Value-based Payment: Aspiration Meets Reality

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Disagreement over the role of measurement in value-based payment

- Mostly unacknowledged
- For some, value-based payment literally means measuring quality and costs, thus directly measuring and rewarding value
- For others, it means using payment methods with a higher demonstrated (or hypothesized) relationship to desired cost outcomes and using measures more opportunistically, e.g., to measure quality in areas of concern under the particular payment approach
  - Most discussed payment reform methods – bundled episodes, shared savings, etc. – address incentives to spend less. Not really paying for outcomes

Hospital value-based purchasing

- Based on the Premier Hospital Quality Incentive Demonstration Project – the largest hospital P4P anywhere
- Mostly used process measures for 5 conditions, e.g., aspirin and beta blocker use in AMI
- Initially "tournament" model – 1-2% bonuses for top 2 deciles
- Results from academic studies (after VBP legislation):
  - The voluntarily enrolled 261 Premier hospitals initially performed better but the differential was not sustained
  - Probable "ceiling effect" – how much better than 90% can you get?
  - Of greater concern, academic studies find that performance on the CMS core measures do not predict outcomes

Hospital VBP (cont.)

- Process measures do not capture the decisive role of hospital culture, leadership, and management, which has been shown to have more influence on outcomes than a few process measures of "evidence based care"
- CMS evolving the program to much greater focus on outcomes, patient experience, and efficiency
- Premier has organized a broad collaborative effort to improve quality and safety -- Quest – which emphasizes executive commitment, sound measurement, collaboration, knowledge transfer, and transparency.
- CMS also promoting a broader collaborative effort in which measurement is only one component – Partnership for Patients – focused on decreasing readmissions and reducing errors and harm

Physician value-based purchasing is much more challenging

- Behavioral economists are now raising the potential of "crowd out of intrinsic motivation" for professionals managing complex situations and solving problems.
  - A professional's response to P4P might be different from an organization's -- and not all of it good
- The economics of a medical practice is very different from a hospital. For the latter 1-2% gets a lot of attention, for the former, where overhead is 50-60%, not so, esp. in a fee schedule world with physician induced demand and up-coding
- Physicians do not respect the PQRS measures, many of which have marginal importance and do not reflect the core of what they do for patients.
- After 6 years, less than 30% of physicians participate in PQRS

Where public policy has gone astray on performance measurement and reporting

- What we measure is considered important and what we don't or can't measure is marginalize or ignored altogether
- "Not everything that can be counted counts, and not everything that counts can be counted" – not Albert Einstein
- So policy makers don't think much about diagnosis errors which are endemic, inappropriate overuse of discretionary services, and care for patients with multi-morbidity because we either lack measures or the ones we have are flawed.

Getting back on track

Based on "Achieving the potential of health performance measures," Berenson, Pronovost, and Krumholz. Supported by The Robert Wood Johnson Foundation

- Move decisively from measuring processes to outcomes, including patient-reported outcomes when reliable
- Use quality measures more strategically -- to solve problems, not as ends in themselves
- Increasingly measure at the level of the organization, not the individual
- Use patient experience as a core outcome

Back on track (cont.)

- Measure and incentivize improvement, more than comparative performance
- Use measurement to promote rapid learning systems and collaboration among organizations
- Invest in the "basic science" of measurement development, with an emphasis on anticipating unintended adverse consequences
- Consider tasking a single entity with defining standards for measuring and reporting quality and cost data to improve validity and comparability of publicly reported data