SHARING IN THE CARING

ASHRM

HRM WEEK

JUNE 16-20, 2014

E▪R▪M

HRM Week

Topic 4

Managing Regulations on Reimbursements and Pay-for-Performance

Pay-for-performance regulations and payer value-based contracts are dramatically changing the healthcare reimbursement model. Pay-for-performance, an umbrella term for initiatives aimed at improving the quality, efficiency and overall value of an industry, has become popular globally among policy makers and private and public payers, including Medicare and Medicaid. The Affordable Care Act expands the use of pay-for-performance approaches in Medicare, in particular. Financial incentives are offered to hospitals, physicians and other healthcare providers to carry out improvements aimed at achieving optimal outcomes for patients. Commercial payers are approaching this performance-based concept with value-based contracting models that represent an evolution in clinical and payment methodologies. These value-based contract models align incentives across providers, members, employers and payers.

Studies on the effects of pay-for-performance efforts are mixed. Andrew M. Ryan at Cornell University and his colleagues studied the first years of the Massachusetts Medicaid hospital pay-for-performance program, where financial incentives were offered for improving care for pneumonia and prevention of surgical infections. There was no improvement found in quality.

Another study led by Steven D. Pearson of Massachusetts General Hospital compared quality performance among Massachusetts' physician group practices during 2001-03, and found improvement in quality measures across all of the medical groups, regardless of whether or not pay-for-performance incentives were in place.

However, researchers at Dartmouth College and the National Bureau for Economic Research recently analyzed results of the Medicare Physician Group Practice Demonstration, a pilot project that ran from 2005 to 2010. Doctors from 10 large physician group practices received bonuses if they achieved lower cost growth than local controls and met quality targets. The researchers found an improvement in quality but modest reduction in the growth of spending for most Medicare beneficiaries.

Managing these regulations effectively requires ongoing review and quick response to potential problems and issues including:

- Difficulty in isolating and controlling variables that affect performance metrics
- Performance gaps or missed opportunities that may dramatically impact a hospital's ranking and payment

- Ability of physicians to keep up with required metrics and medical advancements
- Unintended consequences affecting patient populations

Solutions:

- Evaluate your healthcare institution for factors that might affect performance, such as patient populations with transportation or language challenges
- Institute design elements in pay-for-performance programs that positively affect outcomes and mitigate negative variables
- Create a strategy of how to approach the implementation of successful performance- and value-based programs, and how to understand the key clinical processes that determine the quality metrics
- Monitor performance metrics systematically
- Investigate Clinical Decision Support Systems to standardize care by providing physicians with a checklist or guidelines to influence care decisions and direct access to the latest medical evidence
- Conduct evaluations over sufficiently long time periods to detect long-term effects on vulnerable populations

Individuals who may be involved in Reimbursement and Pay-for-Performance include:

- Risk managers
- Chief financial officers
- Regulatory Agencies
- Payers
- Physicians
- Healthcare staff
- Patients and families