

California Pay for Performance

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

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Financial Solvency Standards Board
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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)
- CIGNA
- Health Net
- PacifiCare

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

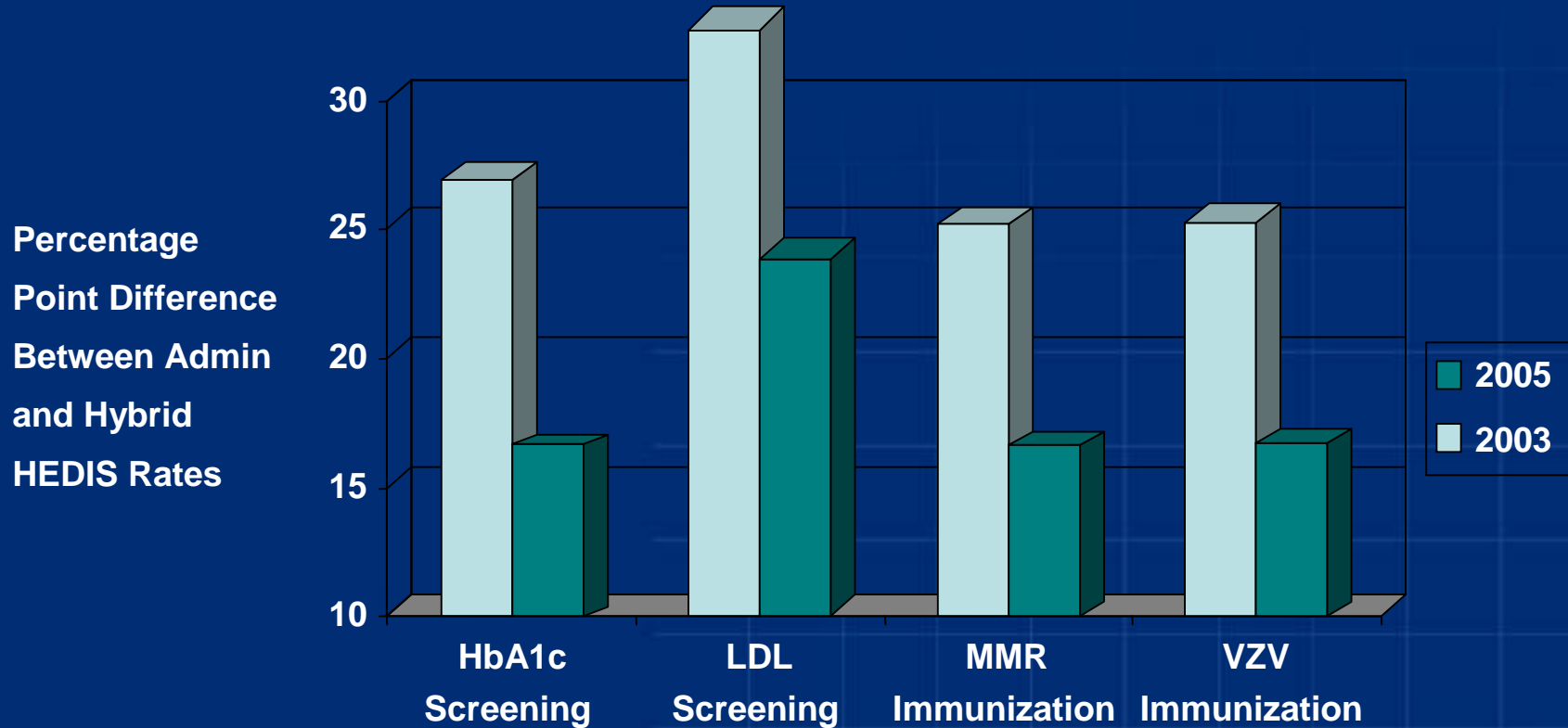
Aggregated health plan data creates a larger sample size and produces more valid reporting and payment calculation

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



Data provided by CCHRI

Clinical Improvement is Widespread

Clinical Measure Improvements from 2003 to 2004

Measure	Number Of Groups	Number Of Groups Improving	Pct of Groups Improving	Overall Pct Change
Clinical				
Clinical Average	46	40	87.0	5.3
Breast Cancer Screening	167	94	56.3	1.1
Cervical Cancer Screening	168	130	77.4	5.4
Asthma Overall	132	94	71.2	2.6
HbA1c Screening	166	100	60.2	3.5
Cholesterol Screening (Cardiac Patients)	46	41	89.1	10.2

Patient Experience Improvement is Broad

Patient Experience Measure Improvements from 2003 to 2004

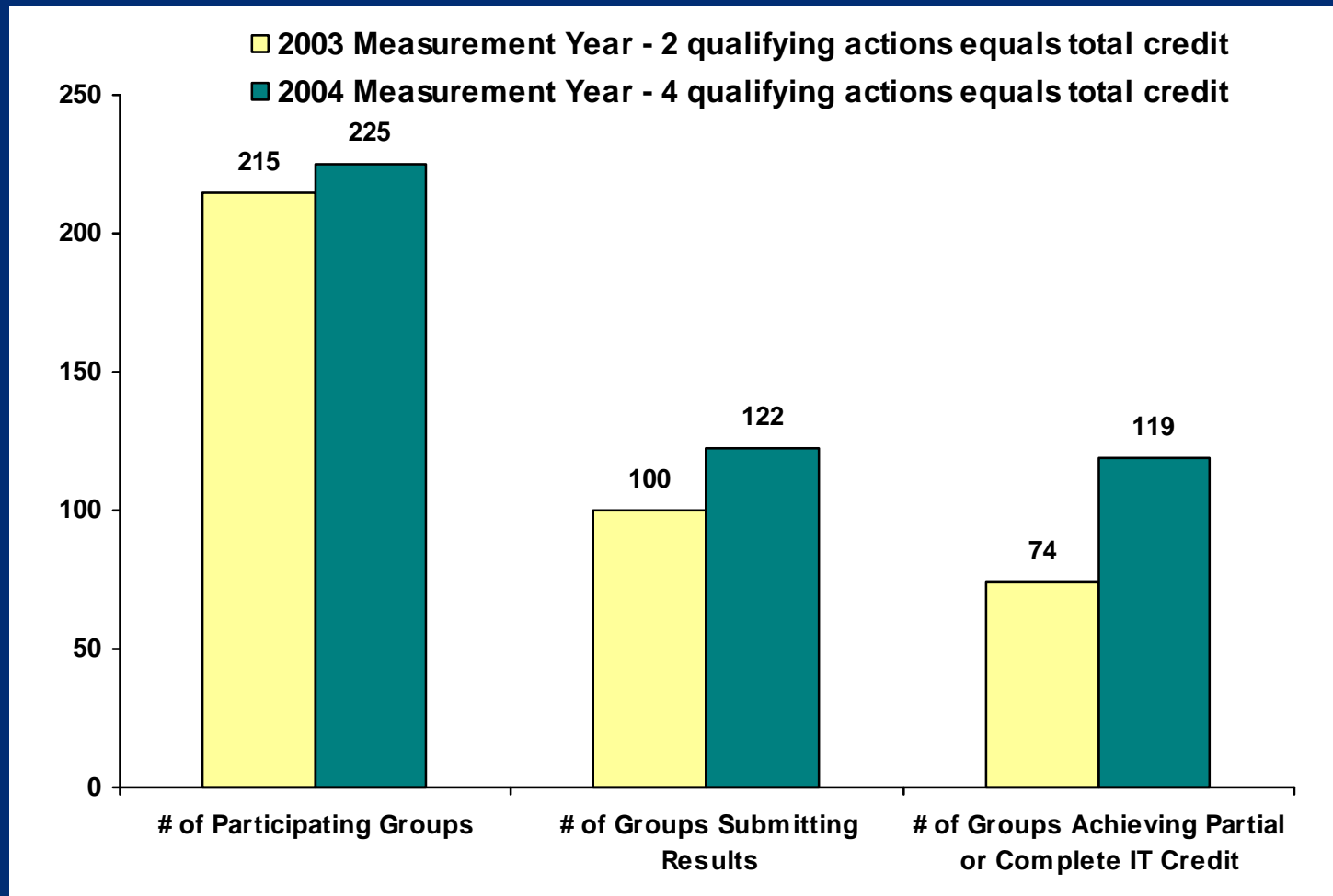
Measure	Number Of Groups	Number Of Groups Improving	Pct of Groups Improving	Overall Pct Change
Patient Experience				
Survey Average	108	71	65.7	1.2
Rating of Doctor	115	62	53.9	0.5
Rating of Health Care	115	73	63.5	1.4
Specialist Problems	109	64	58.7	2.2
Rating of Specialist	108	63	58.3	0.8

Patient Experience: Another View

Improvements for groups participating in P4P from the start

Patient Experience Measure (n=106 groups)	2005 vs. 2003 Performance Change (% points)
Rating of Doctor	2.7
Rating of All Care from Group	4.9
Rating of Specialist	3.0
Problem Seeing Specialist	5.0

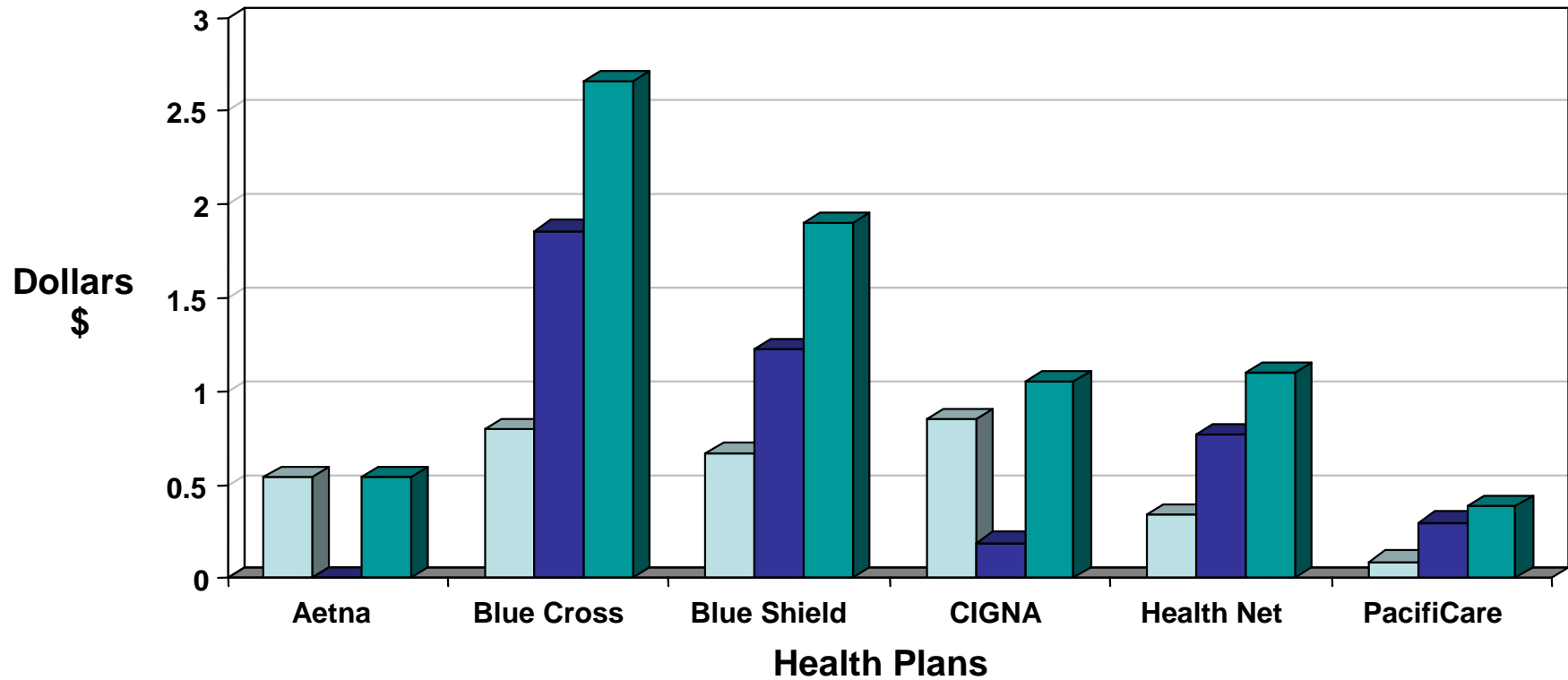
Improved 2004 IT Adoption Results



A Single Public Report Card is a Reality

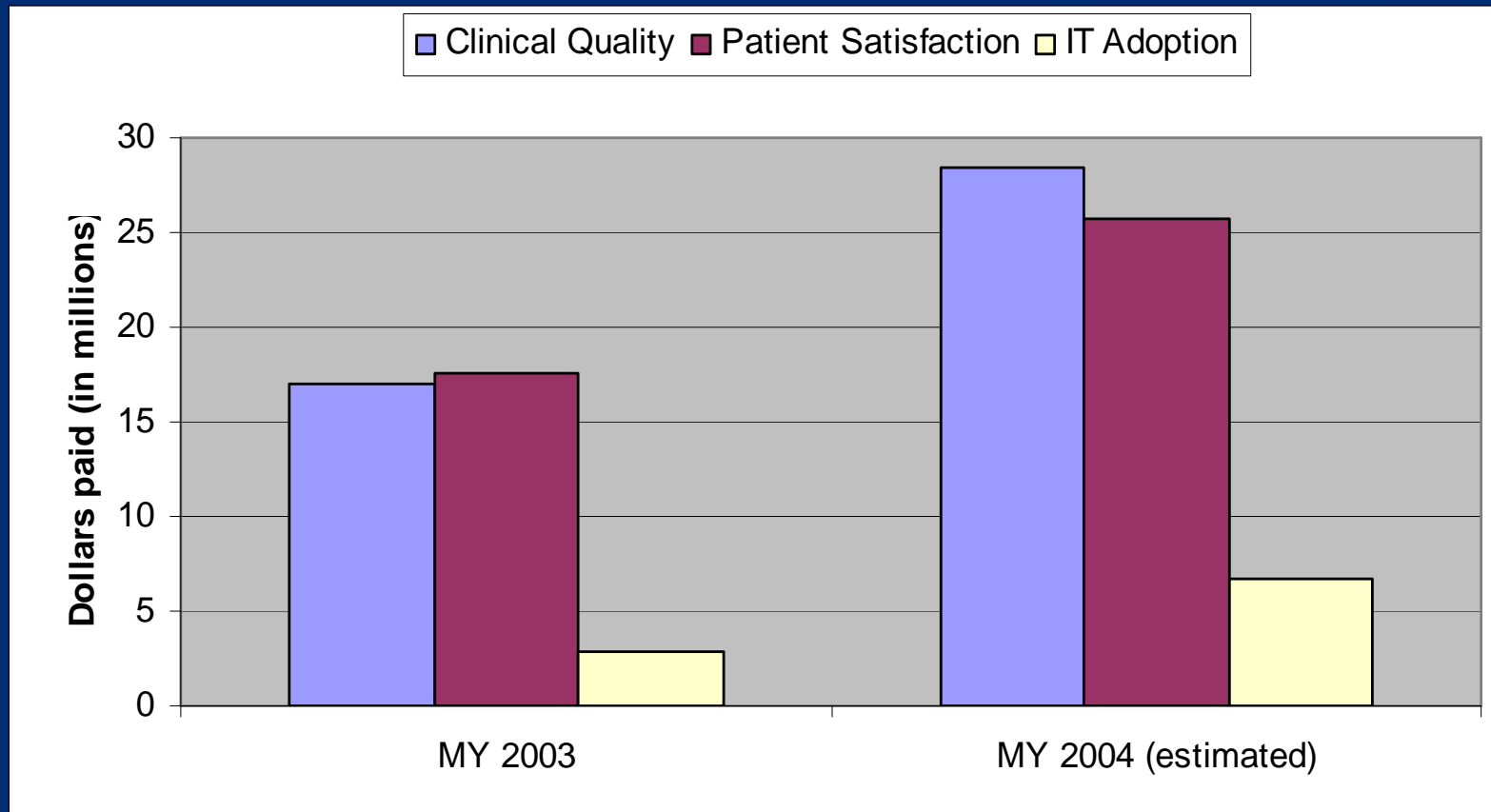
Name of Medical Group	Getting the Right Medical Care based on patient records and recommended standards of care	Patient Rating of Care Experiences based on patient surveys of their care and service
	Explore this rating Scored Lowest Scored Average Scored Highly Scored Best	Explore this rating ☆ Poor ☆☆☆ Good ★ Fair ☆☆☆☆ Excellent
Brown & Toland Medical Group		☆☆
Humboldt-Del Norte IPA		☆☆☆
Mann IPA		☆☆
Sonoma County Primary Care IPA		☆☆☆
Sutter Medical Group of the Redwoods		☆☆
The Permanente Medical Group - Bay Area	The Permanente Medical Group's quality program differs from the California Pay for Performance program that is reported here.	☆
Valley of the Moon Medical Group		☆☆

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

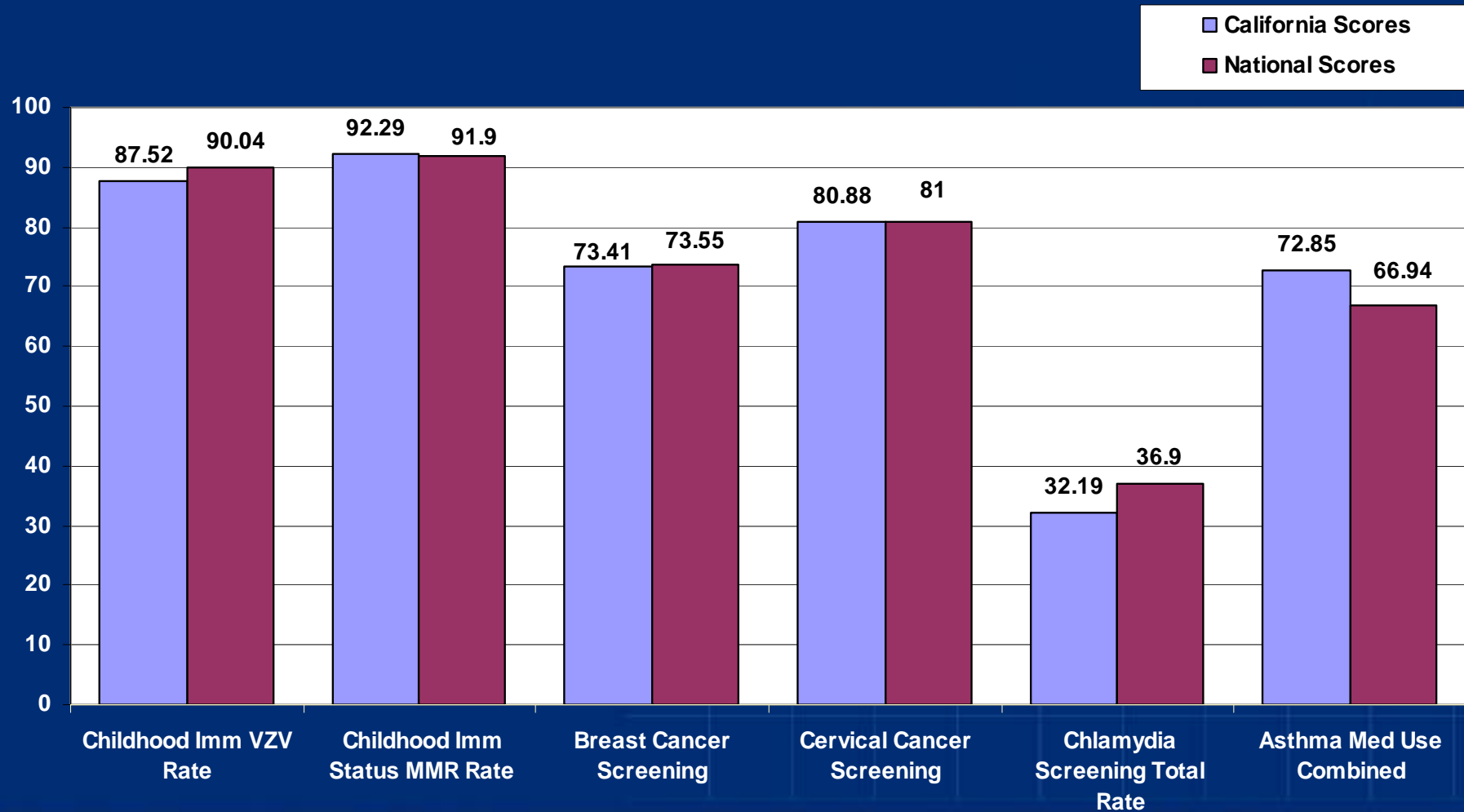
Incentive Payments by Measurement Domain



California vs. the Nation

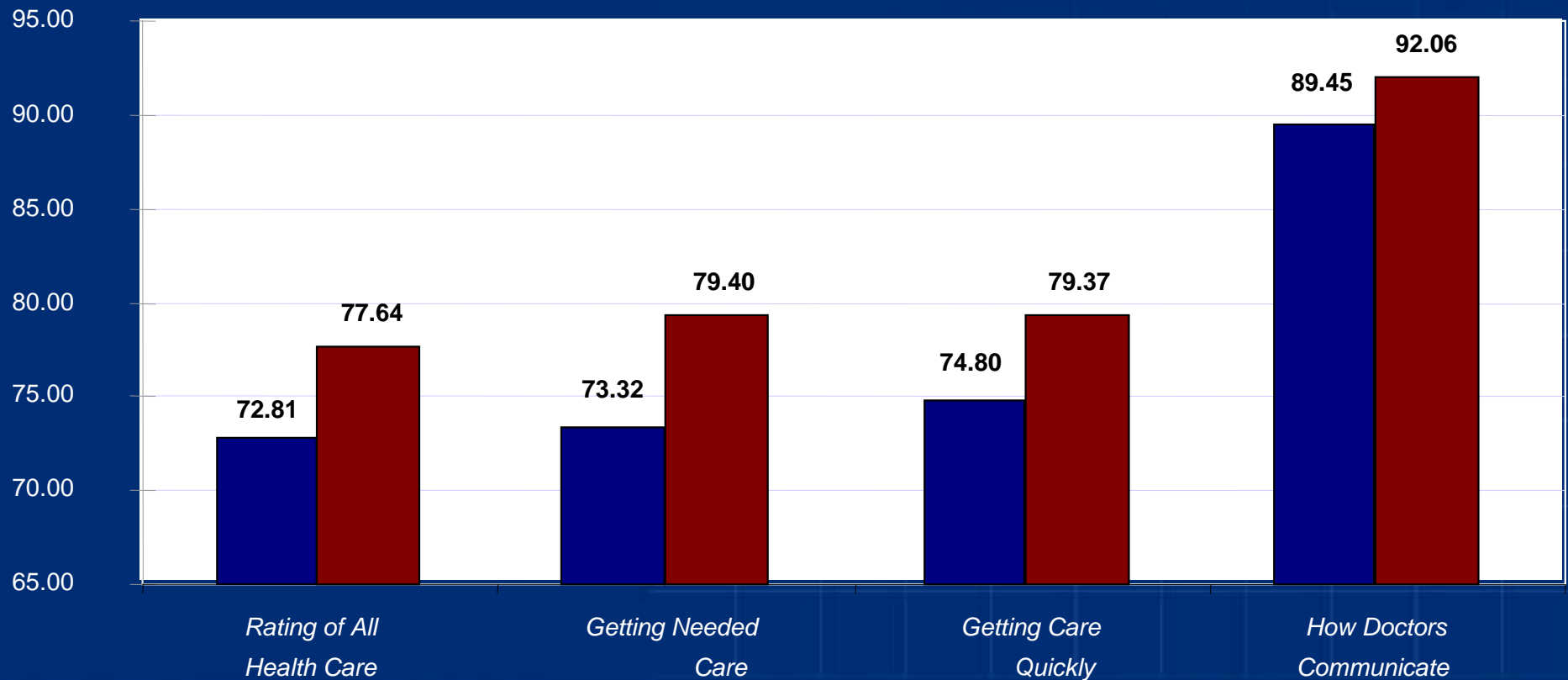
- CA was slightly *below* national average on most measures in 2003
- CA has tended to be slightly lower regardless of data source (i.e. survey, chart review or administrative data)
- CA has closed the gap slightly between 2003 and 2005 but still lags national average

California Comparison of Select HEDIS 2005 Measure Mean Scores to National Mean Scores



California Comparison of Select 2005 CAHPS Measure Mean Scores to National Mean Scores

■ California Scores
■ National Scores



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