Physician Payment Reform: What Can We Learn From Pilot Projects

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March 15, 2013

Physician Payment – Not Just an SGR Challenge

- SGR exacerbates the problem with its across the board fee reductions
- SGR/RBRVS combination that's the problem
  - -- RBRVS pays on basis of individual services
  - -- uses a very disaggregated billing system
  - -- hard to hold physicians accountable/responsible", "paying for volume; not value"

So --- What's the Problem?

- If Congress ***only*** removes the SGR,
  - -- spending for physician services will increase faster than desired (that's why its there!)
  - -- would still be rewarding ***volume***, not ***value***

But …

No viable alternative to RBRVS ***now*** ready for ***prime time***

Good News/Bad News

- Many public sector pilot projects being funded by CMMI
  - -- bundling demos; PCMH's, multi-payer Adv. Primary Care practices
- Lots of pilots being done in the private sector
  - -- Blues plans (MI is esp. active); UHG, Aetna, Wellpoint, Cigna, all have pilot projects, ***but*** …
- Many pilots run until 2014; heavily primary care oriented
- Evaluations are likely to vary in quality

What Was Learned By GAO Study?

(9 entities; 12 activities)

Better to measure performance at the practice level

Important to use nationally endorsed measures; need a standardized set metric

Better to use absolute benchmarks/absolute+improvement

Better to provide incentive payments as soon as possible (not like the government)

Challenges Translating Pilots To Action

- ***Self-selection*** is always a problem; so is the "***Hawthorne Effect***" (people being watched behave differently)
- Hard to measure real "***net effects***"
  - -- real savings can be hard to calculate
    need good risk adj; adj for infrastructure inv.
  - -- need to know whether results can be generalized
    to all patients or only selected subsets
  - -- need to distinguish between one-time savings and
    on-going savings