



Contact: Cindy Ernst  
510-208-1740  
[cernst@iha.org](mailto:cernst@iha.org)

February 6, 2006

EMBARGOED FOR RELEASE UNTIL MONDAY, FEBRUARY 6, 2006 AT 12 A.M. PST

**INTEGRATED HEALTHCARE ASSOCIATION SHARES FIVE YEARS OF EXPERIENCE IN PAY FOR PERFORMANCE WITH HEALTHCARE LEADERS AT NATIONAL CONFERENCE**

**Releases Five-Year Strategic Plan**

OAKLAND, Calif., Feb. 6, 2006 – The Integrated Healthcare Association (IHA) released a report today detailing lessons learned from the nation’s largest and most comprehensive quality incentive program for physicians, and offering guidance to other efforts around the country. Drawing on five years’ experience administering the Pay for Performance (P4P) program, the report also lays out a strategic plan for the next five years. It was released during the National Pay for Performance Summit in Los Angeles, California.

P4P involves 225 physician groups representing approximately 35,000 doctors who provide care for 6.2 million HMO patients in California.

“Pay for Performance has been a successful collaboration of physicians, health plans, consumers, and those who pay for healthcare. California’s P4P program should serve as an inspiration for any group attempting to advance healthcare quality improvement,” said Steve McDermott, CEO of Hill Physicians, Inc., and chair of the P4P planning committee that produced the report.

IHA’s P4P program just completed three full measurement years with reporting of results and payments for the first two years. As a result of meeting performance targets, physician groups have received a combined total of approximately \$90 million in 2003/2004 P4P-related bonus payments from seven participating health plans. Payouts based on performance in 2005 will be made later this year.

“Physicians are embracing new approaches to creating breakthrough quality improvement,” said Bart Asner, MD, CEO of Monarch HealthCare. “Measurable quality improvements and enhanced patient experience demonstrate that P4P has proven to provide important benefits for patients as well as physicians and health plans.”

### Lessons Learned

According to the report, fundamental components of California’s program are replicable in Medicare and other potential P4P programs. (The full report, “Advancing Quality through Collaboration: The California Pay for Performance Program,” is available at [www.iha.org](http://www.iha.org).)

“During P4P’s first five years, we established a model to allow competing health plans to cooperate on the use of standardized incentives to help physicians meet evidence-based quality performance targets,” said Jenni Vargas, IHA board chair and health care delivery officer for Health Net of California. “Though California is a unique market in many ways, much of what we have accomplished can be adapted in other communities,” she said.

In addition to specific lessons learned, the report emphasizes the ‘power of multiples’ through uniform measurement, common reporting, data aggregation, and payment by multiple sources of funding. The program also uses public reporting and peer recognition, as well as payment incentives, to motivate good performance. Trust among participants was enhanced by ensuring transparency in all aspects of the program, including governance and reporting.

### Five year plan released

The report also looks ahead to the next five years:

- The report includes a strategic plan that calls for new performance measures and increasing performance-based payments proportional to improvements in performance outcomes.
- Additional performance measures were also recommended including outcomes and specialty care clinical measures; an efficiency domain; revision of patient experience measures; expansion of the IT domain; and expansion of the measurement set to incorporate Medicare Advantage.

- Public reporting and transparency remain cornerstones of the program.

“These priorities address the need to keep plans, physicians, and purchasers engaged,” said Tom Williams, executive director of IHA. “Against all odds, competing health plans and physician groups have worked together to create an approach to measuring quality that satisfies and motivates physicians and helps consumers make wise choices. We’re building on this foundation and strengthening the program,” he said

#### About P4P

Each year physician groups are awarded bonus payments for reaching P4P evidence-based performance goals in three areas: clinical measures, patient experiences, and investment in information technology (IT). In addition to financial incentives, physician group scores on patient experience measures are reported on the Office of Patient Advocate’s public Web site, [www.opa.ca.gov](http://www.opa.ca.gov).

From 2003 to 2004 -- the two measurement years in which performance results have been analyzed -- clinical results improved from 1 to 10 percent for all measures. Patient experience scores improved across each of the measures. Dramatic improvements have been made in IT adoption with a 54% increase in groups qualifying for IT credit. (Detailed results are available at [www.iha.org](http://www.iha.org).)

Participating P4P health plans are: Aetna, Blue Cross of California, Blue Shield of California, CIGNA Healthcare of California, Health Net of California, PacifiCare (California), and Western Health Advantage. P4P incentive payments do not represent total incentive amounts paid by plans to physician groups. Plans also pay incentives for non-IHA sponsored quality measures and to promote better data collection, generic pharmacy utilization, and other purposes.

*IHA ([www.iha.org](http://www.iha.org)) is a statewide collaborative of California health plans, physician groups, and health care systems, plus academic, consumer, purchaser, pharmaceutical and new technology representatives. IHA promotes quality improvement, accountability, and affordability for the benefit of all California consumers through special projects, policy innovation and education.*