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.

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

Faculty

Steven M. Riddle, B.S. Pharm, BCPS
Medication Utilization and Quality Improvement Pharmacist
Harborview Medical Center Pharmacy Services
Assistant Clinical Professor
University of Washington School of Pharmacy
Seattle, Washington

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

Steven M. Riddle, B.S. Pharm, BCPS
Medication Utilization and Quality Improvement Pharmacist
Harborview Medical Center Pharmacy Services
Assistant Clinical Professor
University of Washington School of Pharmacy
Seattle, Washington

The QII series of informational webinars...

Planned and conducted by ASHP.
Sponsored by sanofi-aventis.

● Don’t have your handout?
Handout is available at 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.

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.

Announcements

The Need for Change

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

Polling Question #1

- 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.


Strategies for Health Care Quality

Polling Question #2

What is the impact of improving quality on costs?

The business case for improving quality

As Quality goes up

Costs go down

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.

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.

Determining Value

What you receive

QUALITY

COST

Value

What you pay

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

Did P4P Drive Outcomes in the Premier Demo Project?

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

<table>
<thead>
<tr>
<th>Clinical Focus Area</th>
<th>Non-Participants</th>
<th>Participants</th>
<th>p-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>6.7%</td>
<td>9.2%</td>
<td>.001</td>
<td>.730</td>
</tr>
<tr>
<td>Acute Myocardial Infarction</td>
<td>2.9%</td>
<td>3.1%</td>
<td>&lt;.001</td>
<td>.395</td>
</tr>
<tr>
<td>Pneumonia</td>
<td>7.6%</td>
<td>10.9%</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Heart Failure (HF)</td>
<td>16.8%</td>
<td>19.2%</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Comparison of Hospitals: NVRI vs NVRI + P4P

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)
Physician Quality Reporting Initiative

- Tax Relief & Health Care Act of 2006 – passed December 2006
- 74 measures that are based on & replace PVRI & AQA measures
- Voluntary reporting of 3 measures on at least 80% of applicable July-December 2007 Medicare claims to qualify for 1.5% bonus lump sum payment in mid-2008
- Use of G-codes & CPT-II codes on claims
- Eligible professionals include more than doctors – nurse practitioners, clinical nurse specialists, therapists, & more
- Measures published in August 2007 distributed $1.35 billion for services rendered in 2008

http://www.cms.hhs.gov/PQRI

BTE

- Bridges to Excellence initiative includes physicians, employers and industry groups working together to define, deliver and reward quality care.
- BTE is a grantee of the Robert Wood Johnson’s Rewarding Results grant program and a not-for-profit organization.

Mission

- Engage providers to demonstrate that they deliver optimal care that is safe, timely, efficient, effective.
- Engage patients to seek evidence-based care and self-manage their own conditions.

Employers and Plans commit within the market and pay into a pool

- Annual rewards presented to physicians for excellent performance after the physician collects and submits data to NCQA.

“In the next five to ten years pay-for-performance-based compensation could account for 20% to 30% of what the federal program pays doctors”

- Mark McClellan, M.D., Ph.D
  Director of the Engelberg Center for Health Care Reform, Brookings Institution

CMS Value-Based Purchasing Plan

- Mandated by Deficit Reduction Act of 2005
- Impacts only IPPS/Acute Care hospitals
- Build upon measurement & reporting infrastructure of RHQDAPU
  - RHQDAPU: 42 measures with focus on quality & delivery of EBM.
  - RHQDAPU withhold 2% of market basket for non-reporting
  - Includes public reporting via “Hospital Compare” site

VBP programs shifts from “pay for reporting” to “pay for performance”
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

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

Curvilinear Payment Scenario
Senate Finance 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?

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

“P4P is a tsunami building offshore in a sea of stockholder unrest, threatening those who are not prepared.”
- 2004 AMA Report

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

How will P4P impact your practice?
How can you prepare for P4P?
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.
  - In line 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!

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 (i.e., 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

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

What is the Quality Improvement Initiative (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

Thanks for your participation!

Feel free to contact me for further questions...

Steve Riddle
sriddle@u.washington.edu

Visit the ASHP Resource Center at www.ashp.org/qii
Resources on Pay-for-Performance

1. AHRQ Pay-for-Performance Resources: http://www.ahrq.gov/QUAL/pay4per.htm
2. CMS Pay-for-Performance Initiatives:
3. Premier HQID project info.
   http://www.cms.hhs.gov/HospitalQualityInits/35_hospitalpremier.asp
4. Hospital Value Index: Rankings for over 4,500 hospitals
   http://hospitalvalueindex.com/

References

3. Premier Hospital Quality Incentive Demonstration
   http://www.cms.hhs.gov/HospitalQualityInits/35_hospitalpremier.asp