

NCQA

**Pay For Performance:
The Future is Now**

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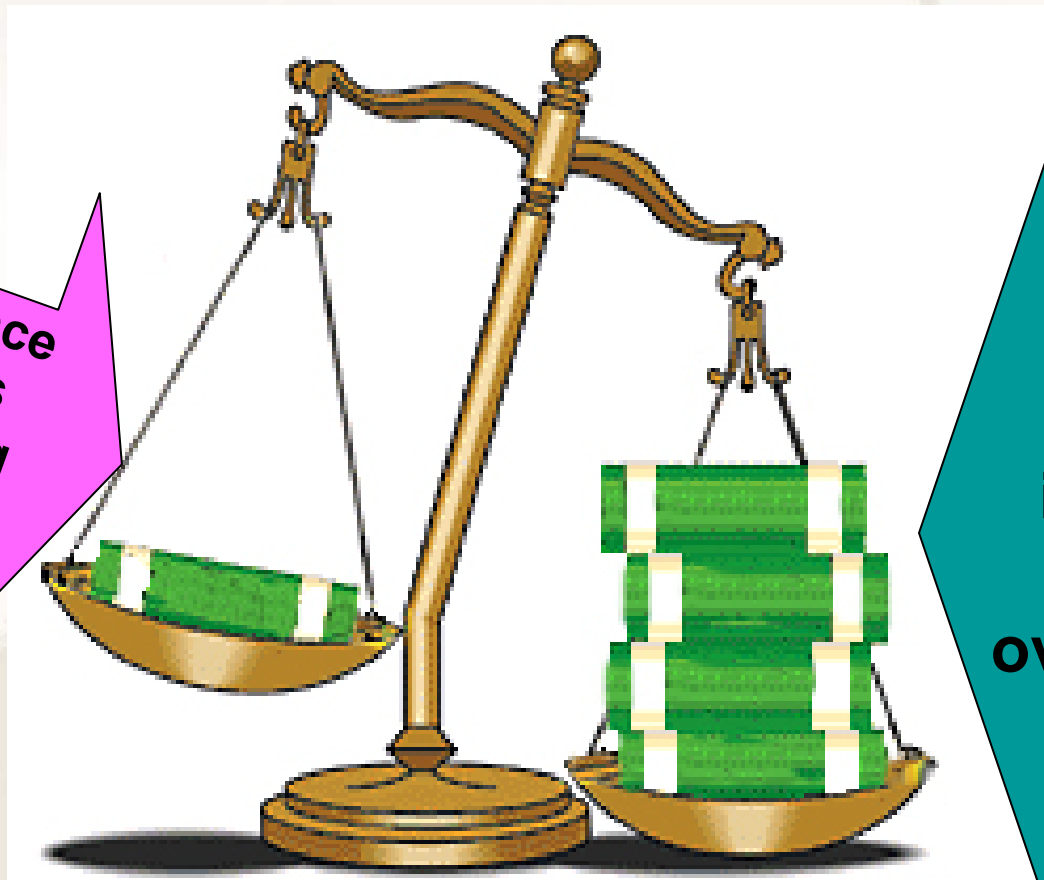


Setting The Table

- **How Did We Get Here?**
- **Why P4P?**
- **What P4P Models Have Been Developed So Far?**
- **Where Do We Go From Here?**

The System Rewards Volume, Not Effective, Efficient Care

Performance
incentives
still gaining
traction



Current
incentives
favor
overtreatment

How Did We Get Here?

“Financial barriers embodied in current payment methods can create significant obstacles to higher-quality health care.”

**--Institute of Medicine
*Crossing the Quality Chasm***

How Did We Get Here?

“Medicare payment systems are neutral and sometimes negative toward quality.” The Congress should adopt pay-for-performance programs for health plans, hospitals, home health agencies, and physicians.

--Medicare Payment Advisory Commission

Report to the Congress

How Did We Get Here?

“Fundamental changes in approaches to health care payment are necessary to... create incentives for significant quality improvement.”

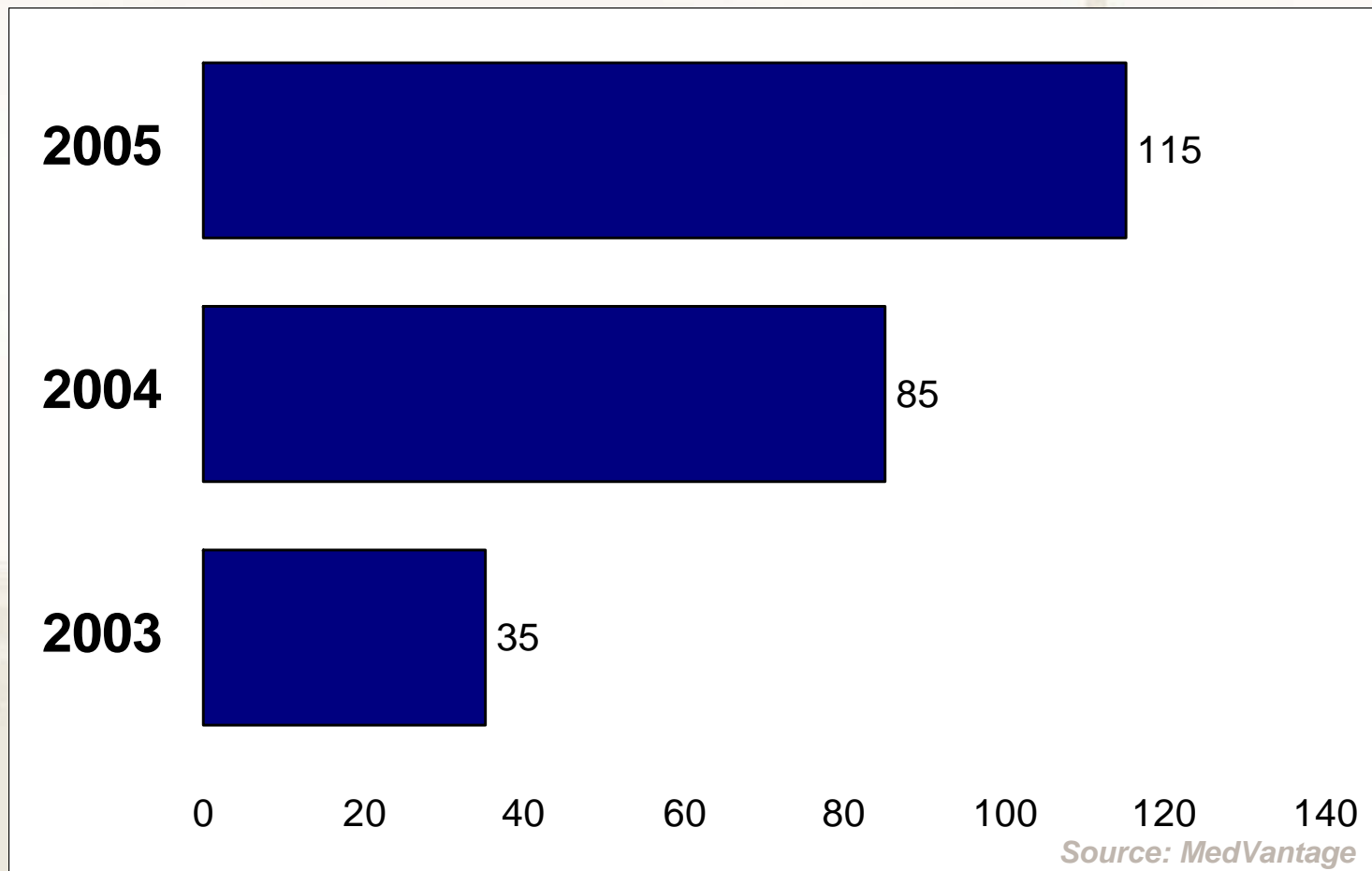
**--Institute of Medicine
*Rewarding Provider Performance***

Why Pay for Performance?

- **Costs are too high and quality is too low**
- **Consumers, employers demand provider-level information**
- **Consumers are being asked to make more choices, shop smarter for health care**
- **Consumers lack the information and tools to make wise health care choices**

P4P Is Gaining Traction

Number of Active P4P Initiatives in U.S., 2003-2005



Private Sector Efforts

- **Bridges to Excellence**
 - Employer led
- **Integrated Healthcare Association**
 - Health plan led
- **More than half of HMOs now use P4P in provider contracts (*NEJM*, 11/2/06)**

Public Sector Initiatives

- **Doctor's Office Quality**
- **Physician Group Practice Demonstration**
- **Medicare Health Care Quality Demonstration Program (Section 646)**
- **HospitalCOMPARE**
- **Premier Hospital Quality Incentive Demonstration**
- **Physician Voluntary Reporting Program**

President's Executive Order

Four Major Tenets:

- Increase Transparency In Pricing
- Increase Transparency In Quality
- Encourage Adoption Of Health Information Technology (IT) Standards
- Provide Options That Promote Quality And Efficiency In Health Care

NCQA Initiatives: Physician Recognition



- **Diabetes Physician Recognition Program**

- HbA1c, blood pressure, LDL control rates
- Eye, Foot examination rates
- 2600 recognized physicians to date



- **Heart/Stroke Recognition Program**

- Blood pressure, LDL control rates
- Use of aspirin/antithrombotic
- Smoking cessation advice, treatment
- 400 recognized physicians to date

NCQA Initiatives: Physician Recognition, Quality Plus



- **Physician Practice Connections**
 - Recognizes systematic use of information to enhance care
 - Recognizes periodic quality measurement, continuous quality management
 - Nearly 1600 physicians in 200 practices recognized to date
- **Physician and Hospital Quality**
 - Part of voluntary *Quality Plus* program
 - Assesses how well health plans measure quality, cost of care of network providers

Recognition: Rewarded in Many Ways



Provider Directories



**Active Steering
To Recognized MDs**



Financial Incentives

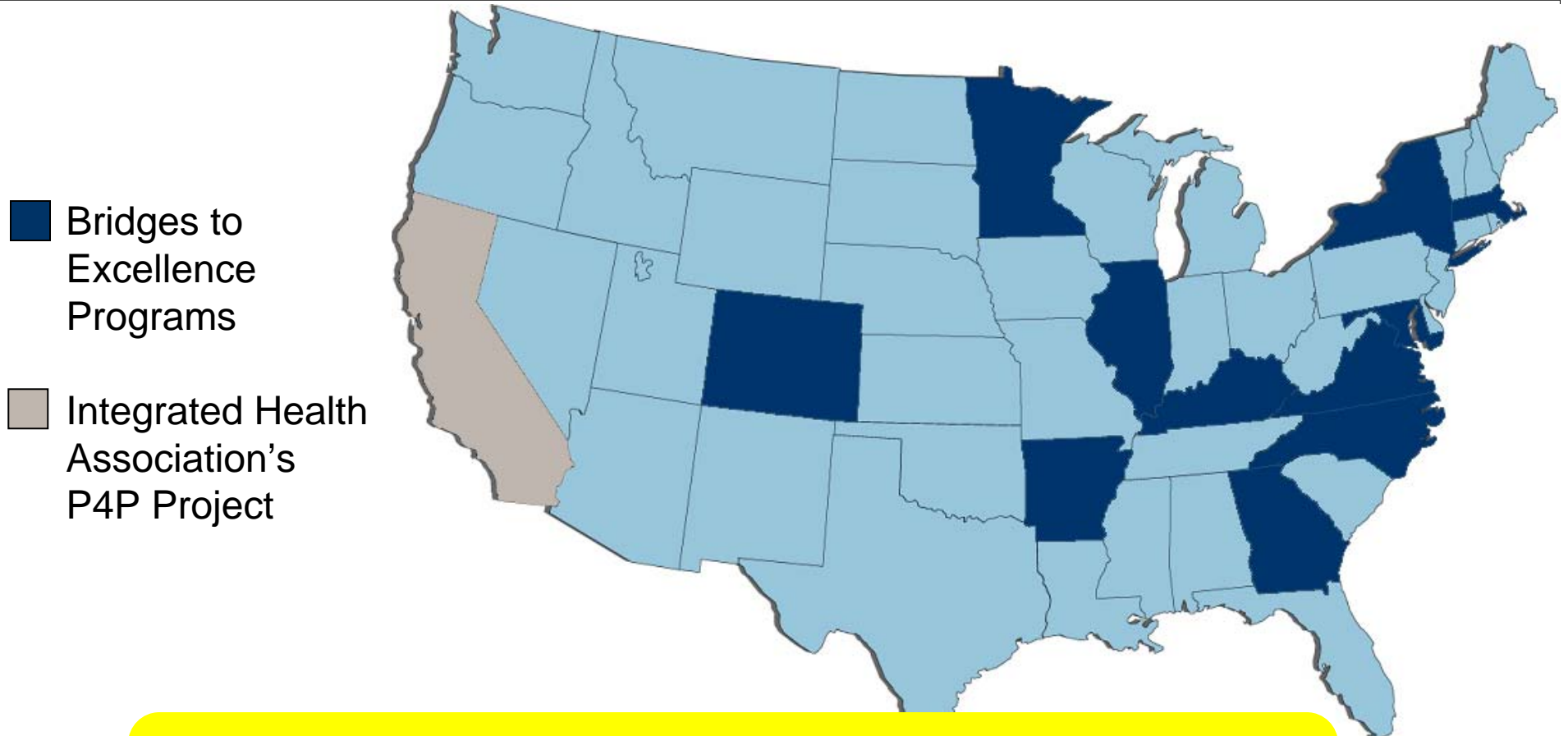


Network Entry



**Data Collection
Assistance**

Notable NCQA Physician Measurement Activities



- *Bridges to Excellence, many health plans use NCQA Recognition Programs: Diabetes; Heart Stroke; Physician Practice Connections; spine and cancer in development*
- *NCQA/AMA PCPI collaboration producing measures of specialty care for CMS*

The Business Case For Quality

- **Care from recognized physicians saves lives *and* money:**
 - **10 – 15% per patient for DPRP-Recognized physicians***
 - **\$350 per patient for HSRP-Recognized physicians****
 - **\$110 per patient for PPC-Recognized physicians***

Sources: * *Bridges to Excellence* ** *Towers-Perrin*

Where Do We Go From Here?



The Promise of P4P

- **A mechanism for providing consumers, purchasers with the information and tools needed to make wise choices**
- **Holds tremendous potential to unleash innovation in quality, efficiency improvement**
- **A down payment on comprehensive payment, accountability reform**

Opportunities, Challenges Abound

- **P4P is *an* answer, but not *the* answer**
 - Simply grafting P4P onto the current system won't work
- **DRGs and RBRVS brought fundamental changes in their time**
 - It's time for a new generation of reform
- **Avoid the trap of micromanaging providers**
 - The best way to meet our goals is to establish the vision and allow for innovation and creativity

P4P is Part of a Broader Agenda

Four ideas to consider:

- We need new approaches to measuring the appropriateness of care
- We need to decide where accountability resides (enterprise vs. individual level)
- We must address gaps in the evidence base, especially with respect to complex care and specialty care
- We must rediscover the importance of primary care.
 - The medical home concept needs to be fleshed out

PAY FOR PERFORMANCE

A CRITICAL EXAMINATION

NCQA

POLICY CONFERENCE
DECEMBER 1, 2006

