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Pay-for-Performance and Provider Performance Ratings – How To Improve Their Impact On Your Bottom Line

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Pay-for-performance (PFP) and physician performance rating (PPR) programs directly or indirectly impact the bottom line of virtually every physician practice. PFP results determine an increasing percentage of maximum potential reimbursement and total actual reimbursement from both commercial and governmental payors. The results of PPR programs can also impact the rated physicians' compensation on a going-forward basis. For example, a plan's assignment of physicians to distinct network tiers based upon their relative PPR performance scores may be coupled with variations in fee schedules or co-payments by tier. If an enrollee has a $15 copay for an office visit with a higher-scoring Tier 1 physician and has a $35 copay for the same office visit with a lower-scoring Tier 2 physician, the resulting enrollee steerage may have a substantial negative financial impact on the Tier 2 physicians. As the movement toward price and quality transparency continues, one can expect the impact of these programs to only increase. Failure to recognize, accept and appropriately respond to these trends can have seriously adverse economic consequences. Fortunately, there are steps that physicians can take to maximize their reimbursement and improve the impact of PFP and PPR programs on their bottom line.

Step 1: Determine whether you should even participate with the payor and product to which the PFP/PPR program applies. Skipping this threshold evaluation is a critical mistake. Granted, there will always be one or more 800-pound-gorilla payors for which you won't have a choice. For others, carefully evaluate their guaranteed and PFP-based potential reimbursement on a product-by-product basis in deciding whether to participate. Questions to consider include: Is the PFP component an acceptable percentage of maximum total reimbursement or is there too much on the if-come? Are the results required to receive PFP funds or a desirable PPR score realistically achievable? For example, the PFP targets and measures for an HMO product may be acceptable; however, can you realistically expect to achieve those same targets for that payor's PPO product under which you will not be a gatekeeper? Benefit design must also be considered. For a high-deductible plan, does it provide first-dollar coverage for preventive care and screening tests at issue in the PFP program? If not, you may have a substantially reduced ability to manage your patients' care and achieve performance targets.

Step 2: Ensure that the PFP/PPR program is adequately detailed and specified in the participation agreement. Your first goal is to have specific and detailed provisions regarding all material terms of the PFP/PPR program in place on or before the first day of the contract year, so that you can adequately prepare and have the full year in which to achieve the performance targets. Among those material terms are: the individual targets, measurement metrics, the population to which each measure applies, acceptable data sources, and dispute resolution mechanisms, including the right to pre-publication challenge of proposed PPR ratings or scores. If there is any doubt as to the adequacy of these key contract provisions, consult legal counsel with specialized expertise in managed care contracting. Your second goal is to have the same, unchanged PFP/PPR program in place throughout the entire contract year. The participation agreement should preclude mid-game rule changes and moving targets. You don't want to spend ten months working on a particular measure for a specified population/denominator only to have the relevant population materially and retroactively expanded on November 1. If both of these contract goals can not be achieved, you may wish to revisit Step 1.

Step 3: Once you decide to participate in the PFP or PPR program, do so with vigor and determination. Less than complete buy-in from your entire practice is a near guaranty of poor PFP/PPR results. In addition to physicians, support staff must also be mindful of PFP measures when scheduling appointments and making calls to facilitate appropriate patient follow-up, such as blood pressure checks and hemoglobin A1c tests. Request and utilize all of the resources that the payor can provide, including member/patient registries and periodic reports comparing your year-to-date performance to PFP targets. Implement appropriate tools within the practice. A viable electronic health record system can significantly improve your ability to monitor performance in real time and thus, the likelihood of ultimate success. Don't have an EHR system? Consider including in every patient's chart a PFP Status Sheet that lists key PFP measures and indicates whether and when requisite actions, such as date of last diabetic eye exam, have been completed. The sheets can be updated and necessary follow-up noted by staff when they pull charts for the next day's appointments. A quick glance at the form during your patient encounter can help ensure that key evaluations, adjustments and follow-up are not overlooked.

Step 4: Ensure that you receive just rewards for your efforts. Verify that the payor's reported PFP/PPR results match those you expected, preferably on an ongoing basis throughout the year. Where possible, audit the records and information upon which questionable payor results are based to uncover potential errors. Evaluate not only the numerator but also the denominator for each measure in question. For example, in calculating your percentage score on an annual mammogram measure, did the payor improperly include in the measured population/denominator a patient with a history of bilateral mastectomy? Ensure that the payor received and took into account all permitted documentation of your performance. For example, the payor's claim records alone would not reflect childhood immunizations that your patient obtained from a county health department. Finally, know your dispute resolution rights in advance (see Step 2) and when necessary, invoke them promptly to avoid waiving them.

PFP and PPR programs are here to stay and will have an increasing impact on your practice's bottom line. With proper evaluation, planning and action, you can make that impact positive.

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