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FOR IMMEDIATE RELEASE

CONTINUED QUALITY IMPROVEMENT IN CALIFORNIA HEALTH CARE ANNOUNCED BY INTEGRATED HEALTHCARE ASSOCIATION

Thousands More Get Screened for Cancer, Chlamydia, Diabetes, and High Cholesterol by Physicians Participating in Pay for Performance Program

OAKLAND, Calif. – July 13, 2006 – California’s physician groups continued to show improvement last year on important measures of preventive care and chronic care management, along with increased use of information technology to support patient management and care, according to the Integrated Healthcare Association (IHA). Compared to 2004, physician groups participating in IHA’s Pay for Performance (P4P) program in 2005 reported that they screened about 60,000 more women for cervical cancer, tested nearly 12,000 more individuals for diabetes, and administered approximately 30,000 more childhood immunizations for their patients enrolled in HMO plans.

“Pay for performance is improving the quality of care in California. Physicians need evidence-based targets against which they can evaluate their performance and that can be used by physician groups and health plans to make continuous improvement,” said Bart Asner, M.D., CEO of Monarch HealthCare and an IHA board member.

Program results, which are collected and reported by the National Committee for Quality Assurance (NCQA), indicate that these physician groups effectively managed more patients with high cholesterol and diabetes, screened more women for breast cancer and Chlamydia, and continued to track improved clinical performance in other areas. The

clinical quality measures are adapted from NCQA's Health Plan Employer Data and Information Set (HEDIS[®]), the most widely used set of performance measures in health care.

"California is leading the way by showing that changing how we pay for health care can lead to quality improvements," said Peter V. Lee, J.D., CEO, Pacific Business Group on Health. "This initiative is demonstrating that bringing a value proposition that considers the quality of care provided can benefit not only consumers, but also physicians, medical groups and purchasers of health care."

In addition to the across-the-board improvements on the evidence-based clinical measures, physician groups participating in the program increased their use of IT for such activities as prescribing, monitoring lab results, preventive and chronic care reminders, and electronic messaging. The percentage of physician groups achieving the maximum score for IT use increased by 11% in 2005. Prior year results showed that physician groups that received full credit on IT measures had average clinical scores that were significantly higher than those that showed little or no evidence of IT adoption.

California's P4P program is the nation's largest, involving approximately 35,000 physicians in 211 physician organizations that care for over 6 million individuals enrolled in seven major health plans (Aetna, Blue Shield, Blue Cross, CIGNA, Health Net, PacifiCare, and Western Health Advantage). Physicians are rewarded financially by the plans based on their physician group's performance in relation to clinical quality and patient satisfaction measures, and for investment in information technology (IT).

According to Tom Williams, IHA's Executive Director, IHA is planning to include efficiency data in future P4P performance measures.

"We are encouraged by the continued progress and commitment of these physician groups to improve not only their patients' health, but also the quality of their healthcare experiences. We are looking forward to incorporating efficiency into the calculus to

achieve even better results in the future,” said James K. Wang, M.D., V.P. and Regional Medical Executive at CIGNA HealthCare of California, Inc.

“After three years of measuring results, we continue to find that physicians and their patients benefit from P4P’s quality measurement, financial incentives and public reporting,” said Williams. “California health plans and physician groups are setting an example for the rest of the nation as they cooperate to measure and improve health care performance and invest in clinical information technology.”

The 2005 measurement year results will be used by health plans to calculate incentive payments for distribution to physician groups later this year. Health plans have already distributed over \$90 million in payments to physician organizations as a result of meeting P4P quality measures during 2003 and 2004. Each health plan develops its own formula to determine payments. Payment of incentives for the 2005 measurement year results has begun and should be completed by the end of September.

For the first time, the 2005 P4P results will include clinical measurement scores for Kaiser Permanente’s physician groups serving both Northern and Southern California for the purpose of public reporting. Scores for all participating physician groups reflecting 2005 results will be posted on the California Office of Patient Advocate Web site, www.opa.ca.gov, by mid-September.

About IHA and Pay for Performance

IHA is a statewide leadership group of California health plans, physician groups, and healthcare systems, plus academic, consumer, purchaser, and pharmaceutical representatives that promotes quality improvement, accountability, and affordability for all California consumers through innovation and collaboration. An organizing principle behind P4P is the uniform evaluation of physician groups’ performance across multiple health plans and a common set of quality measures.