Medicare Joins the Pay-for-Performance Troops

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WASHINGTON — The Centers for Medicare and Medicaid Services is jumping on the pay-for-performance bandwagon, but members of a physician advisory group warned CMS officials to be careful how they go about it.

"I'm only hoping that you'll structure this so that the quality indicators will be that you've [performed] certain processes, not necessarily the outcome [of them]," said Laura B. Powers, M.D., a Knoxville, Tenn. neurologist and member of the Practicing Physicians Advisory Council.

For example, outcomes are not good in terminal patients, Dr. Powers told this newspaper. "What outcome are they going to measure with an amyotrophic lateral sclerosis patient who is definitely going to die?" she said. Instead, Medicare should assess whether appropriate standards of care are followed for terminal patients.

Trent Haywood, M.D., acting deputy chief clinical officer at the agency, said CMS has debated that very issue. "There has been a lot of discussion about what is the right thing [to measure]. We've always said that we think it's both," he said. "We definitely want process measures … and the current financial structure is also easier for measuring processes, because that's the way we traditionally pay people."

However, he added, "our goal is toward getting some evidence of outcomes. The process measures we normally collect are always related to outcomes."

Council member Peter Grimm, D.O., a radiation oncologist in Seattle, said outcomes are the most important indicator. "You have to have outcomes as the bottom line," said Dr. Grimm, who runs a quality assurance business involving 300 physicians.

In testimony to the council, Dr. Haywood outlined steps Medicare is taking to introduce pay for performance into physician reimbursement, including demonstration projects with hospitals and group practices. But Dr. Grimm was not satisfied.

"One thing I didn't hear is how you verify this [performance] data," he said. "You have to have a third party evaluate it."

Geraldine O'Shea, D.O., an internist in Jackson, Calif., said that she is concerned about the impact of pay for performance on the doctor-patient relationship.

"Could it discourage physicians from caring for noncompliant patients?" she asked. "And how do these programs ensure the most up-to-date guidelines are being used? How can we get this out to know that this is the benchmark we're going to be measured at?"

There are different ways to address patient compliance, Dr. Haywood said. "If you lean more heavily on process measures, that takes care of part of that problem, because those process measures look at whether you prescribed something or did something. But because we still want to look at outcomes measurement, we also talk about ways in which you allow that patient to be excluded. You can have documentation saying, 'Provided counseling and patient refused.' "

Some physicians argue it would be better to determine whether appropriate standards of care are followed, especially in terminal cases.

Council member Barbara McAneney, M.D., an oncologist in Albuquerque, said she was concerned about the expense of the computer system that would be required to keep track of outcomes data.

"The electronic medical record (EMR) that our practice purchased some years ago is now completely inadequate because it's not searchable for tumor stage, size, or treatment," she said.

"The most recent quote I got for the EMR that can provide the functions I want … for a practice of nine physicians, they want $400,000," she said. "Well, my Medicare drug money just went away, the physician fee schedule is going down, and the [Medicare payment formula] is going to nail us 30% over the next 6 years. Where am I going to find $400,000 to put in an EMR that I can search and find all stage II breast cancer patients, and see whether they got their chemotherapy, and how they are doing, and by the way, how many of them are on Vioxx, and I have got to call them up and get them off it? All these kinds of issues are really going to have to be addressed." ■