

American Medical Group Association's Results-Based Payment System Initiative Update August 2008

The Structure

In 2005, AMGA established the Results-based Payment System Initiative (RPS) as an effort to link reimbursement of medical care to quality care and meaningful outcomes. The purpose of this endeavor was to propose an alternative to the current system of paying for numbers of encounters or volume of services, unrelated to quality or positive outcomes.

RPS represents the next step in payment reform by advancing reimbursement from existing Pay for Performance (P4P) programs (that reimburse practitioners for conforming to defined structures and processes) to a new level that additionally rewards both the practitioner and the patient for attaining and sustaining targeted measures of outcomes. Thus, RPS advances beyond P4P by providing true patient-centricity through defined roles for both practitioner and patient and through co-rewards for attaining meaningful outcomes (“rewards for success”).

To help guide this project initially, AMGA recruited some of the most knowledgeable and respected health economists and health policy thought leaders in the country as a Steering Committee (SC). (The members of the RPS SC are listed below.)

The Process

Over the course of 2005 through 2006, the SC met intermittently to dissect and discuss concerns about the existing reimbursement system and possible remedies to align the reimbursement process more directly with quality and outcomes. At the end of 2006, the SC delineated several “drivers” or “means” of medical care that would lead to better quality and outcomes, but were presently neither incentivized nor rewarded.

Throughout 2007, a RPS Workgroup (Wg), comprised of senior level physicians (e.g., Chief Medical Officers, Chief Quality Officers, etc.) from AMGA member groups, met to further study and define the proposed drivers. The Wg was unique in that each member's responsibilities at a medical group were 50% administrative and 50% clinical. Thus, the Wg brought to the considerations a balanced perspective of the business and the practice of medical care. (The members of the RPS Wg are listed below.)

The Outcome – Phase I – Defining Driving Concepts of Quality

Position papers were developed by the Wg on the “drivers” of (a) expanding primary care capacity; (b) coordination of care; and, (c) improved efficiencies in healthcare services. Representatives of the Wg presented their work and recommendations at the final meeting of the SC at the end of 2007. The overall consensus from that meeting was that RPS should proceed onto the design and development of select demonstration projects to test the validity of the three drivers as related to quality care, meaningful outcomes and incentivized levels of reimbursement. That next phase (RPS II) is now underway.

The Outcome – Phase II – Proof of Concept

RPS II will serve to carry out proof of concept projects of the principles underlying the aforementioned position papers on “drivers” of care that help ensure evidence-based quality and meaningful outcomes, also referred to as “success.” At the final SC meeting, one of the charter RPS sponsors, the Blue Cross Blue Shield Association (BCBSA), proposed it would take the lead in designing and carrying out proof of concept by engaging pairs of select Blues Medical Plans and the respective AMGA member medical groups in a demonstration project. Thus, the BCBSA would coordinate the participating plans and AMGA would coordinate the participating medical groups. Each Association would seek its own financial support to cover administrative costs. Each participating Medical Plan would coordinate the financial resources to support rewards for outcomes above existing reimbursements for structure and process alone.

Additionally, another of the RPS charter sponsors, Booz Allan Hamilton, indicated it wished to participate in RPS II by providing technical assistance to the demonstration pairs and the US Agency for Healthcare Research and Quality (a member of the SC) also indicated it wished to participate in the design of key metrics to be applied in designing and carrying out RPS II.

RPS II is projected to take two years (2008-2009) to aggressively design, organize and carry out proof of concept projects that will utilize 3-4 pairings of BCBSA Medical Plans and respective AMGA member groups. Two chronic disease states will be selected as the health foci by which the proof on concept will be demonstrated. Patient-centricity will be critical. The demonstration is expected to yield a results-based payment template that will prompt evidence-based quality care and lead to clear success in improved health status for the two selected chronic disease states. Subsequently, the template can serve for adaptation of other disease states to the RPS II model. Discussions are ongoing to establish the pairs referenced above.

RPS Steering Committee Members 2005-2007

- **Charles Beever, M.B.A.**, Vice President and Partner, Booz Allen Hamilton
- **Robert Berenson, M.D.**, Senior Fellow, Urban Institute
- **Carolyn Clancy, M.D.**, Administrator, Agency for Healthcare Research and Quality, DHHS
- **Jay Crosson, M.D.**, Executive Director, The Permanente Federation
- **Alain Enthoven, Ph.D.**, Marriner S. Eccles Professor of Public and Private Management, Stanford Institute for International Studies
- **Paul Ginsburg, Ph.D.**, President, Center for Studying Health Change
- **Margaret Gunter, Ph.D.**, President and Executive Director, Lovelace Clinic Foundation
- **Uwe Reinhardt, Ph.D.**, James Madison Professor of Political Economy, Woodrow Wilson School of Public and International Affairs, Princeton University
- **Stephen Shortell, Ph.D.**, Dean, School of Public Health, University of California at Berkeley
- **Barry Straube, M.D.**, Acting Chief Medical Officer and Director, Office of Clinical Standards and Quality, Center for Medicare and Medicaid Services, USDHHS
- **John Wennberg, M.D.**, Director, Center for Evaluative Clinical Sciences at Dartmouth, Professor of Community and Family Medicine (Epidemiology) and of Medicine, Dartmouth Medical School
- **Gail Wilensky, Ph.D.**, Senior Fellow, Project Hope
- **Nicholas Wolter, M.D.**, Chief Executive Officer, Deaconess Billings Clinic

RPS Workgroup Members 2007

- **Jennifer Culver, M.D.**, Medical Clinic of North Texas, PA
- **Jim Jirjis, MBA, M.D.**, The Vanderbilt Medical Group
- **Peter Juhn, M.D.**, Johnson & Johnson, Inc.
- **Nat Kongtahworn**, Blue Cross, Blue Shield Association, Inc.
- **Alan J. Krumholz, M.D.**, Franciscan Skemp Healthcare, Mayo Health System
- **Abe Levy, M.D.**, Mount Kisco Medical Group
- **Gene Ogrod, M.D.**, GlaxoSmithKline, Inc.

- **John Stoll, M.D.**, Carle Clinic Association, PC
- **Lucius F. Wright, III, M.D.**, The Jackson Clinic, PA
- **Kathleen Yaremchuk, M.D.**, Henry Ford Medical Group, Henry Ford Health System