

# *California Pay for Performance*

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

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**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)
- 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*

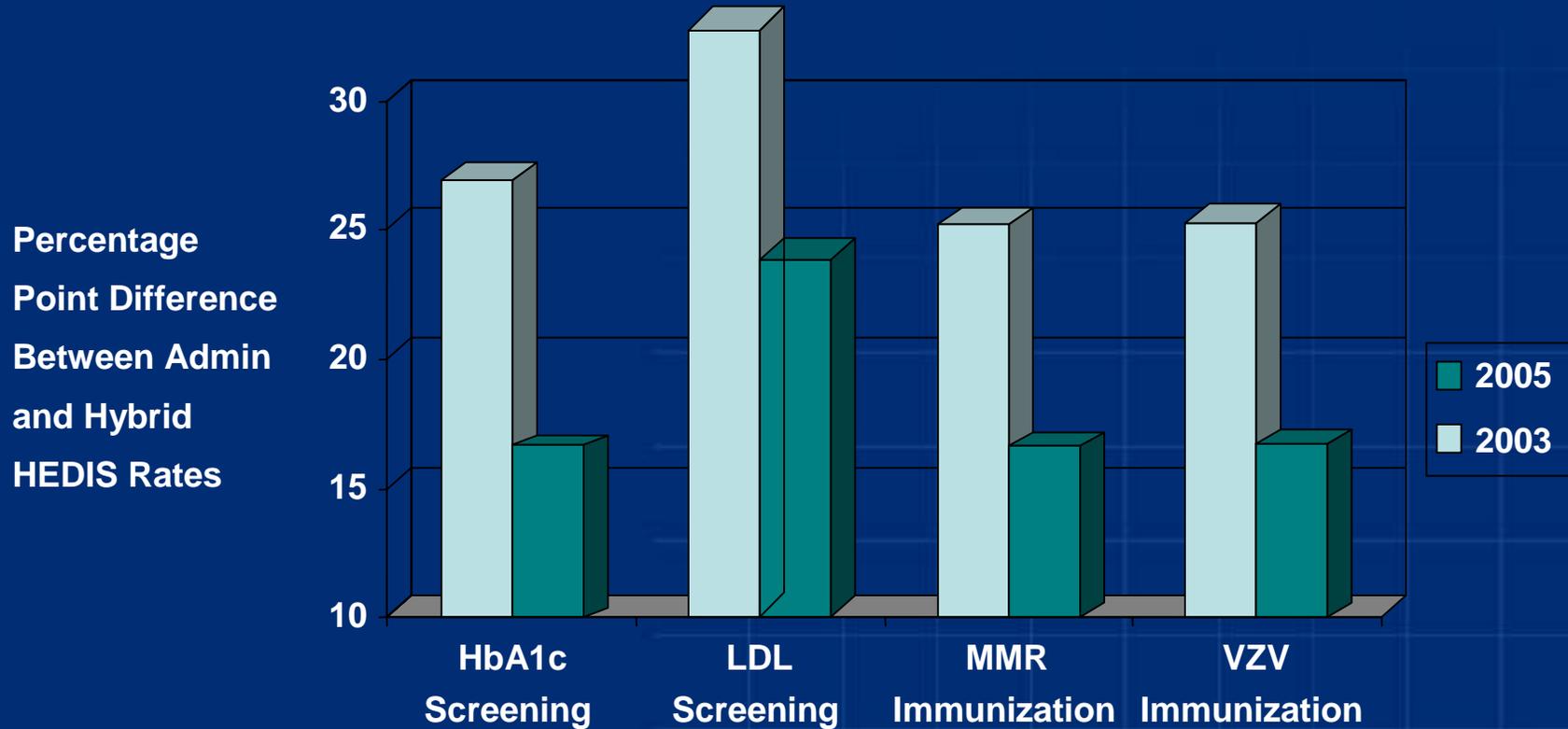
Aggregated health plan data creates a larger sample size and produces more valid reporting and payment calculation

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

| <b>Measure</b>                           | <b>Number Of Groups</b> | <b>Number Of Groups Improving</b> | <b>Pct of Groups Improving</b> | <b>Overall Pct Change</b> |
|--|-------------------------|-----------------------------------|--------------------------------|---------------------------|
| <b>Clinical</b>                          |                         |                                   |                                |                           |
| 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

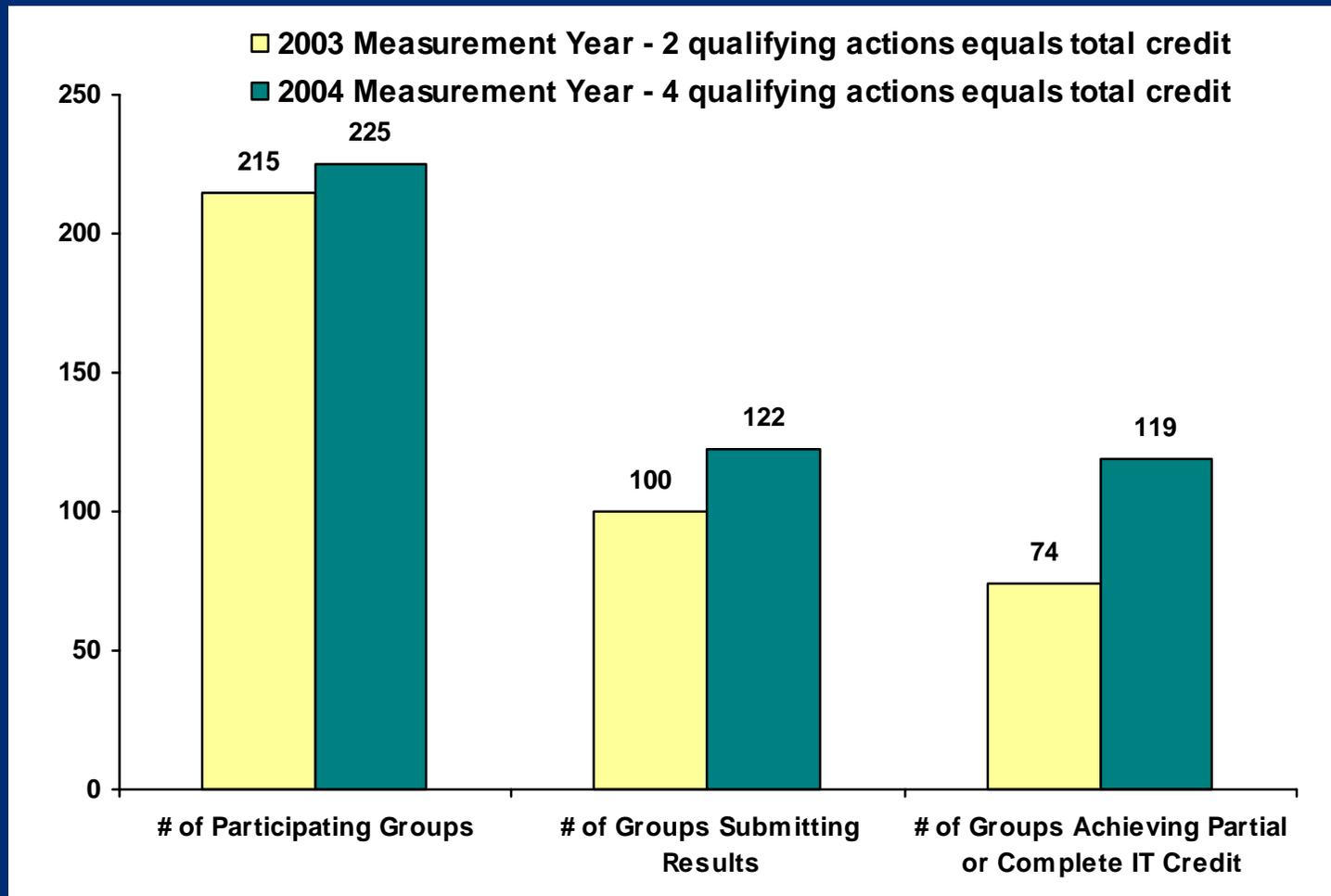
| <b>Measure</b>            | <b>Number Of Groups</b> | <b>Number Of Groups Improving</b> | <b>Pct of Groups Improving</b> | <b>Overall Pct Change</b> |
|---------------------------|-------------------------|-----------------------------------|--------------------------------|---------------------------|
| <b>Patient Experience</b> |                         |                                   |                                |                           |
| 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*

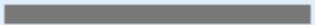
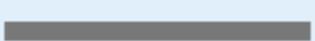
Improvements for groups participating in P4P from the start

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

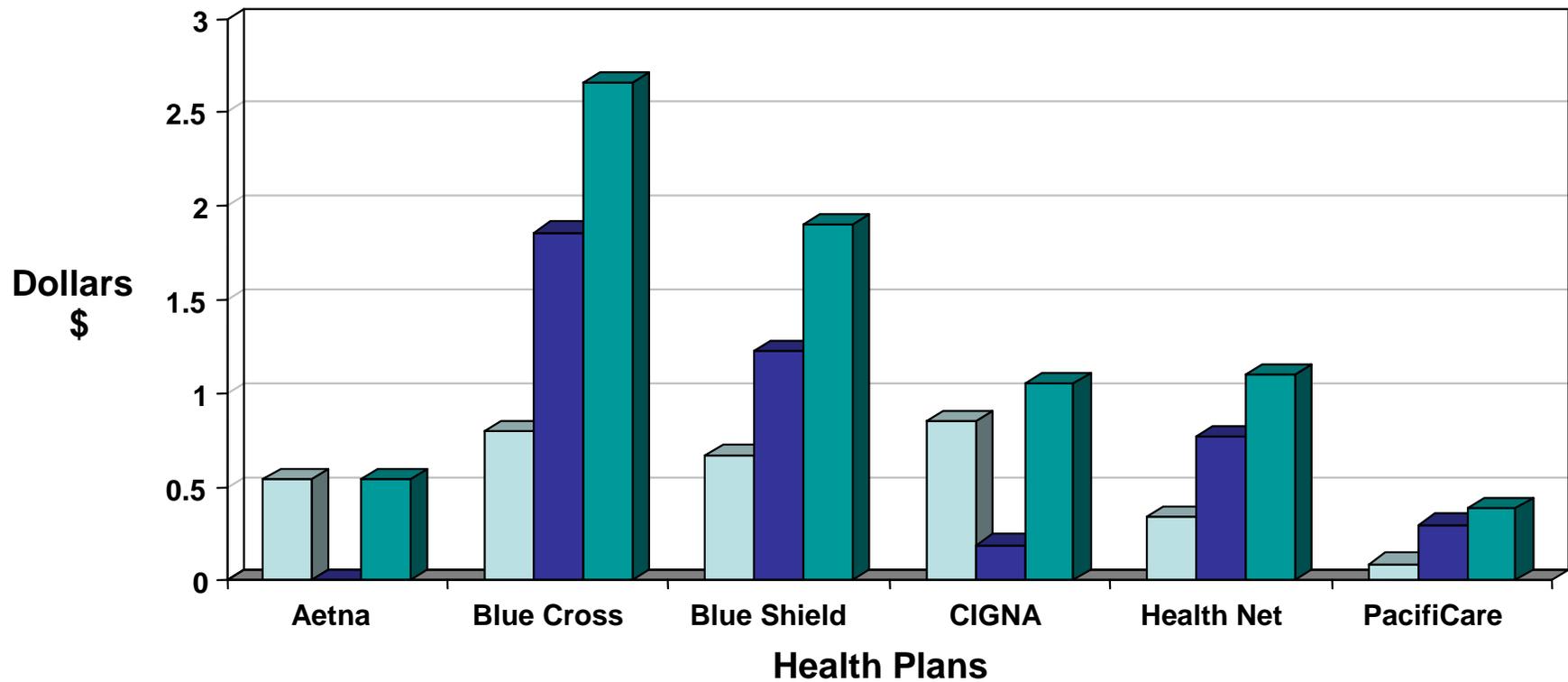
# Improved 2004 IT Adoption Results



# A Single Public Report Card is a Reality

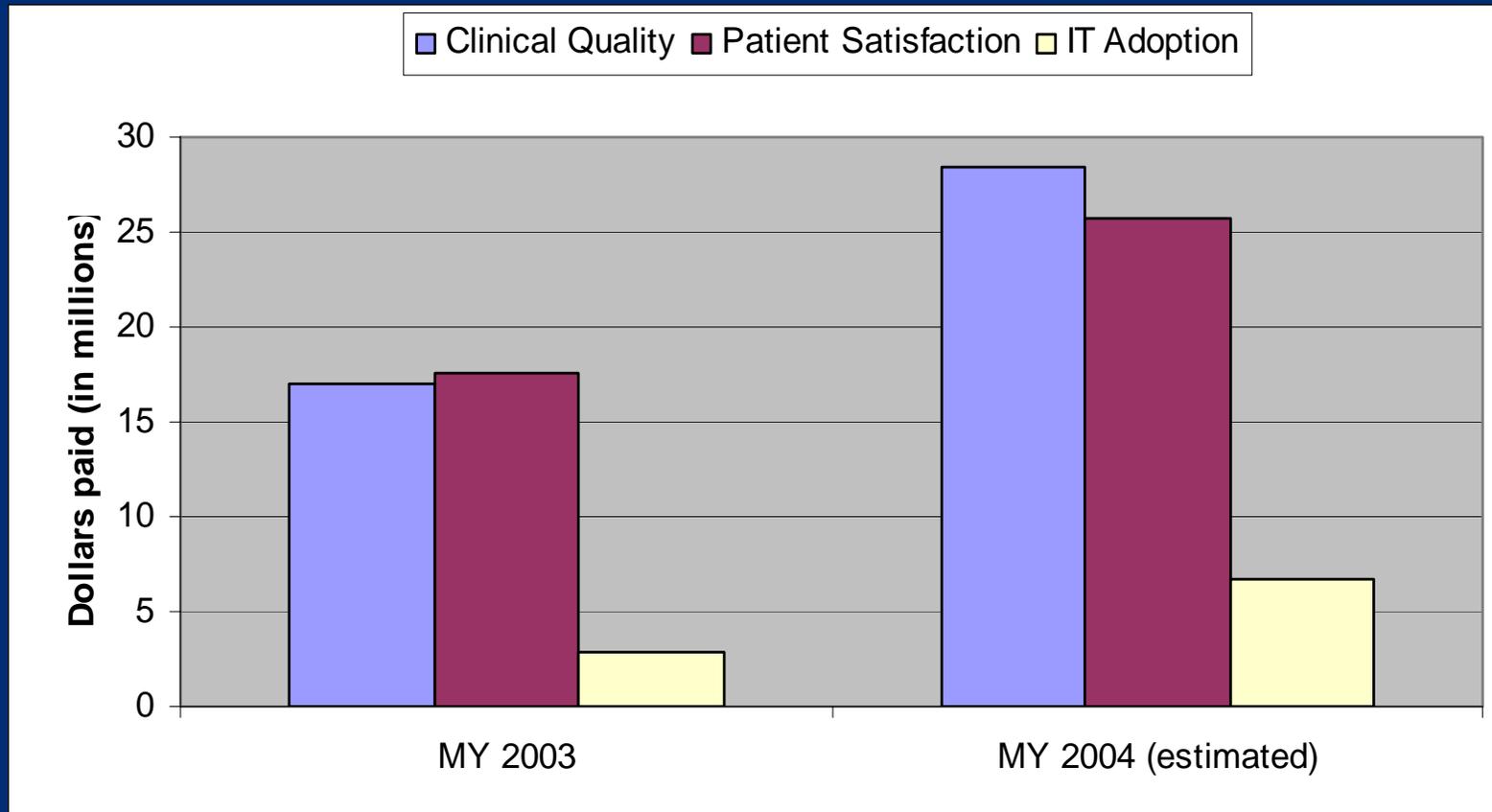
| Name of Medical Group                   | Getting the Right Medical Care<br>based on patient records and recommended standards of care   | Patient Rating of Care Experiences<br>based on patient surveys of their care and service |
|---|--|--|
|   | <a href="#">Explore this rating</a><br>Scored Lowest    Scored Average    Scored Highly    Scored Best                               | <a href="#">Explore this rating</a><br>☆ Poor    ☆☆☆ Good<br>★ 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 | <p>The Permanente Medical Group's quality program differs from the California Pay for Performance program that is reported here.</p> | ☆  |
| 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

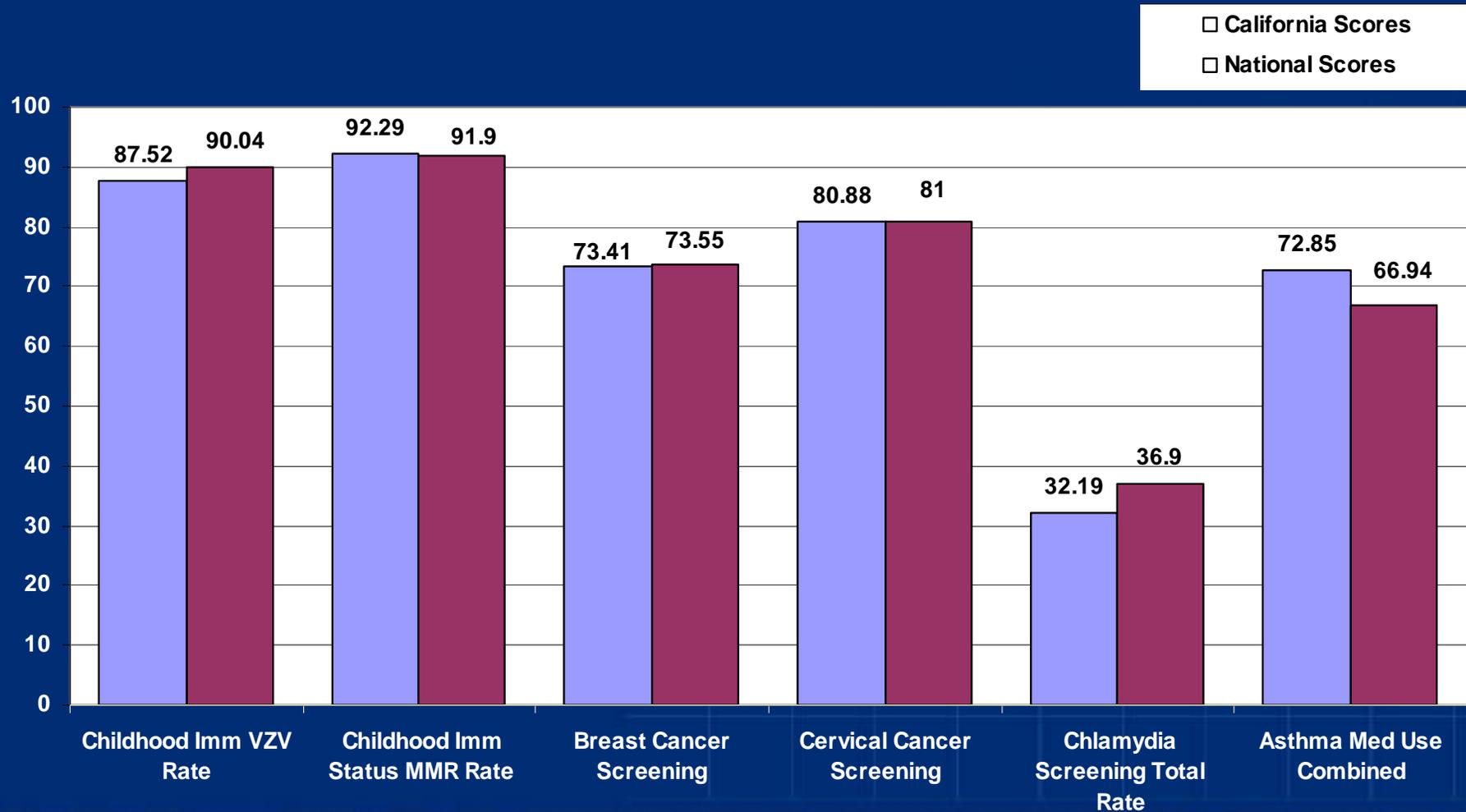
# *Incentive Payments by Measurement Domain*



## *California vs. the Nation*

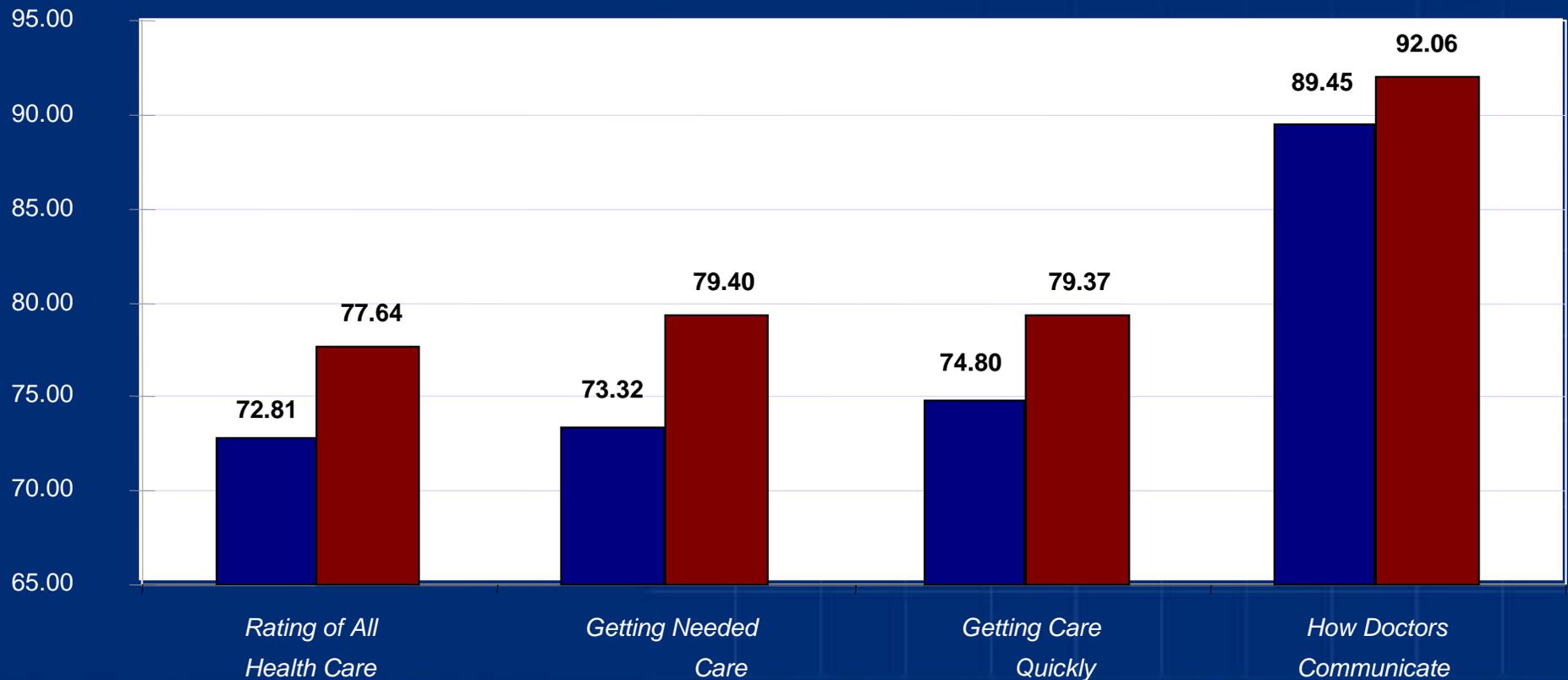
- CA was slightly *below* national average on most measures in 2003
- CA has tended to be slightly lower regardless of data source (i.e. survey, chart review or administrative data)
- CA has closed the gap slightly between 2003 and 2005 but still lags national average

# 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