ALIGNING THE PHYSICIAN COMPENSATION WITH ORGANIZATIONAL OBJECTIVES

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HealthCare Partners Medical Group & Affiliated Physicians

The Industry Forum
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Washington, DC
Who is HealthCare Partners?

- Physician Owned & Managed
- Integrated & Coordinated Delivery Model
- ≈ 900,000 Patients; 730,000 Under Capitation; 195,000 MA
- 4 States
  - California: 600,000 Patients – 108,000 MA Patients
  - HCP Florida (JSA) and Nevada: 90,000 – 82,000 MA Patients
  - HCP New Mexico (ABQ Health): 180,000 Patients – 26,000 MA Patients
HealthCare Partners Focus

- Four Strategic Initiatives
  - Clinical Excellence
  - Patient Satisfaction
  - Technological Support to Clinicians
  - Growth

- Operating Principles
  - Global Capitation Predominates
  - Physician-Led
  - Centrally Coordinated
  - Regionally Driven
Global Capitation

- Maintains clinical/financial accountability for all healthcare needs of a population
- Manages risk through clinical pathways and analytics
- Same day access and UC Centers to reduce ER visits and hospital admissions
- Innovative High Risk and Disease Management Programs
Three Programs Targeted For Organizational Differentiation

- Pay For Performance
- Risk Adjustment of Medicare Capitation Payments (HCC)
- Medicare Star

All enhance Quality, Reputation, and Revenue

All are Patient Focused

All should result in Aligned Incentives, Physician buy in, and Improved Outcomes
INCENTIVE

Motivation

Enticement

Inspiration

Influence

Encouragement
Elements of PCP Compensation Program in Group Model

In addition to competitive base salary,

- Patient Satisfaction
- Quality Outcomes
- Managed Care Panel adjusted for Continuity
- Senior Panel Morbidity Credit
- Fee for Service (FFS) Charges
- Other Services, Responsibilities (i.e. Lead Physician, Administrative Time, Hospital Time, Phone Calls, etc.)

*PCPs can earn as high as 80% above their Base Compensation*
Supporting Our Physicians to Excel
Tools for success

- Physician Information Portal (point of care reminders)
- Pursuit lists and outreach tools
- Physician report cards/transparency
- P4P Score Card
Governmental Reporting

Testing Blood Sugar for Diabetes Patients
Los Angeles - Torrance and South Bay

What Was Measured?
What percentage of medical group members with diabetes had their hemoglobin A1C level checked at least once in the year?

These results are based on patient records from the medical group or HMO.

Why Is It Important?
Keeping your blood sugar from getting too high is key to keeping diabetes under control. High blood sugar damages your heart, eyes, feet, and many other parts of your body. Medical groups that earn high ratings check your blood sugar regularly. They also help you learn to test your blood sugar yourself.

<table>
<thead>
<tr>
<th>Medical Group</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taibert Medical Group</td>
<td>91%</td>
</tr>
<tr>
<td>HealthCare Partners Medical Group</td>
<td>89%</td>
</tr>
<tr>
<td>Southern California Permanente Medical Group - South Bay</td>
<td>89%</td>
</tr>
<tr>
<td>AltaMed Medical Group</td>
<td>89%</td>
</tr>
</tbody>
</table>
# Example of P4P Score Report

## P4P Measure Studies

<table>
<thead>
<tr>
<th>Measure Studies</th>
<th># Completed</th>
<th># Remaining</th>
<th>Total # Patients</th>
<th>P4P Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults w/Acute Bronchitis</td>
<td>629</td>
<td>303</td>
<td>932</td>
<td>67%</td>
</tr>
<tr>
<td>Adults w/Acute Bronchitis (No Antibiotics)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asthma</td>
<td>889</td>
<td>384</td>
<td>1273</td>
<td>70%</td>
</tr>
<tr>
<td>Childhood Immunization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicken Pox vaccine</td>
<td>925</td>
<td>59</td>
<td>984</td>
<td>94%</td>
</tr>
<tr>
<td>DTaP vaccination</td>
<td>880</td>
<td>104</td>
<td>984</td>
<td>89%</td>
</tr>
<tr>
<td>Hepatitis A vaccination</td>
<td>697</td>
<td>287</td>
<td>984</td>
<td>71%</td>
</tr>
<tr>
<td>Hepatitis B vaccination</td>
<td>852</td>
<td>132</td>
<td>984</td>
<td>87%</td>
</tr>
<tr>
<td>HIB vaccination</td>
<td>958</td>
<td>26</td>
<td>984</td>
<td>97%</td>
</tr>
<tr>
<td>IPV vaccination</td>
<td>929</td>
<td>55</td>
<td>984</td>
<td>94%</td>
</tr>
<tr>
<td>MMR vaccination</td>
<td>921</td>
<td>63</td>
<td>984</td>
<td>94%</td>
</tr>
<tr>
<td>Pneumococcal vaccination</td>
<td>885</td>
<td>99</td>
<td>984</td>
<td>90%</td>
</tr>
<tr>
<td>Rotavirus vaccination</td>
<td>774</td>
<td>210</td>
<td>984</td>
<td>79%</td>
</tr>
<tr>
<td>Children with Pharyngitis</td>
<td>745</td>
<td>104</td>
<td>849</td>
<td>88%</td>
</tr>
<tr>
<td>Children with Pharyngitis (Strep Test)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children with URI</td>
<td>3805</td>
<td>210</td>
<td>4015</td>
<td>95%</td>
</tr>
<tr>
<td>Cholesterol Management for Cardiac Pts</td>
<td>1453</td>
<td>691</td>
<td>2144</td>
<td>68%</td>
</tr>
<tr>
<td>Cardiac Pts LDL &lt; 100</td>
<td>1956</td>
<td>188</td>
<td>2144</td>
<td>91%</td>
</tr>
<tr>
<td>Cardiac Pts LDL Test</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorectal Cancer Screening</td>
<td>36428</td>
<td>13384</td>
<td>49812</td>
<td>73%</td>
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<tr>
<td>Comprehensive Diabetes Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diabetes Blood Pressure &lt; 130/80</td>
<td>6813</td>
<td>10980</td>
<td>17793</td>
<td>38%</td>
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<tr>
<td>Diabetes HbA1c Control</td>
<td>10406</td>
<td>7389</td>
<td>17795</td>
<td>58%</td>
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<tr>
<td>Diabetes HbA1c Test</td>
<td>16098</td>
<td>1697</td>
<td>17795</td>
<td>90%</td>
</tr>
<tr>
<td>Diabetes LDL Control &lt; 100</td>
<td>10557</td>
<td>7238</td>
<td>17795</td>
<td>59%</td>
</tr>
<tr>
<td>Diabetes LDL Test</td>
<td>15683</td>
<td>2112</td>
<td>17795</td>
<td>88%</td>
</tr>
</tbody>
</table>
**HEALTHCARE PARTNERS**

**PATIENT INTERVENTION REPORT**

**REPORT DATE: 4/16/2010**

<table>
<thead>
<tr>
<th>Intervention Type</th>
<th>Description</th>
<th>Suggested Actions</th>
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</thead>
<tbody>
<tr>
<td>P4P</td>
<td>Comprehensive Diabetes Care</td>
<td>Perform HbA1c Test, Perform LDL Test, Perform Nephropathy Screening, Submit both Blood Pressure CPTII Codes</td>
</tr>
<tr>
<td></td>
<td>Colorectal Cancer Screening</td>
<td>Need CRC screening</td>
</tr>
<tr>
<td></td>
<td>Women Wellness Screening</td>
<td>Need Mammo Screening</td>
</tr>
<tr>
<td>HCC</td>
<td>15 Diabetes With Renal Or Peripheral Circulatory Manifestation</td>
<td>Needs Coding</td>
</tr>
<tr>
<td></td>
<td>250.40 Diabetes W/renal Manif, Type II Or Unspec, Controlled</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16 Diabetes With Neurologic Or Other Specified Manifestation</td>
<td>Needs Coding</td>
</tr>
<tr>
<td></td>
<td>250.60 Diabetes W/neuro Manif, Type II Or Unspec, Controlled</td>
<td></td>
</tr>
</tbody>
</table>
IPA Compensation

Challenge:
“Buy In” dependent on percent revenue from organization

What’s In It For Me (WIFM)

Breaking down cultural barriers
• Educate around the fear

Ease of use
Components of the IPA Compensation Model

- Patient Satisfaction
- Pay for Performance quality measures & HCCs
- EMR Adoption
- Utilization of HCP Tools

PCPs can earn 30% above commercial Cap & 70% above Senior Cap
Specialty Payment Models

- Discount FFS/ Percentage of Medicare
- Bundled Payment e.g. screening colonoscopy
- (Sub) Capitation - Commercial, Senior, Blended
  - Region vs. Zip Codes
- Contact Capitation

All of the above have incentive payments tied to a set of pre-determined measures plus potential bonus payments based on financial success of organization
2012 Specialist Incentive Plan

- **Quality**
  - Clinical Measures (P4P) by pod: 15%

- **Satisfaction**
  - Patient Satisfaction: 35%
  - Peer Satisfaction: 10%

- **Efficiency**
  - Pod Efficiency: 15%
  - ED
  - SR Admits/K
  - Commercial Admits/K
Hospitalist Incentive Plan

On top of a competitive base salary,

- Patient and PCP Satisfaction
- 30 Day Readmission Rate
- Admits per Thousand
“IN A PERIOD OF ENVIRONMENTAL CHANGE, IT IS THE ADAPTABLE, NOT THE WELL-ADAPTED, WHO SURVIVE.”

Kenneth Boulding

Thank you!