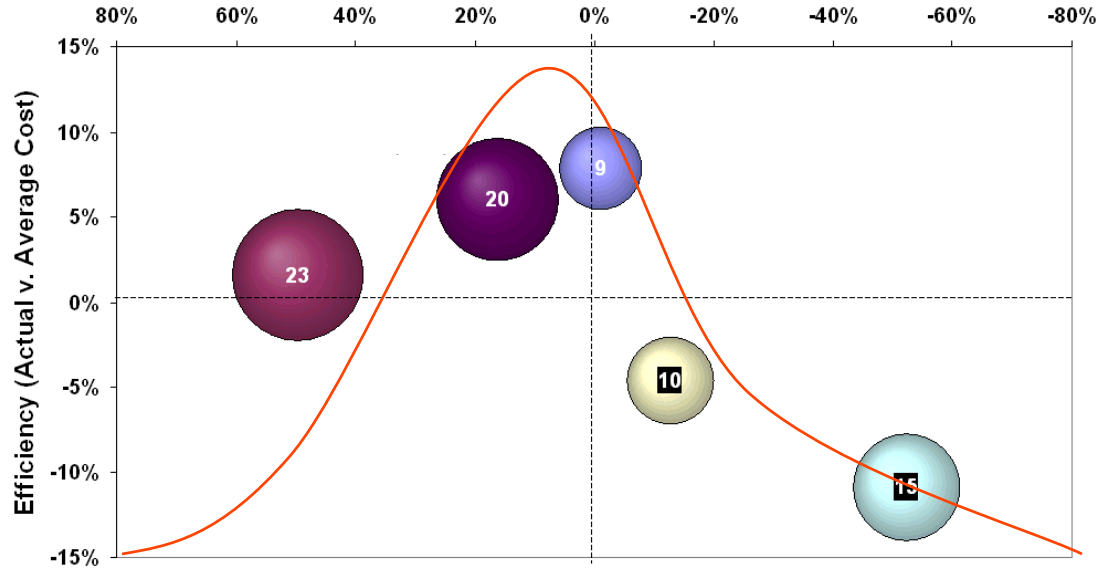
What It's All About...The Quality Imperative



Poor quality costs GE millions every year...time to increase the Sigma rates.

Some Diamonds In The Coal

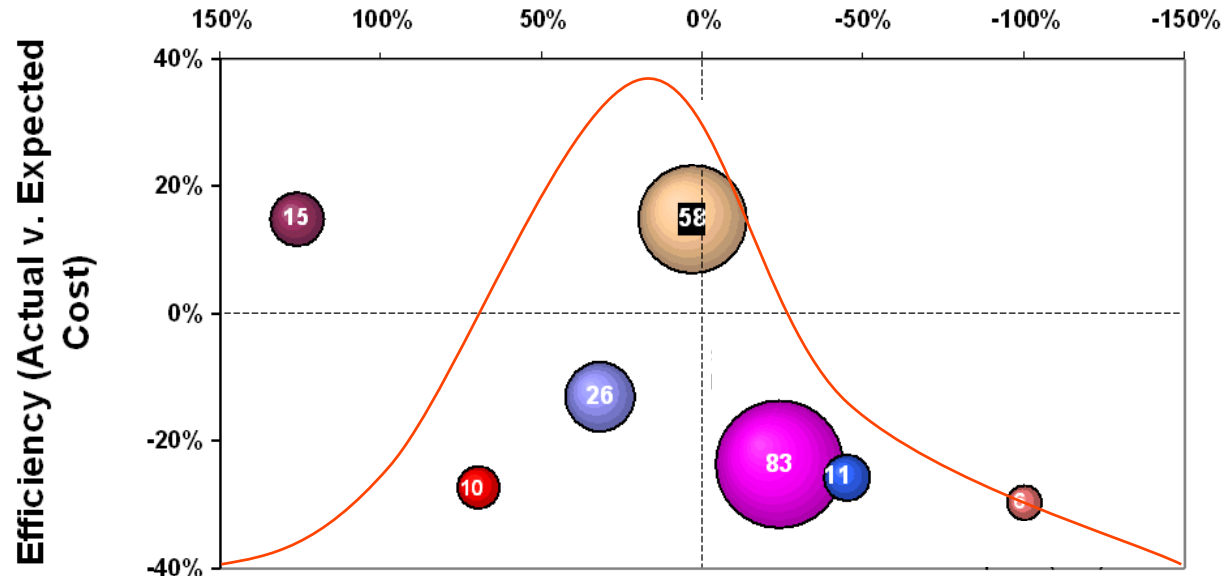
Effectiveness (Actual v. Expected Mortality)



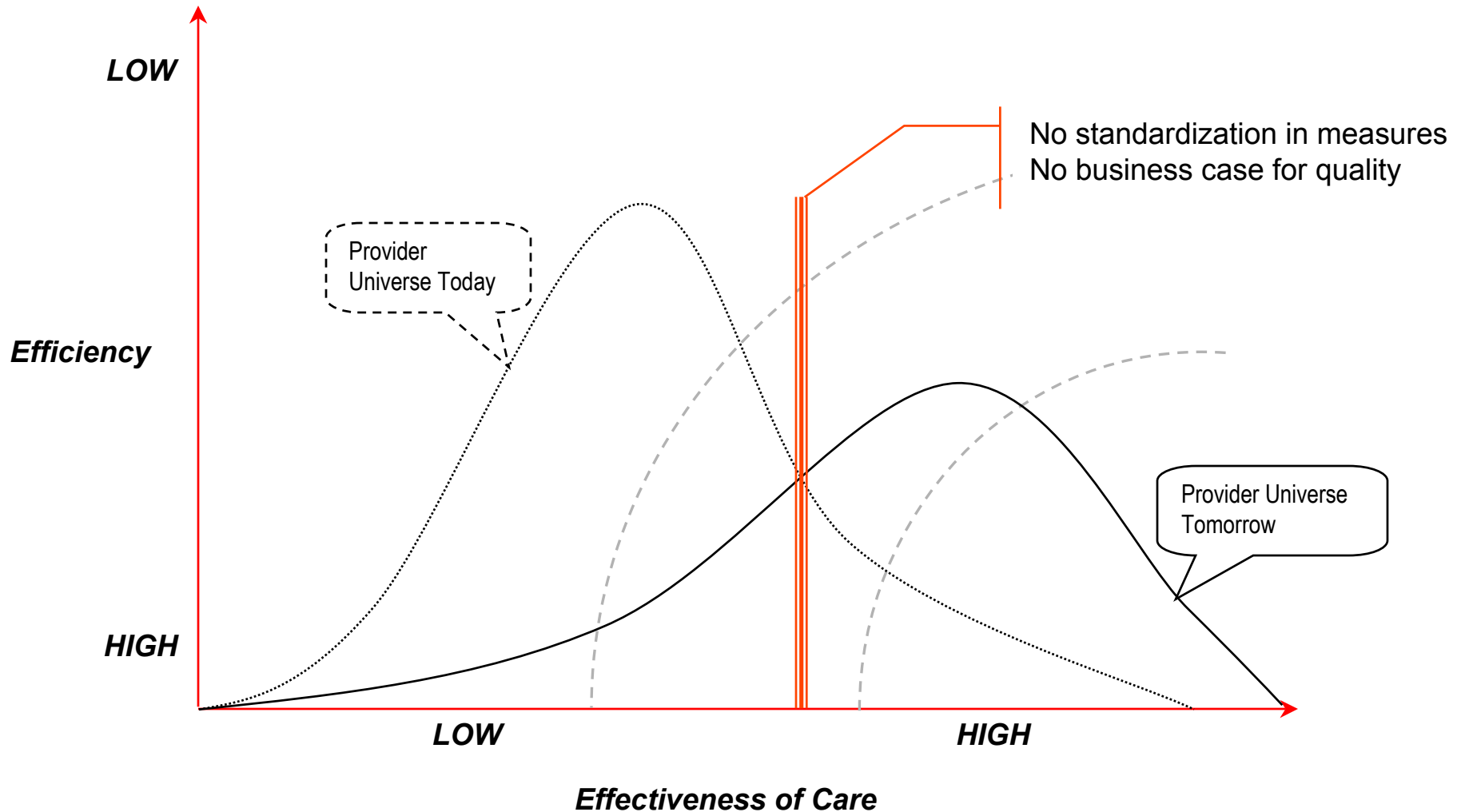
In Erie and the Capital District we found a hospital that delivers both effective and efficient cardiac care

And the same was true for Louisville and Lexington...and should be true for most markets with competing hospitals.

Effectiveness (Actual v. Expected Complications)

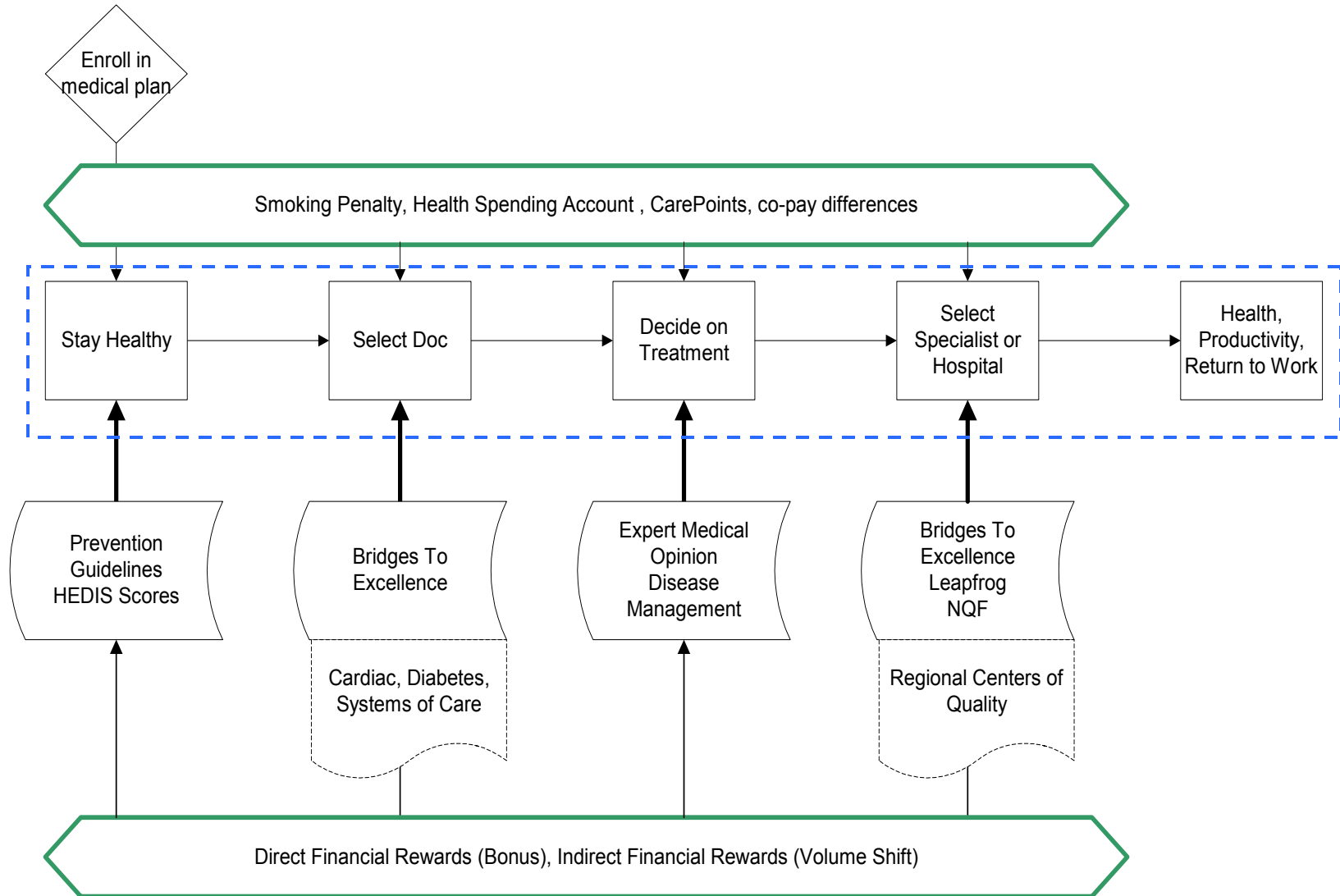


Better Quality Can Cost Less



You can't have competition without an adequate supply of high performing providers...and that won't happen if we don't realign incentives.

Time To Re-align Incentives



Incentives tied to real information creates real choice and a real market...not just at the consumer level, but at the producer level as well.

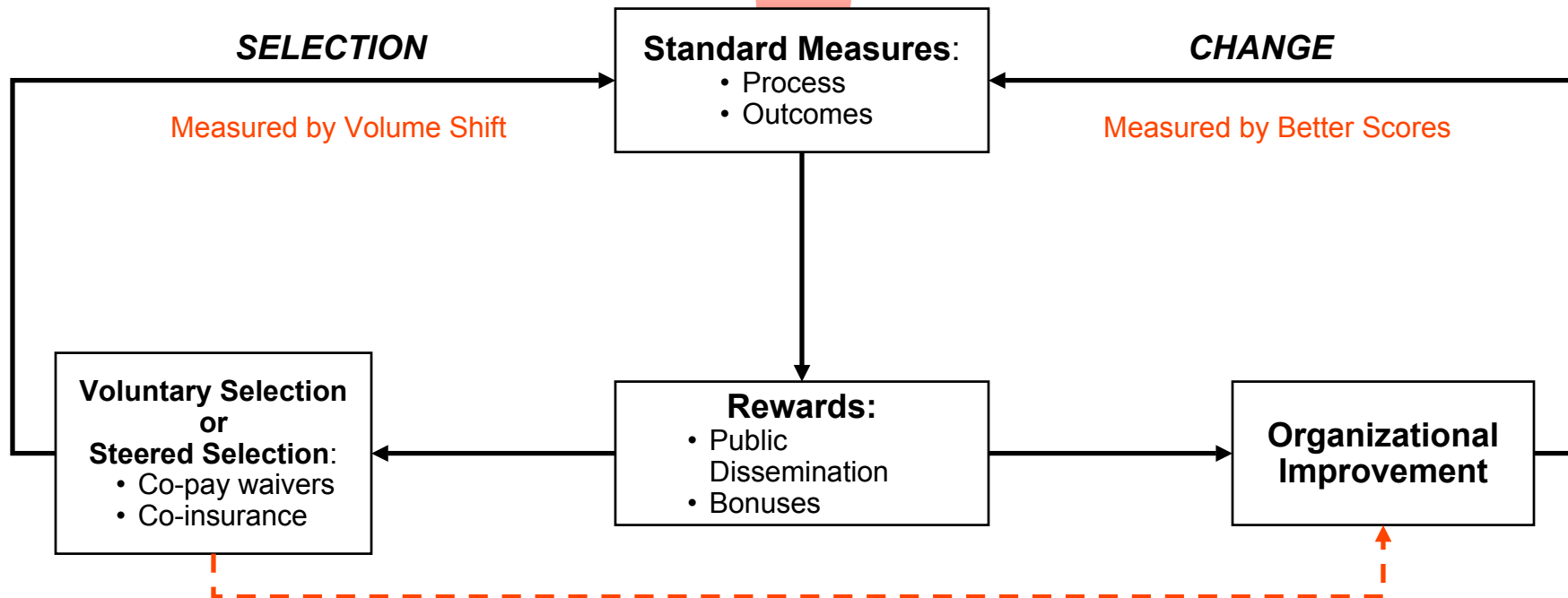
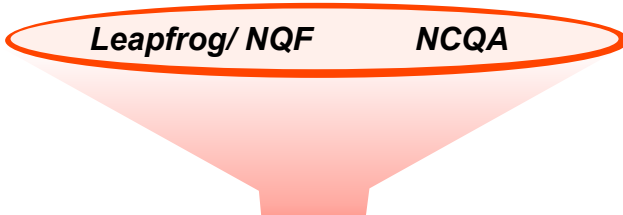
A Framework For Sustainable Change

Hospitals: THE **LEAPFROG** GROUP
for Patient Safety
Rewarding Higher Standards

- ❖ Focus on three Safe Practices
 - ✓ CPOE
 - ✓ ICU Supervision
 - ✓ Procedure Volume and/or Outcomes

Physicians: **BRIDGES**
to Excellence
Rewarding Quality across the Healthcare System

- ❖ Focused on physician performance
 - ✓ Diabetes outcomes
 - ✓ Cardiac outcomes
 - ✓ Systems of care



The key is to have valid measures of quality...across the care spectrum...tied to meaningful incentives...and disseminate to consumers.

Rewarding Inpatient Quality



- **Direct Financial Rewards:**

- Empire BCBS: $x + x\%$, bonus is a % of fees paid, decreasing over time to spur Leap adoption
- Trigon/Anthem BCBS: up to 1% bonus on fees paid based on scores of “balanced scorecard” that includes CPOE/IPS, JCAHO & ACC measures, and patient experience survey
- CMS: Getting into the game (Premier demo, AHA demo)

- **Marketshare Shift:**

- Hannaford Bros: \$250 co-pay difference for member going to Hospital meeting Leapfrog measure
- Boeing: as of June 2004, members going to Hospitals not meeting Leapfrog measures will pay 10% co-insurance
- CA Plans: many have launched tiered network arrangements based in part on Leapfrog measures
- UHC: Pilot in development on consumer incentive linked to PBA

Next step is baking these measures and rewards into plan-hospital contracts.

Rewarding Outpatient Quality



Rewarding Quality across the Healthcare System

PHYSICIAN OFFICE LINK

- **Redesign processes of care to close the Quality Chasm**
- **Reduce “defects” that cost money (overuse) and harm patients (ADEs)**
- **Target all physicians and all patients**



Rewarding Quality across the Healthcare System

DIABETES CARE LINK

- **Improve outcomes for patients with diabetes**
- **Reduce overuse and underuse of services**
- **Target PCPs and Endocrinologists, and patients with diabetes**



Rewarding Quality across the Healthcare System

CARDIAC CARE LINK

- **Improve outcomes for patients with CVDs**
- **Reduce overuse and underuse of services**
- **Target PCPs and Cardiologists, and patients with cardiac disease**



**Co-developed and sponsors the performance measures
Scores all applying physicians and practice sites
Recognizes or certifies performing physicians**



**Aggregates data across all purchasers and plans
Pays out rewards and other fees
Manages day-to-day reporting and evaluation**

BTE Incentives

Offices meeting Passing Score in:		POL			DCL/CCL
		Clinical Information System	Patient Education & Support	Care Management	
Any Module	Y1	\$50			Bonus is halved until practice meets DCL and/or CCL (depends on whether attribution id's diabetics and/or cardiac patients) Doc gets full POL bonus plus extra \$75 for each diabetic and cardiac patient when meeting CCL/DCL
	Y2	\$20			
	Y3	\$10			
Two out of three Modules	Y1	\$50			
	Y2	\$50			
	Y3	\$30			
All three Modules	Y1	\$50			
	Y2	\$50			
	Y3	\$50			

Linking process and outcomes gives us a much bigger bang for our buck.

Engaging Consumers



Time for us to treat the consumer-patient as an adult.

Engaging Consumers With Information

Provider Listing

The following providers meet the criteria you entered.

Name	Address	Miles	Effectiveness of Care	Patient Experience of Care
Dr. Robert Smith	997 Glen Cove Avenue Glen Head, NY 11545	0.24		
Dr. John Doe	339 Hick Street Brooklyn, NY 11210	0.24		
Dr. Jane Doe	98 Princess Lane Scarsdale, NY 11201 additional addresses	0.13		

- : Excellent progress on quality improvement
- : Good progress on quality improvement
- : Progress on quality improvement

Gives the consumer a high-level roll-up of the physician's overall performance, appropriate levels of drill-down, and gives the consumer the ability to compare objective and subjective measures.

Doctor Information	Address & Hours	Staffing	Credentials	Hospital Affiliation
Dr. Robert Smith FAMILY PRACTICE ID NO: 00046688833 03 My Philosophy of Care 518.472.4584 518.472.4620 fax dr.smith@aol.com	997 Glen Cove Avenue Glen Head, NY 11545 Monday - Thursday 10-5 Friday, Saturday 11-4	<ul style="list-style-type: none"> • 2 Nurses • 3 Technicians • 1 on-call doctor 	NY Medical College, M.D., 1989 St. Lukes - Roosevelt, 1992 AM Board of Internal Medicine, 1994	Mt. Sinai Medical Center Westchester Medical Center Columbia Presbyterian Medical Center

Performance Report:

Effectiveness of Care			Patient Experience of Care	
Overall	Diabetes Care	Cardiac Care	Overall	
Doctor: 5 Average Score: 6	✓		Doctor: 4 Average Score: 5	

Clinical Information Systems & Evidence-Based Medicine	Patient Education & Support	Care Management
Basic Registries and Follow-up	Educational Resources	Care of Chronic Conditions
Electronic Registries, Prescription and Test Ordering	Referrals for Risk Factors & Chronic Conditions	Preventable Admissions
Electronic Medical Records	Quality Measurement and Improvement	Care of High-Risk Medical Conditions

Key
✓ Provider has fulfilled the requirements for the measure

Doctor-Patient Interactions		Access and Office Systems	
Communication		Organizational Access	
Interpersonal Treatments		Visit-based Continuity	
Knowledge of Patient		Clinical Team	
Health Promotions			
Integration			
Patient Trust			
Relationship Duration			

Key	
	Your Provider
	Average Provider

Engaging Consumers With Incentives

- ***Incentives for good behavior***
 - BTE encourages chronically ill to focus on treatment compliance
 - Time to introduce healthy habits plans...or at the very least non-smoker plans
- ***Incentives to seek out quality focused providers***
 - Waive co-pay for UHC Cardiac Care Centers in L'ville and Lexington
 - A recent internal survey indicated that 20% of patients would shift hospitals (provided they were of same quality) for \$100 difference in cost
 - Another 25% would shift with an incentive of about \$500
 - Reduced co-pay for NCQA-recognized docs
 - Waive co-pays for NQF/Leapfrog-recognized hospitals
- ***Continuous cost-sensitivity***
 - New plans need tight co-insurance corridor (5%) to ensure continuous cost-sensitivity

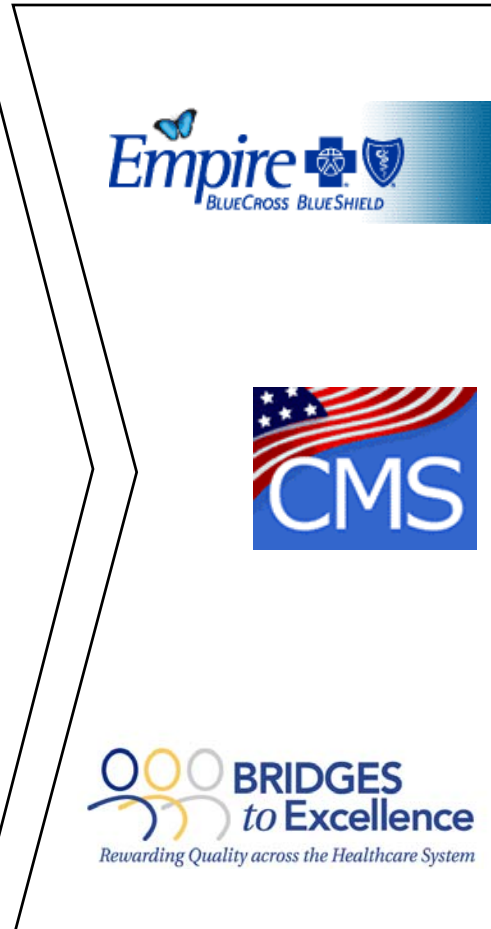
Re-aligning incentives between purchasers and patients is as critical as re-aligning incentives between purchasers and providers.

The Evolutionary Process Of The Revolution

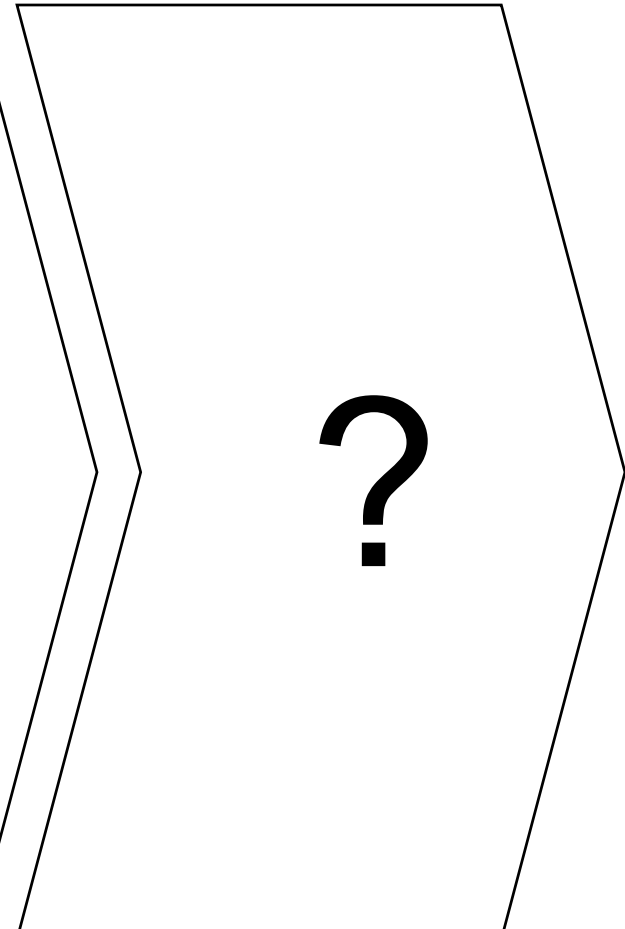
Measure



Reward



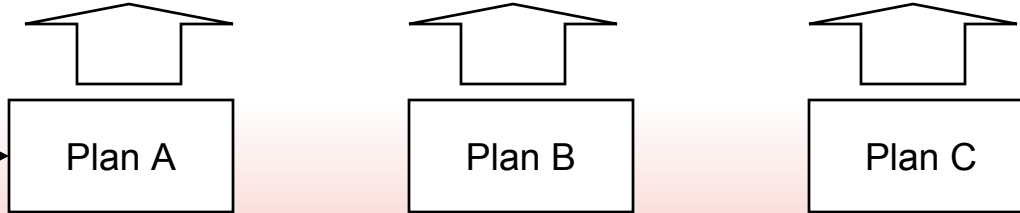
Contract



Phased approach from transparency to a new market...and we need to define a valid framework for the new contracts.

Pulling It All Together

Plans define premiums, create tools to engage consumers and promote transparency in cost/quality, create incentives for consumers to modify health risks



Standard Measures of Care Effectiveness (NCQA, NQF)

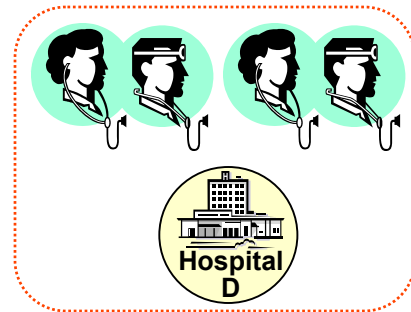
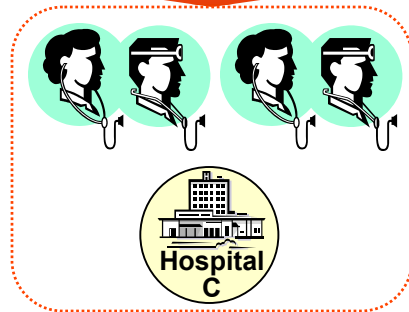
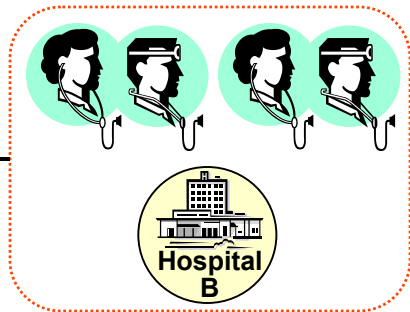
Standard Method of Defining Longitudinal Units of Care (CAQH, AMA)

Standard Method of Risk-Adjusting Claims

Plans contract with providers...compete based on their efficiency quotient (ability to negotiate price with VPOs), share member data (predictive modeling) and peer comparisons

Patients pay a co-insurance at point-of-care, select VPO based on overall value

Providers report member adherence to treatment with plans



Virtual Patient-centered Provider Organizations (VPO)