

PAY-FOR-PERFORMANCE: CAN WE MAKE IT WORK?

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Why hasn't P4P worked?

- Incentives: size and structure
- Measure choice

GETTING THE INCENTIVES RIGHT

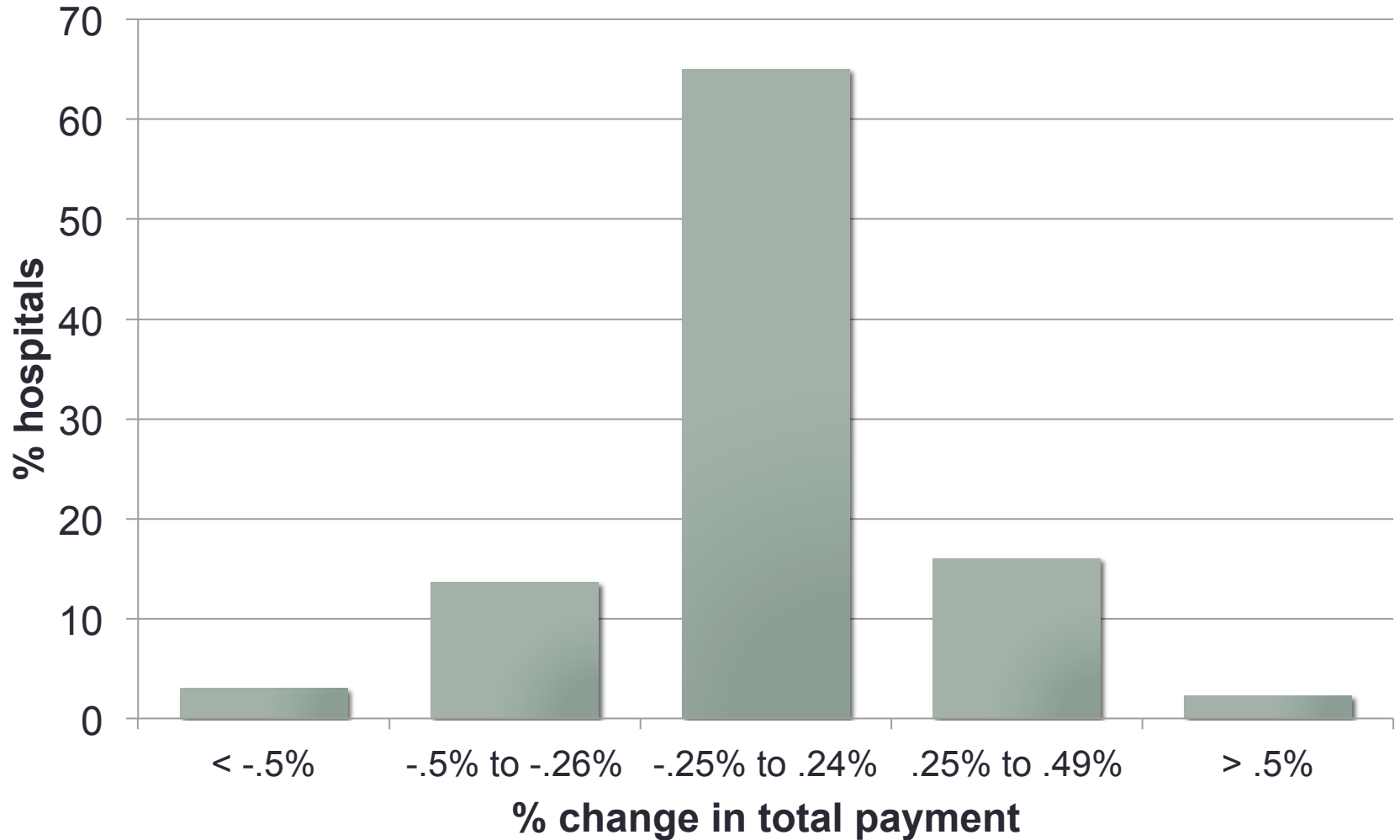
Effect of bonus size on response to P4P

Werner et al. (2011) *Health Affairs*



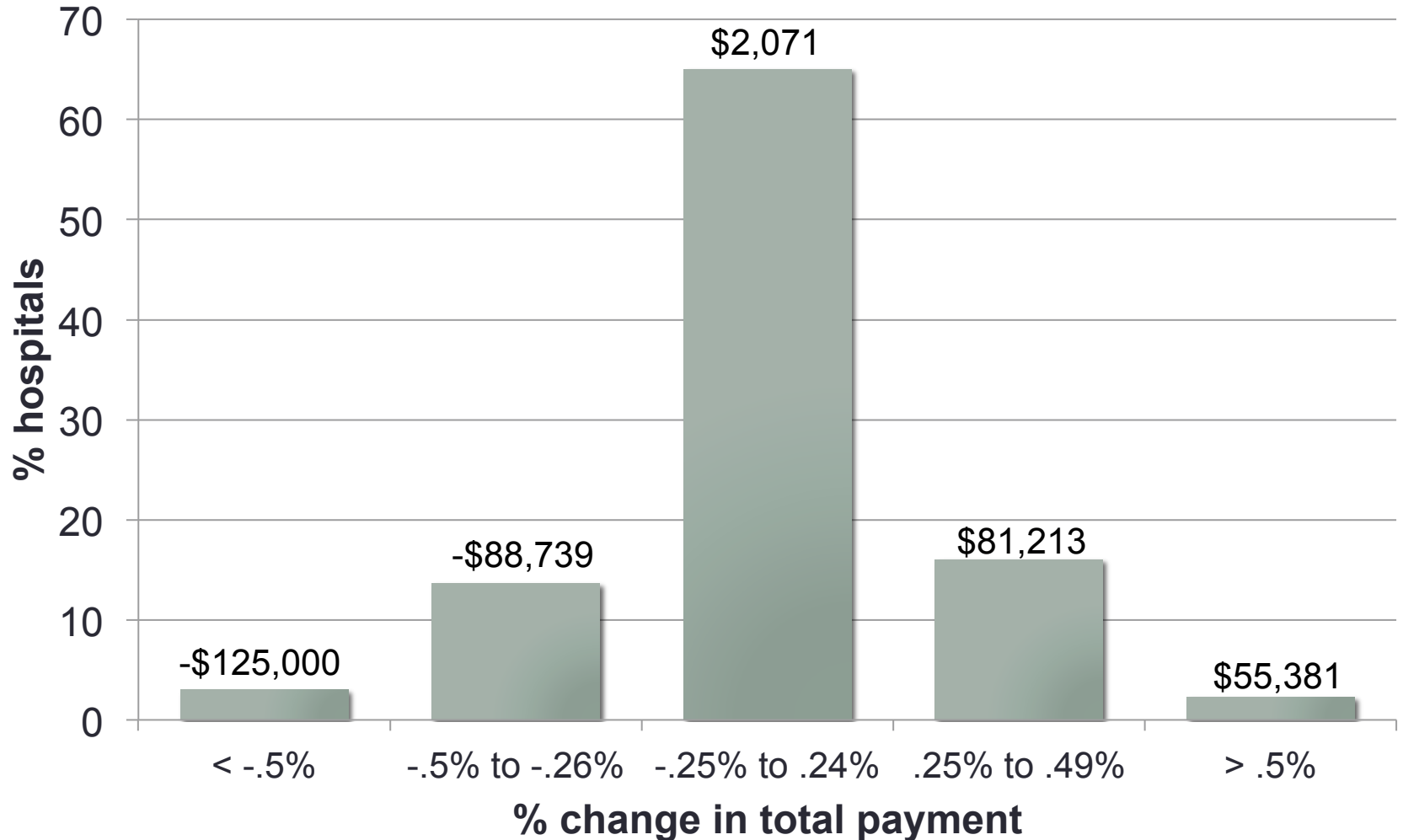
Change in Medicare payment under P4P

Werner and Dudley (2012) *Health Affairs*



Change in Medicare payment under P4P

Werner and Dudley (2012) *Health Affairs*



How big should incentives be?

- Big enough to compensate for incremental costs of improving performance?
 - Survey of HMO managers: $\geq 5\%$ (in 1989)
- Can incentives be too big?

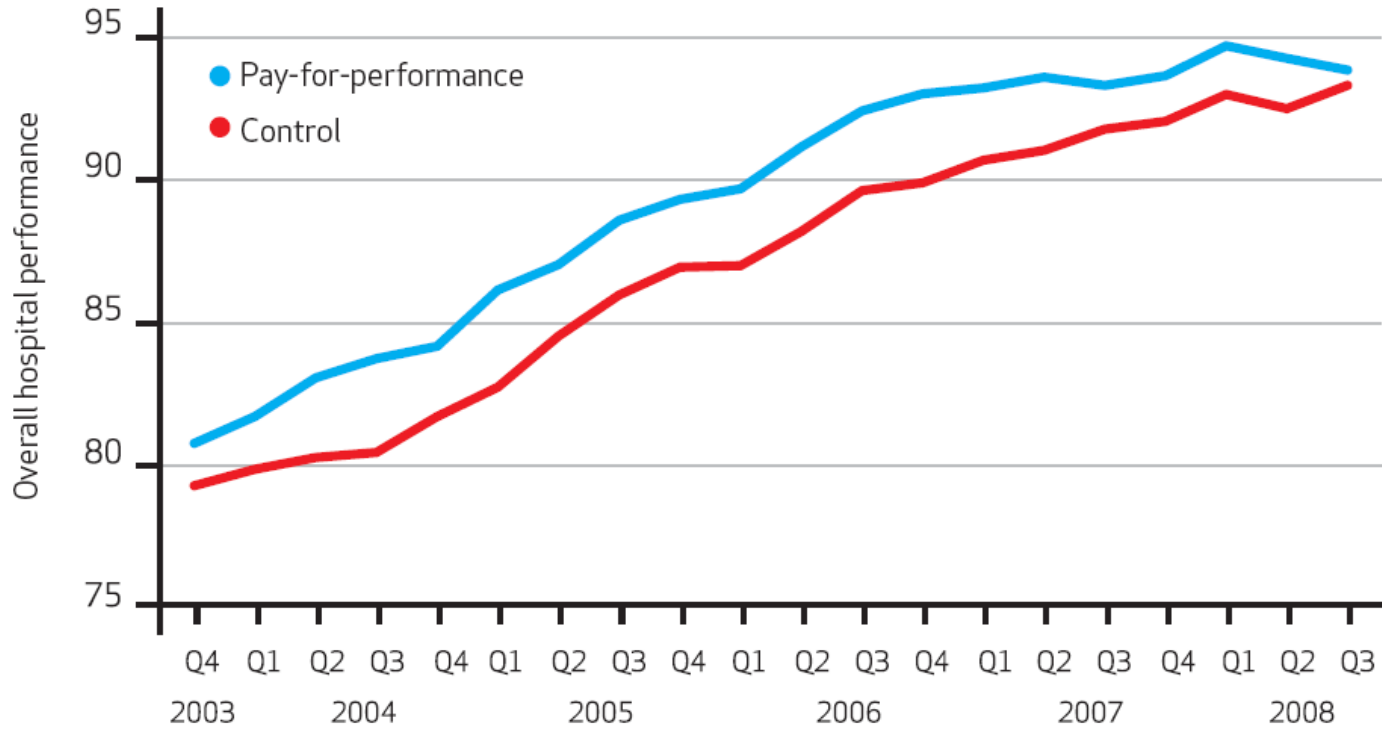
Structuring the payment

- Frequency of payment?
- Payment for what?
- Complexity of the formula?

MEASURING WHAT MATTERS

EXHIBIT 1

Average Overall Performance In Pay-For-Performance And Control Hospitals, Fiscal Years 2004-08



Werner et al. (2011) *Health Affairs*

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Average Overall Performance In Pay-For-Performance And Control Hospitals, Fiscal Years 2004-08

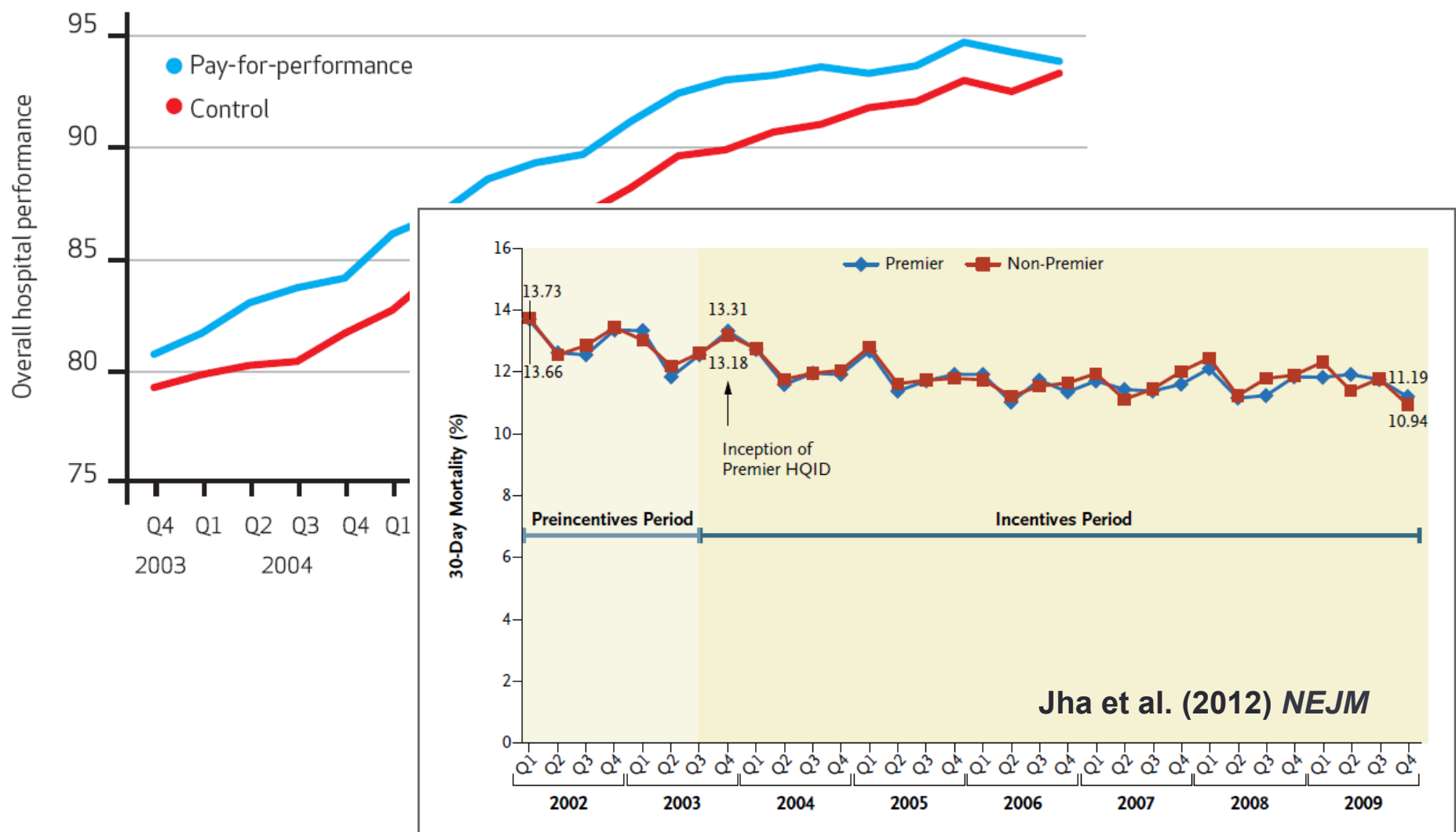


Figure 1. Mortality at 30 Days among All Hospitals, According to Pay-for-Performance Status, 2002-2009.

Jha et al. (2012) NEJM

Post-acute care quality in skilled nursing facilities (SNFs)

- Sign Up / Change Plans
- Your Medicare Costs
- What Medicare Covers
- Drug Coverage (Part D)
- Supplements & Other Insurance
- Claims & Appeals
- Manage Your Health
- Help & Resources

Nursing Home Compare Home

Nursing Home Compare

About Nursing Home Compare

About the Data

Resources

Help

- Quality measures
- Inspection results
- Nurse staffing

Find a Nursing Home

(Required) Location - ZIP Code or City, State

Example: 21244 or Baltimore, MD

Nursing Home Name - Full or Partial (optional)

Search Nursing Homes >



Nursing Home Spotlight

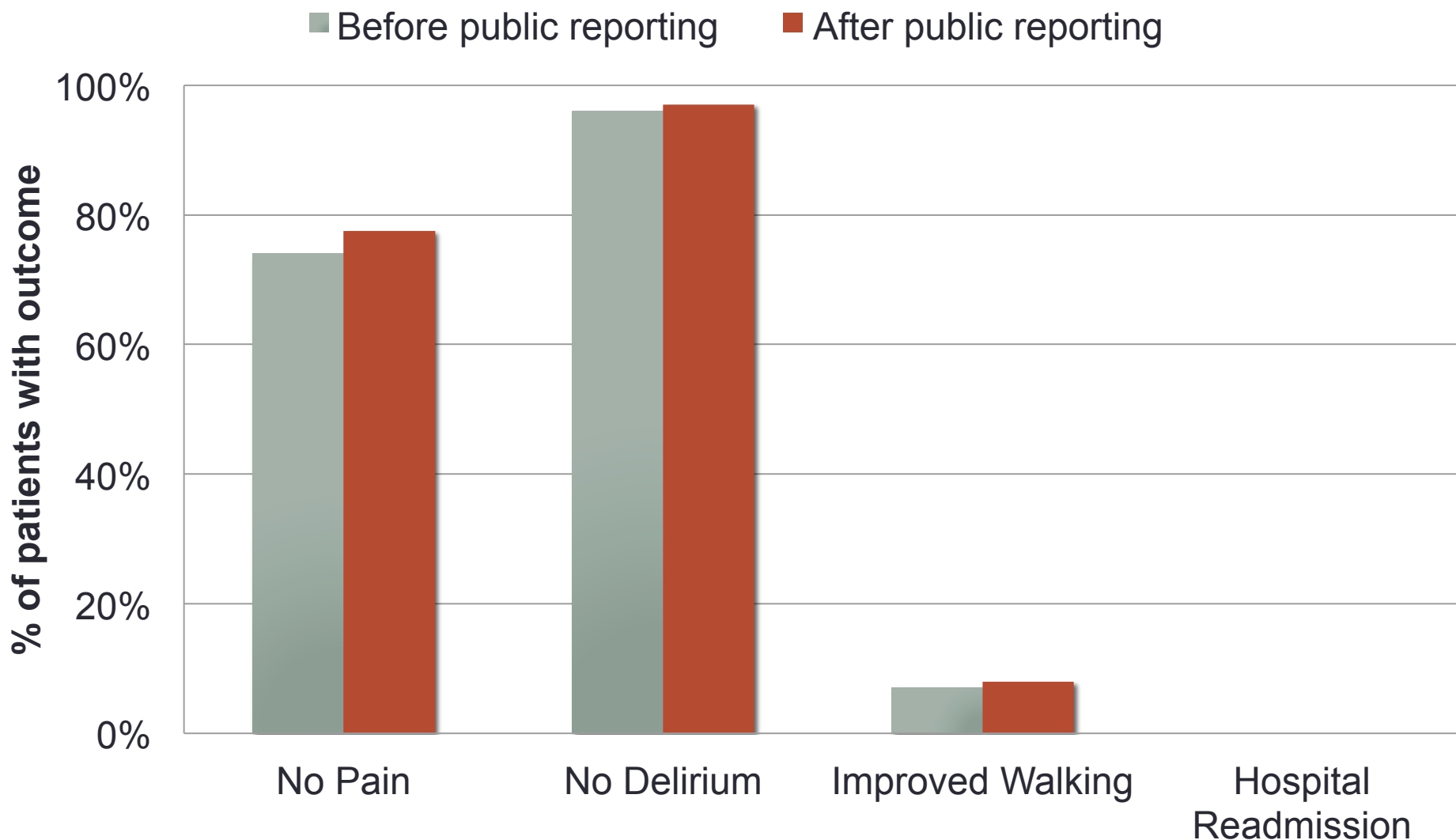
Nursing Home Compare now has the following:

- ◆ Updated quality measures based on a new resident assessment called MDS 3.0. Get the **Technical Users Guide**
- ◆ Ownership information including the names of individuals and organizations with ownership or managerial control of nursing homes
- ◆ Full text of survey findings (Statements of Deficiency) from each nursing home's most recent health

Nursing Home Compare has detailed information about every Medicare and Medicaid-certified nursing home in

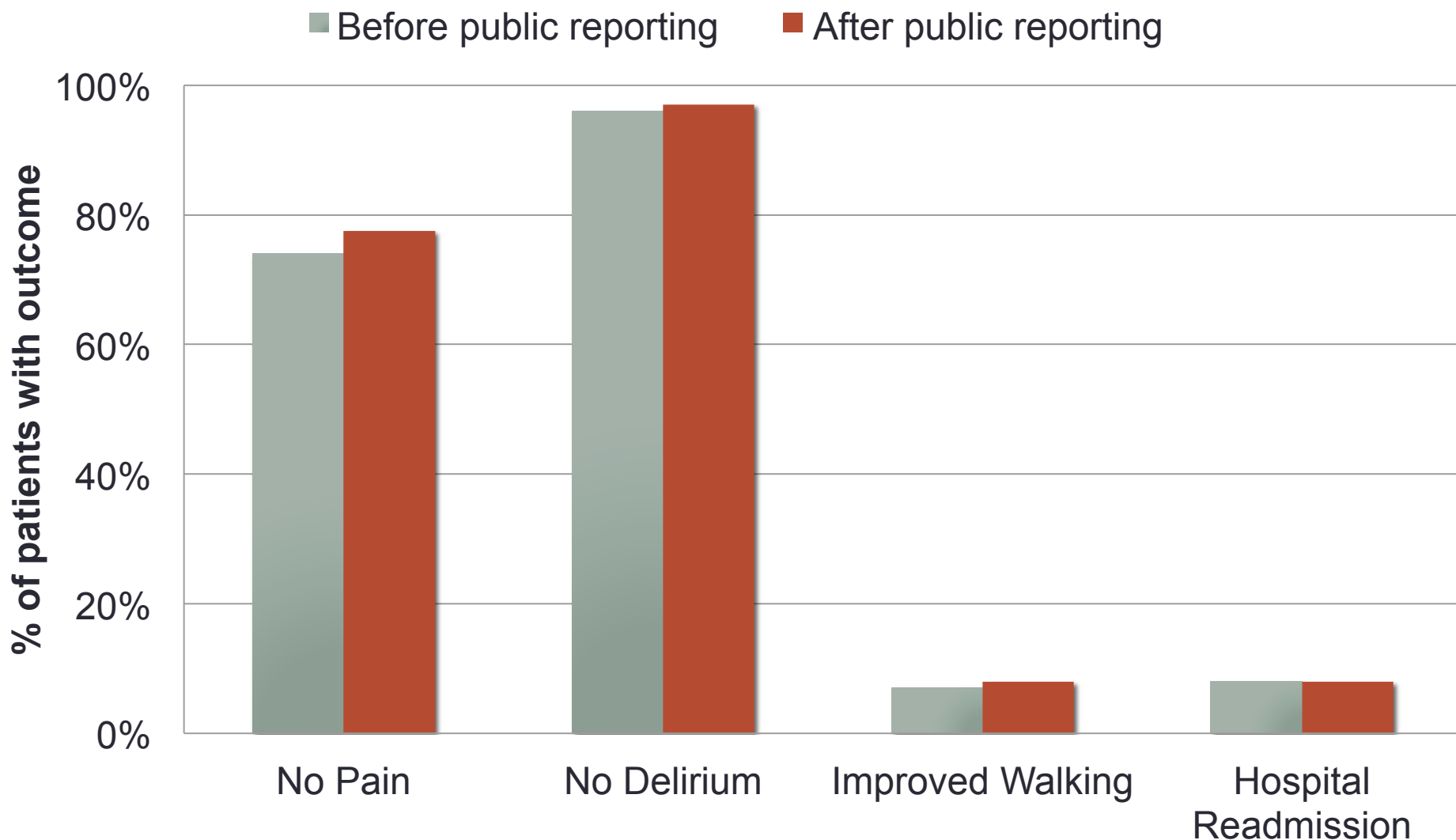
Effect of public reporting in SNFs

Werner et al. (2009) *HSR*



Effect of public reporting in SNFs

Werner et al. (2009) *HSR*

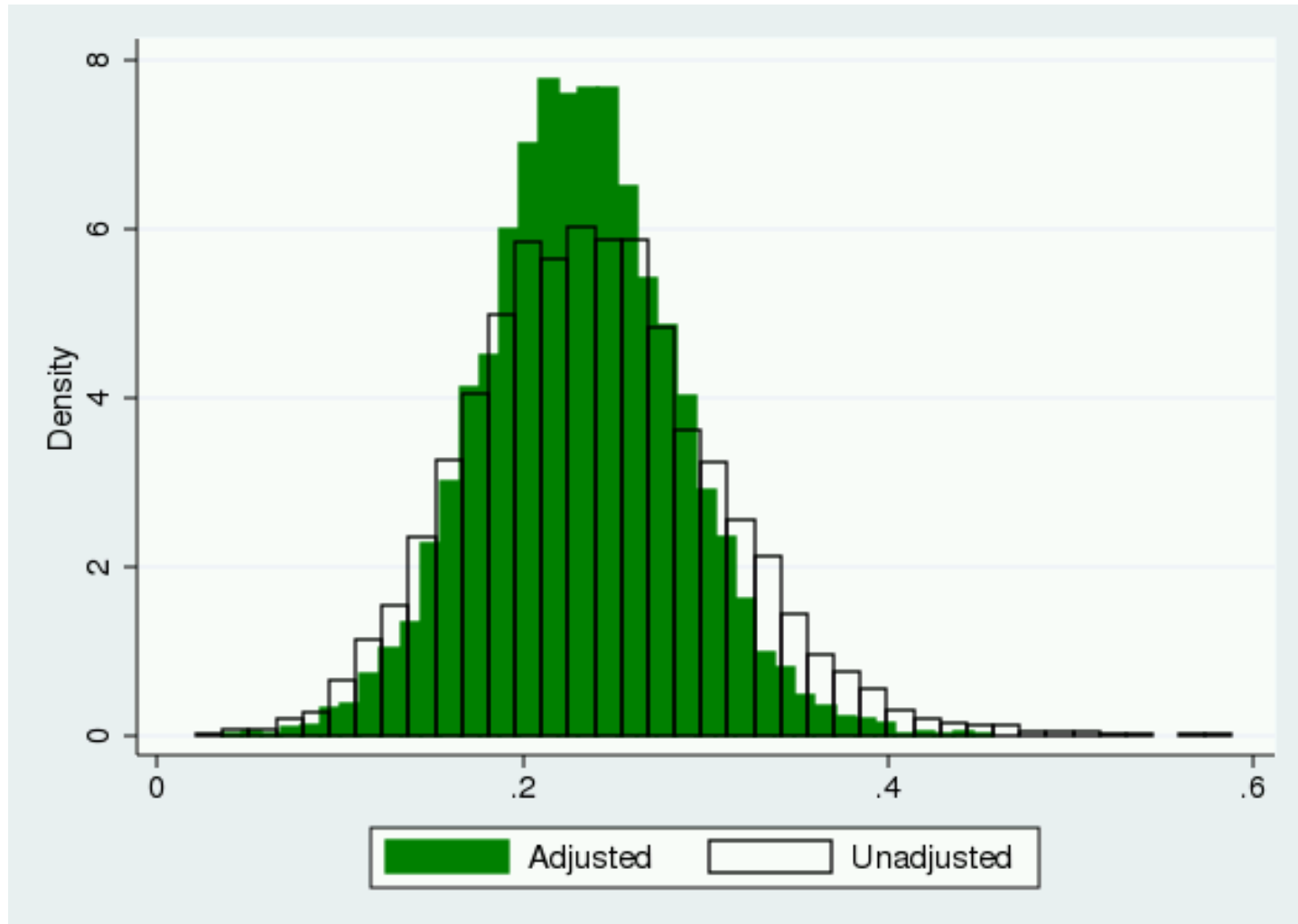


Can we measure something that matters?

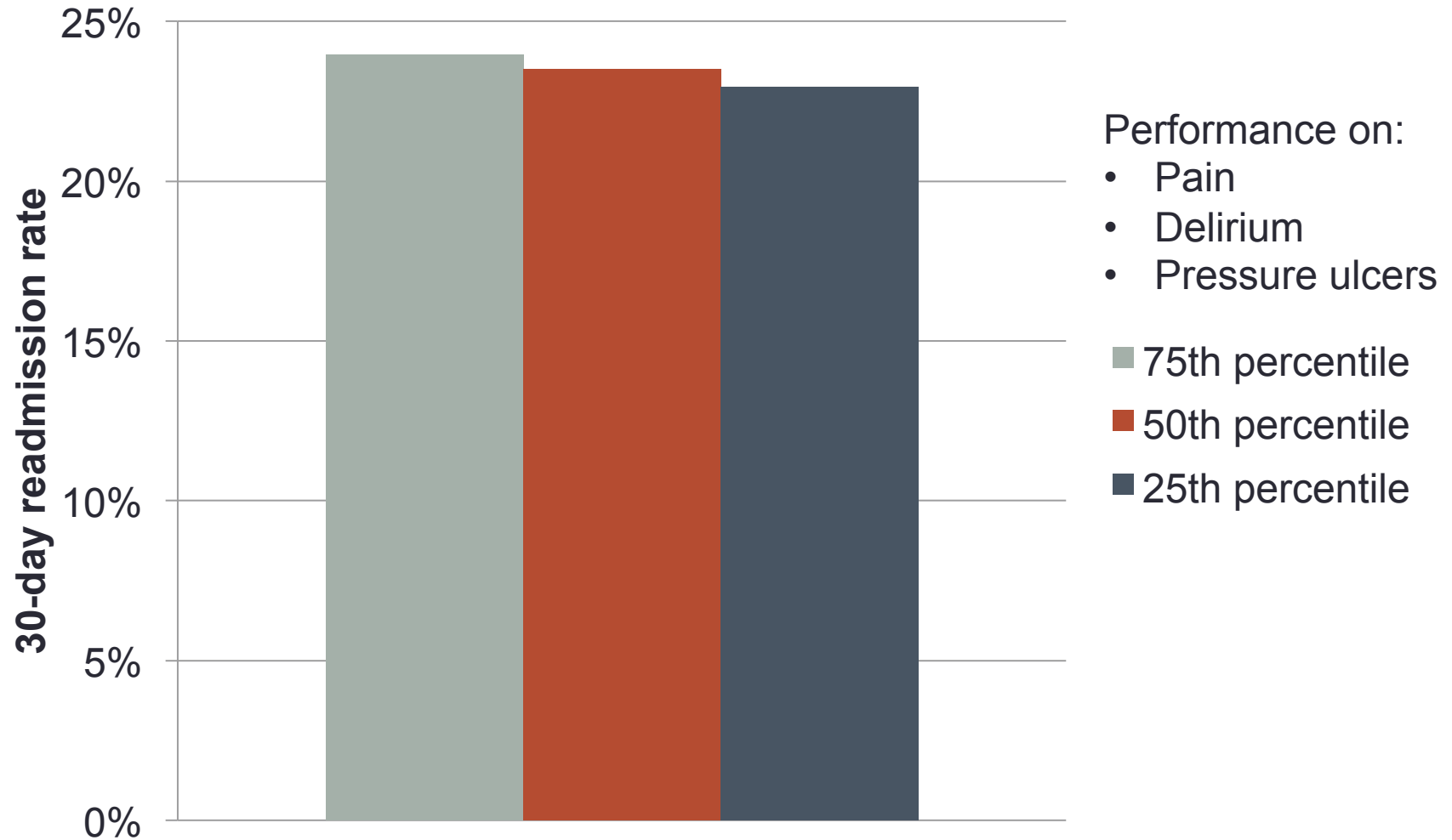
- Setting: Post-acute care in skilled nursing facilities (SNF)
 - 17% of hospitalizations discharged to SNF
 - 1.3 million discharges/year to 15,000 SNFs
- Problem: High rates of 30-day readmission
 - Among SNF discharges: 21%
 - Everyone else: 16%
- Does the quality of post-acute care affect the probability of hospital readmission?

SNF readmission rates are highly variable

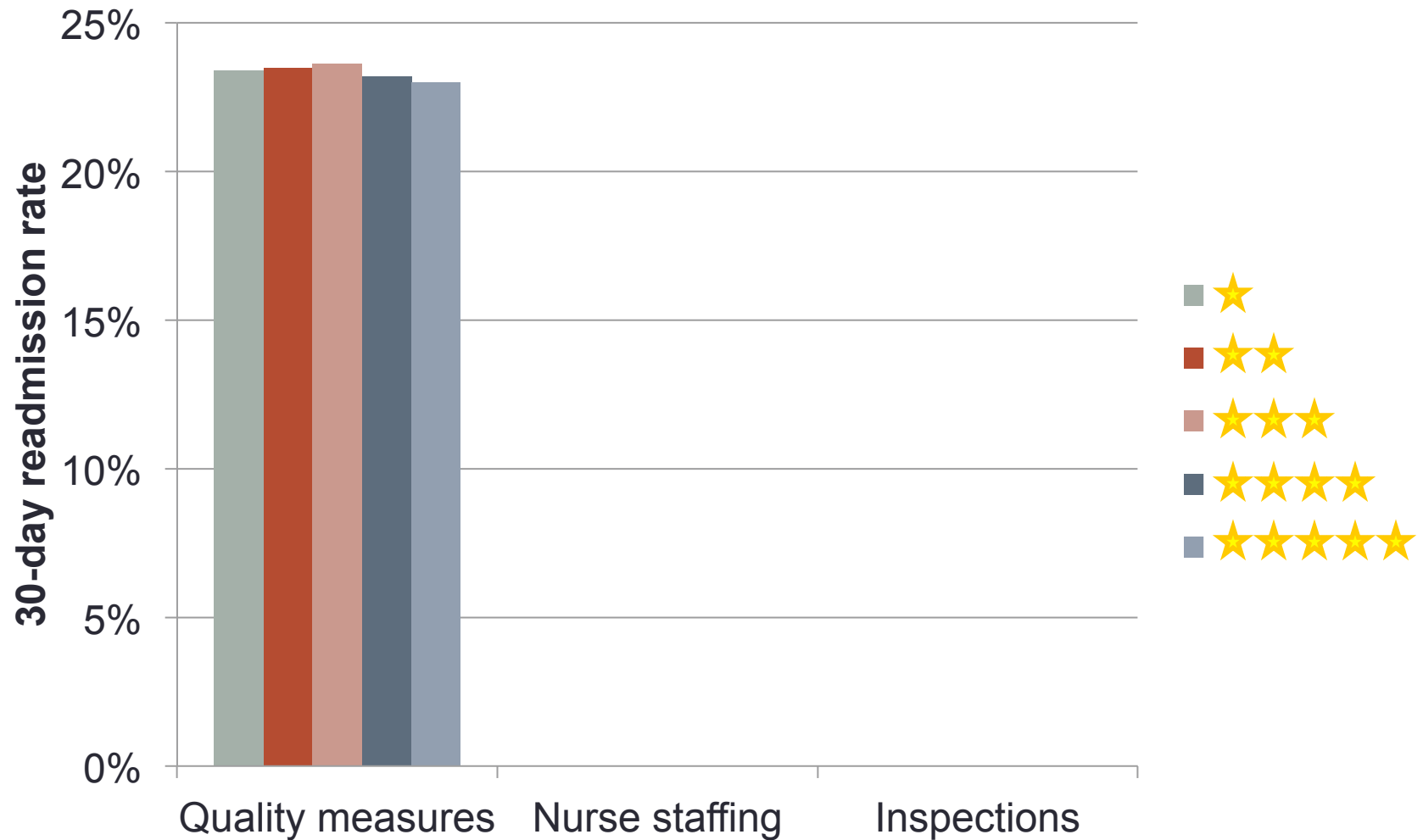
30-day unplanned readmission rates



Effect of quality measures on readmission

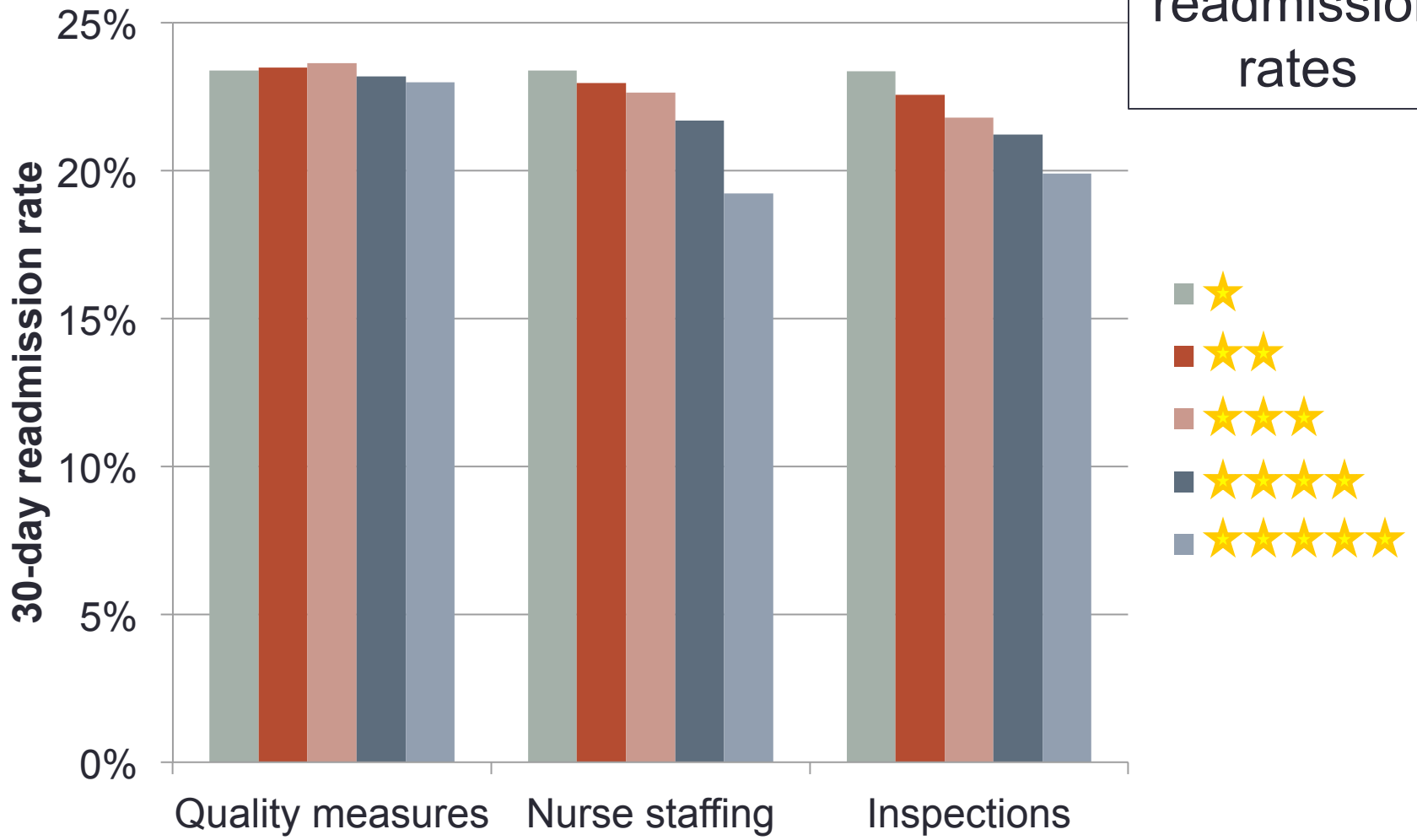


Effect of staffing and deficiencies on readmission



Effect of staffing and deficiencies on readmission

20% lower readmission rates



Improving P4P

- Use larger incentives
- Make payment straightforward
 - e.g. Piece-rate payment
- Tie incentives to broad-based measures of care

Funding



Agency for Healthcare Research and Quality
Advancing Excellence in Health Care



National Institute
on Aging



Department of
Veterans Affairs