



Performance Pays. Proven.

Performance Pays

Reliable Care Costs Less and Saves Lives

Stephanie Alexander

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Quality Colloquium

Boston, MA

August 21, 2006

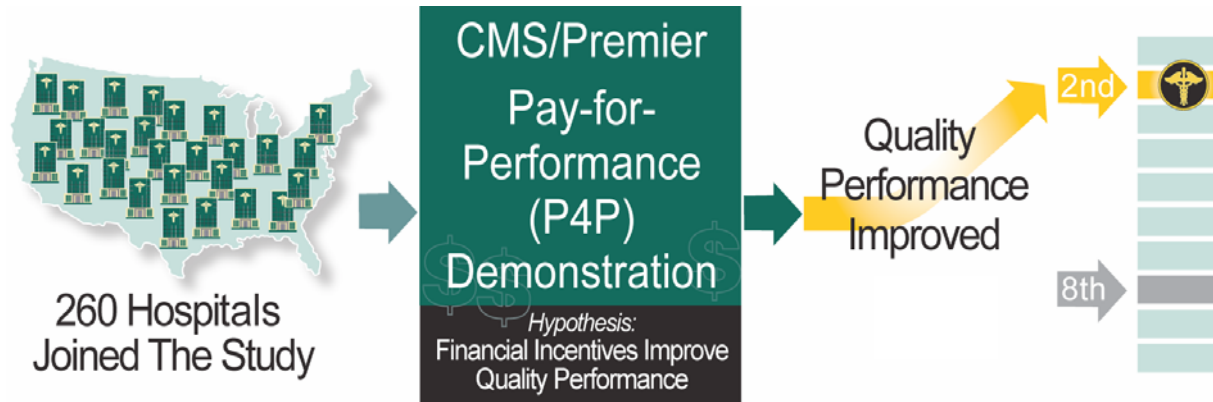


CMS/Premier Demo Pay for Performance

In 2003, CMS partnered with Premier for the first national pay-for-performance demonstration for hospitals. Over 260 Premier hospitals volunteered.

Hypothesis

Financial Incentives improve hospital quality performance



Findings

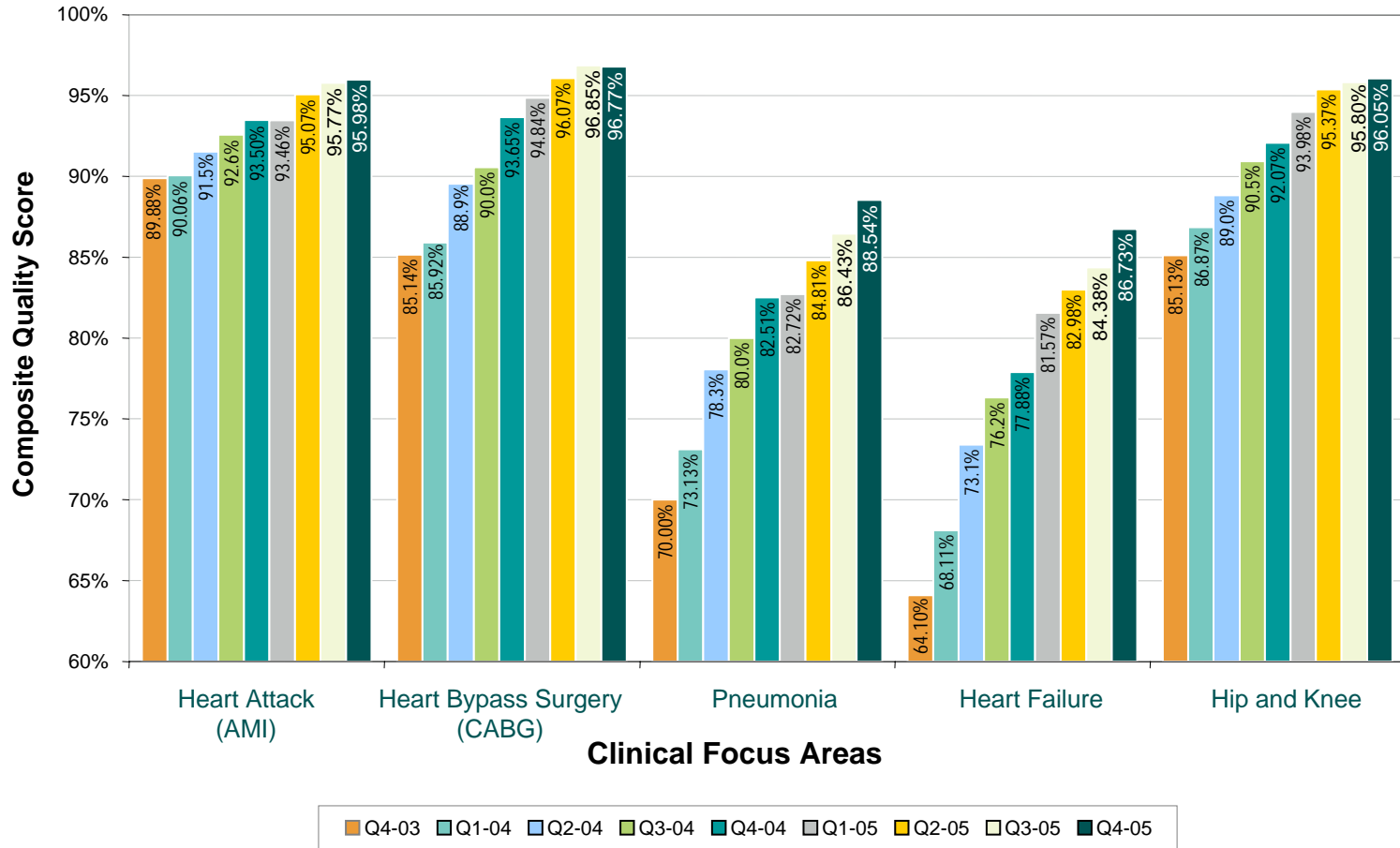
- **Focus on Quality** - The P4P Program financial incentives did focus hospital executive attention on measuring quality and refining care processes according to the study infrastructure.
- **Premier is the Change Agent** - The Premier Infrastructure and measurements were actually the change agents in focusing quality improvement efforts. The more hospitals were monitored, the better performance improved over time.

Demonstration Shows Dramatic and Sustained Improvement

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Composite Quality Score

Trend of Quarterly Median (5th Decile) by Clinical Focus Areas
 October 1, 2003 - December 31, 2005 (Year 1 Final Data, Year 2 and Q4-05 Preliminary)

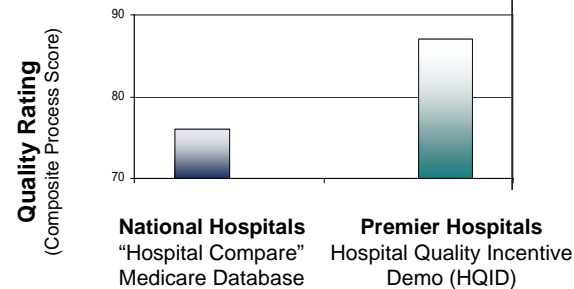


Premier Hospitals See Clinical & Financial Results

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National Leaders in Quality Performance

Premier Hospitals have higher quality ratings than national hospitals overall



Cleveland Regional Medical Center
Carollinas HealthCare System

33% improvement
in Quality Score for Heart Failure

BON SECOURS
BALTIMORE HEALTH SYSTEM



38% improvement
in Quality Score for Acute Myocardial Infarction (AMI)



42% improvement
in Quality Score for Heart Failure



\$7.5 Million margin impact
with Revenue cycle, operational,
and supply chain improvement



\$39 Million Saved
with Premier Span of
Control Assessment



\$56 Million Saved
with Premier Labor
Management project

High Quality Care at Low Costs is Achievable

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Premier has been dedicated to hospital performance improvement for thousands of clients for over 30 years.

CMS Applauds Premier and the P4P Demonstration

"We thank Premier and its member hospitals for the support and engagement. You all are making the case for value-based purchasing and improving the quality of care in hospitals across America. Thanks for your efforts – the evidence is now there for everyone to see it."

– Mark McClellan, Administrator, Centers Medicaid and Medicare Services (CMS)



Studying the Cost/Quality Connection

The Premier Performance Pays Study is the first significant study showing the association between more reliable care and lower costs. It studies the cost and outcomes associated with patients receiving more reliable care

National Response to Premier's Performance Pays Study

“Reliably Delivering Care Saves Lives”

Premier's analysis provides evidence that reliably delivering a set of basic care measures saves lives. These results are important not only for hospitals but for patients to understand.

The care measures tracked in Premier's analysis are not difficult to understand; patients and families can use this information to become more informed consumers of healthcare.

Donald M. Berwick, MD, MPP, FRCP
President and CEO, Institute for Healthcare Improvement. Clinical Professor of Pediatrics and Healthcare Policy, Harvard Medical School

“Better Care Improves Affordability”

This is important early evidence regarding a question that is central to the sustainability of both public and private health benefits plans, whether efforts to improve quality actually improve or worsen the affordability of care.

The predominant answer emerging from these results could not be more encouraging – better care can indeed improve affordability.

Arnold Milstein MD, MPH
US Healthcare Thought Leader, Mercer Health and Benefits, Medical Director at Pacific Business Group on Health, MedPAC Commissioner



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Findings

Premier Performance Pays Study

- Over 75,000 Patients Studied
- High-volume Clinical Focus Areas
 - Medical: Pneumonia
 - Surgical: Heart Bypass Surgery
- Evidence-based Care Processes Studied
 - Quality measures from CMS/Premier P4P demonstration
 - Industry-supported, uncomplicated measures
- Efficiency measured by Total Hospital Costs
 - Premier Perspective™ Data Warehouse - the industry's largest clinical and operational comparative database



Measuring Reliable Care



Care Measures

M1	M2	M3	M4	M5	M6	M7	PPM*
<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	86%

"HIGH"
75% - 100%



Care Measures

M1	M2	M3	M4	M5	M6	M7	PPM*
<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	71%

"MEDIUM"
50% - 74%



Care Measures

M1	M2	M3	M4	M5	M6	M7	PPM*
<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	43%

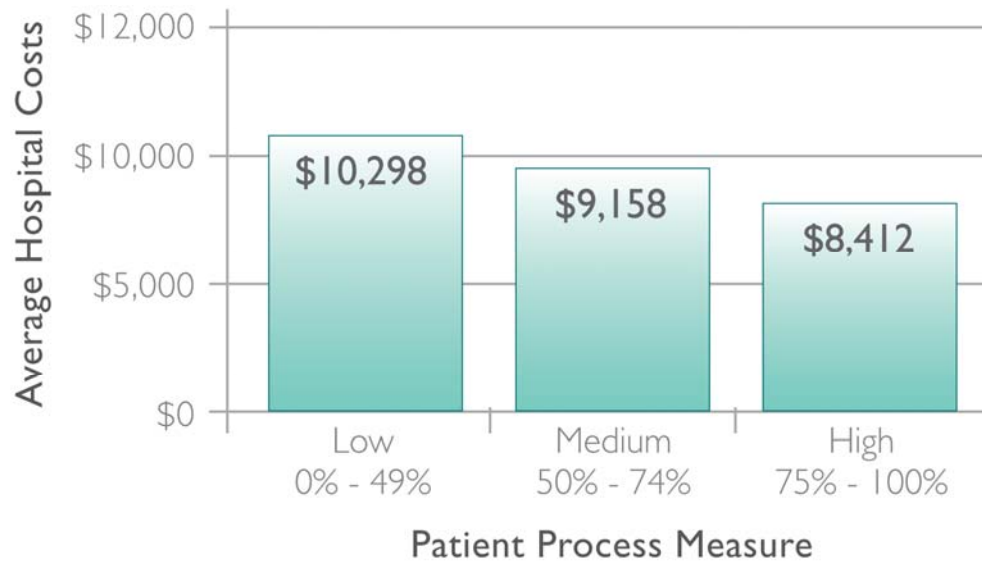
"LOW"
0% - 49%

*Patient Process Measure

Reliable Care Costs Less

Medical Example: Data reveal lower hospital costs associated with patients receiving better patient care.

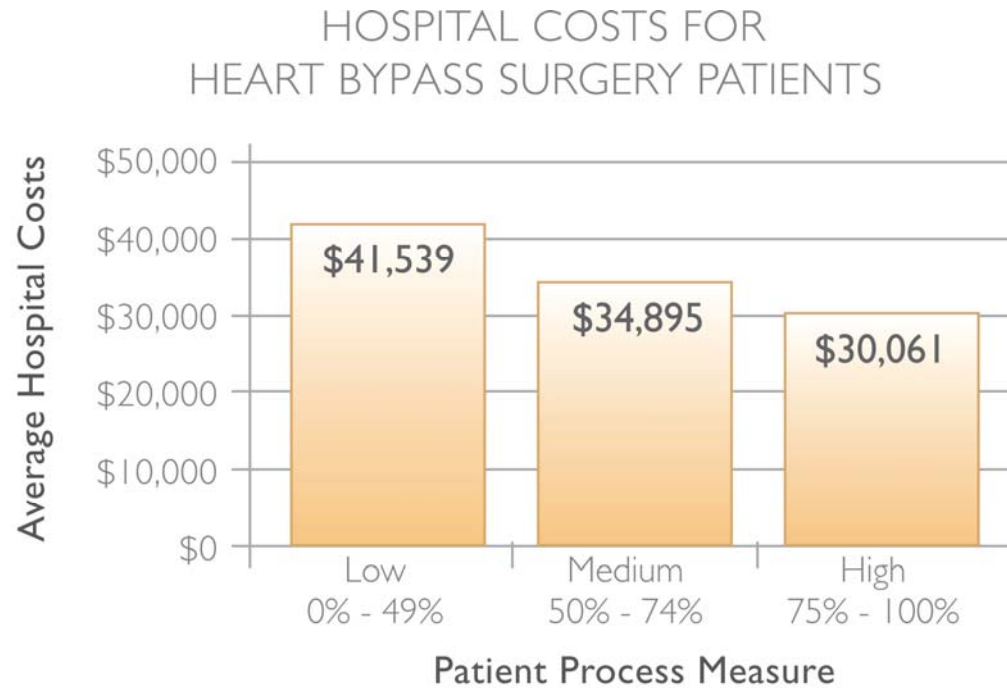
HOSPITAL COSTS FOR PNEUMONIA PATIENTS



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Reliable Care Costs Less

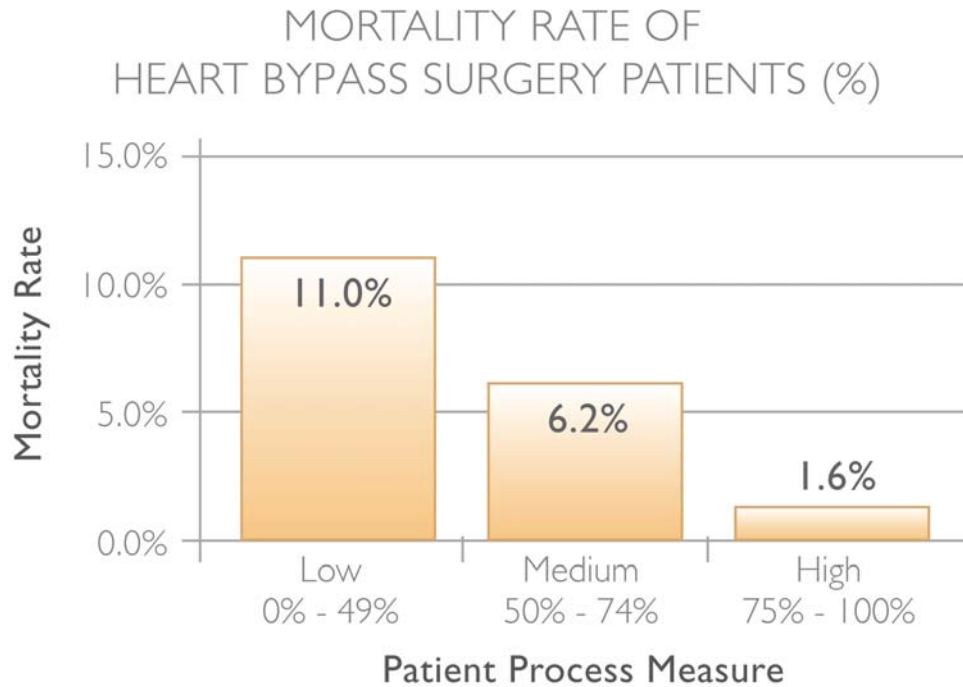
Surgical Example: Data reveal lower hospital costs associated with patients receiving better patient care.



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Reliable Care Lowers Mortality Rates

Data show lower mortality rates for heart bypass surgery patients receiving better care.

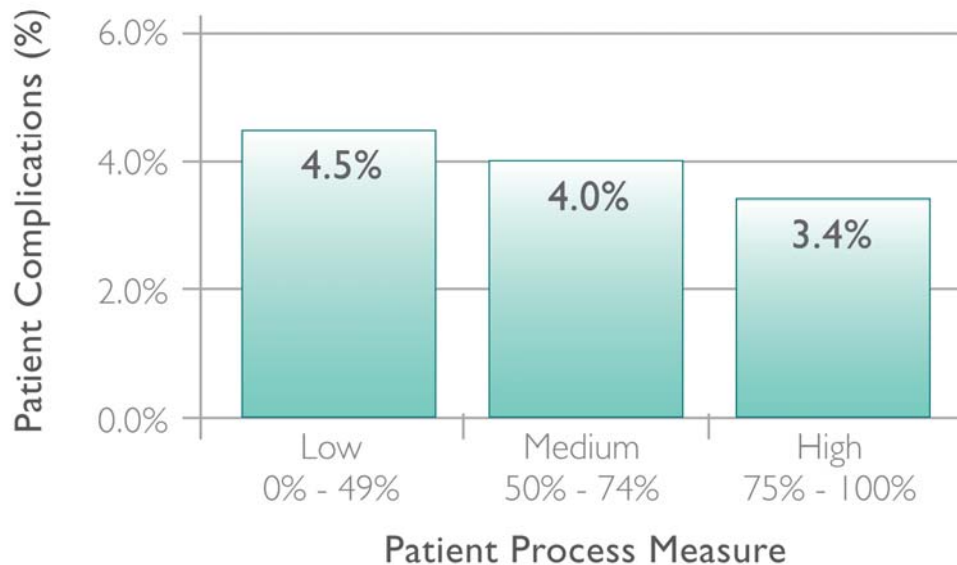


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Reliable Care Reduces Complications

Medical Example: Data indicate fewer complications are associated with better patient care.

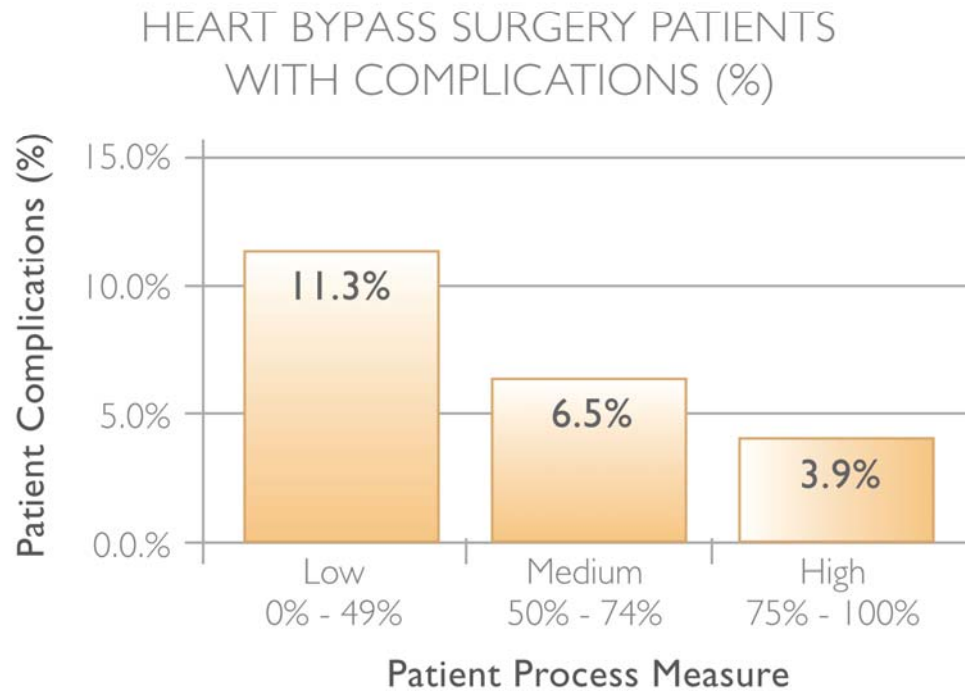
PNEUMONIA PATIENTS WITH COMPLICATIONS (%)



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Reliable Care Reduces Complications

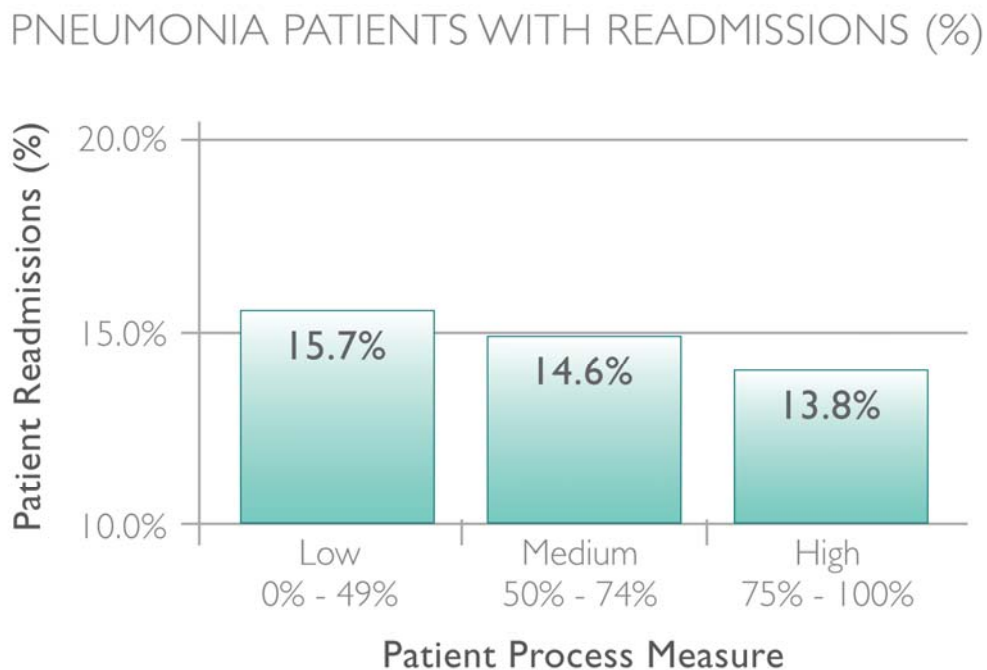
Surgical Example: Data indicate fewer complications are associated with better patient care.



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Reliable Care Reduces Readmissions

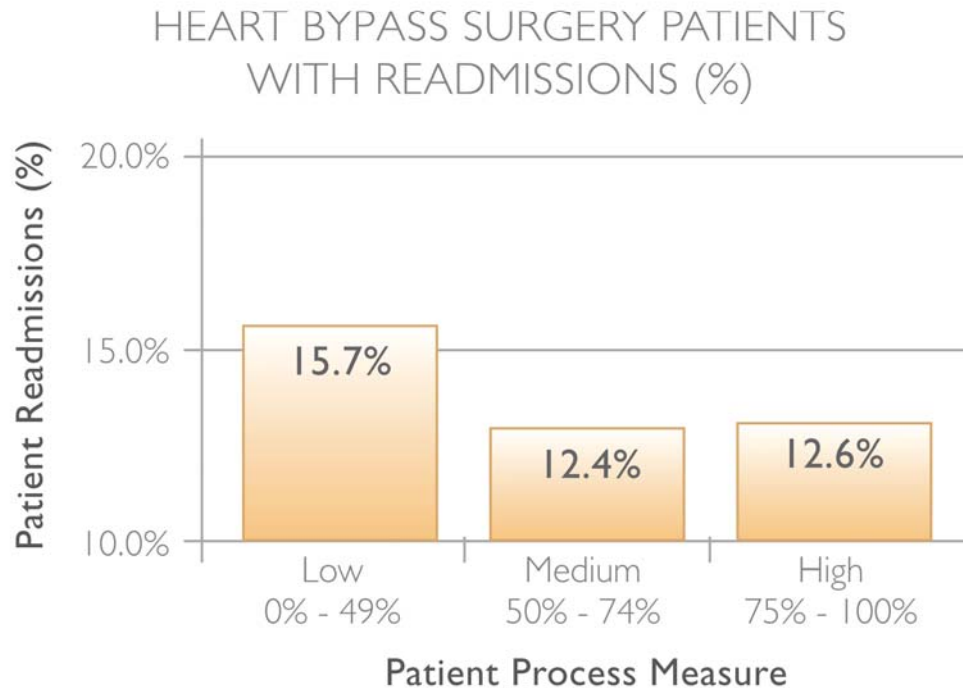
Medical Example: Data indicate fewer readmissions are associated with better patient care.



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Reliable Care Reduces Readmissions

Surgical Example: Data indicate fewer readmissions are associated with better patient care.

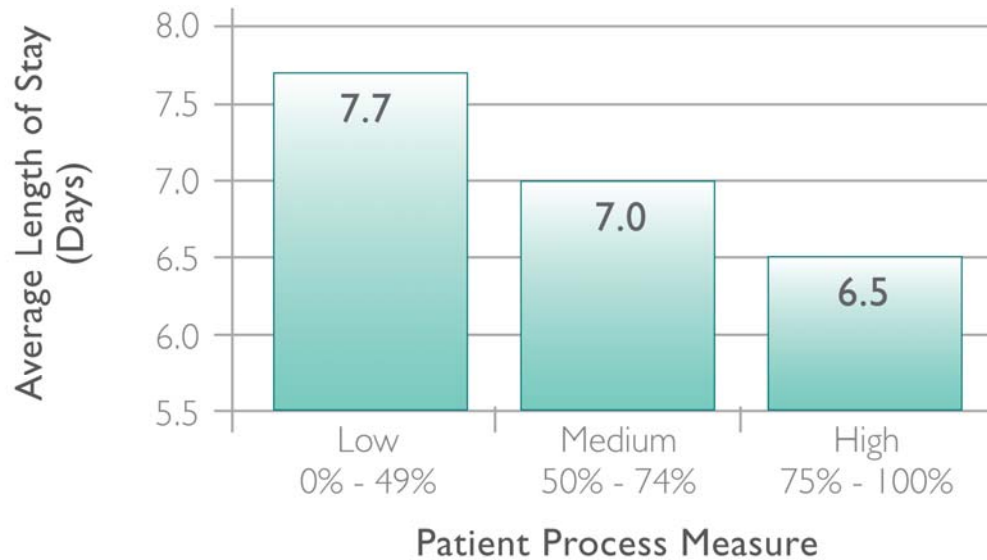


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Reliable Care Shortens Hospital Stay

Medical Example: Data show fewer hospital days associated with patients receiving better patient care.

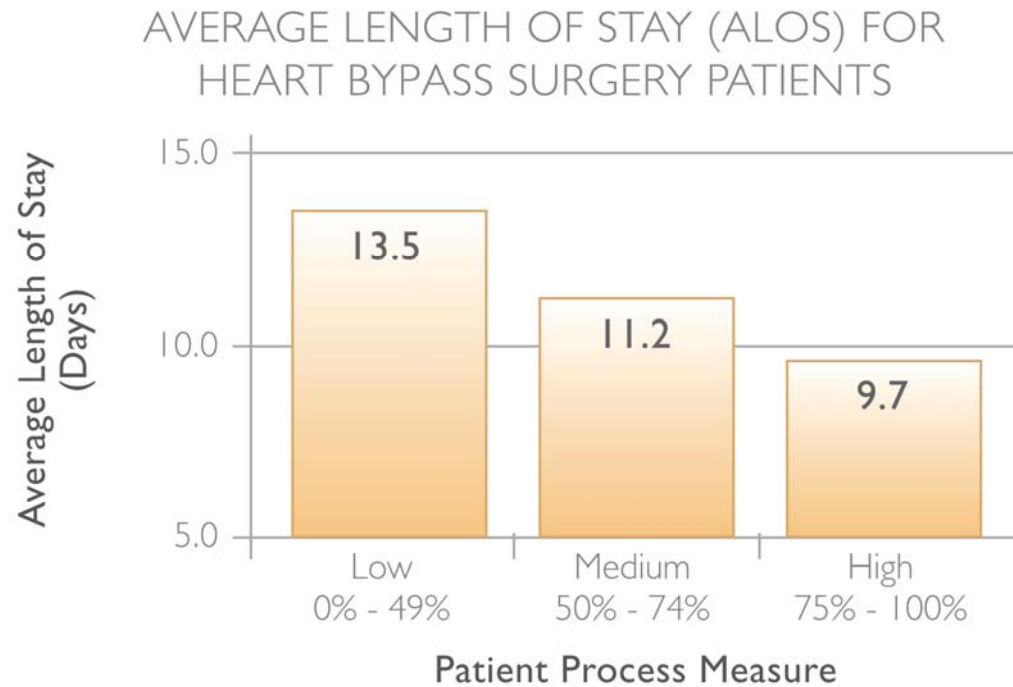
AVERAGE LENGTH OF STAY (ALOS) FOR PNEUMONIA PATIENTS



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Reliable Care Shortens Hospital Stay

Surgical Example: Data show fewer hospital days associated with patients receiving better patient care.



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Magnitude of Improvement Opportunity

For Pneumonia and Heart Bypass Surgery Patients
in One Year Alone

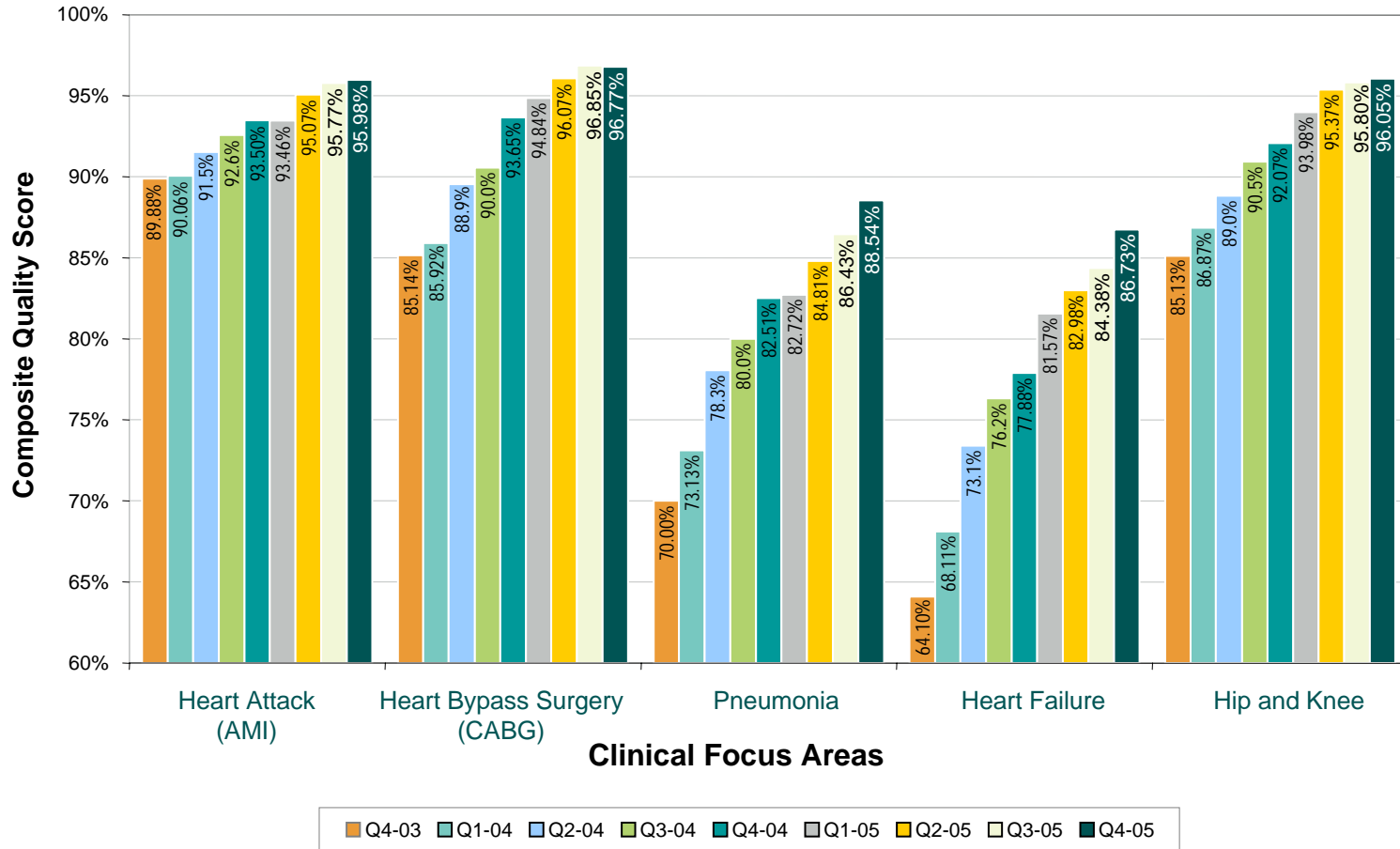
- ✓ \$1 Billion
- ✓ 3,000 Avoidable Deaths
- ✓ 6,000 Complications
- ✓ 6,000 Readmissions
- ✓ 1/2 Million Days

We Are Closing the Opportunity Gap

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Composite Quality Score

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Questions and Answers

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Premier Performance Pays Calculator and
other P4P Readiness Program information:
<http://www.premierinc.com/p4p>

The Premier logo consists of a stylized teal 'V' shape above the word 'PREMIER' in a bold, black, sans-serif font.

PREMIER