Physician Payment Recommendation Examples

Assuming that physician payments should support the value-based purchase of health care, as guided by OHP policy objectives, by promoting the efficient delivery of high quality and effective health care, the following are examples of recommendations the PAP might make to DHS. I have tried to keep these examples at the policy level, which means that they do not address methodological or technical options. Also, these examples are somewhat redundant just to make sure they offer pieces we can discuss and combine into final recommendations. They will be tightened up through feedback from PAP members by email, and through discussion at the November 20 PAP meeting.

1. Physician payments should be developed to reflect the services we want from physicians during the rate period, rather than on the services provided in the past. For example, a medical home model might mean increased practice responsibilities for primary care physicians, indicating the need for increased payments
2. Physician payments should be based on cost factors that better represent the value of primary care in meeting the policy objectives of the OHP, including adequate access to primary care and the importance of early diagnosis.
3. Physician payments should be developed so as to maximize accountability for cost, effectiveness, and quality of care.
4. DHS should reevaluate the relative weights of cognitive and procedural physician services in determining physician payment levels.
5. DHS should explore approaches to using the current RBRVS methodology so that OHP rates are independent of changes CMS makes to the conversion factor to meet federal budget constraints.
6. Where possible, physician payments should promote effective case management, including outpatient management of chronic conditions and post-hospital discharge patient compliance with effective treatment plans.
7. Where possible, OHP physician payments should create incentives that support OHP policy objectives.

8. In general, DHS should develop OHP physician payments using methodologies consistent with the OHP policy objectives, including:
   a. An emphasis on preventive care
   b. Effective management of care
   c. An emphasis on health outcomes.
9. OHP physician payments should encourage patient choices that improve health outcomes and reduce the costs of effective care (e.g., through increased payment for cognitive physician services that enable patients to develop healthier behaviors).
10. DHS should consider determining physician costs and restructuring physician payment around episode-of-care payments as a means to value care in terms of outcomes per dollar spent versus resources expended per service.
11. When increasing payments to physicians in certain specialties based on increased costs, DHS should take care not to reduce payments in other specialties unless those reductions are justified. (Physician payments should not be viewed as a zero-sum budget item.)
12. Physician costs and payments (as a whole and by specialty) should be viewed as a part of overall health care costs and payments, and all health care costs and payments should be developed using methodologies consistent with OHP policy objectives.
13. Physician payments should reflect the role of physicians in OHP delivery systems as they are being developed and enhanced.
14. Transparency is an important element in the development of physician (and other health care) costs and payments. DHS should develop and use rate-setting methodologies that are explicit and clearly explained.