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CALIFORNIA'S PAY FOR PERFORMANCE PROGRAM FOR DOCTORS ANNOUNCES FIRST YEAR RESULTS: ESTIMATED \$50 MILLION BONUS PAYOUT

IHA Program's First Year and Test Year Comparison Shows Increased Cancer Screening And Immunizations

Performance Results Available to Consumers Online

Walnut Creek, Calif. – Oct. 21, 2004 --Today the Integrated Healthcare Association (IHA) announced first year results for Pay for Performance (P4P), the country's most comprehensive quality incentive program for doctors. Physician groups received approximately \$50 million in additional income based on their performance on the P4P standardized measurement set. Overall, health plans paid California physician groups an estimated total of \$100 million for quality performance.

Pay for Performance (P4P) participants include six health plans, seven million commercial HMO enrollees, 215 physician groups and 45,000 doctors.

The participating health plans are: Aetna, Blue Cross, Blue Shield, CIGNA, Health Net and PacifiCare. Four of the plans paid for performance across all medical groups' patients, not just their own HMO members, to better reflect the care provided by physicians.

"Pay for Performance affects everyone in California and is a nationwide trend," according to Tom Davies, chairman of the IHA board of directors. "After several years of intense work, the unique, large scale collaboration among health plans, physician groups,

purchasers and consumers here has demonstrated they can set aside conflicting priorities and work together to improve patient care.”

P4P recognizes and rewards California medical groups based on performance on clinical quality, patient experience, and investment in information technology.

P4P marks the first time consumers have information important to them on several clinical measures: preventive services including breast cancer and cervical cancer screening; childhood immunizations; and care for chronic illness, including asthma (medication), diabetes (screening) and heart disease (cholesterol management).

P4P also evaluates what patients who saw their doctor over the past year have to say about: doctor patient communication, timely access to care, specialty care and, overall ratings of care.

P4P also looks at whether groups acquired and used new information technology (IT) to support patient care. Medical groups are rated on activities related to population management and point of care, including building patient registries for those with chronic illness, use of an electronic medical record and using physician or patient reminder systems at the point of care.

The clinical performance results for each medical group have been posted on a California state-sponsored website by the Office of Patient Advocate. (www.opa.ca.gov) By using a standardized measure set and public reporting, consumers are able to compare groups on what matters most to them.

“Employers and employees are paying escalating amounts of money for care with no assurance of getting the right care and little ability to judge the performance of providers,” said Peter Lee, president and chief executive of the Pacific Business Group on Health. “At the same time, we don’t reward quality but rather pay for volume and even for medical errors. The IHA Pay for Performance program totally changes the dynamic in health care:

rewarding better performance and making comparable information available to consumers so they can make better choices.”

In the first year of P4P, IHA found:

- Quality Varies

There was wide variation among physician groups in clinical quality across all six measures. Of 215 groups, 74 scored significantly high on four of five measures (2 childhood immunizations measures were averaged). The greatest variation was for diabetes screening, childhood immunizations and cervical cancer screening. And, the larger groups tend to have better clinical scores.

- Not much difference on Patient Experience

There wasn't a high degree of variation on patient experience among the 155 groups participating; 25 scored significantly high on three of four measures.

- IT Varies and is linked to Clinical Performance

Results for this area varied. Of the 100 groups reporting, 67 received full credit, seven partial credit and 26 no credit. Higher IT results were also associated with better clinical quality.

Based on a comparison of data from the first year (2003) and test year (2002):

- Nearly 150,000 more women received cervical cancer screenings
- 35,000 more women received breast cancer screenings
- 10,000 additional California kids got two needed immunizations
- 18,000 more people received a diabetes test

Performance results were based on audited data from health plans and physician groups and represent 1.5 million “care opportunities,” or the number of times patients should have received care for the clinical measure based on accepted practice care guidelines.

According to Steve Shortell, Dean of the School of Public Health at UC Berkeley, “The P4P program uses approaches that research shows foster quality improvement, including investment in effective chronic care management processes.”

Don Crane, president and chief executive of the California Association of Physician Groups, believes the program encourages organized systems of care. Using one evaluation tool instead of several conflicting tools helps avoid waste and puts more resources into patient care.

“P4P gives us new and useful information. Each physician group received clinical performance data across all of its health plans contracts, providing valuable benchmark information,” said Crane.

Michael Belman, M.D., Blue Cross of California says that health plans face increasing pressure from employers and from consumers to deliver value and be accountable. “We need the same information from each of the medical groups that provide care to our members. P4P rewards physicians for improving care and service and influences both group and individual physician behavior,” he said. “That’s the level consumers really care about.”

IHA (www.iha.org) is a statewide collaborative leadership group of California health plans, physician groups, and healthcare systems, plus academic, consumer, purchaser, pharmaceutical and new technology representatives that promote quality improvement, accountability, and affordability for all California consumers through special projects, policy innovation and education.