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TOP STORIES

Medical Groups Get \$65M In Pay-For-Performance Bonuses California awards highlighted at national P4P summit

LOS ANGELES— California's major health plans have awarded \$65 million in pay-for-performance (P4P) bonuses to medical groups for 2007 based on improved performance on standardized sets of quality care and patient satisfaction measures.

The incentive payments were \$10 million higher than for 2006 and brings to \$210 million the total paid to physicians under the unique statewide program launched four years ago by the Oakland-based **Integrated Healthcare Association**.

IHA Director **Tom Williams** revealed details of the payouts in conjunction with the **National Pay For Performance Summit** held last week in Los Angeles. Experts from across the country gathered to discuss the challenges of designing and implementing P4P programs and the potential effect on healthcare access, efficiency and patient outcomes.

Williams says the voluntary California program designed by the IHA in collaboration with insurers, physicians and federal healthcare data experts has shown year-over-year performance improvements by some 235 participating medical groups.

"The total financial payout equates to about 2 percent of the overall reimbursement to physician groups annually," says Williams. "Payments to individual groups vary from no payments to payments equaling up to 5 percent of overall reimbursement based upon performance."

Medical groups are graded on performance measures in three categories — clinical quality, patient experience and Information Technology adoption — and the results are used to create a public "report card" posted online each fall by the **California Office of the Patient Advocate**.

While P4P may motivate physicians to improve in certain areas such as immunizations or preventive care, the effect on patient outcomes is still unknown and now needs to be addressed, says Williams. For 2008, the P4P program will expand its focus to include evidence-based diabetes-related measures

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IN BRIEF

» Some 5,000 registered nurses are winding up strike authorization votes this week that could lead to walkouts of up to 10 days at 14 **Sutter Health**-affiliated hospitals in Northern California. RNs have already gone on two-day strikes against certain Sutter facilities in October and November over staffing issues. New contract talks between Sutter and the **California Nurses Association** started last April, but apparently stalled over the nursing union's demand for an agreement that spells out how patients will be cared for to be in compliance to the state's ratios law when their assigned RN takes rest and meal breaks. Sutter spokeswoman **Karen Garner** says the provider organization has met or exceeded staffing regulations. She says the union's strategy is to hold out for a single, system-wide contract, whereas Sutter gives hospital affiliates autonomy to negotiate individually based on their size, circumstances and needs.

» California officials estimate the state could lose \$12 billion over five years under new **Medicaid** rules scheduled to take effect this year. **Gov. Arnold Schwarzenegger** attended the **National Governor Association** meeting Feb. 23-24 in Washington, D.C., where the main topic was concern over Medicaid rule changes that will shift billions of dollars in costs to the states. California Medi-Cal Director **Stan Rosenstein** is critical of one rule prohibiting states from using Medicaid funds for physician training because "interns and residents provide a tremendous amount of care to Medicaid beneficiaries." Schwarzenegger says the rule changes, including new limits on Medicaid

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P4P cont.

and new efficiency measures that will look at cost and resource management in connection with clinical results.

Aetna, Blue Cross of California, Blue Shield of California, Cigna HealthCare, Health Net of California, United Health/PacifiCare, and Western Health Advantage participate in the P4P initiative with each plan determining its own budget and methodology to calculate physician bonuses.— **JOHN LEIGHTY**

Pilot Project Reduces Infection Rate At Nine California Hospitals

Blue Shield Foundation expanding program to 100 hospitals

SAN FRANCISCO— Following a successful 18-month test run, **Blue Shield of California Foundation** is expanding an ambitious project for reducing hospital-acquired infections to at least 100 hospitals throughout the state.

The foundation is awarding \$13.1 million in grants to nonprofit groups and programs, almost half of which — \$5.75 million — will go toward expanding the **California Healthcare-Associated Infection Prevention Initiative**. Another \$6 million will go toward expanding health insurance for children who do not qualify for public programs.

The initiative's pilot, which ended in December, achieved an overall 3.2 percent decrease in hospital-acquired infections at nine hospitals, including a 10 percent drop in respiratory infections, a 9.5 percent reduction in blood infections and a 4 percent decrease in urinary infections. The foundation estimates the program protected more than 600 lives, saving \$2.2 million in healthcare costs, and projects the expansion will protect 4,000 patients from infection, saving patients and hospitals \$60 million in the next year.

The initiative uses data-mining software developed by **Cardinal Health** in Dublin, OH, that automatically learns the patterns of hospitals and detects and tracks infections based on real-time analysis of lab, pharmacy, admission, discharge and transfer data, says **Deborah Schwab**, the foundation's director of health and technology.

The program gives alerts when something is wrong, similar to the way credit card industry technology analyzes spending patterns to detect fraud, says Schwab. This allows infection control practitioners to respond rapidly to isolate infections and provide treatment, she says.

Foundation grants give nonprofit hospitals support for the technology and opportunities to share best practices, Schwab says. For-profit hospitals are invit-

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