

The Role of Payment Reform in a Multi-Year Health Care Transformation Initiative in Massachusetts

Provider View: Jeff Levin-Scherz, MD

Assistant Professor
Harvard School of Public Health

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Provider Goals

- Pay for “value” delivered
- Accountability for what providers control
- Incentives aligned with patient needs
- Minimize non-value-added work
- Health plan does not perform medical management
- Simple finances with prompt reliable payment
- Full risk adjustment (at least theoretically)



Pay for Performance: Design Elements from the Provider Perspective

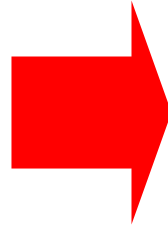
- Payment Methodology
 - Fee for service vs. capitation
 - Exclusions from “global” budget
 - Annual “inflation” rate
- Pay for Performance Methodology
 - Many measures vs. few measures
 - Process measures vs. outcome measures
 - Claims measures vs. EMR measures
 - Bonus vs. withhold



Jeff's Provider Wish List

FROM

- Mostly fee for service
- Payers and Providers each make huge investments in promoting or denying payments
- Long claims delays
- Health care delivery at both health plan and provider network
- Variable quality
- Confused, disheartened patients



TO

- Capitation for services often overutilized; fee for service for underutilized services
- Plans and providers together create operational efficiencies
- Instant adjudication
- Health care delivery in provider network only
- Reliable high quality
- Engaged patients

