The Impact of Pay for Performance on Healthcare Disparities

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Financial Conflicts of Interest

• None
Bill Would Stop Medicare Pay Cuts, Institute Pay-for-Performance

By Leslie Champlin

Medicare would increase physician payments by 1.5 percent for 2006, permanently fix the formula by which those payments are calculated and implement...
Other Disclosures

• Committee Member, AMA Physician Consortium for Quality Improvement: Geriatric P4P Work Group.

• Committee Member, MMA/MCHP P4P Alignment Work Group.

• CME Speaker: • University of Minnesota
  • University of Louisville
  • North Dakota Association of Family Physicians
  • CBC/NMQF Summit
  • Healthcare Incentives Institute Summit
  • American Society for Bioethics & Humanities
  • Canadian Bioethics Society
  • Society for Teachers of Family Medicine
Following this session, participants will be able to:

1. Explain how a pay for performance (P4P) model of physician reimbursement functions.

2. Cite 5 ways P4P may impact healthcare disparities.

3. Describe 5 features of P4P programs likely to reduce healthcare disparities.
Objective #1

Explain how a P4P model of physician reimbursement functions.
P4P Definition

• Third party payer or health system awards periodic bonus to clinicians achieving particular quality goals.

The Charitable Interpretation of P4P

P4P reimburses physicians for providing quality care, and finances quality improvement innovations.
The Skeptical Interpretation of P4P

P4P enables third party payers to control costs by bribing physicians to follow prescribed practice patterns.
Quality goals may be in areas of:

1. Structure: e.g. Having an electronic medical record
2. Process: e.g. Adherence to professional guidelines such as checking a hemoglobin A1c every 3 months in patients with DM2
3. Outcomes: e.g. Hemoglobin A1C <7.0 in patients with DM2

Some P4P program “bonuses” truly represent new funds while others represent a 3% “withhold” across the board from the current fee-for-service schedule.

P4P reimbursements range from 3%-20% of a physician’s fee-for-service reimbursements.

Personal investigation of Minnesota’s major insurers including Medica, HealthPartners, Blue Cross Blue Shield, UCare; interviews, internet search on insurance websites, and internal UMN DFMCH documents, 9/2005.
The P4P Rationale

A → B
B → C
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A → C
Objective #2

Cite 5 ways P4P may impact healthcare disparities.
1. Reward standardized care

- There is currently no financial incentive to adhere to clinical guidelines or improve patient outcomes.

- P4P provides a financial incentive to close the chasm between the healthcare patients could receive and the healthcare they do receive.

2. Align clinical goals with payment*

• Under P4P it does not matter how you achieve quality.

• Unprofitable enterprises under fee-for-service become valuable through P4P bonuses:
  » Community partnership (COPC)
  » Patient education
  » Developing a therapeutic relationship

* Charitable interpretation of P4P
3. Access to care for sicker patients

- Sicker patients may have more limited access when clinicians are rewarded for healthier patients under P4P.
- Special programs for Diabetics close to goal, but nothing for patients far from goal.
- Risks of Diabetic complications rise exponentially for patients far from goal.

United Kingdom Prospective Diabetes Study. (UKPDS) [http://www.dtu.ox.ac.uk/index.html?maindoc=/ukpds/](http://www.dtu.ox.ac.uk/index.html?maindoc=/ukpds/)
4. Access to care for the underserved

- Rural, minority, and poor patients all have, on average, worse outcomes.

- These patients may be excluded from practices.

- Clinics serving a higher proportion of these patients will be financially disadvantaged.


Satin, DJ. Paying Physicians and Protecting the Poor. Minnesota Medicine, Apr. 2006, p42-44
5. Minority engagement

• Many of our guidelines rely upon data, values, and preferences of the majority culture.

• Current P4P programs typically do not allow for exceptions.

• When faced with exceptional patients, clinicians must have the moral fortitude to exercise clinical judgment despite P4P.


Satin, DJ. The Impact of Pay-for-Performance Beyond Quality Markers – A Call for Bioethics Research. *Bioethics Examiner*, University of Minnesota Center for Bioethics, Fall 2006.
Objective #3

Describe 5 features of P4P programs likely to reduce healthcare disparities.
P4P programs most likely to reduce disparities:

1. Risk adjust
2. Reward access
3. Allow exceptions
4. Reward clinician improvement
5. Greater reward for improvement in sicker patients

See “Appendix A” for supporting references
Policy Recommendations

Regulation?

Collaboration?
STAY Tuned