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Pay for Performance: Will There Be Tit-For-Tat On Pay-For-Performance?

Even the AMA seems willing to make a deal

Washington observers say it's increasingly likely that physicians will have to accept some form of pay for performance (P4P) in exchange for relief from steep cuts in 2006 and 2007.

"What I've heard from people on the Hill is that there is probably some sort of quid pro quo that is going to be required," says Washington attorney **Rebecca Burke** with **Powers, Pyles Sutter & Verville**, who has attended briefings on the subject. "It's unlikely that physicians are going to get any kind of relief" from payment cuts "without some form of pay for performance."

Bill sponsor Sen. **Charles Grassley** (R-IA) certainly seemed to hint at a deal in a press release. He stated he wanted to include the bill "as part of a legislative initiative that would also address projected Medicare reimbursement reductions to physicians."

And the **American Medical Association**, which passed resolutions opposing any non-voluntary P4P plans, seemed open to a deal as well. The AMA put out a statement saying it couldn't accept any P4P plan unless it included relief from payment cuts - which may suggest that the AMA would accept the two together.

"At the same time that the Senate considers pay-for-performance legislation, it is critical that Congress pass legislation to stop the cuts and ensure seniors' access to physicians," said AMA Trustee **John Armstrong**. "Stable economics are critical to truly improve quality and efficiency in the Medicare program."

Many people in Congress believe that P4P is "the next step in introducing market-based reform and incentives in to the Medicare program," says attorney **William Sarraille** with **Sidley Austin Brown & Wood** in Washington. "Pay for performance is an idea that will take root," despite resistance from provider groups, says Sarraille.

"Increasingly we see a thematic trend towards a quality-oriented set of reforms and developments in the federally-funded health care programs generally, and that's very consistent with the expectations of the Baby Boom generation," notes Sarraille.

Many reformers believe that providers will never take steps to improve health care quality unless they receive financial incentives for doing so, adds Sarraille. Otherwise, if one provider spends a lot of money on improving quality but other local providers don't, the quality-oriented provider will be at a competitive disadvantage.

A House version of Grassley-Baucus could be on the way soon. House Ways & Means Committee Chairman **Bill Thomas** (R-CA) wrote to **Centers for Medicare & Medicaid Services** Administrator **Mark McClellan** asking about quality indicators. Thomas specifically asked whether CMS had workable quality indicators for physicians that applied to different sub-specialty groups.

McClellan's June 24 response details CMS' efforts to come up with quality measures that apply to physicians and other groups. CMS already has come up with physician-related quality measures that address asthma, diabetes, heart disease and preventive screening. CMS is in the final stages of developing standards for ambulatory care for patients with chronic conditions. (You can see these at www.cms.hhs.gov/quality/AmbulatoryMeasures.pdf.) CMS is working with oncologists to develop standards for cancer care treatment planning and follow-up, with cardiologists on cardiac care

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and with cardiovascular surgeons on cardiac surgery.

CMS has a demonstration project underway in which ten large, multi-specialty physician groups are receiving up to 5 percent extra if they meet quality targets, McClellan reports.

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