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INTEGRATED HEALTHCARE ASSOCIATION RELEASES “PAY FOR PERFORMANCE” MEASURES

Industry Leaders Reach Consensus on Criteria That Will Be Used to Rate Physician Group Performance

WALNUT CREEK, CA – October 29, 2002 – The Integrated Healthcare Association (IHA), a statewide leadership group active in health care policy and managed care issues, has unveiled the measures that will be used to evaluate physician groups under its Pay for Performance initiative. The statewide initiative, an unprecedented collaboration of purchaser, health plan, physician group, and consumer leaders in California, is designed to create a “business case for quality” at the physician group level. Under the program, the six participating health plans, covering eight million HMO enrollees, will provide bonus payments to physician groups based on a common set of performance measures. The Pay for Performance program also will include a consolidated performance scorecard for each physician group. The annual score will be validated by an independent firm and will be made public.

The measures cover three main areas of physician group activity – clinical quality, patient satisfaction, and investment in information technology (IT).

- The clinical measures account for 50 percent of the total score and measure performance in treating three chronic conditions (asthma, diabetes and coronary artery disease) and providing three preventive services (breast cancer screening, cervical cancer screening and childhood immunizations).

- Patient satisfaction accounts for 40 percent of the total score and is based on individual patients' satisfaction with communication with their doctor, specialty care they received, timely care and service, and an overall rating of care.
- IT investment accounts for the remaining 10 percent of the total score. This measure evaluates a physician group's ability to integrate data at the group level or provide physicians with data at the point of care.

"This is a fair and balanced set of measures by which to judge physician group performance," said Steve McDermott, president and CEO of Hill Physicians Medical Group in San Ramon and chair of the IHA Board during the initial development of Pay for Performance. "With a single set of performance measures in place, physician groups will no longer be forced to comply with the conflicting data demands of six different health plans. By alleviating this burden, we're able to focus on helping physicians provide the best care possible," added McDermott.

Under the Pay for Performance program, physician groups will be measured based on calendar year performance, beginning in 2003. The six participating health plans – Aetna, Blue Cross of California, Blue Shield of California, CIGNA Healthcare of California, Health Net and PacifiCare – will then provide payments to the physician groups based on the plans' individual bonus programs. Pay for Performance covers all physician groups contracting with one or more of these plans to serve commercial HMO enrollees. The program does not cover Medicare managed care; however, the IHA recently created a separate but similar program for Medi-Cal managed care.

The measures were presented for comment to an open meeting of physician groups on October 16 in Los Angeles with approximately 60 physician groups in attendance. Based on the feedback received at that meeting, the IHA is making adjustments in the scoring for the IT measure to ensure that integrated medical groups do not have an unfair advantage over the more loosely organized independent practice associations (IPAs).

"We are pleased with the constructive and positive comments we received on the measures at our October 16 conference," said Beau Carter, IHA Executive Director. "Pay

for Performance is a major undertaking, and we intend to solicit feedback from all key players and constituents at every stage of the process,” added Carter.

The IHA will next design the actual scoring methodology and visual design for the public scorecard. The group also will competitively select an independent firm that will receive audited data submitted by health plans and physician groups and generate the scores for the consolidated scorecard.

The IHA recently received, for the Pay for Performance program, one of six national grants under the *Rewarding Results* demonstration program managed by the National Health Care Purchasing Institute. IHA’s funding comes from the California HealthCare Foundation.

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IHA (www.iha.org) is a California leadership group of health plans, physician groups, and health care systems, plus academic, purchaser, consumer, and pharmaceutical representatives, committed to policy development, public dialogue, and special projects associated with the continuing evolution of managed health care. Pay for Performance is one of IHA’s signature projects.