

Robert Wood Johnson Foundation Payment Reform Evaluation Project
Program Oriented Payment (POP) Demonstration Project
Physicians Choice Foundation

Executive Summary: Autumn 2012 Site Report

Context

The Program Oriented Payment (POP) Demonstration Project, led by Physicians Choice Foundation (PCF), has been shaped by state, federal, and local health care system features in Marion and Polk Counties:

- In 2009, House Bill (HB) 2009 created the Oregon Health Authority (OHA), which oversees the public health insurance plans for Medicaid enrollees, public and school district employees, and the state's high risk pool and premium subsidy programs. In 2011, HB 3650 authorized the creation of Coordinated Care Organizations (CCOs), which will provide care to Oregonians with OHA insurance through global health budgets. Under the agreement with the Centers for Medicare & Medicaid Services (CMS) in May 2012, Oregon will receive \$1.9 billion to launch the reforms for Medicaid recipients.
- The local medical community has a history of collaboration. There are over 500 independent physicians in small offices; no large, integrated systems exist in the area. Though there is no shared electronic information system, half the physicians use one operated by WVP Health Authority. A local multi-stakeholder committee, Salem Area Community Health Information Exchange (SACHIE), is slowly developing a common information system. The birth of Salem's CCO may speed up the development of a community-wide data warehouse and electronic medical record.

Objective

The goal of the project is to improve the quality and efficiency of health care in Marion and Polk Counties by paying a virtual provider team when a minimum percentage of patients achieves all clinical targets for a specific condition.

Approach

POP Leadership. PCF is implementing the project mainly in collaboration with the local independent physicians association, WVP Health Authority and its subsidiary, Marion-Polk Community (Medicaid) Health Plan, and Performance Health Technology (PH Tech).¹ PH Tech is leading the design and development of the project's payment strategy.²

Approach. The POP Demonstration Project has developed a payment reform approach that blends the concepts of pay-for-performance with value-based health insurance, or paying extra for health services that generate better clinical results based on scientific evidence, ultimately to improve the quality and efficiency of local health care. The POP Program focuses on conditions that have the highest costs and has three key features: accountability (reward providers when their patients have better outcomes at lower cost); programs (protocols for paying financial incentives for specific clinical conditions); and

¹ PH Tech provides claims administration for 788,000 lives; about 60,000 of those receive care through the MVP independent practice association.

² Source: <http://www2.phtech.com/>

virtual provider teams (payment for results goes to all providers and clinics caring for the patient's condition).

POP has several components: identifying eligible patients with the condition; clinical targets that must be all met for that condition; and a minimum percentage of patients in a provider's practice must meet the goal before program payment starts. Each program defines eligible provider specialties, identifies a patient's providers through claims or referrals, computes program payment, and distributes payment to the virtual team. Program payments are projected to be budget neutral or potentially cost-saving.

Once the program payment is computed, the payment is distributed to the patient's virtual team, which is defined based on three factors: each program defines the provider specialties who are eligible to be team members; the eligible members of a patient's virtual team are identified by the provider identification numbers in a patient's claims; and the payment is distributed to virtual team members based on their contribution to patient care. The POP method for distributing payments to virtual team members will be developed in collaboration with community providers.

POP Implementation. Oregon's health care reforms initially slowed POP's implementation in the first year (May 2011-April 2012) but are now speeding-up POP rollout. The start-up of the RWJF POP demonstration project overlapped precisely with Oregon's statewide launch of CCOs, including the CCO in the Salem region. POP for congestive heart failure (CHF), chronic obstructive pulmonary disease (COPD), and diabetes was launched in autumn 2012. The key steps of implementation assume that the design of a program is flexible and will vary across communities based on local health problems and provider practices.³ The steps also assume that providers are more likely to participate if providers can shape the features of a program. On January 1, 2013, POP began tracking claims for the CHF, COPD and diabetes programs in the CCO, with payment of incentives starting after July 1, 2013. POP metrics require collecting clinical quality data, and POP is presently finishing those data collection protocols.

Logic Model

The project is expected to achieve its goals for the following reasons: (1) Providers are incentivized to ensure that most patients achieve a set of clinical benchmarks that evidence indicates will lower health care costs; (2) offering extra program payments increases the incentive for providers to be aware of the evidence-based guidelines; (3) the CPT treatment codes that qualify for payment contribute to achieving the patient goals; (4) providers have discretion in choosing among treatment options to achieve patient goals; (5) POP patients will receive care from virtual teams of providers who are more effective in achieving clinical goals; and (6) patients sometimes experience long delays in receiving care; providers may see POP patients in a timelier manner because of the extra payments, which may improve their clinical results.

³ The POP computer software is ready to implement. If a community develops a customized version of a program for a chronic condition(s), POP software can be modified readily to support those changes. POP is using agile software development [http://en.wikipedia.org/wiki/Agile_software_development], which is a flexible approach to developing computer code as POP parameters are defined in real time during CCO rollout.

Facilitators and Barriers

Facilitators:

- History of collaboration and innovation in Oregon and particularly in Salem.
- The leadership of PCF, PH Tech and WVP Health Authority.
- Legislative action related to CCOs directed through HB 3650.
- The Oregon legislature and the federal government mandate that CCOs are required to have alternative payment methods that pay providers based on quality and that reduce cost growth, which created a receptive environment in the Salem area for implementing POP.
- Local physicians and other providers contribute to the development of each program.
- PH Tech routinely collects much of the medical claims data for operating POP.
- Funding from the Robert Wood Johnson Foundation raised awareness and credibility of the project.
- WVP Health Authority's successful track record in managing payment withholds in prior years.
- PH Tech's substantial investment in POP software.
- Web interface already used by providers in the community to track their claims payment.

Barriers:

- Competing priorities created with the Oregon legislature's and the federal government's authorization of CCOs, and other local other health care reforms.
- Turnover of a POP leader, who was instrumental in building and maintaining cohesive relations between the independent practice association and the local medical society.
- Inability for all providers to submit claims electronically.
- Complexity of the POP program; challenges in explaining it to medical practices.

Evaluation and Sustainability

POP is designed to be "self-evaluating" since its success will be apparent from the percentage of providers reaching their quality goals and the amount of incentives paid to providers. PCF and PH Tech also will conduct a survey of provider participants to find out their perceptions of POP. In principle, POP should be self-sustaining because POP operates within existing budgets and does not require "new" dollars.

Lessons Learned

The POP Project is just now being implemented in the field. At this point in its history, the lessons learned are that:

- Context can be both a facilitator and a barrier. Oregon's legislature mandated statewide rollout of CCOs with alternative payment methods diverted attention away from POP and delayed its implementation, but ultimately paved the way for POP rollout.
- The development of the POP computer software is feasible but has taken longer than expected to accomplish and required substantial financial investments.
- Harmonizing or blending POP's data requests with the other projects into a common set of clinical indicators may be a strategy to for reducing clinic reporting burden in the long-run.
- Ultimately, most lessons learned will be discovered as POP is implemented in the coming months. POP implementation may yield insights regarding legal requirements, provider buy-in, relationship with CCOs, actual payment incentives for special populations, and its overall success in reducing costs.