

Pay for Performance and Improving Healthcare in America Case Study

Case:

You have just joined a thriving pediatric practice in your hometown. The practice accepts virtually all forms of insurance and you have recently been informed by *one* of the managed care organizations you contract with that they have decided to institute a pay for performance incentive to improve quality of care.

Questions:

- 1) How do you define “quality” medical care?

- 2) What is pay for performance (P4P)? What are specific examples of P4P measures in pediatric primary care that an insurance company can implement?

- 3) Do you think P4P is a good idea? Will it work in pediatrics?

- 4) P4P attempts to improve healthcare in America by improving quality. Increasing access to health insurance has been another area policymakers have discussed. What are some of the proposed policies to achieve this goal? Do you think one approach is better than the others? Why?

- 5) Different candidates in the 2008 presidential election have supported different mechanisms for increasing access to insurance. What are these plans? How do they differ?

Facilitator's Guide

1) How do you define "quality" medical care?

Different individuals and organizations define quality differently. While there is no one definition for quality, the Institute of Medicine's definition is comprehensive and often cited. In their report, Crossing the Quality Chasm, the IOM defines six aims for quality care:

Figure 1: Institute of Medicine Aims for Quality Care

<i>Safe</i>	Avoiding injuries to patients from the care that is intended to help them
<i>Effective</i>	Providing services based on scientific knowledge to all who could benefit, and refraining from providing services to those not likely to benefit
<i>Patient-centered</i>	Providing care that is respectful of and responsive to individual patient preferences, needs and values, and ensuring that patient values guide all clinical decisions
<i>Timely</i>	Reducing waits and sometimes harmful delays for both those who receive and those who give care
<i>Efficient</i>	Avoiding waste, including waste of equipments, supplies, ideas and energy
<i>Equitable</i>	Providing care that does not vary in quality, because of personal characteristics such as gender, ethnicity, geographic location and socioeconomic status

2) What is pay for performance (P4P)? What are specific examples of P4P measures that an insurance company can implement?

Centers for Medicaid and Medicare Services (CMS) defines P4P as the "use of payment methods and other incentives to encourage quality improvement and patient-focused high value care (CMS, 2006)." In the past physician reimbursement has been correlated with quantity, rather than quality, of services provided. P4P represents an attempt to "align incentives in the payment system so that rewards are given to providers who foster quality and improve outcomes while using resources parsimoniously (IOM, 2007)." For example, in a P4P model, a physician who prescribes inhaled corticosteroids for an asthmatic may be rewarded, but ordering unnecessary tests for an acute asthma exacerbation (i.e. chest x-ray or electrolytes) would not be rewarded and/or penalized.

In pediatrics, examples of outcomes that can be measured for P4P include:

Figure 2: Pay-for-Performance Outcome Measures in Pediatrics

<p><i>Information technology measures</i> including the use of electronic medical records and electronic prescribing</p> <p><i>Patient satisfaction measures</i> including the percentage of patients who would recommend the physician to a family member or friend</p> <p><i>Preventative care measures</i> including immunization rates and adherence to Early Periodic Screening, Diagnosis, and Treatment (EPSDT) schedules</p> <p><i>Acute care measures</i> including appropriate management of upper respiratory infections and fevers</p> <p><i>Chronic disease care measures</i> including appropriate prescribing of asthma controller medications</p> <p><i>Utilization/cost management measures</i> including the average number of emergency department visits per patient per year</p>

3) Do you think P4P is a good idea? Will it work in pediatrics?

There are only a few studies demonstrating that P4P leads to improved quality of care (Rosenthal, 2005). Improving quality in pediatrics through P4P presents a unique challenge. The relative lack of rigorous studies demonstrating quality measures which correlate with improved clinical outcomes is often cited as a barrier to realizing the benefits of P4P in pediatrics. Until these measures are obtained, the diffusion and benefits of P4P may be reduced. Advocates for quality pediatric care believe that increased investment in research will be required to realize the benefits of P4P (Mitka, 2004).

4) P4P attempts to improve healthcare in America by improving quality. Increasing access to health insurance has been another area policymakers have discussed. What are some of the proposed policies to achieve this goal? Do you think one approach is better than the others? Why?

Healthcare reform has become one of the primary issues in the 2008 presidential election. On covering the uninsured, all candidates tend to rely on expansion of the existing private insurance market. Democrats favor mandates on employers, individuals or both to cover more of the uninsured. Republicans favor tax credits and incentives for increased market competition. Democrats would also create new public programs to offer more choice and compete with private insurers.

Individual Mandates: Individual mandates place the responsibility for medical coverage on the individual and requires all persons, by law, be insured. Employers are not precluded from making contributions for their employees and Medicaid/Medicare would qualify as a health insurance plan. In addition, most proposals call for subsidies to ensure that poor persons are able to obtain coverage. One example is Massachusetts who included an individual mandate in their 2006

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health reform plan. The mandate required all adults to purchase health insurance by July 1, 2007, with the possibility of financial penalties up to 50% of the cost of a health insurance plan via income tax filings (KFF, 2007).

Employer Mandates: Employer mandates require employers to provide medical coverage to all full-time workers. Most proposals call for employers to finance at least 80% of the premiums with the remaining 20% paid by the employees. The Massachusetts Health Care Reform Plan requires employers with 11 or more employees to provide health insurance coverage or pay a “Fair Share” contribution up to \$295 annually per employee.

Medical Savings Accounts (MSAs): Individuals can make pre-tax contributions into an MSA, which can then be used to pay for health care. Oftentimes, they are coupled with high deductible health insurance plans so that individuals first withdraw from their MSAs to pay for medical expenses then use personal, after-tax income until they reach their insurance deductible. MSAs are purely voluntary and individuals have the option to make yearly contributions to their MSAs up to a specified amount. Any funds left in the account at the end of the year can be carried over to the next year and earn interest. MSAs are meant to encourage people to become more responsible shoppers as they will pay more of the initial costs of their healthcare.

National Health Insurance: National health insurance calls for replacing the current public-private insurance structure in the United States with a single-payer public insurance program, as seen in Canada.

Other focuses of the 2008 presidential election have included additional modification of tax rules to support health system changes, control of health costs and improvements in quality of care. On modifying tax rules, all candidates propose changes in tax law to either pay for care for the uninsured, equalize the tax benefits of buying health insurance coverage, or to encourage consumers to purchase healthcare more appropriately (ex. MSAs).

On controlling cost and improving quality, most candidates favor the greater use of information technology and creating a comparative effectiveness research group. Democrats also propose direct negotiation for Medicare drugs to control costs. Candidate have been relatively quiet in terms of changes affecting hospitals and physicians, however, providers will likely be impacted by pay-for-performance, changes in indigent care funding and potential redistribution of funding for more primary care and prevention.

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5) Different candidates in the 2008 presidential election have supported different mechanisms for increasing access to insurance. What are these plans? How do they differ?

<p><u>Clinton (D)</u> Current Public Program Modifications</p> <ul style="list-style-type: none"> • Expands SCHIP to unspecified level • Eliminates coverage gaps in Medicaid for poor and childless adults <p>New Source of Health Insurance</p> <ul style="list-style-type: none"> • Creates the American Health Choices Menu as part of the FEHBP • Establishes Medicare-like plan within the American Health Choices Menu competing with private insurers <p>Coverage Requirements and Responsibilities</p> <ul style="list-style-type: none"> • Mandates large employers provide coverage or pay to public program • Provides small businesses with tax credit encouraging them to offer coverage • Mandates all individuals to obtain coverage 	<p><u>Edwards (D)</u> Current Public Program Modifications</p> <ul style="list-style-type: none"> • Expands SCHIP up to 250% of poverty • Ensures Medicaid coverage for all adults below 100% of poverty • Expand Medicaid for HIV-positive individuals <p>New Sources of Health Insurance</p> <ul style="list-style-type: none"> • Creates regional Health Care Markets purchasing pools • Offers Medicare-like plan through Health Care Markets <p>Coverage Requirements and Responsibilities</p> <ul style="list-style-type: none"> • Mandates all employers with 5 or more workers provide coverage or contribute 6% of payroll toward coverage • Mandates all individuals obtain coverage by 2012 except for those with extreme financial hardship or certain religious beliefs
<p><u>Obama (D)</u> Current Public Program Modifications</p> <ul style="list-style-type: none"> • Expands Medicaid/SCHIP to unspecified level <p>New Sources of Health Insurance</p> <ul style="list-style-type: none"> • Creates National Health Insurance Exchange • Establishes public insurance program that parallels the FEHBP • Reinsurance pool for catastrophic costs <p>Coverage Requirements and Responsibilities</p> <ul style="list-style-type: none"> • Mandates all employers provide coverage except for start-ups and very small businesses • Mandates all children obtain coverage • Reimburses portion of premium cost to employer when reimbursement is used to lower premiums for employees 	<p><u>Giuliani (R)</u> Current Public Program Modifications</p> <ul style="list-style-type: none"> • Increase efforts to enroll already eligible individuals <p>New Sources of Health Insurance</p> <ul style="list-style-type: none"> • Advocates cross-state selling that would allow insurance companies to sell insurance across states <p>Coverage Requirements and Responsibilities</p> <ul style="list-style-type: none"> • Opposes mandates to obtain coverage
<p><u>McCain (R)</u> Current Public Program Modifications</p> <ul style="list-style-type: none"> • Increases efforts to enroll already eligible individuals • Allows use of SCHIP and Medicaid funds for private insurance <p>New Sources of Health Insurance</p> <ul style="list-style-type: none"> • Advocates cross-state selling that would allow insurance companies to sell insurance across states <p>Coverage Requirements and Responsibilities</p> <ul style="list-style-type: none"> • Provide states with flexibility to develop mandates or coverage requirements • States parents have a responsibility to obtain coverage for children 	<p><u>Romney (R)</u> Current Public Program Modifications</p> <ul style="list-style-type: none"> • Increases efforts to enroll already eligible individuals • Provide block grants to states and remove administrative burdens to allow states to adopt innovation in Medicaid programs <p>New Sources of Health Insurance</p> <ul style="list-style-type: none"> • None at federal level <p>Coverage Requirements and Responsibilities</p> <ul style="list-style-type: none"> • Opposes federal mandates to obtain coverage • Provides states with flexibility to develop mandates or coverage requirements

FEHBP = Federal Employees Health Benefits Program

Source: PricewaterhouseCoopers Health Research Institute. Beyond the Sound Bite: November 2007 Review of Presidential Candidates' Proposals for Health Reform. 2007

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