New Payment Method Piloted by Prometheus

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Contributing Writer

WASHINGTON — Prometheus Payment Inc., a nonprofit group seeking to implement a better way to pay providers, intends to launch pilot projects this year that will test a new form of payment featuring a negotiated flat fee for guideline-based care of patients with specific conditions.

Supported by a 3-year, $6-million Robert Wood Johnson Foundation grant, the program will be piloted in Minneapolis, Rockford, Ill., and two other sites that have not yet been announced. The developers believe that it could represent the basis of a payment system that moves beyond pay for performance to integrate evidence-based medicine, said Alice Gosfield, a Philadelphia-based attorney and a past chairwoman of the National Committee for Quality Assurance, who heads the effort.

The intent of the Prometheus payment system is to get beyond pay for performance, "which is not going to be sustainable," Ms. Gosfield said at the annual meeting of the American College of Physicians. Pay for performance "is not sustainable because if the whole class gets an A in diabetes, what happens next? Do we take that money and put it on asthma? If so, what happens to diabetes performance?" Ms. Gosfield asked. "If we add more money for asthma, how is that going to keep costs down?"

She also said that physicians are suspicious of where pay for performance money comes from. "They believe that either the money comes from what could be paid to other doctors, or it is money that isn't being paid to increase fee schedules," she said.

In addition, some of the documentation required for pay for performance wastes time. "You have to write down why you're doing liver function studies on a patient taking Lipitor, when it would pretty much be malpractice to not do liver function studies on a patient on Lipitor," Ms. Gosfield said.

Dr. Keith Michl, a general internist in Manchester Center, Vt., who has been involved in the development of Prometheus, said that the system would reward primary care physicians for saving money by keeping people healthier.

"Primary care, when done properly, is comprehensive care that is organized into systems of care. It is expensive to provide this care," Dr. Michl said in an interview. "We can no longer expect primary care physicians to provide time-consuming, innovative care and not be compensated."

Under the Prometheus system, he said, case rates are standardized, and physicians who provide good care consistently will see a profit. "This provides a powerful incentive to develop new systems of cost-effective care with much more validation than is provided by current pay-for-performance methods," he added.

The Prometheus group held its first meeting in December 2004 and has met monthly since. The Commonwealth Fund provided some initial funding to develop the group's evidence-informed case rates (ECRs), which are used as the foundation of the payment system.

The system aims to create regionally adjusted ECRs for patients with specific conditions, such as diabetes. Providers will be asked to take responsibility for well-defined parts of the care for such patients. For example, if a provider group agrees to be responsible for 70% of a patient's care, that group would receive 70% of the ECR, Ms. Gosfield said. The ECRs would replace any other payments to providers, and once the ECR has been negotiated, physicians would be free to manage the patient in any way they deem appropriate. "The amount of the payment is derived from taking a good clinical practice guideline and deriving from it the amount of money it would take to deliver care," she said.

Providers who volunteer to participate in the pilot program negotiate which part of the care budget they can cover, she said. Obviously, a one- or two-physician practice would be able to handle less of the "global care budget" than would a large, integrated delivery system, she said.

"The evidence-informed case rate encompasses all providers treating the patient for that condition and is allocated among them in accordance with that portion of the clinical practice guideline they negotiate to deliver," she said.

Although this may sound like capitation, Ms. Gosfield said it differs in several ways. The payment model avoids the problems inherent in capitation by constructing the payment rates in a way that reflects the cost of what is clinically relevant to the patient's condition, and by adjusting ECRs to account for relative severity of cases.

Diabetes and acute MI will be the first two conditions piloted under the Prometheus system, Ms. Gosfield said.

For diabetes, "we tried to define what would be a typical diabetes case. Then we defined hospitalization, strokes, amputation, and retinal procedures as potentially avoidable complications," she said. To make the system fair, "we decided to take half the money we'd be spending on those preventable complications and give it back to providers anyway." For example, in the system, a primary care physician caring for a patient with controlled type 2 diabetes might receive $2,300 per year. With enough of these patients, the physician could hire a nurse practitioner to serve as a patient educator and coach, Ms. Gosfield said.

If the cost of care exceeds the flat rate payment, the physician must make up the difference—providing a powerful incentive to manage the patient carefully, she said.

The Prometheus system is risk adjusted and sustainable as a business model, Ms. Gosfield said. In addition, it provides certainty in payment, is transparent and easy to administer, reduces malpractice liability, improves clinical guideline quality, and gives physicians more control, she said.

Gosfield cautioned that the system is complicated and will incur transitional costs, especially if it becomes widely adopted while other payment systems remain in place at the same time. ■

POLICY & PRACTICE

CMS Issues PQRI Payments

Physicians who successfully reported quality measures to Medicare in 2007 as part of the Physician Quality Reporting Initiative should be receiving their bonus payments this month. Officials at the Centers for Medicare and Medicaid Services announced that they had paid out more than $36 million in bonuses to physicians and other health professionals as part of the PQRI. Of the approximately 109,000 health professionals who reported data on Medicare services provided during July-December 2007, more than 56,700 met the reporting requirements and will be receiving bonus checks. The average bonus paid to an individual provider was more than $600, and the average bonus for a group practice was more than $4,700, CMS said. "These payments to physicians for participating in the PQRI are a first step toward improving how Medicare pays for health care services," Kerry Weems, acting administrator, said in a statement. Under the PQRI, physicians could earn bonus payments of up to 1.5% of their total allowed Medicare charges by successfully reporting quality data for Medicare services. Also, physicians and other health professionals can now access confidential feedback reports on their performance by registering with the Individuals Authorized Access to CMS Computer Services-Provider Community (IACS-PC). More information on the program is available at www.cms.hhs.gov/PQRI.

Drugs Easy to Get Online

Despite a decline in the number of Web sites advertising or selling prescriptions for controlled substances, 85% of sites selling such drugs in the past year did not require a prescription, according to a new report by the National Center on Addiction and Substance Abuse at Columbia University. Researchers found 365 sites advertising or selling controlled substances during searches that took place in the first 3 months of 2008, compared with 581 sites found during the same period in 2007. The decline in the number of sites offering controlled-substance prescriptions may reflect federal and state efforts to crack down on Internet drug trafficking, said Joseph A. Califano Jr., the center's chairman. Only 2 of the 365 sites found online in 2008 were certified by the National Association of Boards of Pharmacy as Verified Internet Pharmacy Practice Sites (VIPPS), the same number found certified in 2007. Of those sites not requiring prescriptions, 42% explicitly stated that no prescription was needed; 45% offered "online consultations," which enable Internet users to get controlled substances online without a proper prescription; and 13% made no mention of a prescription.

Claims by Dead Doctors Paid

In the past 8 years, Medicare has paid more than $76.6 million in durable medical equipment claims that contained the Unique Physician Identification Numbers of dead physicians, according to the Senate Permanent Subcommittee on Investigations. The probe found that from 2000 through 2007, Medicare paid for at least 478,500 claims that contained the UPINs of deceased doctors. Medicare was unable to stop the claims even though CMS took steps in 2002 to reject claims using invalid or inactive UPINs, the report said. UPINs were replaced this year by National Provider Identifier numbers. The subcommittee recommended that CMS strengthen procedures to deactivate NPIs after physician death, and initiate regular NPI registry and claim audits.

Pharmacies, PBMs Merge Networks

RxHub, founded in 2001 by the nation's three largest pharmacy benefit managers, and SureScripts, formed the same year by the National Association of Chain Drug Stores and the National Community Pharmacists Association, announced that they will consolidate their operations, forming a single, secure, nationwide network for e-prescriptions and the exchange of health information. "The combined strengths of the two organizations will enable the delivery of a single suite of services that will dramatically improve the safety, efficiency, and quality of one of the largest segments in health care," said Bruce Roberts, executive vice president and CEO of the NCPA.

N.J. Expands Coverage

New Jersey Gov. Jon Corzine (D) has signed a bill that will require all children in the state to have health insurance within a year. The bill also expands coverage to more low-income parents. The legislation is the first step toward universal health care for New Jersey, Gov. Corzine said in a statement. The new law includes insurance reforms to increase affordability and stabilize enrollment for individuals and small businesses, and will make individual plans more affordable for younger people. "We're expanding our best-in-the-nation FamilyCare program to cover more working-class families and we're requiring health coverage for all children in New Jersey," the governor said.

Infection Control Experts Renamed

Call them infection preventionists. In what it said was an effort to better articulate the expanding roles of its members, the Association for Professionals in Infection Control and Epidemiology has offered a new moniker for its members. The term joins the list of professional titles such as hospitalists, intensivists, and interventionists introduced by the health care industry over the past several years, the association said. Infection preventionists protect patients from health care–associated infections and related adverse events in clinical and other settings, the association said. They work with clinicians and administrators to improve patient- and systems-level outcomes.

—Jane Anderson