California
Pay for Performance

Five Year Plan (2006-2010) and Implications for Quality Improvement

Tom Williams, IHA
Financial Solvency Standards Board
January 31, 2006
First Five Years (2000-2005)
Program Goals and Objectives

The goal of P4P is to create a compelling set of incentives that will drive breakthrough improvements in performance through:

Common set of measures
A public scorecard
Significant health plan payments
Plans and Medical Groups

Health Plans*
- Aetna
- Blue Cross
- Blue Shield
- Western Health Advantage (2004)

Medical Groups/IPAs
- 225 groups / 35,000 physicians

6.2 million HMO commercial enrollees

* Kaiser Northern California participated in the 2005 scorecard
Progress Toward Program Goals

• P4P has created a collaborative statewide program with a common set of measures, which has:
  • Improved data collection, and provided a mechanism for aggregating physician group data across health plans
  • Generated higher administrative HEDIS rates and more valid data
  • Improved P4P HEDIS rates for health plans
Reporting & Payment are More Valid

Aggregated health plan data creates a larger sample size and produces more valid reporting and payment calculation.

For example, a large health plan with more than 1 million members and 162 contracted physician groups can generate reportable clinical results:

- For 55 groups using its own results
- For 118 groups using the aggregated results
Data Collection is Improving

Gap Closing Between Admin and Hybrid Rates

Percentage Point Difference Between Admin and Hybrid HEDIS Rates

- HbA1c Screening
- LDL Screening
- MMR Immunization
- VZV Immunization

Data provided by CCHRI
## Clinical Improvement is Widespread

Clinical Measure Improvements from 2003 to 2004

<table>
<thead>
<tr>
<th>Measure</th>
<th>Number Of Groups</th>
<th>Number Of Groups Improving</th>
<th>Pct of Groups Improving</th>
<th>Overall Pct Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clinical Average</td>
<td>46</td>
<td>40</td>
<td>87.0</td>
<td>5.3</td>
</tr>
<tr>
<td>Breast Cancer Screening</td>
<td>167</td>
<td>94</td>
<td>56.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Cervical Cancer Screening</td>
<td>168</td>
<td>130</td>
<td>77.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Asthma Overall</td>
<td>132</td>
<td>94</td>
<td>71.2</td>
<td>2.6</td>
</tr>
<tr>
<td>HbA1c Screening</td>
<td>166</td>
<td>100</td>
<td>60.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Cholesterol Screening (Cardiac Patients)</td>
<td>46</td>
<td>41</td>
<td>89.1</td>
<td>10.2</td>
</tr>
</tbody>
</table>
Patient Experience Improvement is Broad

Patient Experience Measure Improvements from 2003 to 2004

<table>
<thead>
<tr>
<th>Measure</th>
<th>Number Of Groups</th>
<th>Number Of Groups Improving</th>
<th>Pct of Groups Improving</th>
<th>Overall Pct Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient Experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey Average</td>
<td>108</td>
<td>71</td>
<td>65.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Rating of Doctor</td>
<td>115</td>
<td>62</td>
<td>53.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Rating of Health Care</td>
<td>115</td>
<td>73</td>
<td>63.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Specialist Problems</td>
<td>109</td>
<td>64</td>
<td>58.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Rating of Specialist</td>
<td>108</td>
<td>63</td>
<td>58.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>
### Patient Experience: Another View

Improvements for groups participating in P4P from the start

<table>
<thead>
<tr>
<th>Patient Experience Measure (n=106 groups)</th>
<th>2005 vs. 2003 Performance Change (% points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating of Doctor</td>
<td>2.7</td>
</tr>
<tr>
<td>Rating of All Care from Group</td>
<td>4.9</td>
</tr>
<tr>
<td>Rating of Specialist</td>
<td>3.0</td>
</tr>
<tr>
<td>Problem Seeing Specialist</td>
<td>5.0</td>
</tr>
</tbody>
</table>
Improved 2004 IT Adoption Results

- 2003 Measurement Year - 2 qualifying actions equals total credit
- 2004 Measurement Year - 4 qualifying actions equals total credit

- # of Groups Submitting Results: 100 (2003), 122 (2004)

Pay for Performance: Reporting Results
A Single Public Report Card is a Reality

<table>
<thead>
<tr>
<th>Name of Medical Group</th>
<th>Getting the Right Medical Care based on patient records and recommended standards of care</th>
<th>Patient Rating of Care Experiences based on patient surveys of their care and service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown &amp; Toland Medical Group</td>
<td></td>
<td><strong>Rating:</strong> 3 stars <strong>(Good)</strong></td>
</tr>
<tr>
<td>Humboldt-Del Norte IPA</td>
<td></td>
<td><strong>Rating:</strong> 2 stars <strong>(Fair)</strong></td>
</tr>
<tr>
<td>Mann IPA</td>
<td></td>
<td><strong>Rating:</strong> 3 stars <strong>(Good)</strong></td>
</tr>
<tr>
<td>Sonoma County Primary Care IPA</td>
<td></td>
<td><strong>Rating:</strong> 3 stars <strong>(Good)</strong></td>
</tr>
<tr>
<td>Sutter Medical Group of the Redwoods</td>
<td></td>
<td><strong>Rating:</strong> 2 stars <strong>(Fair)</strong></td>
</tr>
<tr>
<td>The Permanente Medical Group - Bay Area</td>
<td>The Permanente Medical Group quality program offers from the California Pay for Performance program that is reported here</td>
<td><strong>Rating:</strong> 1 star <strong>(Poor)</strong></td>
</tr>
<tr>
<td>Valley of the Moon Medical Group</td>
<td></td>
<td><strong>Rating:</strong> 2 stars <strong>(Fair)</strong></td>
</tr>
</tbody>
</table>
First Year PMPM Payments

- Total payment for IHA measures, commercial HMO and POS
- Total payment for non-IHA performance measures, commercial HMO and POS
- Total performance payment, commercial HMO and POS
Incentive Payments by Measurement Domain

- Clinical Quality
- Patient Satisfaction
- IT Adoption

Dollars paid (in millions)

- MY 2003
- MY 2004 (estimated)
California vs. the Nation

- CA was slightly below national average on most measures in 2003
- CA has tended to be slightly lower regardless of data source (i.e. survey, chart review or administrative data)
- CA has closed the gap slightly between 2003 and 2005 but still lags national average
California Comparison of Select HEDIS 2005 Measure Mean Scores to National Mean Scores

- Childhood Imm VZV Rate: California 87.52, National 90.04
- Childhood Imm Status MMR Rate: California 92.29, National 91.9
- Breast Cancer Screening: California 73.41, National 73.55
- Cervical Cancer Screening: California 80.88, National 81
- Chlamydia Screening Total Rate: California 32.19, National 36.9
- Asthma Med Use Combined: California 72.85, National 66.94
California Comparison of Select 2005 CAHPS Measure Mean Scores to National Mean Scores

<table>
<thead>
<tr>
<th>Measure</th>
<th>California Scores</th>
<th>National Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating of All Health Care</td>
<td>72.81</td>
<td>77.64</td>
</tr>
<tr>
<td>Getting Needed Care</td>
<td>73.32</td>
<td>79.40</td>
</tr>
<tr>
<td>Getting Care Quickly</td>
<td>74.80</td>
<td>79.37</td>
</tr>
<tr>
<td>How Doctors Communicate</td>
<td></td>
<td>89.45</td>
</tr>
</tbody>
</table>

Bar chart showing the comparison of California and national scores for four measures of healthcare satisfaction.
California vs. the Nation

• Clinical “gap” in HEDIS between CA and nation closing.

• Patient satisfaction “gap” between CA and nation drives low NCQA Quality Compass scores for CA plans.

• CA efficiency appears to exceed nation.
Open Questions about CA

- Why do CA plans lag nation in Quality Compass?
- Why does the CA Kaiser plan lag Kaiser plans in other states?
- Are their characteristics of CA consumers that drive different satisfaction scores?
- Are we trading efficiency for satisfaction?
**Recommendation**

- Engage neutral third party to conduct analysis of key differences and drivers for variation in CA results vs. nation, delegated model vs. non, etc.

- Let third party coordinate or replace duplicative efforts.

- Generate objective, useful analysis that can resolve open questions and inform quality improvement efforts and research.
Second Five Years (P4P) – Setting the Bar
Recommended Program Mission

Create breakthrough healthcare performance by promoting an integrated, organized and efficient delivery system through the alignment of incentives amongst all stakeholder groups.
Second Five Years (P4P)– Setting the Bar
Recommended Goals for 2010

• A “compelling set of incentives” = incentive payments of up to 10% of total physician group compensation

AND

• A sophisticated measure set that incorporates outcomes, specialty care, efficiency and risk adjustment.

ADDS UP TO

• “Breakthrough Performance Improvement” = Performance scores that are the highest in the nation
P4P Recommended Actions

I. *Increase incentive payments by advancing the business case for performance*

- Increase payments up to 10% by 2010
- Incorporate risk adjustment in capitation
- Pay for improvement on interim basis
- Create a “safe haven” to advance consistent payment methodologies
P4P Recommended Actions

II. **Aggressive, thoughtful, strategic development and expansion of the measure set**

- Comprehensive clinical domain that incorporates outcomes and specialty care
- Addition of a meaningful efficiency measurement, not just utilization measurement
- Review the patient experience domain measure set and shift to a methodology with more meaningful results for physician groups
P4P Recommended Actions

II. Aggressive, thoughtful, strategic development and expansion of the measure set (continued)

• Expansion of the IT domain to a broader “systemness” domain

• Expand the program and measure set to incorporate Medicare Advantage
P4P Recommended Actions

III. **Strengthen P4P administration to support an increasingly sophisticated program**

- Use the “administrative surcharge” as an initial step to develop a self-sustaining business model by 2008

- Use of common aggregated measure set for all reporting and payment by 2006

- Incorporate mechanisms to speed the consensus decision making process, yet maintain multi-stakeholder governance
P4P Recommended Actions

IV. Public Reporting, Research and Public Relations

- Continue OPA collaboration
- Support use of aggregated dataset
- Approve use of data for selective research projects
- Develop public relations program