

Paying for Performance

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What is Pay-for-Performance (P4P)?

- Financial incentive
- Predefined performance target – efficiency, productivity, QUALITY
- Target recipient – individuals, teams, organizations

Why P4P?

- Quality problems
- Escalating costs – business case for quality
- Managed care not a silver bullet

Will P4P Work?

- Evidence from manufacturing sector is promising
- Evidence from health care sector is both limited and mixed

Rewarding Results

REWARDING RESULTS DEMONSTRATION SITES	UNIT OF ACCOUNTABILITY	GEOGRAPHIC REGION
Blue Cross Blue Shield of Michigan	Hospitals	MI
Blue Cross of California	Individual physicians	San Francisco Bay area
Bridges to Excellence	Individual physicians & Group practices	Cincinnati, OH Louisville, KY Boston, MA Albany, NY
Excellus/Rochester Individual Practice Association (RIPA)	Individual physicians	Rochester, NY
Pay for Performance – Integrated Healthcare Association	Group practices	CA
Local Initiative Rewarding Results – Center for Health Care Strategies	Individual physicians & Group practices	CA
Massachusetts Health Quality Partners	Group practices	MA

Clinical Quality Targets

Rewarding Results Demonstration Sites	Selected Clinical Quality Targets
Blue Cross Blue Shield of Michigan	Aspirin at arrival for AMI, LVEF assessment for CHF
Blue Cross of California	Colorectal cancer screening, Diabetes Eye Exams
Bridges to Excellence	Diabetic lipid control (<130 mg/dl), Smoking status and cessation advice
Excellus/Rochester Individual Practice Association (RIPA)	Diabetes HbA1c screening, Asthma medication use
Pay for Performance - Integrated Healthcare Association	Cervical cancer screening, Diabetes HbA1c screening and control
Local Initiative Rewarding Results - Center for Health Care Strategies	Well baby visits, Well child visits
Massachusetts Health Quality Partners	Chlamydia screening, Monitoring diabetic nephropathy

Target Recipients

- Group physician practice/IPA
- Individual physicians
- Hospitals

Financial Incentive Arrangements

- Cash lump sum bonuses
- Fee schedule adjustments
- PMPM bonus potential for total panel (e.g., \$3.00 PMPM)
- Withhold/bonus hybrid

Payout Formulas

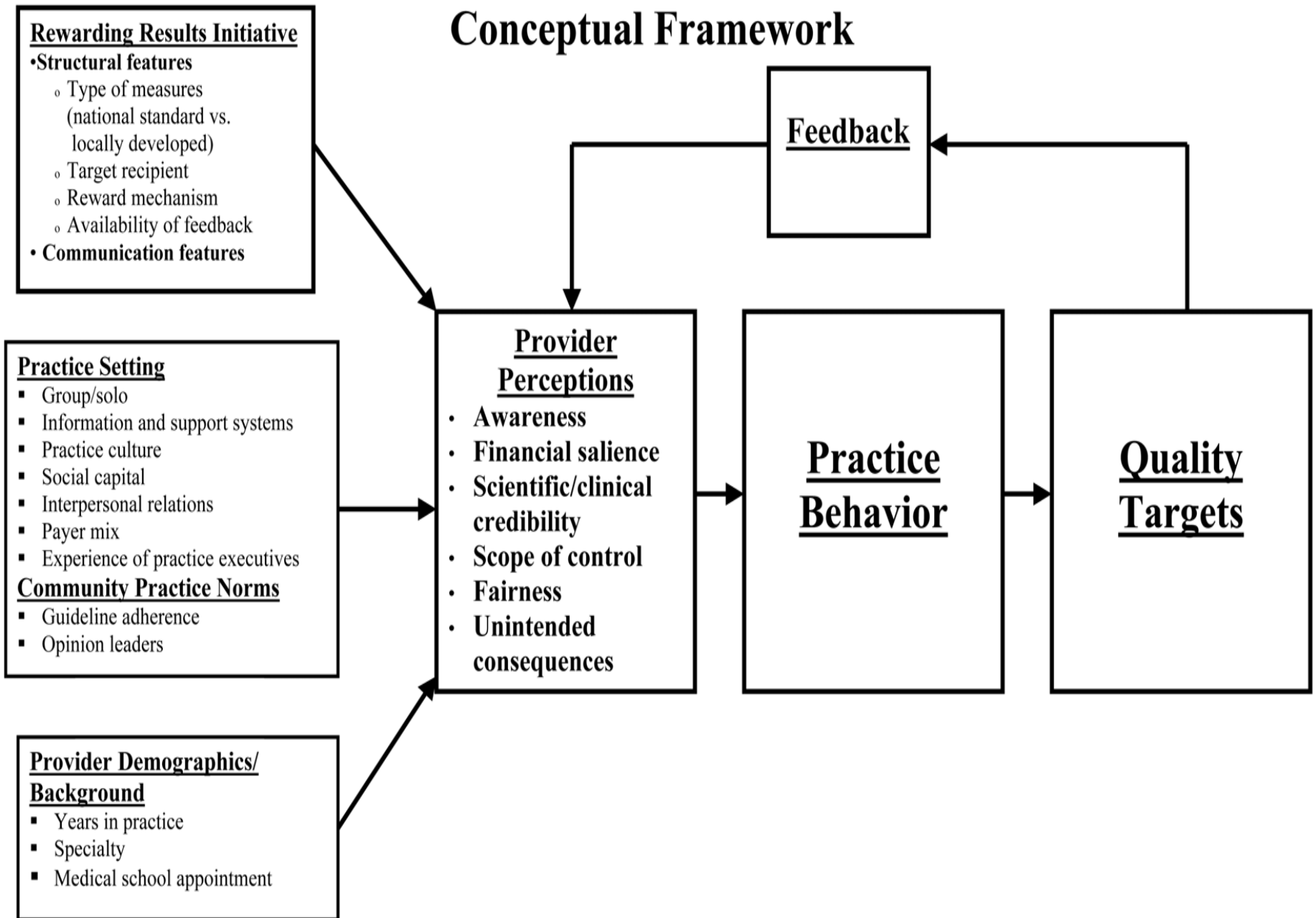
Components:

- Clinical quality measures
- Utilization – total medical expense trends
- Patient access and satisfaction
- Information systems

Scoring:

- Thresholds
- % Improvement
- Rankings

Conceptual Framework

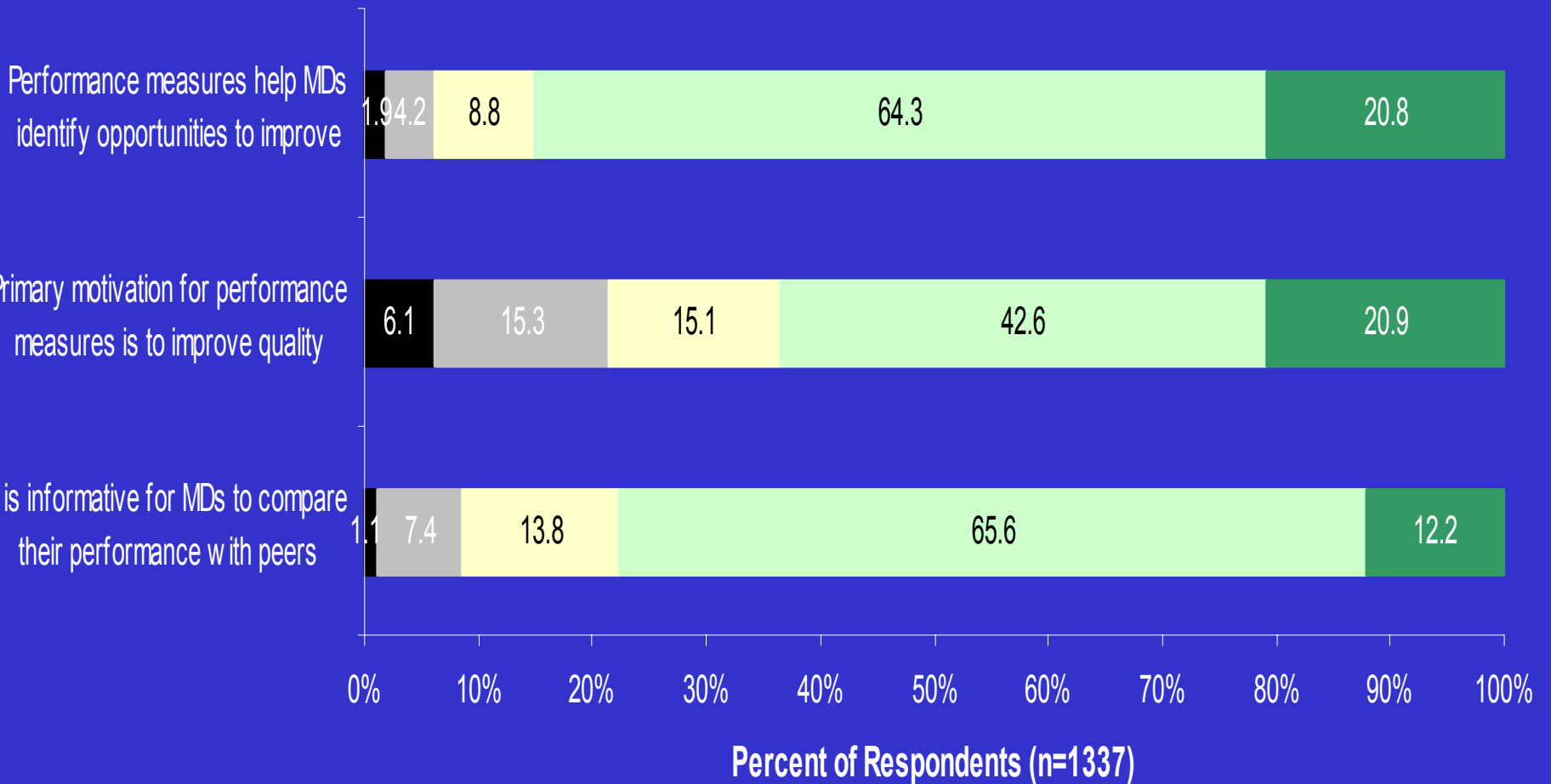


Provider Attitudes Toward P4P

- Survey: Over 4,000 randomly selected physicians in three demonstration sites
 - response rates: 50% of 573; 30% of 1,928; 30% of 1,659
- Telephone interviews w/ group practice executives (3 sites – 62 practices)

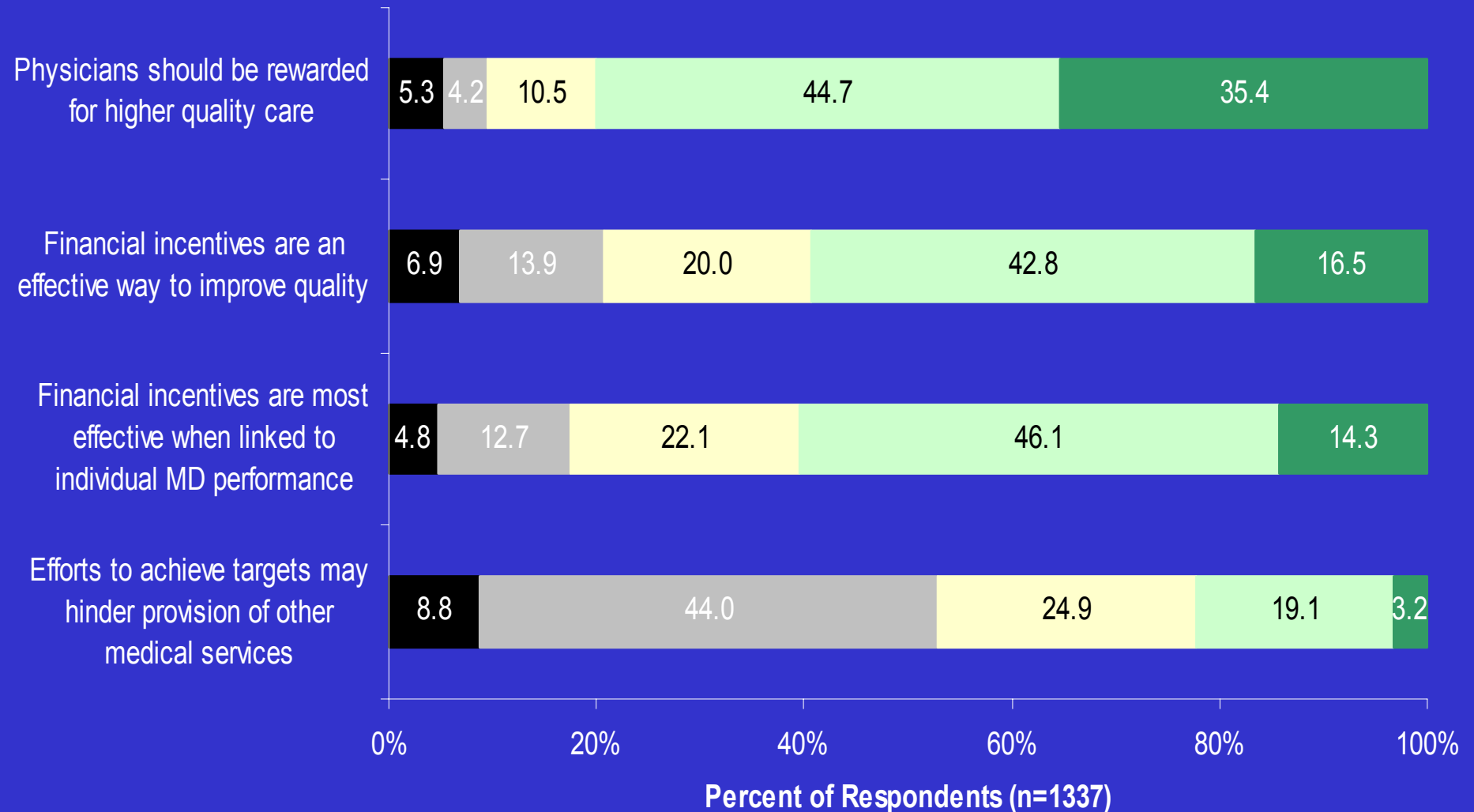
Survey Results: Physician Attitudes Toward P4P in General

Strongly Disagree Disagree Neutral Agree Strongly Agree



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Survey Results: Physician Attitudes (n=958) Toward A Specific Incentive Program

Mean Score with 95% Confidence Interval

Scale: 1=Strongly Disagree / 2=Disagree / 3=Neutral / 4=Agree / 5=Strongly Agree



P4P: Impact (preliminary results)

- IPA
- Financial incentives for diabetes care in 2002: 2 HbA1c tests, eye exam, flu vaccination, LDL test, urinalysis/microalbumin screening (local adaptations of HEDIS)
- > 500 PCPs

P4P: Impact (cont.)

- Statistically significant post-intervention discontinuity for HbA1c and eye exam

Measure	2000	2001	2002	2003
HbA1c	57.4%	58.0%	60.1%	59.6%
Eye exam	40.8%	44.4%	50.3%	51.0%

Interviews w/Group Practice Executives

- Consistent attitudes about:
 - Adequacy of dollars (new or old money)
 - Complex distribution formulas
 - Data quality
 - Turnover of quality targets
 - Availability of technology
- Divergent attitudes about:
 - Awareness and involvement of physician
 - Alignment of internal incentives