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Pay-for-Performance: Practical Guidance for Decision-Making and the Latest Evidence



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Web Conference Panel



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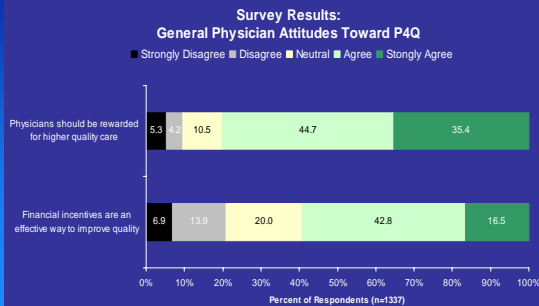
Targeting Hospitals vs. Physicians

- Factors to consider:
 - How are they organized in your market?
 - Which group contributes more to cost and quality variation?
 - Current capacity to generate data?
- For which would you get the biggest bang for your buck?

R. Adams Dudley



Physician Attitudes Toward P4P



Gary Young



National Measure Sets

- Joint Council on Accreditation of Healthcare Organizations (JCAHO)
- National Committee for Quality Assurance (NCQA)
- National Quality Forum (NQF)
- AHRQ Quality Indicators
- Centers for Disease Control (CDC)
- Specialty societies
- American Medical Association promises 100+ new measures


Meredith Rosenthal



Pros & Cons of National vs. Local Measures

- Accrediting bodies' measures (JCAHO, HEDIS):
 - Pro: rigorously tested, widely accepted
 - Con: only a few
- National Quality Forum
 - Pro: all stakeholders had at least some input
 - Con: no detailed specifications = no real measures
- Locally developed measures
 - Pro: provider participation --> acceptance
 - Con: defining specific measures takes work


R. Adams Dudley



Pathways to Excellence: Primary Care Practice Measures

Measures	Homegrown	National
Office Systems	X	
Guideline Compliance		X
Outcomes		X


Doug Libby



Pathways to Excellence: Hospital Measures

Measures	Homegrown	National
Pt. Experience		X
Pt. Safety	X	X
Clinical Quality		X
Cost	X	


Doug Libby



PA Medical Assistance P4P Programs

- Hospitals- targeted to reward hospitals that improve care and focus on patient safety
- Managed Care Plans (HealthChoices)- targeted to reward plans that improve 10 defined HEDIS measures
- Fee-for-Service (Access Plus)- targeted to reward primary care providers for quality of care and participation in disease management


David Kelley



Ways of Structuring Bonuses

- Rewarding top ranked providers
 - Leads to uncertainty
- Rewarding all providers above a benchmark
 - Leads to uneven incentives
- **Rewarding or paying dollars for all patients whose care conforms to guidelines**
 - e.g., pay \$X for every diabetic whose care conforms to guidelines

Meredith Rosenthal



Hospital Incentive and Rewards \$1,000,000 Bonus Pool

Hospital Performance Guarantee (\$500k) =
1% of revenue collected from participating employers

Employer Performance Bonus \$500k =
1% of payments made to participating hospitals

Doug Libby



P4P Design: Lessons Learned in PA

- Focus on quality
- Keep it simple
- Use nationally accepted measures
- Design positive rewards not penalties
- Involve stakeholders

David Kelley



P4P vs. Public Reports

- Providers responded to P4P in randomized trials (see AHRQ Technical Review on Financial Incentives)
- CMS/Premier and other recent, non-randomized trials suggest P4P can work
- But public reporting works, too:
 - NY Medicare FFS patients tend to select hospitals that did well on CABG mortality reports
 - Wisconsin hospitals responded to public reporting with increased QI

*Romano and Zhou. Medical Care 2004; 42(4):367;
Hibbard, JH et al. Health Affairs 2003; 22(2):84*

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P4P + Public Reports May Give Bigger Impact?

- Employer \$ are important--one study of hospital executives' responses to public reporting yielded this quote:

"[When reports cards first come out,] recognition is good and people are wanting to work hard to be recognized. As you move forward, there has to be more. It's about the money."

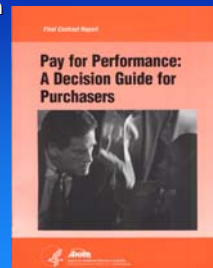
Mehrotra, A et al. Health Affairs 2003; 22(2):60.

R. Adams Dudley



Accessing and ordering AHRQ resources on pay-for-performance

- Pay for Performance: A Decision Guide for Purchasers (April/May 2006) AHRQ pub no. 06-0047
Electronic Copy: <http://www.ahrq.gov/qual/p4pguide.htm>
- Medical Care Research and Review: Emerging Evidence on Pay-for-Performance (February 2006) AHRQ pub no. OM06-0036



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