

Dr. Wilson's Response to Follow-up Question from Ways and Means Committee

Question: Dr. Wilson, you mention that assessing physician groups on a robust set of quality measures and collecting information on patient satisfaction effectively counters any financial incentive under a so-called capitated model to provide patients less than optimal care. Could you provide some details on what is measured and how it prevents under-treatment of patients? Can you inform the Committee some of the results of your patient satisfaction surveys?

Response: The Integrated Healthcare Association (IHA) is a statewide multi-stakeholder leadership group that promotes quality improvement, accountability and affordability of health care in the state. The IHA evaluates physician groups based on four categories: clinical quality, coordinated diabetes care, information technology-enabled systems, and patient experience. The IHA's pay for performance programs reward physician practices and other providers with incentives based on their performance on these measures.

Pay-for-performance programs, like IHA's, compliment the capitated payment model by providing necessary protections against potential incentives to stint on care. By requiring groups to provide high quality care, and incentivizing quality through the use of financial and other bonus payments, IHA's pay-for-performance program plays a critical role in ensuring that our patients receive the most efficient, highest quality care. One criticism of the capitated payment model is that it incentivizes providers to withhold care in order to maximize their payment. Quality performance programs, particularly those with financial incentives tied to performance benchmarks, can outweigh such incentives in a capitated model. Examples of how the P4P reporting has improved performance are attached.

The Measures

In its pay-for-performance program, IHA includes 68 measures in five domains. The measures are developed through a consensus process that includes input from physician groups. The domains are:

- Clinical quality – includes preventive, chronic and acute care and incorporates both process and outcomes measures.
- Coordinated diabetes care – promotes efforts to redesign processes and create a systematic approach to diabetes care. Measures are diabetes related and include process and outcome clinical measures; population management activities such as registries, actionable reports, and individual physician-level measurement, and care management processes.
- Patient experience – measures patient ratings of care received from physicians and other providers in a physician group.
- IT-enabled systemness – evaluates support and infrastructure that physician groups use for systemic processes of care. Includes population management, point-of-care activities, care management processes, and individual physician-level measurement and incentives.

Incentives

As I discussed in my testimony before the Committee, California physician groups receive most of their compensation for HMO enrollees in the form of professional services capitation. In addition to the capitated payment, IHA makes available incentive payments related to the pay-for-performance program. Individual physician groups receive incentive payments based on their performance. In 2010, total incentive payments equaled about \$49 million, or about one percent of compensation to physician organizations.

Public reporting and public recognition also serve as incentives to improve performance. California groups exist in highly competitive environments. Each group is trying to outperform the other to attract and retain market share. The transparent nature of the IHA P4P process allows for the patients opinion and the group versus group performance to be displayed in the public domain. For example, under IHA's program, an annual public report card is published online, showing performance scores for physician groups by measure and by composite score for each county. IHA publicly recognizes top performers and most improved physician organizations during the annual stakeholders meeting and through a press release.

Top performers are identified by calculating composite scores in each measurement domain, which are then weighted according to the recommended P4P payment weights. An overall composite score for each group is calculated and the top 20% of groups with the highest overall composites are designated as top overall performers.

Physician groups in each of eight geographic regions that demonstrate the highest relative quality improvement over the previous year are designated as winners for most improved. An improvement score is calculated for each physician group based on the percent of relative improvement the group achieved in their overall performance composite score from the previous year to the current measurement year.

Patient Satisfaction

In addition we conduct patient satisfaction surveys and display them openly within the group to promote provider performance and we incentivize the outcome. This process effectively precludes providers from withholding treatment because the ultimate judge of his or her performance is the patient themselves.