



## ALLEGHENY COUNTY MEDICAL SOCIETY

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### **Standardization Needed for Physician Pay for Performance Plans**

The “pay for performance” trend is sweeping over the practice of medicine. Pay for performance (PFP or P4P) is a method of linking a physician’s reimbursement from health insurers and Medicare to measure of individual, group or organizational performance, based on an appraisal system. It is an incentive program that provides monetary bonuses to participating physicians who achieve or attain specific quality or efficiency benchmarks or standards established by the program. This type of bonus incentive scheme is based on the context that work output, determined by a measuring system characterized by complex goals, varies according to effort and that the prospect of increased pay will motivate improved performance. The concept behind this trend is that as quality improves, healthcare costs will decrease.

*Although PFP programs have the potential to improve quality of care, the lack of standardization and subjective criteria can disrupt the patient-physician relationship, cause healthcare quality to suffer and affect patient safety. PFP programs collect vast amounts of data about specific physician interactions with patients and use that data to try to measure physician quality and cost of patient care with little standardization from one program to the next. Most programs focus on the use of process measures of quality, but lately there has been movement toward using outcome-based approaches. Process measures are indicators related to the methods and procedures used to provide healthcare. Outcome measures are used to assess the results of treatments for a particular disease or condition in terms of mortality, morbidity, health status and quality of life. Outcome measures only assess a patient’s health status at a given point in time. Process measures differ from outcome measures because they describe interventions that are related to the delivery of care and not the results of treatment.*

The goals of PFP are to reward quality by creating financial incentives large enough to motivate structural changes needed to reduce errors and improve quality, reduce costs and improve the efficiency of care by encouraging physicians to broaden their delivery of patient care beyond the office visit and placing greater responsibility on physicians’ practices to perform well administratively.

PFP sounds like a reasonable and logical methodology. But there are concerns as to the objectivity and practicality of the PFP model. For example, no standardization of PFP programs exists from one health insurer to another. Appraisal criteria are often subjective. Nationwide there are now more than 100 PFP programs, plus a voluntary PFP program with the Centers for Medicare and Medicaid Services. Because it is impossible to know the details of all of these different programs, it is difficult for physicians to participate.

At its core, an ethical and objective pay-for-performance program must: ensure quality of care, foster the patient-physician relationship, offer voluntary physician participation, use accurate data and reporting mechanisms, provide equitable program incentives, impose no additional administrative burdens, provide incentives that are positive and not punitive, and foster quality improvement, not just competition.

As physicians and participants in organized medicine, the members of the Allegheny County Medical Society advocate for the best interest of our patients. While the provision of quality healthcare is our priority, pay-for-performance models, as they now exist, do not accurately promote that goal. Physicians are eager to work with insurers to create an equitable system that both increases healthcare quality and reduces cost.

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*The Allegheny County Medical Society has 2,500 physician members from all specialties and is dedicated to providing leadership and advocacy on healthcare issues for the community and physicians. The organization has been serving Allegheny County since 1865. For more information, please contact ACMS at 412-321-5030 or [acms@acms.org](mailto:acms@acms.org).*