



THE
COMMONWEALTH
FUND

Incentive Programs: Pay for Performance – The Evidence

Stephen C. Schoenbaum, MD, MPH
Executive Vice President for Programs
The Commonwealth Fund

NCQA

P4P, A Critical Examination

December 1, 2006

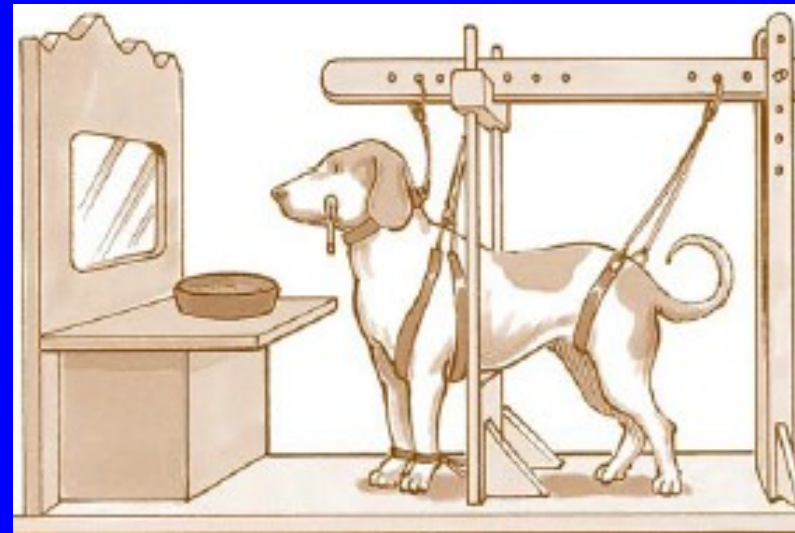
External Incentives

What are they?

- Things that motivate us to behave differently than we otherwise would behave
 - Positive = “rewards”; Negative = “punishments”
- ***Rewards:***
 - Money (financial incentives)
 - Position (prestige or power)
 - Publicity/Recognition (reputation enhancing)
- ***Punishments:***
 - Money (fines)
 - Demotion/sanctions (loss of prestige or power)
 - Publicity (reputation diminishing)

A Common Question: Do Incentives Work?

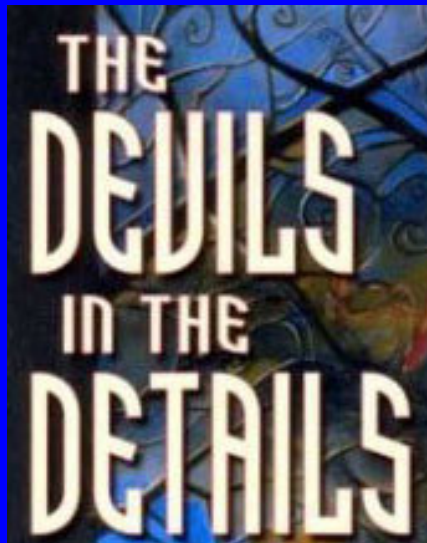
- Incentives work
- An “incentive” that doesn’t work isn’t an incentive



The Devil Is In The Details

- **Though it is said that we know little about effectiveness of P4P programs, we do know that financial incentives can be effective. So developing an effective P4P program depends upon the details.**

Recent IOM Report on P4P



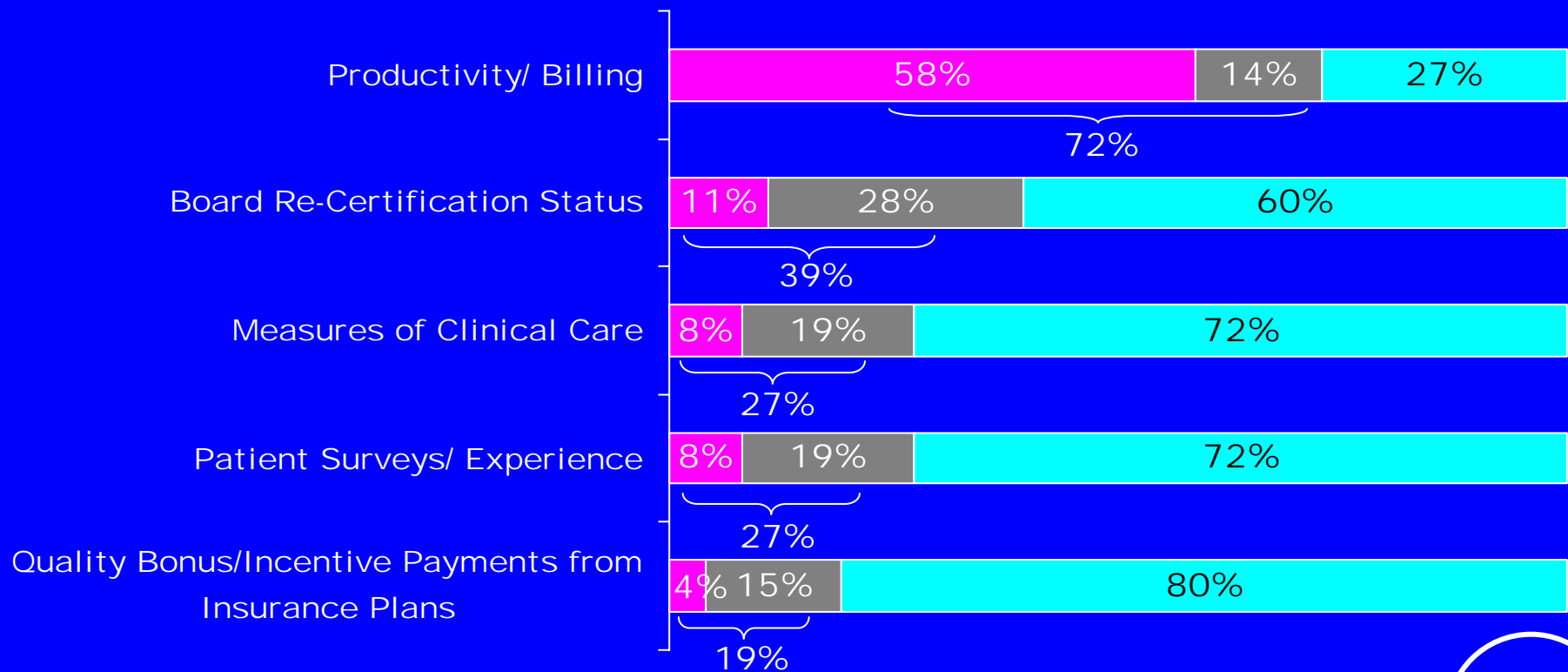
- Handful of studies (17 total, 9 RCTs)
- Mixed results
- Of the 9 RCT's: 4 positive, 2 partial effect, 3 no effect

Current Factors Affecting Physicians' Compensation

■ Major Factor

■ Minor Factor

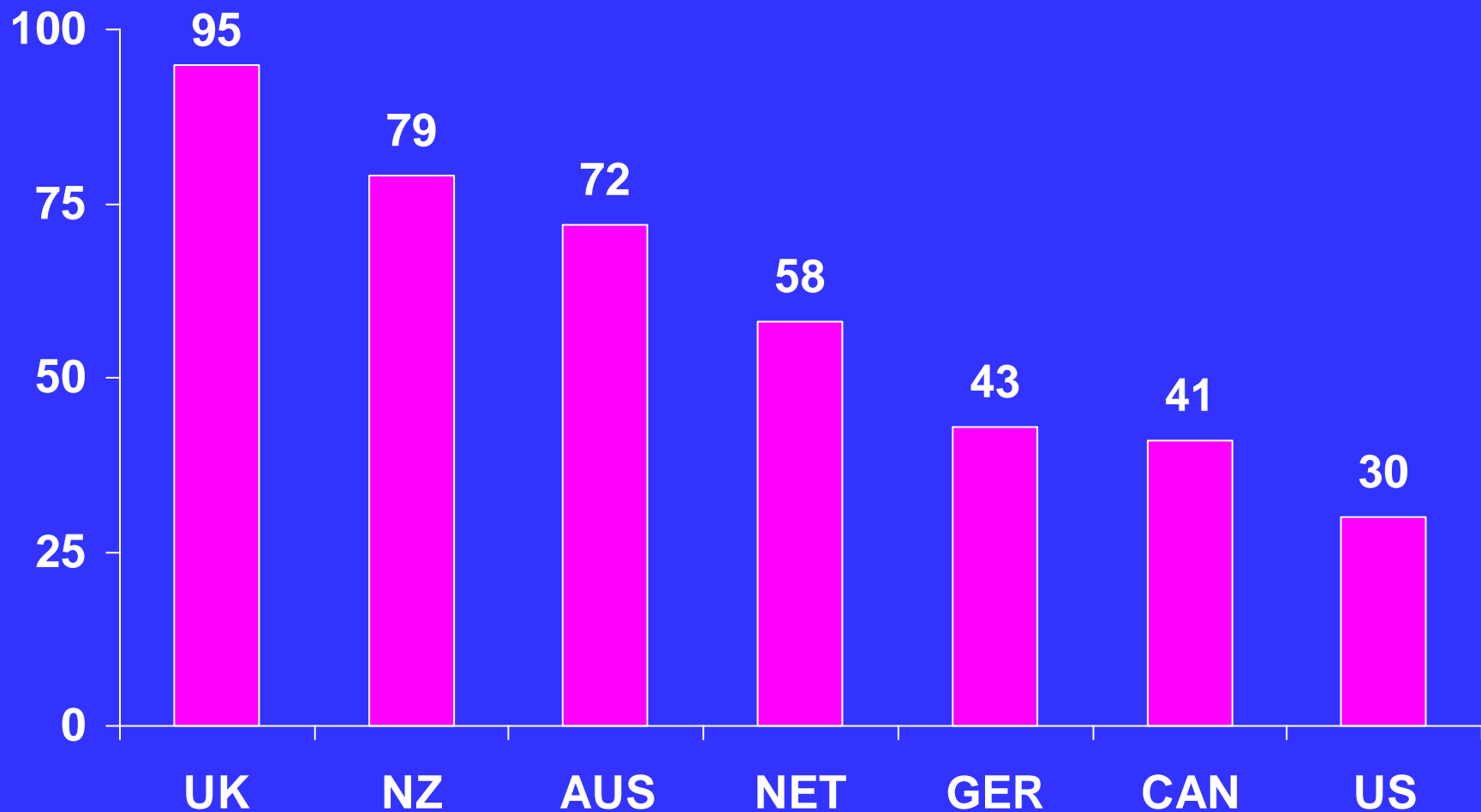
■ Not a Factor



Source: The Commonwealth Fund 2003 National Survey of Physicians and Quality of Care.

Primary Care Doctors' Reports of Any Financial Incentives Targeted on Quality of Care

Percent reporting any financial incentive*



*Receive or have potential to receive payment for: clinical care targets, high patient ratings, managing chronic disease/complex needs, preventive care, or QI activities

Source: 2006 Commonwealth Fund International Health Policy Survey of Primary Care Physicians

Primary Care Doctors' Reports of Financial Incentives Targeted on Quality of Care

Percent receive financial incentive:*	AUS	CAN	GER	NET	NZ	UK	US
Achieving certain clinical care targets	33	10	9	6	43	92	23
High ratings for patient satisfaction	5	-	5	1	2	52	20
Managing patients with chronic disease/complex needs	62	37	24	47	68	79	8
Enhanced preventive care activities	53	13	28	18	42	72	12
Participating in quality improvement activities	35	7	21	28	47	82	19

*Receive or have the potential to receive

Source: 2006 Commonwealth Fund International Health Policy Survey of Primary Care Physicians

An Introductory “Conclusion”

- **We have a number of P4P programs underway in the U.S.**
- **More evaluation/evidence is necessary**

Panelists to develop the discussion today:

- R. Adams Dudley, M.D., M.B.A.
Associate Professor of Medicine and Health Policy,
University of California San Francisco**
- David Blumenthal, M.D., M.P.P.
Samuel O. Thier Professor of Medicine and Health
Policy, Harvard Medical School**