EFFICIENCY
PROPOSED SYNOPSIS OF BETTER PRACTICE

California (USA) Pay for Performance

Section I: Summary

The California Pay for Performance (P4P) program was initially created in 2001 and achieved its initial goals of increasing health care delivery and health system efficiency by developing a uniform performance set, establishing financial incentive payments to physician groups, and developing a public report card on the performance of their providers across multiple health plans, physician groups, and patient population.

In addition, the P4P program experienced progress toward performance improvement in clinical quality, positive patient experience in the health care delivery system, and increased use of information technology to support population management and patient care.

In the future, the P4P program plans to address emerging challenges such as the continued evolution of performance measures, review of increasing the financial incentives paid to providers, enhancing the business care for quality of care measures, and expanding the P4P program to new populations.

Section II: Statement of purpose

The P4P program established in California by seven major health plans (excluding KP) required tremendous cooperation and coordination among multiple stakeholders in the health delivery system. For example:

- Many health plans had already established P4P programs in California but were experiencing challenges making the program successful;
- Other health plans were interested but reported not having sufficient financial resources to dedicate to such an effort;
- Meanwhile, physician groups were reluctant to support P4P programs due to their negative experience with previous similar efforts due to inconsistent performance metrics across health plans, contradictory public reporting by health plans on individual physician performance, insufficient sample size to develop performance measures, and limited funding for financial incentives.

There continues to be discussion on whether P4P favors large group practices or medical groups compared to single handed practices given the resources to meet standards set by employers and health plans.

However, through the leadership of the Integrated Healthcare Association (IHA) in California, a statewide leadership organization committed to development of innovative public policy and experience in promoting health care industry dialogue across multiple health care stakeholders, the California P4P program was successfully established and implemented. IHA and its leadership successfully promoted collaboration and secured the commitment of hundreds of organizations across California to achieve agreed upon goals, including seven health plans and 225 participating physician organizations that represented over 35,000 physicians.

Incentive payments are key to P4P success and continue to be analyzed in order to address key challenges such as how to arrive at a uniform approach to incentive payments in the absence of standards for payment methodologies, antitrust concerns for health plans for engaging in discussions about uniform business practices, and maintaining transparency in the system.

Therefore, IHA has set future priorities to continue improving the largest P4P program in the United States, including:

- Increase incentive payments proportional to improvements in performance outcomes and continued debate on whether absolute or relative targets in quality improvement should be set,
- Aggressively develop and expand the performance measurement set,
- Strengthen P4P administration to support an increasingly sophisticated program, and
- Further develop public reporting, research, and public relations.

Section III: Outcomes

Successful factors in the California P4P experiment have been to:

- Aggregate data across health plans to promote a statistically valid sample size of patients and health outcomes;
- Use a uniform measure set to allow for comparisons across multiple health plans (even thought adoption of the measure set came at varying degrees and at different timing);
- Enhance evolution of the relative weighing of the domains for purposes of calculating the incentive payments, which is currently calculated at 50 percent for clinical measures, 30 percent for patient experience measures, and 20 percent for information technology measures;
- Increase focus on health outcome versus process measurement in the clinical measures;
- Use of an established consumer/patient survey for baseline and longitudinal data collection; and
- Rather than create its own possible dueling report card, collaborate with existing organization for reporting efforts.

Overall results comparing year 1 and year 2 results indicated an improvement in the clinical care and patient experience measures with a higher than expected improvement in the IT measures. Physician groups have demonstrated a greater improvement in the use of electronic clinical data sets for patient management (such as patient registries) versus using decision support technology at the point of care (such as electronic prescribing and physician preventive/ chronic care reminders).

However, the P4P debate continues on how to determine if goals are met in terms of improving quality of care, how to achieve the maximum quality of care, whether incentives favor traditional high performing providers versus improving the care provided by all providers, and who decides the measures to use to reward providers.

Section IV: Contact Information and References

Contacts:

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Other Sources of Information

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