

California Pay for Performance: State of the Program 2008



7th Annual Pay for Performance
Stakeholders Meeting
Los Angeles, California
October 2, 2008

Tom Williams, Executive Director, IHA

Outline

- Stakeholder Engagement
- Performance Results
- Payment Results
- Moving Forward

IHA Sponsored Pay for Performance (P4P) Program

The goal: To create a compelling set of *incentives* that will drive *breakthrough improvements* in *clinical quality* and the *patient experience* through:

- √ Common set of measures/ aggregated data
- √ A public scorecard
- √ Health plan payments

Plans and Physician Groups – Who's Playing?

Health Plans:

- Aetna
- Blue Cross
- Blue Shield
- Western Health Advantage
- CIGNA
- Health Net
- Kaiser*
- United/Pacific

Medical Group and IPAs:

- 230 groups
- 35,000 physicians

10.85 million HMO commercial enrollees

** Kaiser participates in the public reporting only*

Stakeholder Engagement: Physician Groups*

Program Strengths - Physician groups are highly engaged, 74% believe the measures are reasonable, widespread support for increased incentives, and belief the program has increased the focus on quality improvement and IT capabilities.

Program Weaknesses - Lack of consumer interest in public reporting and concern about the potential for too many measures/not enough pay.

Overall Rating - 65% rated the program as a “4” or “5” (on a 1 to 5 scale) for importance with a mean score of 3.86.

** Based on 2007 RAND and U.C. Berkeley leadership survey results.*

Number of P4P Measures and Bonus Payments

	MY 2003	MY 2008
Clinical	11	21
Patient experience	6	9
IT	8	11
Systemness	0	8
Coord Diab Care	0	10
Generic	0	1
Total	25	60
Total Bonus \$	\$38M	\$65M (est.)
Total Bonus \$ Per Measure	\$1.52M	\$1.08M

Stakeholder Engagement: Health Plans*

Program Strengths - Increased collaboration, push toward QI, investments in IT, and greater accountability and transparency.

Program Weaknesses - Improvements viewed as marginal, concerns about “teaching to the test”, lack of a positive ROI, and failure of clinical data fed to raise plan HEDIS scores.

Overall Rating - 2.5 mean score (1 to 5 pt. scale)

** Based on 2007 RAND and U.C. Berkeley leadership survey results.*

U.S. News & World–Best Health Plans

The screenshot shows the U.S. News & World Report website interface. At the top left is the logo with 'U.S. News & World Report' and 'usnews.com'. The date 'Monday, September 29, 2008' is displayed next to it. On the right, there are links for 'Subscribe' and 'Contact Us'. A navigation bar includes categories like 'Nation & World', 'Health', 'Money & Business', 'Education', 'Opinion', 'Science', and 'Photo'. A search box contains the text 'Search U.S. News' and a 'Search' button. The main heading is 'Best Health Plans' in a large, dark red font. Below it, a breadcrumb trail reads 'Home > Health > Best Health Plans'. On the left is a blue sidebar menu with 'Health' expanded to show sub-items: 'Best Hospitals', 'Best Children's Hospitals', 'Best Health Plans', 'Diseases & Conditions', 'Living Well', and 'Women's Health'. The main content area features the article title 'Best Health Plans' in blue, followed by a paragraph: 'Healthcare costs continue to rise, and most employees are getting no healthier. Employers are beginning to introduce wellness programs with teeth, rather than those that offer small perks like discounted gym memberships.' Below this is an illustration of a doctor in a white coat holding a silver tray with a red cross, and another silver bowl above it. The caption reads '(Dan Page for USN&WR)'. To the right of the illustration is a 'DISEASES & CONDITIONS' section with a list of links: Allergy and Asthma, Blood Disorders, Bones, Joints, & Muscles, Brain & Behavior Disorders, Cancer, Diabetes, Digestive Disorders, Eye & Vision, Heart Disease, Infectious Diseases, Living Well, Pain, Respiratory Disorders, Sexual Health, Sleep Problems, Women's Health, A - Z Directory, and Health Videos. At the bottom right, there is a placeholder for an 'advertisement'.

U.S. News & World Report
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Best Health Plans

Healthcare costs continue to rise, and most employees are getting no healthier. Employers are beginning to introduce wellness programs with teeth, rather than those that offer small perks like discounted gym memberships.

**A High Price for Mental Health*
**Legislating Equity*
**Medicare Part D Plan Selector*

(Dan Page for USN&WR)

DISEASES & CONDITIONS

- Allergy and Asthma
- Blood Disorders
- Bones, Joints, & Muscles
- Brain & Behavior Disorders
- Cancer
- Diabetes
- Digestive Disorders
- Eye & Vision
- Heart Disease
- Infectious Diseases
- Living Well
- Pain
- Respiratory Disorders
- Sexual Health
- Sleep Problems
- Women's Health
- A - Z Directory
- Health Videos

advertisement

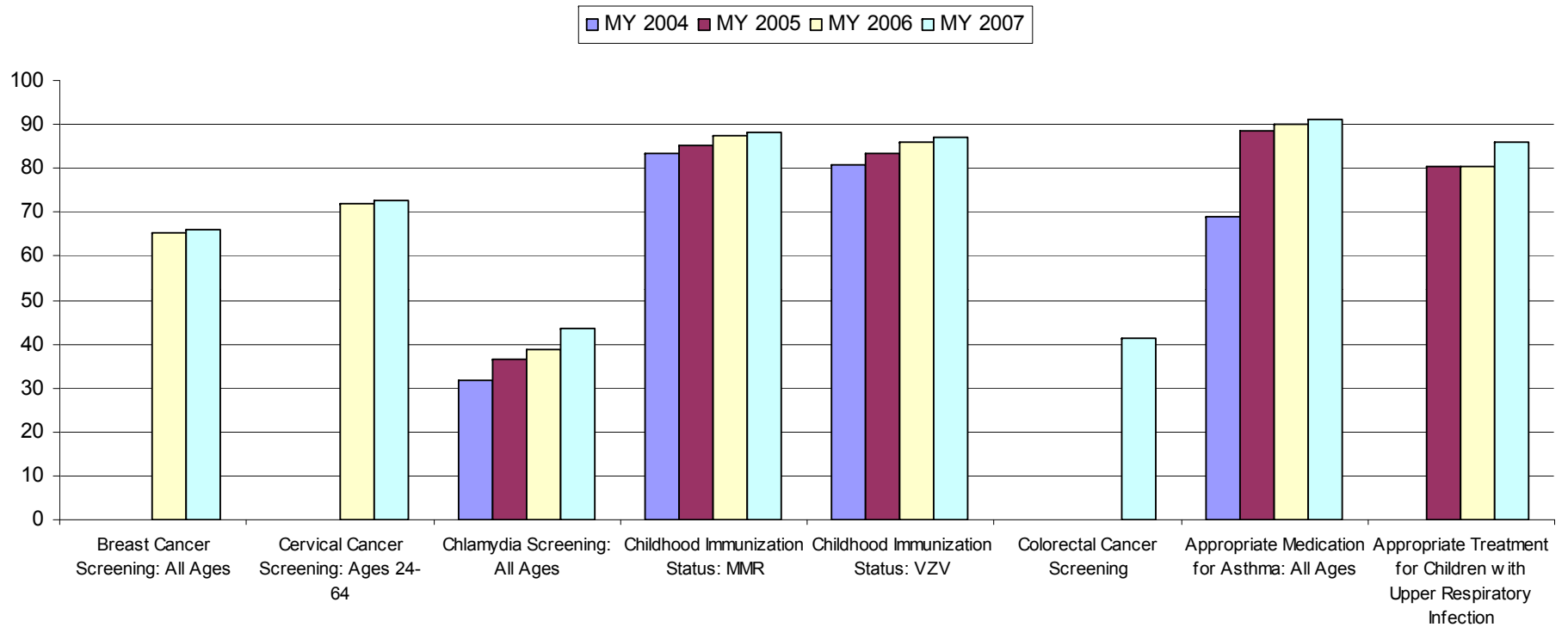
How Does California Compare to the Nation?

US News and World Report Rankings

2006 and 2007 Rankings		
Plan Name	2006 Ranking	2007 Ranking
Kaiser Foundation Health Plan - Northern California	58	61
Kaiser Foundation Health Plan - Southern California	88	92
Health Net of California	136	186
PacifiCare of California	147	197
Blue Shield of California	179	204
Aetna Health of California	182	185
Western Health Advantage	183	177
CIGNA HealthCare of California	185	198
Blue Cross of California	190	206
Total # of Commercial Plans Ranked	257	250

P4P Clinical Results

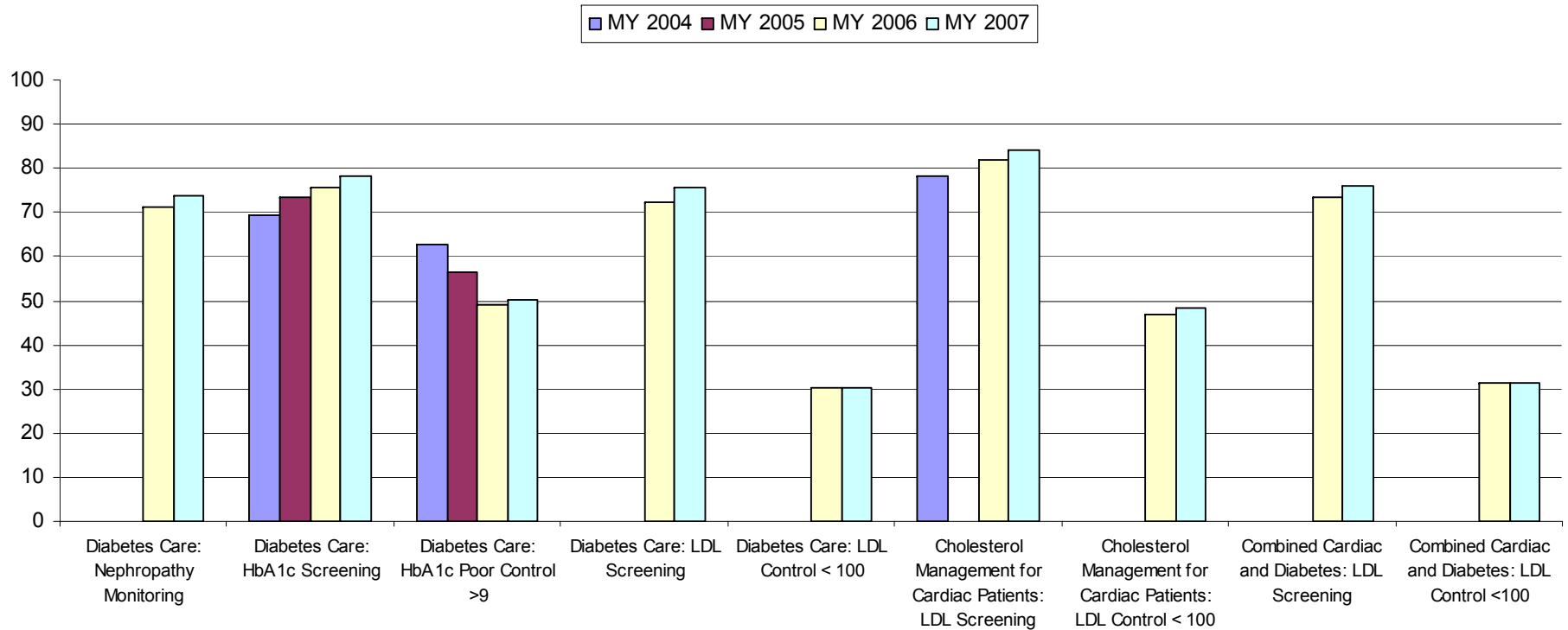
MY 2004 – MY 2007



Clinical scores improved across the board, with the exception of control measures. The largest gains were seen in Chlamydia Screening and Childhood Immunizations. Control measures remained constant or did not improve

P4P Clinical Results

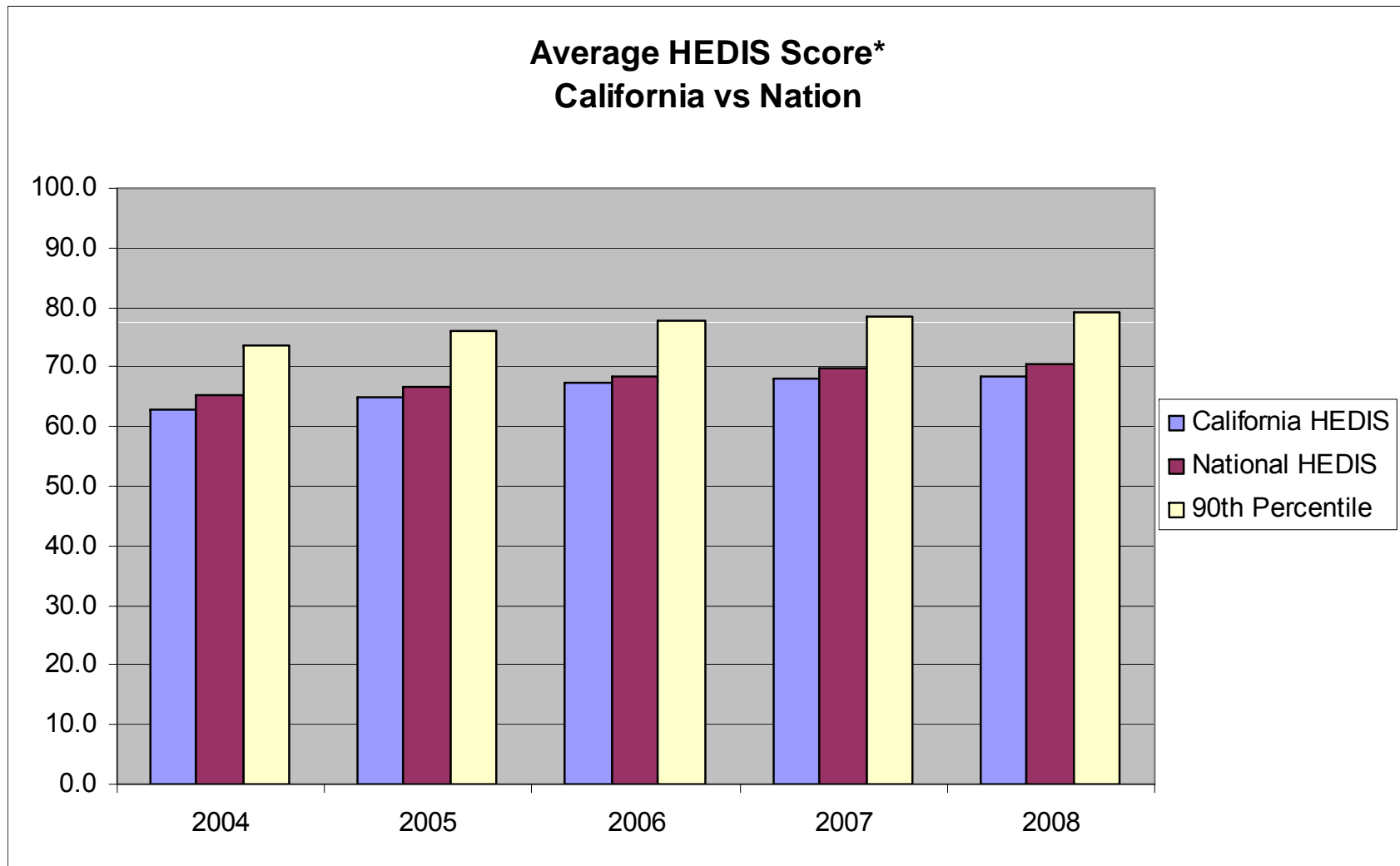
MY 2004 – MY 2007



P4P Comparison of Lab Rates MY 04-07 (Diabetes LDL < 130)

	MY 2004	MY 2006	MY 2007
National HEDIS Hybrid Rate	59.8 (MY 2003)	67.5 (MY 2005)	
P4P Plan HEDIS Hybrid Rate	60 (MY 2003)	69.5 (MY 2005)	
P4P Plan Aggregated Rate		27.2	16.5
Self-Report PO Average	51	59.6	61.8
P4P Plan-Specific Rate, In Ascending Order by Rate			
Plan 7	0.0	9.4	4.6
Plan 6	0.5	22.9	31.3
Plan 5	1.0	27.3	8.9
Plan 4	6.3	30.6	4.6
Plan 3	21.4	32.6	33.5
Plan 2	25.9	35.0	35.1
Plan 1	26.3	44.5	52.5

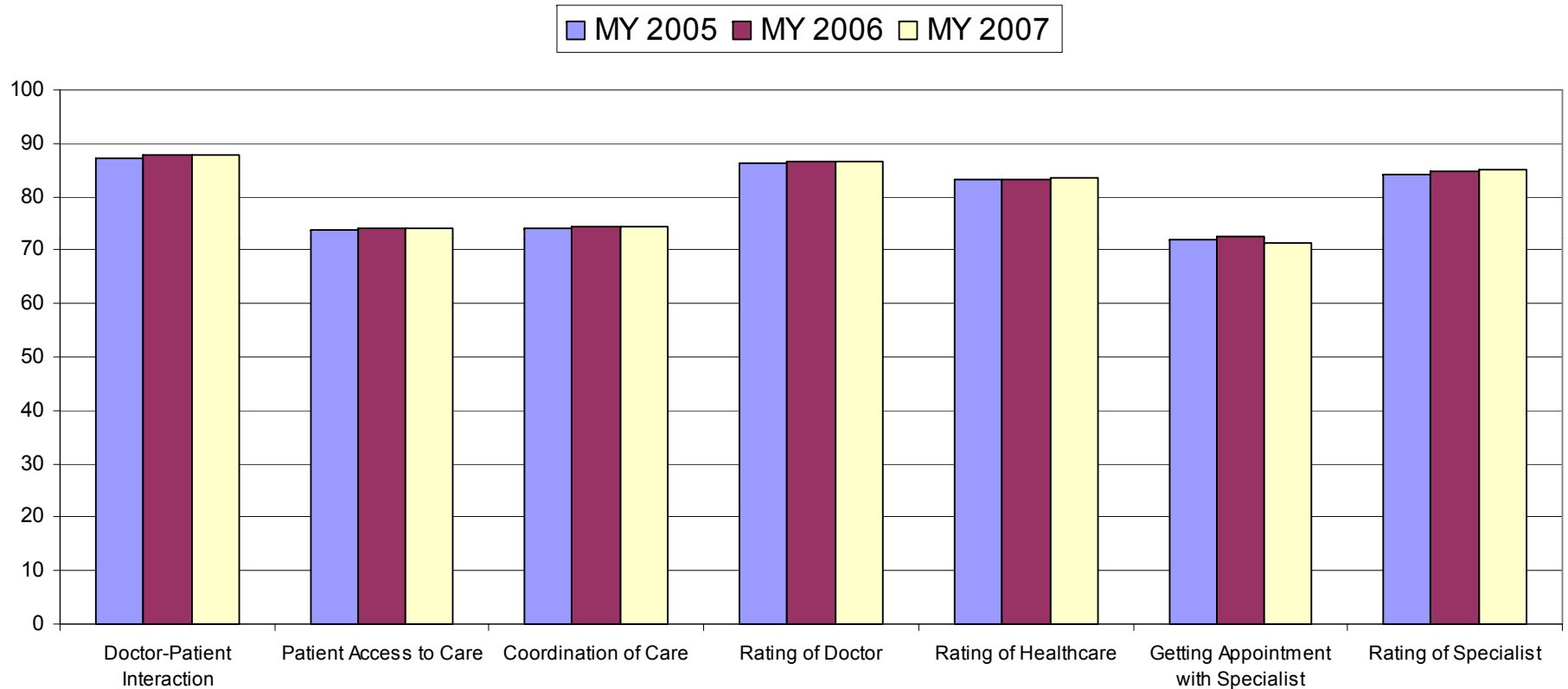
How Does California Compare to the Nation? Clinical HEDIS Performance Measures



*Clinical Quality of Care Measures used for Accreditation

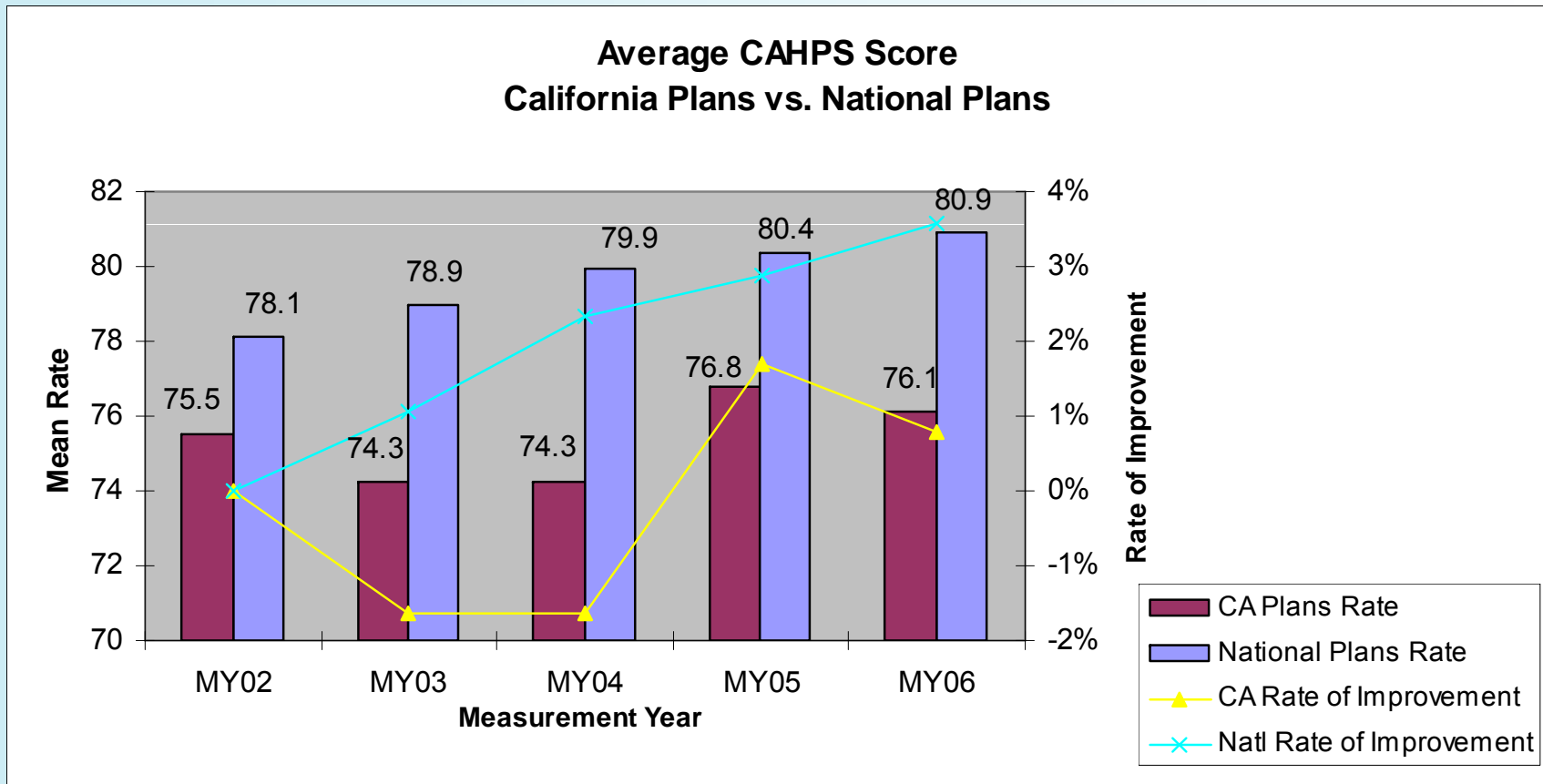
P4P Patient Experience Results

MY 2005 –MY 2007



Patient Experience scores remain stable but do not show significant improvement.

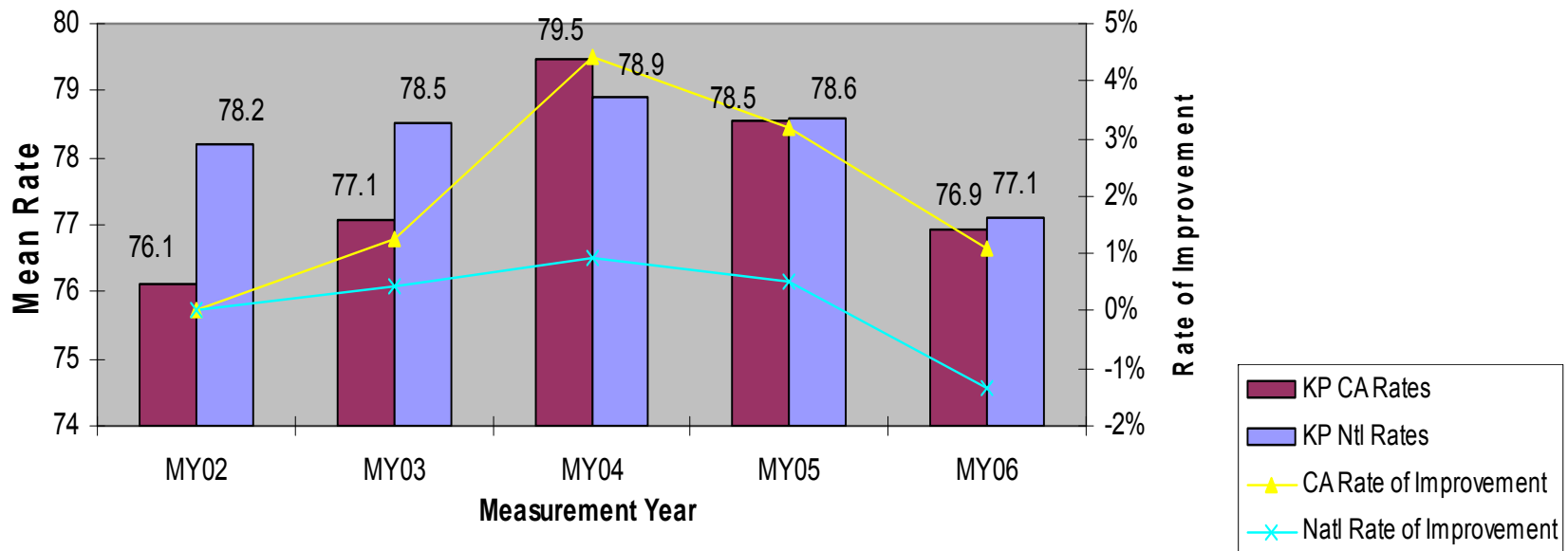
How Does California Compare to the Nation? Patient Experience Scores.



NCQA Study, 2007

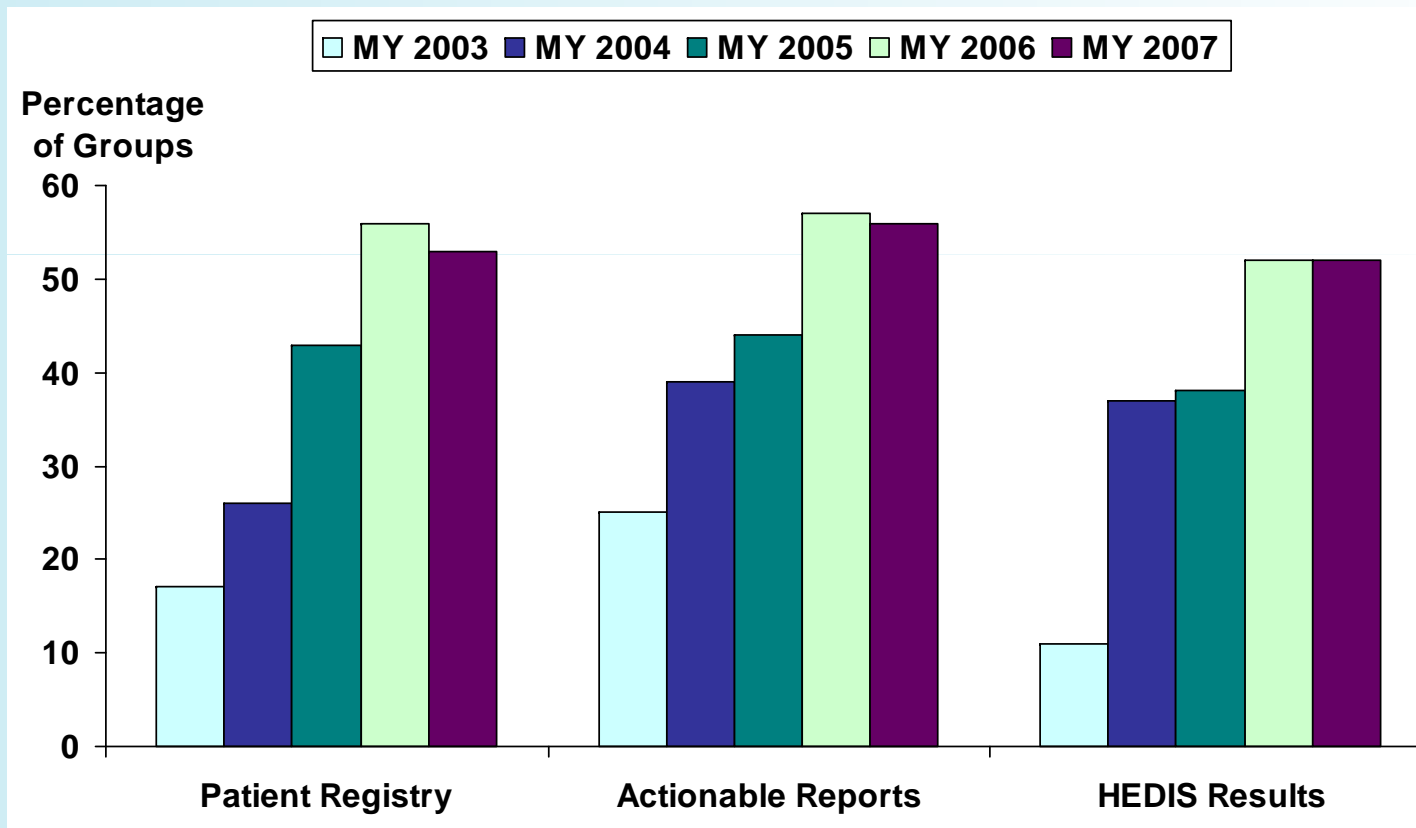
Kaiser California Improves Patient Experience Scores

**Kaiser's Average CAHPS Score
Kaiser California vs. Kaiser Non-California**



NCQA Study, 2007

P4P IT- Systemness Results: Population Management Activities

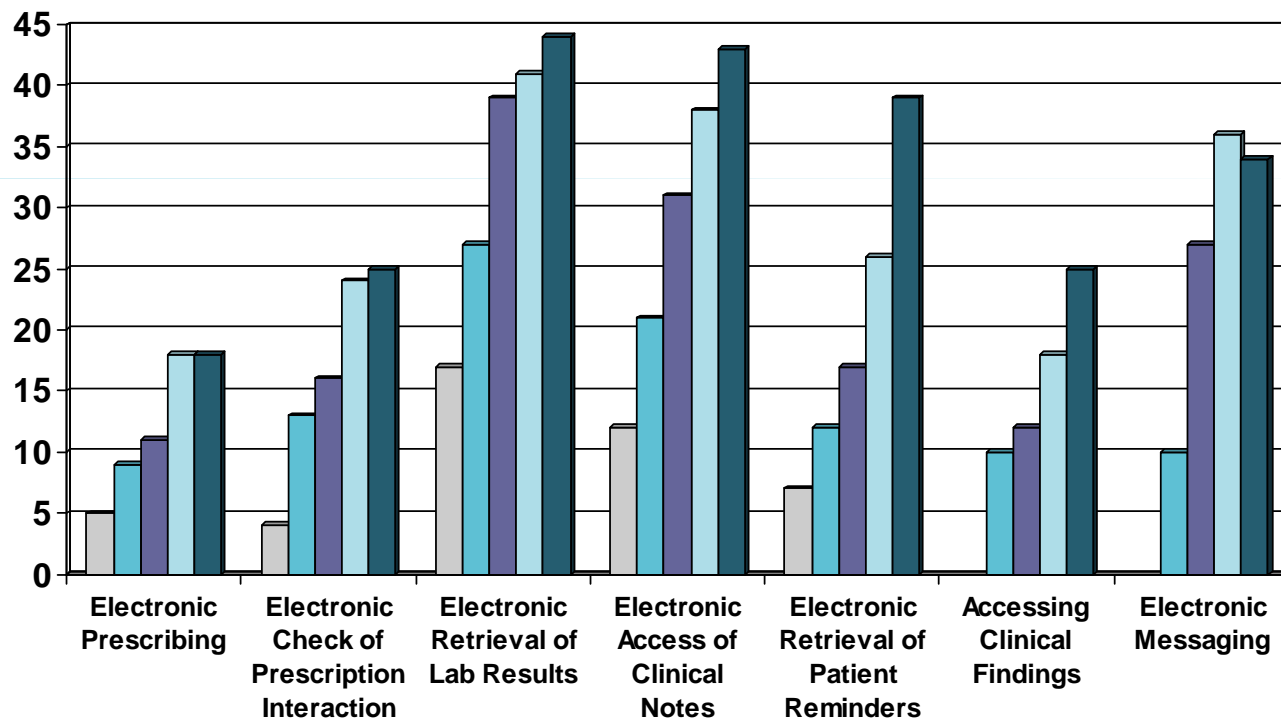


California P4P Program

P4P IT Systemness Results: Point-of-Care Activities

Percentage
of Groups

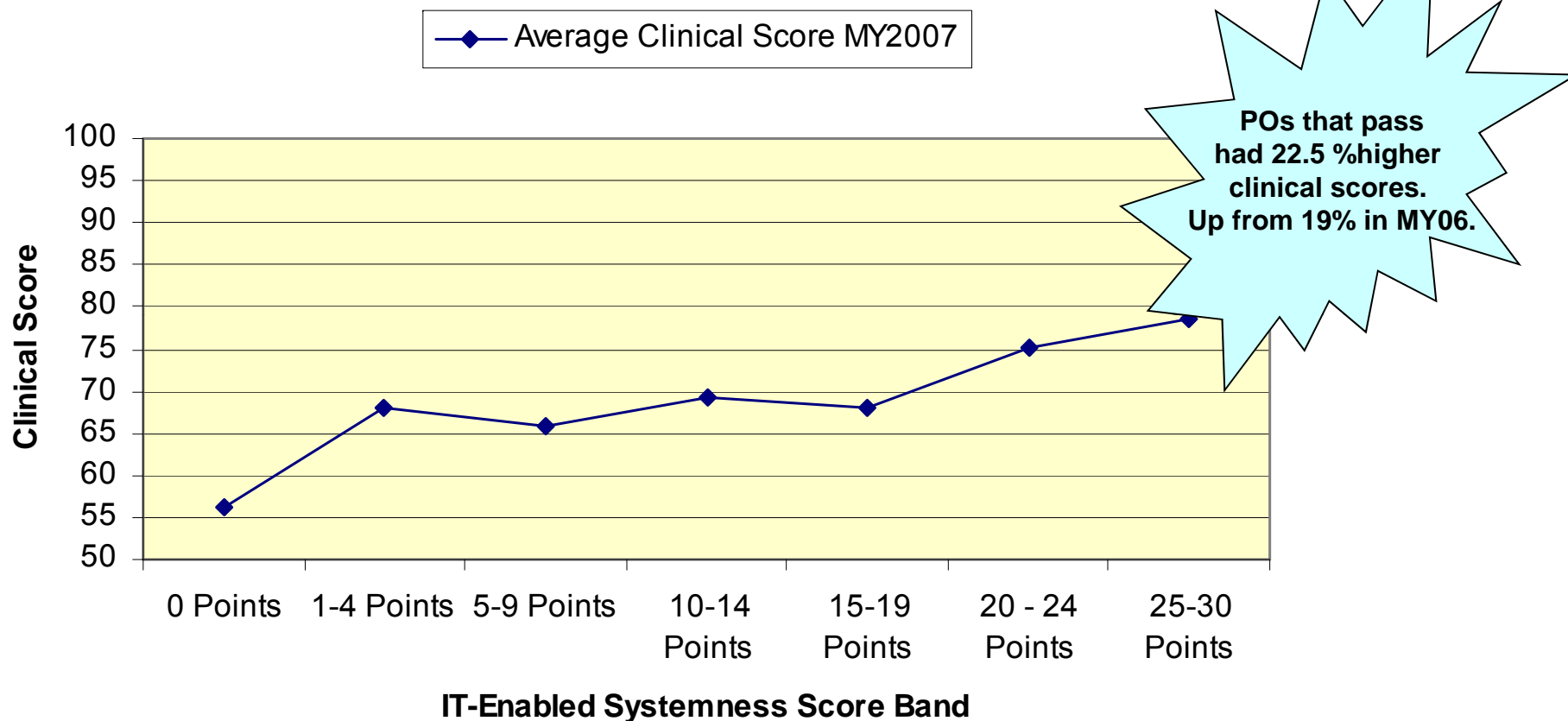
MY 2003
 MY 2004
 MY 2005
 MY 2006
 MY 2007



California P4P Program

Do Systemness Results Impact Clinical Findings?

Average Clinical Score by IT-Enabled Systemness Score Band



More IT adoption is associated with higher clinical scores. Even minimal participation in Systemness is associated with a 12% gain in clinical scores

P4P IT-Enabled Systemness Results

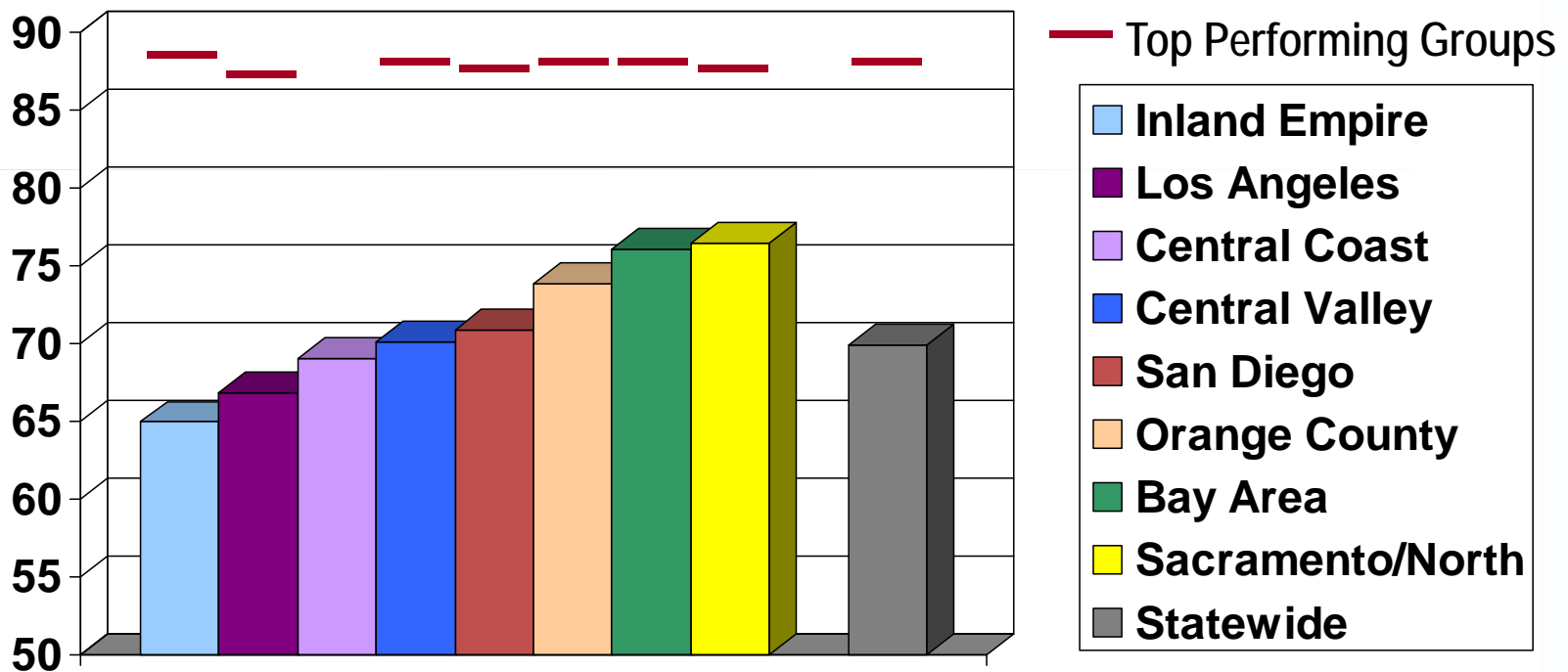
by PO, Enrollment and Self Reporting PO's

25 – 30 Points	<ul style="list-style-type: none"> • 44 PO's • 43.0% enrollment • 40.8 % SRPO
20 – 24 Points	<ul style="list-style-type: none"> • 28 PO's • 24.0% enrollment • 22.3 % SRPO
15 – 19 Points	<ul style="list-style-type: none"> • 35 PO's • 11.6% enrollment • 18.4% SRPO
10 – 14 Points	<ul style="list-style-type: none"> • 11 PO's • 6.0% enrollment • 7.8% SRPO
5 – 9 Points	<ul style="list-style-type: none"> • 7 PO's • 4.1% enrollment • 3.9% SRPO
1 – Points	<ul style="list-style-type: none"> • 2 PO's • 0.9% enrollment • 1.9% SRPO
0 Points	<ul style="list-style-type: none"> • 80 PO's • 10.4% enrollment • 4.9% SRPO

•72 PO's received full credit

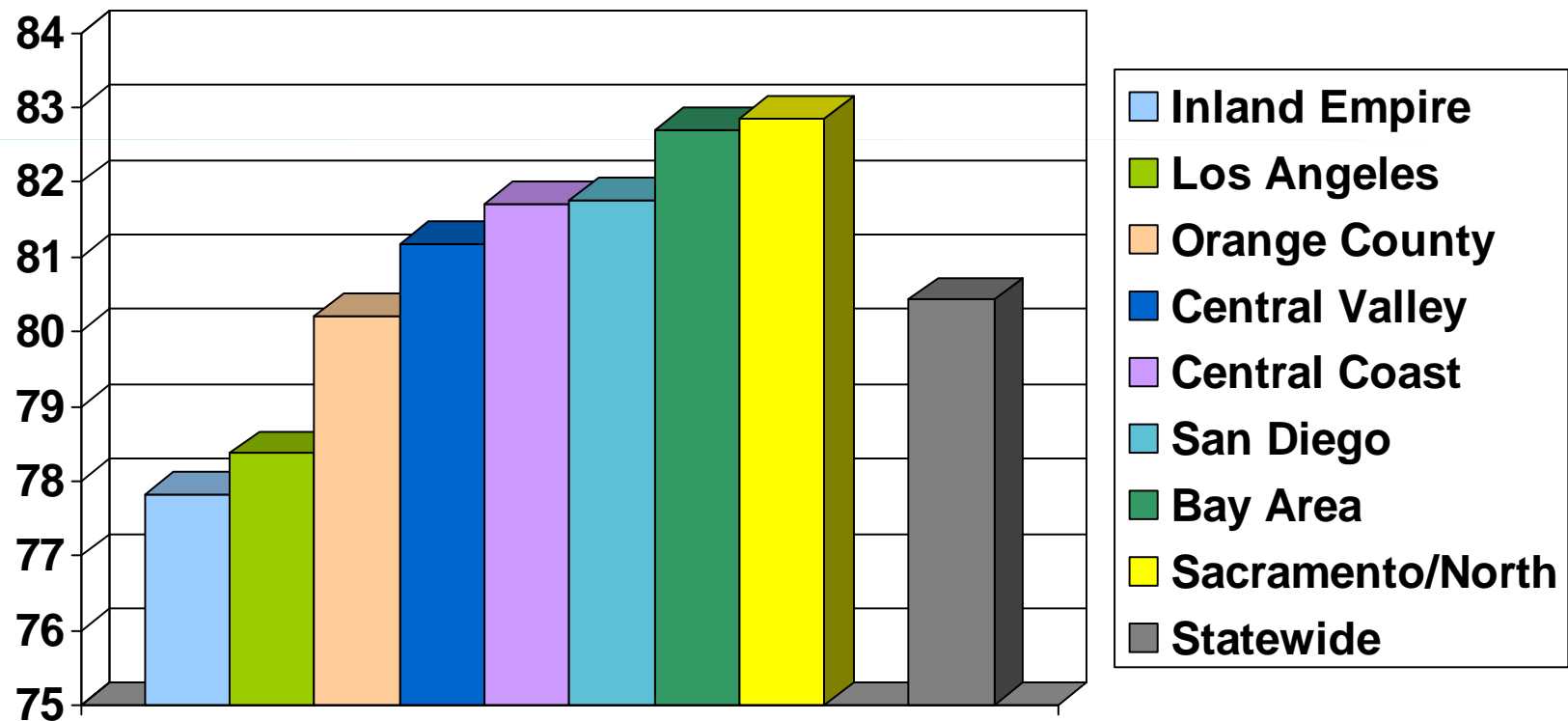
•Those 72 PO's account for 67% of enrollment and 63% of them were self reporters

Regional Performance Variation: Clinical Composite Score



MY 2006 Results by Region

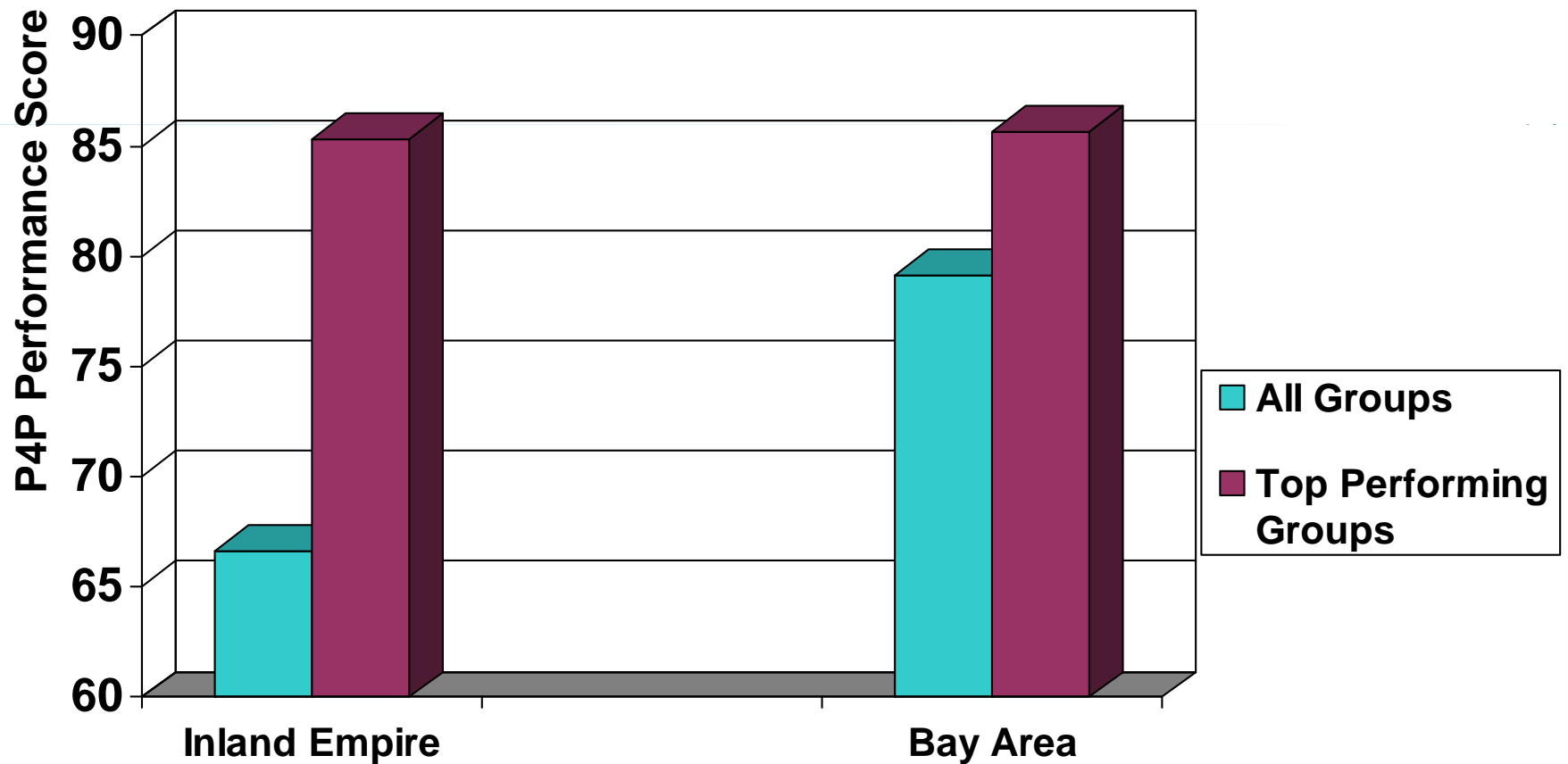
Regional Performance Variation: Patient Experience Composite Score



MY 2006 Results by Region

Regional Performance Variation: A Tale of Two Regions

Clinical Performance



Regional Performance Variation: A Tale of Two Regions

	<u>Inland Empire</u>	<u>Bay Area</u>
PCPs/100K Pop.	53	116
% Pop. Medi-Cal	17%	12%
% Hispanic	43%	21%
Per Capita Income	\$ 21,733	\$ 39,048

Summary of Payment Results

- Most plans pay primarily on relative performance, after meeting thresholds, although pay for improvement increasing
 - \$38 M paid out in 2004
 - \$54 M paid out in 2005
 - \$55 M paid out in 2006
 - \$65 M paid out in 2007
 - \$65 M estimated to be paid in 2008

(about 1.5 to 2% of base pay on average)
- Total estimated paid from 2004 through 2008 (for prior measurement year) about \$ 277 million

P4P Payouts - MY 2006 - 2008

	MY 2006 (Actual) Payment in 2007	MY 2007 (Expected) Payment in 2008	MY 2008 (Expected) Payment in 2009
Aetna	\$ 1.74 M	\$ 2 M	\$ 2 M
Anthem Blue Cross	\$ 32.94 M	\$ 32 M	\$ 32 M
Blue Shield of CA	\$ 14.56 M	\$ 14.6 M	\$ 14.6 M
CIGNA Healthcare	\$ 2.62 M	\$ 2.7 M	\$ 2.7 M
Health Net of CA	\$ 3.53 M	\$ 3.6 M	\$ 3.6 M
United Healthcare / PacifiCare	\$ 9.27 M	\$ 10 M	\$ 10 M
Western Health Advantage	\$ 0.63 M	\$ 0.60 M	\$ 0.60 M
Total	\$ 65.3 M	\$ 65.5 M	\$ 65.5 M

PMPM P4P Payouts

	MY 2006 (Actual) Payment in 2007	PMPM Average
Aetna	\$ 1.74 M	\$ 0.55 PMPM
Anthem Blue Cross	\$ 32.94 M	\$ 1.90 PMPM
Blue Shield of CA	\$ 14.56 M	\$ 1.28 PMPM
CIGNA Healthcare	\$ 2.62 M	\$ 0.89 PMPM
Health Net of CA	\$ 3.53 M	\$ 0.25 PMPM
United Healthcare	\$ 9.27 M	\$ 0.62 PMPM
Western Health Advantage	\$ 0.63 M	\$ 0.73 PMPM
Total	\$ 65.3 M	\$ 1.01 PMPM

Moving Forward

Improving Clinical Performance

1. Move P4P self-reported data into HEDIS data collection
2. Address regional variations in performance
 - pay for improvement
 - targeted interventions (e.g., county wide registry)
 - QI outreach

Moving Forward

Improving Patient Experience

1. Diagnose the problem - invest time and effort to truly understand drivers of current results and spread best practices
2. Add IT systemness measures that enhance patient satisfaction (e-messaging with physician office)
3. QI outreach

Moving Forward

Payment Recommendations

1. Paying for performance and improvement
2. Linking payment potential to data sharing
3. Leveling / allocating payment amount
4. Gain sharing – link quality and cost efficiency

Moving Forward

Addressing affordability/cost of product

1. Broader scale gain sharing
2. Incorporate hospitals
2. Cross plan/group efficiencies
3. Benefit Design

California Pay for Performance

For more information: www.iha.org or (510) 208-1740



*Pay for Performance has been supported by major grants from the
California HealthCare Foundation*

Measurement Year Domain Weighting

Domain	2003-6	2007	2008	2009
Clinical	40-50%	50%	40%	40%
Patient Experience	30-40%	30%	25%	20%
IT Adoption	10-20%	X	X	X
IT Systemness	X	20%	15%	20%
Coordinated Diabetes Care	X	X	20%	20%
Appropriate Resources Use	X	X	X	Gain-sharing