



IxInsights #33

February 19, 2008

IxInsights February 2008

Pay-for-Performance . . . and Beyond: Using Incentives to Accelerate Ix

Speakers:

Dennis White, Senior Vice President, National Business Coalition on Health
Jeff Greene, President and CEO, MedEncentive

Background: Each year, the National Business Coalition on Health (NBCH), a member organization of 60 employer-led health care coalitions, conducts eValue8, a multidimensional assessment of health plans. The main purpose of eValue8 is to determine whether health plans are using their resources as effectively as possible to improve health and health care. At the February webinar, Dennis White presented an overview of eValue8, shared some 2007 eValue8 findings, and spoke about incentives and rewards that health plans offer to consumers and providers. Jeff Greene then shared MedEncentive's success with "aligning the interests" of purchasers, physicians, and patients with their unique model of "declare and confirm," which offers rewards to physicians to practice evidence-based medicine and prescribe Ix, and rewards to patients to access and use this Ix.

IxInsights from Dennis White

Insight #1: Health plans can use many financial levers and informational tools to influence consumer behavior.

- Plans can:
 - Reduce copayments or deductibles for essential prescriptions, tests, and equipment. (Not many plans are currently doing this, but the practice is gaining in strength over time.)
 - Use incentives and rewards to actively encourage consumers to complete HRAs, get preventive services, manage their chronic conditions, etc.
 - Steer members to the best (most cost-effective) physicians.

- Improve transparency about physician performance through provider directories and performance reports.
- Provide reminders about gaps in care.
- Offer PHRs and treatment decision support tools.

Insight #2: Health plans can also use many economic and quality improvement options to influence physician behavior.

- Plans can offer incentives and rewards in the form of:
 - Bonuses,
 - Elevated fee schedules (and/or shares in savings), and
 - Plan design that gives consumers incentives to use more cost-effective/higher quality providers (which is especially meaningful for specialists and hospitals).
- Plans can help physicians improve their performance by
 - Making their performance more transparent to patients,
 - Helping them identify gaps in individual patients' care,
 - Providing technical assistance with HIT, and
 - Providing them with performance information about specialists and hospitals.

Insight #3: Health plans are adopting components of health information technology (HIT) at different rates.

- In 2007, eValue8 findings showed that:
 - Over 25% of plans offered online medical consultations.
 - About 20% offered online appointment scheduling.
 - Over 60% offered a member PHR (although the majority of these required members to complete the PHR themselves).
 - Over 70% offered prescription cost calculators.
 - Over 80% offered a plan-specific online formulary.
 - Over 60% used HIT to monitor chronic conditions.
 - About 80% used HIT to support treatment decisions.

Insight #4: About 20% of plans currently reward physicians for using HIT (including instituting EMRs, e-prescribing, monitoring chronic conditions, and providing treatment decision support to patients); on average, though, less than 5% of total physician reward is based on the use of HIT.

- Incentives may be in the form of financial support, technical assistance or workflow support, and member steerage.

Insight #5: Health plans can encourage providers to use CCHIT-certified electronic records, though few plans have implemented these incentives.

- Plans can:
 - Promote EHR vendors,
 - Provide EHR systems,

- Offer financial incentives,
 - Give public recognition, and
 - Offer provider education.
- Currently, fewer than 15% of plans are offering any of these incentives.

IxInsights from Jeff Greene

Insight #6: The underlying drivers of high health care costs are:

- Poor quality of care,
- Misaligned provider and patient incentives,
- American's deteriorating health due to poor health habits, and
- Patients' medical illiteracy and poor doctor-patient communication.

Insight #7: Patients' medical illiteracy, exacerbated by poor doctor-patient communication, is a leading cause of premature death.

- MedEncentive believes that doctors should be compensated for diagnosing and treating medical illiteracy and patients should be rewarded for demonstrating medical literacy.
- For peer-reviewed research on the link between health illiteracy and mortality, see IxResearch Briefing #8 (August 2007).

Insight #8: Many health care system solutions (e.g., HMOs, gatekeeping, disease management, precertification) fail because of lack of patient and provider engagement or because they rely on a strategy of winners and losers.

- Many solutions don't attract adequate participation because they fail to align the interests of the three primary health care stakeholders: payers, providers (clinicians and hospitals), and patients.
- A P4P system that aligns the interests of payers, providers, *and* patients will be more powerful than a bilateral P4P arrangement between payers and providers only.

Insight #9: Evidence-based medicine (EBM) and Ix have been proven to control health care costs.

- By definition, EBM works.
- A 2005 RAND Corporation study determined that dispensing Ix to patients improves outcomes and reduces health care costs.

Insight #10: A Web-based Ix application is the simplest way to get Ix to patients with Internet access, as minimal IT is required.

- MedEncentive's Ix program, which "bolts on" to any health plan, is based on:
 - Proprietary Web-based applications,

- Physician-friendly EBM guidelines,
- Ix that patients can understand and use, and
- Timely, substantial, and per-occurrence-of-care incentive payments to both physicians and patients.
- Patients who do not have access to the Internet at home are encouraged to access it from work or a library; MedEncentive has found that lack of access is not an impediment to patient participation in the program.

Insight #11: “Declare and confirm” adherence verification offers an effective incentive for doctors and patients to follow EBM guidelines, and for doctors to prescribe and patients to fill Ix prescriptions.

- After an office visit, MedEncentive asks both the doctor and the patient to visit a Web site, declare their adherence to the applicable EBM standards for the patient’s condition, and agree to confirm the other party’s adherence.
 - Doctors are asked two yes/no questions: “Are you following EBM guidelines for this patient?” and “Do you want to prescribe Ix for this patient?” Doctors are provided with EBM guidelines from a variety of sources, depending upon the patient’s diagnosis.
 - Patients receive Ix that has the same EBM content that their doctors receive but is translated into a 6th-8th-grade reading level. As patients read, they are asked a series of questions designed to assess their medical literacy and their health status. They are asked to declare compliance with the guidelines and must agree to have their responses sent to their doctor, which creates a powerful adherence motivator.
 - Patients are also asked to rate their doctors’ performance against the recommended guidelines, which creates an even greater “check and balance.” Doctors receive only aggregated patient ratings and consider this method of quality rating fairer and more appropriate than ratings by insurance companies or government agencies based on claims data or other criteria.

Insight #12: Providing an immediate financial reward to doctors and patients for adhering to EBM and using Ix aligns the interests of both parties, as well as the interests of the health care purchaser.

- Doctors receive up to about 20% more in payment for each office visit for which they participate in the MedEncentive program. (This compensation is greater when they prescribe Ix to the patient during the visit or immediately after than if they wait until the claim for the visit is processed).
- Patients who visit the MedEncentive Web site and declare and confirm their adherence within 2 weeks of their office visit receive employer-determined rebates of between \$10-\$30.

Insight #13: Doctors don’t like to practice “cookbook medicine,” so an incentive system must allow for doctors to exercise their judgment.

- The MedEncentive program allows doctors to deviate from EBM guidelines when appropriate without jeopardizing their incentive payment; they need only supply a reason (such as the existence of a co-occurring disorder) for why they are not following the EBM guideline for a particular patient.

Insight #14: Patients, especially those with chronic illnesses, want their doctors to know that they are adherent and knowledgeable, and doctors do not want patients to think that they practice substandard care.

- MedEncentive believes that its declare and confirm feature, which increases communication, collaboration, and transparency between doctors and patients, is the key to its program's success.

Insight #15: Incentives to both physicians and patients have generated high participation rates, resulted in better-informed patients, and contained costs.

- Among those whose employers have been offering MedEncentive for three years, there is an 80% participation rate (i.e., 80% of office visits result in a successful declare and confirm event).
- Within its first year of operation, MedEncentive found that its program:
 - Contained global health care costs;
 - Redistributed expenditures: hospital expenses dramatically decreased while doctor and administrative payments correspondingly increased;
 - Reduced the practice of defensive medicine, as evidenced by a reduction in the number of radiology testes ordered; and
 - Helped patients manage their medical conditions: On average, patients rated the helpfulness of the Ix they received 4.23 on a scale of 1-5.
- During MedEncentive's second year of operation, the city of Duncan, Oklahoma, which had incorporated the MedEncentive program into its self-insured employee health plan, realized a 995% return on its investment.

Additional Resources

The National Business Coalition on Health

NBCH is a national, non-profit, membership organization of employer-based health care coalitions dedicated to value-based purchasing of health care services through the collective action of public and private purchasers. NBCH seeks to accelerate the nation's progress towards safe, efficient, high-quality health care and the improved health status of the American population. NBCH has a membership of nearly 60 employer-led coalitions across the United States, representing over 10,000 employers and approximately 34 million employees and their dependents. NBCH member coalitions are committed to Community Health Reform, including an improvement in the value of health

care provided through employer-sponsored health plans and to the entire community.

For more information, please visit

<http://www.nbch.org/>

Contact Dennis White: DWhite@nbch.org

MedEncentive

The MedEncentive Program is designed to "bolt on" to existing health plans to control healthcare costs by improving the standard of care and encouraging healthy behavior. MedEncentive accomplishes these objectives by financially rewarding both physicians and patients on a per-occurrence-of-care basis for incorporating EBM and Ix through proprietary Internet Website applications, a check and balance system, and other innovative features.

For more information, please visit

<http://www.medencentive.com/>

Contact Jeff Greene: JGreene@medencentive.com

References

MedEncentive. *Pay-for-Performance Success Using Doctor-Patient Interactive Rewards: An Evaluation of the Impact of the MedEncentive Program on the City of Duncan Health Plan*. September 15, 2006.

http://www.medencentive.com/sharedfiles/press/P4P_Using_%20Interactive_Rewards.pdf

RAND Report Summary: Consumer Use of Information When Making Treatment Decisions: A BlueCross and BlueShield Association Analysis. Chicago: BlueCross BlueShield Association.

http://www.bcbs.com/betterknowledge/cost/Rand_Report_Summary.pdf