

Part B Insider (Multispecialty) Coding Alert

Pay-For-Performance: Quality Is Job Two, After Figuring Out What 'Quality' Means

You could see a steep cut to make room for 'incentives'

Everybody wants to reward physicians who do a good job, but nobody knows how to accomplish that goal. MedPAC is trying to change that.

The **Medicare Payment Advisory Commission** has considered a number of ways that Medicare could measure doctors' performance and pay them more for higher quality care. Medicare could boost pay based on extra professional certifications the physician obtained, or pay more to physicians who used electronic medical records in ways that improved their ability to track chronic illnesses.

Medicare also could use "process measures" which track whether physicians order particular tests for patients with particular diagnoses, such as lipid tests for diabetics. Or the **Centers for Medicare & Medicaid Services** could reward physicians based on whether they give heart attack patients aspirin upon hospital admission or discharge. An alternative is to use "outcome measures," such as how often patients went into the hospital for preventable conditions, such as complications from diabetes. Finally, Medicare could look at patient satisfaction.

One commissioner, **Arnold Milstein**, is on the steering committee of a pay-for-performance program administered by the **Integrated Healthcare Association of California**, which will dole out \$100 million in bonus pay to physician groups in 2004. The group is moving toward using more measures rather than a select group of measures, Milstein reported. The IHAC program is focusing on information technology, and also on efficiency measures. The incentive payments must be 5 to 10 percent of total physician pay before doctors will sit up and take notice, Milstein said.

By removing a "biopsy" of 2 percent from all physician spending, Medicare could create a much larger incentive payment for a smaller number of physician winners, said commissioner **Francis Crosson**.

But even a 2-percent cut to physician spending across the board could harm many providers who don't manage to jump through Medicare's "quality" hoops, experts warn.

What Can CMS Do To Help?

Meanwhile, a CMS official asked what the agency can do to help improve the quality of care in physician offices at the Nov. 22 meeting of the **Practicing Physicians Advisory Council**. CMS wants to make affordable high-quality information technology systems more available to physicians, said **William Rollow**, the director of CMS' quality improvement group. Like the MedPAC commissioners, Rollow said CMS might offer financial incentives to docs who improved quality or installed new technology.

CMS' "core strategy" includes pushing the market to develop better quality private systems for docs. Also, CMS aims to develop a version of the Vista electronic health record, currently used by the **Veterans Administration**, said Rollow. CMS also wants to help the Quality Improvement Organizations develop the ability to promote information technology to physicians.

As for the big carrot in CMS' arsenal - financial incentives - Rollow said CMS already is moving forward with the Medicare Care Management Performance demonstration project, which was required by the Medicare Modernization Act. This project rewards docs for adopting IT, managing care and scoring high results on clinical quality measures for patients with multiple problems. The three-year demo will launch in mid-2005, recruiting up to 2,000 docs in small and medium

practices in urban and rural areas of four states.

Physicians raised concerns that they could get into legal hot water gathering information for use in the project, from a privacy standpoint and also if they inadvertently made any errors. PPAC passed resolutions calling on CMS to work with the **HHS Office of Inspector General** to find ways to protect docs from liability, and to provide guidance on how to participate without compromising Health Insurance Portability and Accountability Act compliance.