

Strategies to improve care: Pay for performance and information technology

ISSUE: Should the Medicare program base a small portion of hospital, home health agency or physician payment on quality? What strategies are most useful to accelerate adoption of information technology?

KEY POINTS: In 2003, MedPAC began a concerted effort to find ways to align the incentives of Medicare's payment systems with improving the quality of care. In 2004, we developed criteria for determining which settings were ready and found that a portion payment for Medicare Advantage plans and facilities and physicians that treat dialysis patients should be based on quality. Our efforts this cycle have focused on hospitals, home health agencies and physicians.

In considering these criteria in each setting, the Commission evaluated measures of process, outcomes, structures, and patient experience. We consulted with a wide range of provider organizations, researchers, quality measurement experts, accreditors, CMS, AHRQ, purchasers and payers. We found many useful measures, and identified some that needed more research to be useful in a pay for performance initiative. We also identified ways to improve the data that could be available to Medicare for this purpose. In addition to analyzing measures and measurement activities, this chapter discusses implementation issues such as the weighting and scoring of measures, a process for evolving measures and distribution of rewards.

Provider use of information technology has the potential to improve patient care and enhance assessments and reports on quality. It may also lead to efficiency gains and help coordinate care across settings. The Commission has evaluated the level of provider use of information technology, and financial and non-financial barriers to faster diffusion. We also examine strategies for accelerating adoption through providing financial incentives, helping providers navigate the IT market, and promoting sharing of health information among providers.

ACTION: Commissioners should review the paper and its draft recommendations and provide feedback on content and tone. The paper is the basis for a March report chapter.

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