

*A series of webinars on Quality Improvement...*



## **Pay-For-Performance (P4P): Evaluating Current and Future Implications of P4P For Your Practice**

*Please note that this webinar is for informational purposes only and not accredited for continuing pharmacy education credit.*

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Planned and conducted by The American Society of Health-System Pharmacists.  
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# Pay-For-Performance (P4P): Evaluating Current and Future Implications of P4P For Your Practice

## Faculty

### **Steven M. Riddle, B.S. Pharm, BCPS**

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Steven M. Riddle, B.S. Pharm, BCPS, is the quality improvement and medication utilization pharmacist for Harborview Medical Center in Seattle, part of University of Washington Medical Centers. Mr. Riddle is also Program Director for HMC Smoke-Free, Harborview Medical Center's tobacco cessation program. Mr. Riddle serves as a consultant for Qualis Health, Washington State's quality improvement organization, on disease state management and medication safety issues. Mr. Riddle currently acts as a representative for the American Society of Health-Systems Pharmacy (ASHP) on the Pharmacy Quality Alliance (PQA) and on the CMS-appointed Hospital Outpatient Quality Measures Technical Expert Panel.

He is a graduate of Washington State University and has pharmacy experience in a variety of clinical practice settings, including internal medicine, critical care, bone marrow transplant, renal transplant, and a variety of ambulatory clinic environments. Mr. Riddle is a clinical assistant professor at the University of Washington School of Pharmacy and lectures frequently on medication management systems, medication therapy management (MTM) and quality improvement. Mr. Riddle's specific professional interests are preventive medicine and health care system redesign. He is a member of ASHP, ACCP and WSPA and supports these association's goals of integrating and expanding pharmacy practice to improve patient care.

## Disclosure Statements

ASHP requires that all individuals involved in the development of program content disclose their relevant financial relationships and that conflicts of interest be identified and resolved prior to delivery of the activity.

The faculty and planners report the following relationships:

- Mr. Riddle reports no relationships pertinent to this activity
- Ms. Thomas reports no relationships pertinent to this activity

## Webinar Overview

The current U.S. healthcare environment is short on quality and long on costs. The concept of value-based purchasing seeks to address this problem by asserting that buyers should hold providers of health care accountable for both cost and quality of care. Pay-for-performance (P4P), a type of value-based purchasing, provides an incentive-based reimbursement system that rewards top performers. P4P is already in use in managed care and in some hospitals. This presentation will explore the basic premise of P4P, review current P4P models, and discuss how pharmacists can best prepare for and participate in this new model.


## Learning Objectives

- Review the basic concepts of pay-for-performance and value-based purchasing as they apply to the healthcare environment.
- Provide examples of current pay-for-performance and value-based purchasing models.
- Outline key strategies that can assist pharmacy in successfully aligning with pay-for-performance requirements.

**Q** ASHP Quality Improvement Initiative


The QII series of informational webinars...

## Pay-For-Performance (P4P): Evaluating Current and Future Implications of P4P For Your Practice



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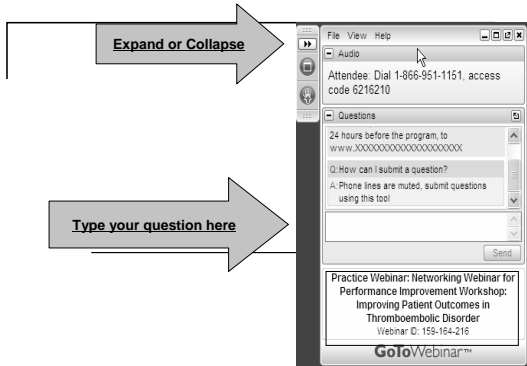
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### Announcements

- Don't have your handout?  
Handout is available at [www.ashp.org/QII](http://www.ashp.org/QII)  
1. Go to the button Webinars and click on link.  
2. Click on the webinar title, Pay-For-Performance (P4P): Evaluating Current and Future Implications of P4P For Your Practice.  
3. Click on Handout.
- Please complete the brief evaluation after this activity.
- This webinar is planned and coordinated by ASHP and supported by sanofi-aventis.
- Please note that this webinar is for informational purposes only and not accredited for continuing pharmacy education credit.

### To Ask a Question & Adjust Control Panel




### Learning Objectives

- Review the basic concepts of pay-for-performance and value-based purchasing as they apply to the healthcare environment.
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## Polling Question #1

### The Need for Change

- Costs escalating
- Quality of care is too low
- Access is limited



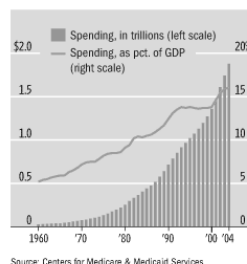
## US Health Care Expenditures

- The US spends approximately \$2.5 trillion or close to 17% of our gross domestic product on health care.
- Based on current trends, in 2017 health expenditures will consume 20% of GDP or \$4.3 trillion annually.
- This is unsustainable for government, the business sector and the private citizen.

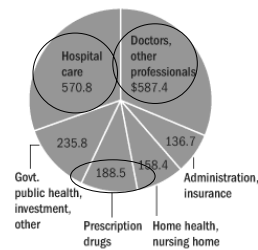
US Senate Finance Committee Report: Transforming the Health Care Delivery System. April 29, 2009

## Health-Care Spending, American-Style

Up, up and still up



Where the money goes, in billions



Source: Centers for Medicare & Medicaid Services

## Strategies for Health Care Quality

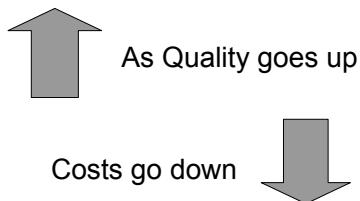


Chassin MR, Galvin RW, and the National Roundtable on Health Care Quality. The Urgent Need to Improve Health Care Quality. JAMA. 1998; 280(11): 1000-1005.

## Polling Question #2

What is the impact of improving quality on costs?

The business case for improving quality



But is that true?

## Quality Measures and Cost Outcomes

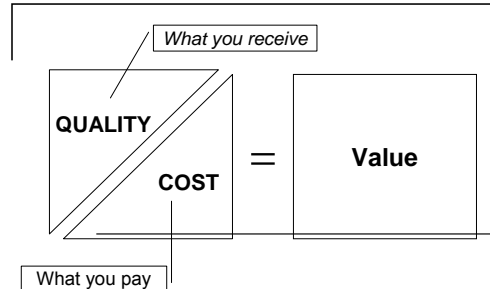
- Quality measures are designed to drive improvement in care.
- They are not designed to generate cost outcomes/savings.
- While cost savings may be achieved there has been a notable lack of focus on interventions that truly consider costs of care.

## Value-Driven Health Care

**Health care that is selected based upon relative value to other alternatives, not just on quality.**

Source: HHS.gov [homepage on the Internet]. Washington DC: U.S. Department of Health & Human Services; c2008. Available at [www.hhs.gov/value-driven/index.html](http://www.hhs.gov/value-driven/index.html). Accessed Nov 10, 2008

## Determining Value



## Value-based Purchasing (VBP)

- The concept of value-based health care purchasing is that buyers should hold providers of health care accountable for both cost and quality of care.
- Value-based purchasing brings together information on the quality of health care, including patient outcomes and health status, with data on the dollar outlays going towards health.

Meyer, Rybowski, and Eichler, 1997

## Pay-for-Performance (P4P)

- P4P is a type of value-based purchasing that provides an incentive-based reimbursement system.
- Financial incentives reward providers for the achievement of a range of payer objectives, including delivery efficiencies, submission of data and measures to the payer, and improved quality and patient safety.

## Problems with Current Payment Models

- Fee For Service (FFS): Quantity for quantity.
- Capitated care/Managed Care: Incentivized to restrict care
- DRG: Focus on care limited to inpatient treatment episode.
- No linkage to quality of care – Not a clinically driven or value-focused payment models
- Quality not translated to cost
- Payment systems do not encourage cooperation/teamwork to achieve care goals.

## The Foundation of P4P

- Standardized measures
- Data collection, submission & sharing
- Public reporting/transparency
- Payment Structure: Incentivized reimbursement

## Does P4P work?

Examples of P4P  
Data to Date  
Educated Observations

## Premier Hospital Quality Incentive Demonstration Project

CMS initiated testing of this concept through a three-year demonstration project involving 260+ hospitals driven by Premier's Perspective™ database.

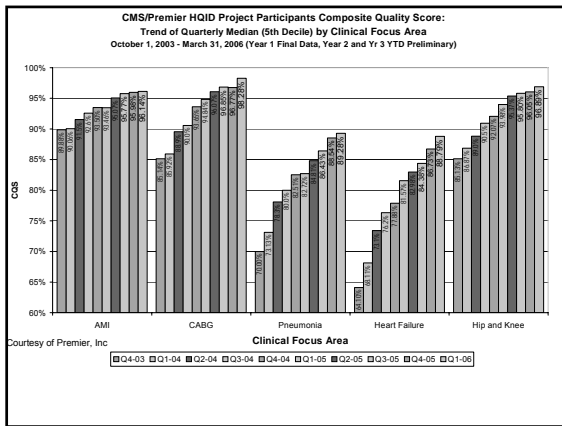
### Project Overview

- Link reimbursement with quality measures for five medical conditions
- Increase Medicare payment by 2% for top decile and 1% for second decile performers
- Publicize hospitals that rank in the top half of all project participants for each condition
- Apply a standard set of industry accepted quality indicators scored through Premier's Perspective™ clinical database.

### Medical Conditions

- Coronary Artery Bypass Graft (CABG)
- Pneumonia
- Acute Myocardial Infarction
- Heart Failure (HF)
- Hip and Knee Replacement

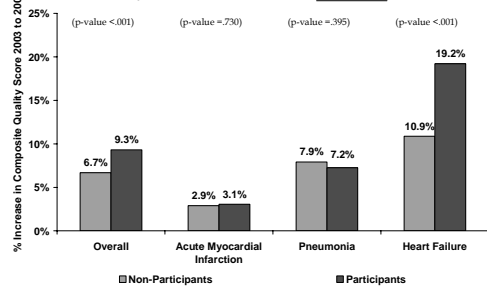
Source: Premier, Inc.



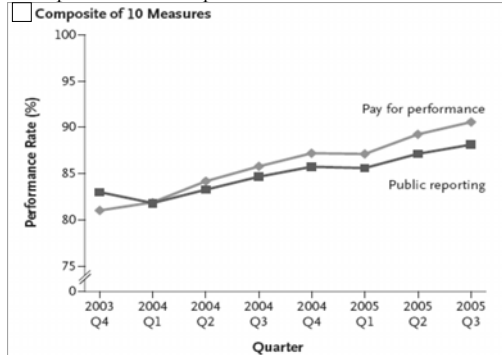
## Did P4P Drive Outcomes in the Premier Demo Project?

Grossbart SR. Med Care Res Rev 2006;63:295-485.

**Improvement in Composite Quality Score by Focus Area, Catholic Healthcare Partners CMS/Premier HQID Participants vs. Non-Participants: Improvement from Federal Fiscal Year 2003 to 2004**



## Comparison of Hospitals: NVRI vs NVRI + P4P



Indenauer PK et al. Public Reporting and Pay for Performance in Hospital Quality Improvement. N Engl J Med 2007;356:486-96.

## Issues Identified in the Premier Demo

- Costs invested > cost recouped
  - Significant work to collect, evaluate, validate and submit data
  - Coordination of diverse staff to improve outcomes
- Major drivers
  - Improving care quality
  - Public reporting (image)



## CMS VBP Rollout

- Begins FY2012 with data collection and performance reporting
- FY2013 ⇒ Adjusted payments & expanded measures
- Plans to expand quickly to create a comprehensive program to foster broad-scale transformation of health care system
- Include measures in at least 3 performance domains:
  - Clinical quality/process (RHQDAPU + new measures)
  - Patient Perspectives of Care (HCAHPS)
  - Outcomes (30-day mortality measures for AMI & HF)
- Note: "Topped out" measures would be rolled out
- Measure development is a collaborative effort with HQA, NQF, & Joint Commission

## CMS VBP: Reporting Performance

- Reporting to CMS accelerated to 60 days from discharge
- Proposing monthly reports from CMS instead of quarterly
- Reward hospitals based on attainment and improvement from prior year's scores
- Performance standards not yet known
- Performance assessment methodology not yet known
  - Will report condition-specific scores and total performance score
  - Performance assessment/payment will be based ONLY on composite quality score (total performance)

## CMS VBP Performance Score Example

**Norman Regional Hospital  
Value Based Purchasing Score Details**  
Reporting Period: October 2007 - September 2008  
Base Period: April 2007 - March 2008

Indicator	National		Hospital - Base Year		Hospital - Reporting Year		Minimum Score	Maximum Score	Final Score
	Benchmark	Threshold	Case Count	Performance	Case Count	Performance			
Hospital Acute Patients Given ACE Inhibitor or ARB (N=147) (Numerator: DAPT/ARB/ACE Inhibitor)	92.2%	92.2%	42	99%	41	99%	10	Does Not Apply	10
Hospital Acute Patients Given Aspirin at Discharge	92.2%	92.2%	179	100%	168	100%	10	Does Not Apply	10
Hospital Acute Patients Given Aspirin at Discharge	92.2%	92.2%	189	97%	182	96%	10	Does Not Apply	10
Hospital Acute Patients Given Beta Blocker at Discharge	92.2%	92.2%	189	99%	188	99%	10	Does Not Apply	10
Hospital Acute Patients Given Discharge Education	92.2%	92.2%	123	100%	93	99%	10	Does Not Apply	10
Hospital Acute Patients Given Fluorocopy Medication Within 30 Days of Discharge	92.2%	92.2%	0	Insufficient Data	0	Insufficient Data	Not Completed	Not Completed	Not Completed
Hospital Acute Patients Given H2-Blocker at Discharge	92.2%	76.5%	47	99%	42	98%	6	0	6
Surgical Patients With Resected Tumor or Tumor Biopsy Within 24 Hours Before or After Surgery (N=109) (Numerator: Biopsy)	97.8%	98.2%	139	93%	139	94%	9	7	9
Emergency Patients Given Discharge Medication to Prevent Readmission	98.8%	99.2%	139	94%	139	94%	9	8	9
<b>Overall Score</b>									<b>87%</b>

## CMS VBP: How is it funded?

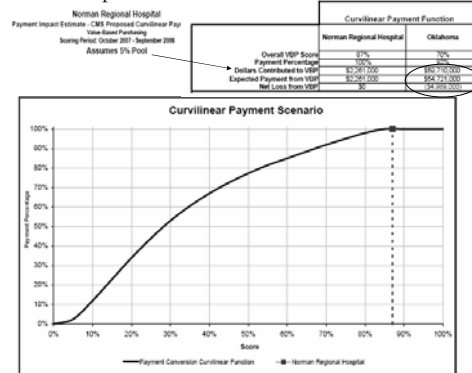
- CMS proposes to fund the VBP program by reducing wage-adjusted inpatient operating payments between 2% and 5% for all hospitals and placing the funds in a pool and redistributing that pool of money based upon performance scores.
- The Senate Finance Committee recommends an escalating reduction in these IPPS payments starting with 2% in FY13 moving up 1% per FY to 5% in FY16.
- Proposed payment would be portion of DRG payment, not market basket update.
- Redistribution of Residual Funds: Will be "budget neutral"... The CMS payment proposal provides a maximum payout of 100% of the amount a hospital contributes into the VBP pool. This would create a residual pool of undistributed funds.

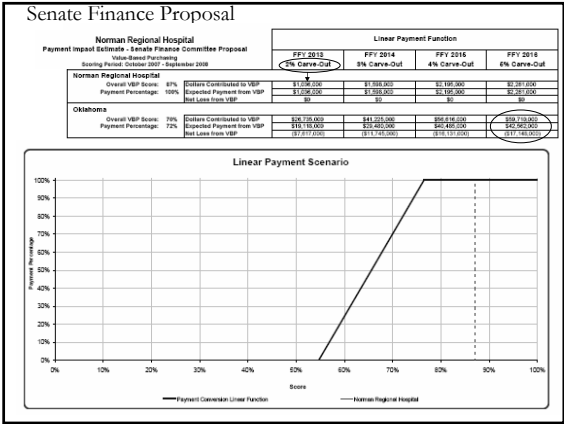
Note: No changes in supplemental funding for DSH or teaching hospitals. Small and CAH hospitals are excluded.

## CMS VBP: Proposed Payment Scenarios

- Two proposed payment scenarios for the Medicare Value-Based Purchasing (VBP) program
  - #1 CMS' proposal outlined in Nov 2007 Report to Congress
    - curvilinear payment translation
  - #2 Senate Finance Committee Policy Options
    - linear payment function

## CMS Proposal

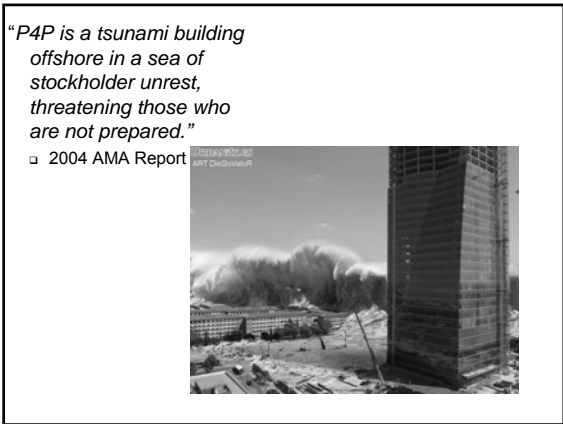




- ### Hospital Acquired Conditions (HAC): “No-Pay-For-No-Performance”
- No payment by CMS for selected hospital-acquired conditions not present on admission (POA)
    - DRG payment is not bumped up.
    - Commercial payers beginning to follow lead
  - Area of controversy. Not all HACs are preventable.
  - Impact?
- No Pay – HAC Event List:

  - Hosp Acquired Infections (HAI): Catheter-assoc UTI, surgical site inf, vascular cath site inf.
  - Pressure ulcers
  - Staphylococcus aureus septicemia
  - Object left in surgery
  - Air embolism
  - Blood incompatibility
  - Injuries from falls and trauma
  - Manifestations of poor glycemic control
  - DVT/PE post-TKA or THR

- ### The Future Holds..... Measure Expansion
- VBP measure sets expected to “evolve rapidly”**
- Efficiency measures
  - Outcome measures
  - Emergency care measures
  - Care coordination measures
  - Patient safety measures
  - Structural measures



How will P4P impact your practice?  
 How can you prepare for P4P?

- ### The Challenge of P4P in the Hospital
- ↓ Reimbursement (or at least neutral)
  - ↑ Expenses: (data collection ⇒ labor, IT)
  - ↑ Competition (public reporting)
  - ↑ Increased patient demands (public reporting, patient satisfaction measures)
  - Lack of clarity on CMS and Commercial Payer’s direction in VBP
  - Internal capacity to improve performance

### P4P and Health Systems Pharmacy: Areas of Focus

- Hospital Strategic Plan for P4P
- Pharmacy Strategic Plan for P4P
- Measure Performance
- Data Management
- Communications
- Collaboration

### Hospital Strategic Plan for P4P

- Who is addressing P4P at your workplace?
  - Identify key players: QI, PI, Finance, Admin, special committees
- What is the strategic plan for P4P?
  - What plans will you be participating with?
  - What will be priority areas?
  - How will resources be allocated?
- Is Pharmacy represented at the P4P table?
  - # of measures that are medication-related
  - Highly educated staff that can drive improvement

### Polling Question #3

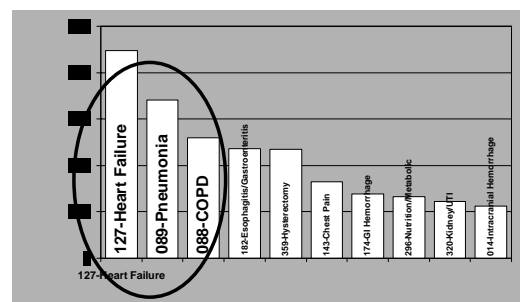
### Pharmacy Strategic Plan for P4P

- Align pharmacy dept goals with institutional targets
- Reevaluate practice model to assure you are patient-centric, outcomes-focused and efficient.
- Tailor staff roles and daily activities to achieve targets
- Where possible, assign accountability to staff for performance measures
- Place online staff into focused performance/QI design teams

### P4P Measures: Awareness & Performance

- How is hospital/MC currently performing on RHQDAPU measures?
- Gaps or deficiencies in care
  - Which can be impacted by Pharmacy?
  - Are these priority areas?
  - Take specific actions using QI methodology to address

### CMS Top Medical/Surgical DRGs 2006



## P4P Measures: New Opportunities

- **HCAHPS: Hospital Patient Satisfaction Survey**
  - Are your pharmacists interacting with your patients?
  - Provision of information on medications (along with the discharge med list) is part of the survey.
  - Inline with ASHP 2015, develop process to assure each patient sees the pharmacist at least once. Consider provision of key medication information for all or targeted patients.
  - Develop pharmacy info flyer for all patients that explains value of pharmacists and services provided. Market your value!

## P4P Measures: New Opportunities

- **Focus on Readmissions/Transitions in Care**
  - CMS will continue to tighten payments on readmissions.
  - Focus will be on interventions made both during and after discharge that prevent readmits for key DRGs.
  - Consider pharmacy interventions that can improve outcomes:
    - Medication education/counseling
    - Adherence tools & counseling
    - Post-discharge medication follow-up calls or appointments
    - Medication reconciliation
    - Coordination of care for chronic conditions, anticoagulation, etc.

## Use Data at All Levels to Improve and Attain Desired Performance

- Institutions should post or present performance data for key measures (CORE, TJC, Leapfrog, etc) in highly-visible areas and at meetings to increase staff awareness.
- Maximize use of departmental &/or institutional databases for generation of timely reports
  - Real-time surveillance data for identifying improvement opportunities (ie, HF admit not on ACEI, SCIP patient with no VTE prophylaxis) should drive staff actions
  - Reminders or flagging systems for staff communication
  - Create dashboards to show timely performance data
- Pharmacy IT should be prioritized to these goals.

## HMC ICU Dashboard

The screenshot shows a web-based dashboard for ICU patient status. It includes a search bar, filters for patient status (e.g., 'All Patients'), and a table of patient data. The table has columns for Patient Status, VTE Prophylaxis, All Patients, Discharge, Dual Care, AOB, Sedation, and SBT. The data rows show various patient conditions and their corresponding status indicators.

Patient Status	VTE Prophylaxis	All Patients	Discharge	Dual Care	AOB	Sedation	SBT
ICU	enough	No Vent	10/20/16	No Vent	No Vent	OK	No Vent
	High	No Vent	10/20/16	No Vent	No Vent	Assessment	No Vent
ICU	High	Tub/med	10/17/15	Yes	TAB	Normal	OK
	Mech Only	No Vent	10/17/15	No	No Vent	OK	No Vent
ICU	enough	No Vent	10/17/15	No	No Vent	OK	No Vent

## Polling Question #4

## Communicate and Collaborate

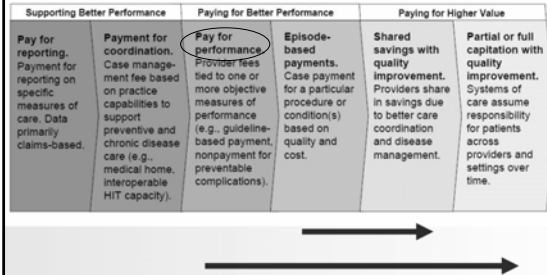
- Dedicate time to performance measure discussion at each staff meeting.
  - Sell priority.
  - Assure staff understands goals and responsibilities.
  - Post performance data
  - Reward success
- Work in Teams
    - Don't work in silo.
    - Cross link with other disciplines/departments to assure efficiency
  - Develop inpatient-to-ambulatory connections to assure transition management

## Hospital Outpatient Care & P4P

- Incentives: quality measures in pipeline
- Support transitions in care
  - Med recon
- Chronic Disease Management
- Care coordination
- Cost effective med use
- Adherence!
- Medical Home Model

## Evolution of payment reform

Past and Emerging Models of Accountability in Provider Payments



## To Ask a Question & Adjust Control Panel

The screenshot shows a GoToWebinar interface. On the left, there is a control panel with two main buttons: 'Expand or Collapse' and 'Type your question here'. The 'Type your question here' button is highlighted with a large arrow pointing to a text input field. The main window displays webinar information, including the title 'Practice Webinar: Networking Webinar for Performance Improvement Workshop: Improving Patient Outcomes in Thromboembolic Disorder', the date '24 hours before the program, to www.XXXXXXXXXXXXXXXXXXXXXXXXXX', and a question/answer section. The question is 'Q: How can I submit a question?' and the answer is 'A: Phone lines are muted, submit questions using this tool'. There is a 'Send' button below the answer field.

## Thanks for your participation!

Feel free to contact me for further questions...

Steve Riddle

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Visit the ASHP Resource Center at [www.ashp.org/qii](http://www.ashp.org/qii)

## What is the Quality Improvement Initiative (QII)?

The QII provides resources to support pharmacist leadership and engagement in health care quality initiatives that improve patient outcomes and reward performance excellence.

Visit [www.ashp.org/qii](http://www.ashp.org/qii)

- Become a QI Advocate
- View quality improvement updates and news
- Use quality resources
- Check back often to learn about future quality improvement webinars, podcasts, and virtual posters



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## Resources on Pay-for-Performance

1. AHRQ Pay-for-Performance Resources: <http://www.ahrq.gov/QUAL/pay4per.htm>
2. CMS Pay-for-Performance Initiatives:  
<http://www.cms.hhs.gov/apps/media/press/release.asp?counter=1343>
3. Premier HQID project info.  
[http://www.cms.hhs.gov/HospitalQualityInits/35\\_hospitalpremier.asp](http://www.cms.hhs.gov/HospitalQualityInits/35_hospitalpremier.asp)
4. Hospital Value Index: Rankings for over 4,500 hospitals  
<http://hospitalvalueindex.com/>

## References

1. Senate Finance Committee, Description of Policy Options Report, Transforming the Health Care Delivery System: Proposals to Improve Patient Care and Reduce Health Care Costs. Released April 29, 2009. Accessed at <http://www.finance.senate.gov/sitepages/leg/LEG%202009/042809%20Health%20Care%20Description%20of%20Policy%20Option.pdf> accessed on 9/14/2009.
2. Chassin MR, Galvin RW, and the National Roundtable on Health Care Quality. The Urgent Need to Improve Health Care Quality. JAMA. 1998; 280(11): 1000–1005.
3. Premier Hospital Quality Incentive Demonstration  
[http://www.cms.hhs.gov/HospitalQualityInits/35\\_hospitalpremier.asp](http://www.cms.hhs.gov/HospitalQualityInits/35_hospitalpremier.asp)
4. Grossbart SR. What's the Return? Assessing the Effect of "Pay-for-Performance" Initiatives on Quality of Care Deliver. Med Care Res Rev 2006;63:29S-48S.
5. Lindenauer PK et al. Public Reporting and Pay for Performance in Hospital Quality Improvement. N Engl J Med 2007;356:486-96.