

Physician Payment Reform and Outcome-Based Performance

Five Steps Every Practice Should Consider

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“Our nation cannot control runaway medical spending without fundamentally changing how physicians are paid.” This is the backbone of a report published by the National Commission on Physician Payment Reform in March. The 14-member commission was comprised of physicians from a variety of specialties, as well as others who are experts in health care policy, delivery, and payment.

Based on six underlying principles of payment reform, and offering 12 general recommendations for gradual change, the Commission’s final analysis was predicated upon a single, over-arching tenant: Current health care spending in America is unsustainable.

Naturally, there are many factors that drive the high level of health care expenditures. However, one culprit stands far and above the rest: the fee-for-service payment model. Fee-for-service reimburses a physician for each service he or she delivers. Unfortunately, this creates an unwarranted financial incentive to provide more (and more costly) services that do not necessarily result in increased value. Though used for decades, the fatal flaw of the fee-for-service model is that payment is not linked to outcomes.

Of the 12 broad-spectrum payment reform recommendations, the Commission’s sixth recommendation is particularly compelling: *“Fee-for-service contracts should always include a component of quality or*

outcome-based performance reimbursement at a level sufficient to motivate substantial behavior change.” According to the Commission, the antiquated fee-for-service model needs to be recalibrated (and eventually replaced) in order to reflect value-based decision making. Quality metrics need to be incorporated into a new hybrid form of value-based contracting that reflects appropriate, cost-effective care.

Practices today are already experiencing the discomfort of a changing payment landscape: Medicare cuts, lower reimbursements, delayed payment schemes, increased pre-authorization hassle factors, hasty changes to health care policies, contract modifications, and new data reporting requirements have all contributed to a general sense of dismay when physicians consider the sustainability of a private practice in the long run.

There’s little doubt that if outcome-based performance becomes the new gold standard by which payment is allocated, a new commit-

ment to tracking and analyzing data (i.e., outcomes) is necessary. Rheumatology practices in Washington State have tackled the need for constructive data head-on. In 2009, an economic advisor predicted that in light of the burden to build a comprehensive IT structure and improve quality metrics, most 1-2 physician private practices would eventually fall by the wayside. Taken back by this alarming prediction, rheumatologists at Arthritis Northwest in Spokane, WA, set out to design technology that would improve patient care and ensure their survival in the future. The JointMan™ clinical care portal was born.

Designed to track patient outcomes and quality metrics in real-time, the JointMan™ portal focuses on clinical effectiveness research. Able to capture and trend joint counts at each visit, physicians are using this system (which already contains 4,500 unique RA patients) to aggregate, analyze, and present data in a concise, actionable format. Analyzed data helps identify trends, predict outcomes, influence therapy choices, and improve care as both physician and patient work toward a low disease activity state. Alternatively, aggregated data within the portal can be used to quickly facilitate pre-authorizations and the denial appeal process. In short, the JointMan™ care portal fulfills two basic needs of the changing payment landscape: access to chronic disease data and validated quality measures that gauge the efficacy of treatment. Equipped with this kind of data, physicians at Arthritis Northwest are now able to come to the payers' negotiating table and discuss the option of value-based contracts. Not limited to Washington State,

this web-based portal is available to any rheumatologist across the country.

How to Remain Competitive with Value-Based Contracting

Finding ways to incorporate quality metrics into private practices is only the beginning. Here are five steps that every practice should consider in order to "secure a spot" at the negotiating table:

1. Prepare for Value-Bundled Payments: If bundled payments become a reality, every practice will need documented outcome measures to prove the value and cost of their care. If we can harness the power of data, and prove the efficacy of treatment in the form of clear patient outcomes, we'll be able to negotiate higher reimbursements.
2. Consider ACO Alignment: Since considerable focus is given to procedure-based specialties, how will evaluation and management specialties stand out among the rest? Again, we must explore how using data in the context of a coordinated care team will bring about improved quality and lower costs.
3. Become Patient-Centric: Tracking patients on a routine basis, and sharing results with them in real time, can only result in a patient's commitment to manage his disease successfully. Health plans and employers lose money when patients do not take their medications properly; hence, increased patient compliance will ultimately result in higher reimbursements.

4. Establish Consistent Quality and Safety: Data will enable physicians to quantify and enhance quality safety measures, resulting in better patient outcomes.

5. Implement New Technology: Naturally, the first step is to implement electronic medical records, as systems need to be interoperable and able to move data easily from point A to B. Second, having a data collection portal in place sooner rather than later will augment one's position at the negotiating table.

In conclusion, it is only with a redefined emphasis on value and quality metrics that health care within the United States will survive. Tracking and producing improved patient outcomes is the key to health care in the future. The Commission clearly states: "Both private and public payers must take steps now to move the U.S. toward a physician payment system that drives higher quality and more cost-effective care, and helps improve not only individual health, but that of the nation."

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ManTM care portal. She founded and acts as Executive Director for the Nidus Physician Network Care Organization, an on-line organization created to help Rheumatology practices achieve sustainability.

Ms. Ferguson is a past President

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