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CALIFORNIA HEALTH PLANS PAY OVER \$55 MILLION TO PHYSICIAN GROUPS FOR REACHING IHA PAY FOR PERFORMANCE MEASURES

OAKLAND, Calif., February 14, 2007 – Seven California health plans paid a combined total of \$55 million in 2006 to physician groups participating in the Integrated Healthcare Association’s (IHA) “Pay for Performance” (P4P) program. The 2006 payouts, which topped the previous year’s total payouts of \$54 million, were made to physician groups for performance measures gauging clinical care, patient satisfaction, and the use of information technology during 2005.

Since IHA began measuring performance in 2003, incentive payments to California physician groups have now totaled approximately \$145 million. Approximately 35,000 physicians in 210 groups are eligible for incentive payments under the P4P program. “Traditional approaches to physician compensation don’t reward appropriate care, but California’s pioneering P4P program realigns incentives. It supports the need of physicians to have uniform performance measures against which to gauge important indicators of quality, while also providing consumers with valuable information to guide their choices,” said Donald J. Rebhun, MD, regional medical director of HealthCare Partners and chairman elect of IHA’s board of directors.

Motivated by the P4P program, physician groups in 2005 reported screening about 60,000 more women for cervical cancer, testing nearly 12,000 more diabetics, and administering approximately 30,000 more childhood immunizations than during the previous year for their patients enrolled in participating health plans. Accountability and transparency are

cornerstones of the IHA P4P program, so physician group performance results, including those of 17 Kaiser Permanente units, are publicly reported.

“As the largest and most prominent P4P program in the country, IHA continues to provide a model to allow competing health plans to cooperate on the use of standardized measures to help physicians meet evidence-based quality performance targets to improve healthcare,” said Curtis Terry, president, Health Care Delivery for Aetna’s West region and an IHA board member. “California is leading the way by showing that changing how we pay for health care can lead to quality improvements.”

Health plans participating in the P4P program are Aetna, Blue Cross of California, Blue Shield of California, CIGNA, Health Net of California, PacifiCare, and Western Health Advantage. (Kaiser Permanente physician groups participate in public reporting only.) In addition to the payments made to physician groups under the IHA program, each health plan makes additional incentive payments to physician groups based on plan-specific performance criteria. In 2006 these additional payments totaled approximately \$89.5 million. Details on the method used by each health plan to calculate physician groups payments are contained in a Financial Transparency Report.

IHA is a not-for-profit statewide collaborative leadership group of California health plans, physician groups, and health care systems, plus academic, consumer, purchaser, pharmaceutical and technology representatives that promotes quality improvement, accountability, and affordability for the benefit of all California consumers through special projects, policy innovation, and education. www.iha.org

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