

Pay - 4 - Performance, Gainsharing & Quality Incentives

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Physician Incentive Arrangements

- Government or third party payor sponsored (Pay for Performance (“P4P”)) programs**
- Provider P4P programs**
- Gain-Sharing**

P4P Initiatives: Environment and Context

- Professional and Industry Interest In Improving Quality and Questions re Efficacy of Existing Quality Interventions**
- New Focus on Quality in Compliance Arena**
- Cost Pressures**
- Data Mining with Respect to All of These Factors**

Legal Considerations

- Physician Incentive Plan Law**
- Stark Law**
- Anti-Kickback Law**
- Business & Professions Code § 650;
PORA**
- General Contract Law Issues**

Legal Considerations (*cont'd.*)

- Non-Profit Tax Issues**
- Antitrust**
- Other Legal Considerations**
 - **Corporate Practice**
 - **Liability Issues**
 - **Privacy/HIPAA**
 - **Intellectual Property Considerations**

Practical/Programmatic Considerations

- Data Intensive**
- Cost/Time to Develop Programs**
- Designing/Monitoring Effectiveness of Incentives**
- Effect of Possible “Mega” System Changes?**

Gain-Sharing

- ❑ **Programs Focused on Aligning Physician Incentives with Hospital Cost Savings:**
 - **Hospitals paid DRGs – at risk for utilization**
 - **Physicians paid FFS – no stake in hospital costs**
- ❑ **OIG Special Advisory Bulletin**
- ❑ **Advisory Opinions and Current Regulatory Status of Gain-Sharing Programs**
- ❑ **CMS Gain-Sharing Study**

Medicare and Third Party Payer P4P Plans – Opportunities & Limitations

- ❑ **Individual Plan Initiatives**
- ❑ **Collaborative Initiatives**
- ❑ **Medicare - Hospital Quality Initiative**

Incentive Compensation Features

□ Elements of Effective Incentive Plans --

- **Transparency**
- **Objective Measures Predominate**
- **Clear Linkages to Goals**
- **Simplicity -- Operational Consistency**
- **Reasonable Income Stability –
Provide rewards rather than impose penalties**
- **Legal Compliance**
- **Structure for Review/Accountability**

Incentive Performance Measure Principles

- **Incentive Performance Measures Should:**
 - **Foster care coordination among providers**
 - **Affect a significant number of patients**
 - **Be valid, scientifically sound, and tested**
 - **Visible**
 - **Clinically Relevant**
 - **Define Good Care and Optimal/Improved Outcomes**
 - **Be developed with physician input**
 - **Be effectively communicated to physicians**

Incentive Performance Measure Principles (*cont'd.*)

- **Relate to factors physicians can impact**
- **Be meaningful to patients**
- **Measure improvement over time**
 - Relevant goals
 - Appropriate time periods
- **Include milestones, benchmarks –
and provision for detours**

Incentive Performance Measure Principles (*cont'd.*)

- **Be aligned with national measures**
- **Be aligned with Hospital/Health System goals**
- **Have appropriate incentives – amounts/types**
- **Be designed to maximize physician participation**

Closing Thoughts

- ❑ **Spend some time to consider options & strategize**
- ❑ **P4P an opportunity to achieve many objectives**