



The California Independent Practice Association “IPA” Model

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California Association of Physician Groups

- CAPG represents 122 integrated medical groups and IPA's in California
- Physicians of CAPG provide coordinated care to nearly 17 million Californians



California Association of Physician Groups

- CAPG members are dedicated to providing cost effective, high quality care in an organized model
- CAPG represents the most prestigious and well known medical groups and IPA's in California

Los Angeles Times

Wednesday, September 10, 2003

“Workers compensation costs have ballooned from \$9 billion in 1995 to about \$29 billion in 2003...”

Legislation would reform several aspects of the system:

- *Fee schedules would be created for outpatient surgical centers*
- *There also would be fee schedules for pharmaceuticals*

Los Angeles Times

Wednesday, September 10, 2003

- *Number of visits to chiropractors would be capped at 30*
- *Recommended guidelines for how much care is appropriate for any given injury.”*

What novel solutions they have proposed... Who would have thought...

This is an excellent example of unmanaged, uncoordinated health care!



The California Model

IPA's are multi-specialty organizations comprised of physicians in private practice responsible for the financial and clinical management of a population of patients, through contractual agreements with health plans

The California Model

- IPA's are beneficial for consumers
 - choice of physicians in private practice
 - quality oversight of care delivery
- IPA's are beneficial for the marketplace
 - manage the utilization of expensive services
 - negotiate volume discounts for expensive services
- IPA's compete with medical groups and Kaiser
 - provide balance of power in the marketplace

Why Were IPA's Created?

- Majority of physicians practiced as individuals or in small groups
- IPA's were able to compete for patients with medical groups and Kaiser
- Health plans favored a single contract to transfer risk and reduce cost
- Physicians could provide full complement of coordinated health care services to patients through shared infrastructure and programs to patients

Why Do California Physicians Join an IPA?

- Security through access to patients in competition with large medical groups
- Technology, clinical and population management programs to improve patient care and outcomes
- Access to care to care management nurses and programs to guide patients through continuum of care

Why Do California Physicians Join an IPA?

- Claims sent to one organization rather than multiple health plans
- Uniform clinical guidelines and access to one local medical director
- One credentialing process and office audit
- Negotiation of complex financial and operational terms of health plan contracts

What is the Alternative to an IPA for Physicians

- Contract with multiple plans with differing rules, programs, contract terms and claims payment policies
- Limited ability to coordinate care of chronic disease patients
- IT sophistication of a “mom and pop” shop
- Minimal feedback on clinical performance

What is the Alternative to an IPA for Patients

- Self navigation of complex health system with no guarantee of access to best practices
- No coordinated, effective disease and population management programs
- Higher medical costs through copays, deductible and coinsurance in absence of utilization review and local contracting



Pay For Performance A Business Case For Quality

A 2003 and beyond industry-wide effort initiated by the Integrated Health Association (IHA), with participation of the six major California health plans, to award financial payments to the top performing medical groups and IPA's in the state, based upon a common set of performance measurements

2003 Performance Measures

- Clinical Measures 50%
 - Preventive Care
 - Chronic Disease Care
- Patient Satisfaction 40%
 - Access
 - Communication
- IT Infrastructure 10%

The Six Clinical Measures

Preventive Care

- Breast Cancer Screening
- Cervical Cancer Screening
- Childhood Immunization

Chronic Disease Care

- Appropriate Medications for Patients with Asthma
- Diabetes HbA1c Testing
- Cholesterol (LDL) Screening

Patient Satisfaction Metrics

- Communication with physician 10%
- Overall ratings of 10%
 - Primary care doctor or nurse
 - Health care experience
- Specialty care 10%
- Timely access to care 10%

Results will be based on the Consumer Assessment Survey



Pay for Performance

A California Model Success Story

- The integrated IPA model is uniquely designed to achieve these quality and performance metrics on behalf of a large population of patients across multiple health plans

Financial Integration: Challenges

- In the HMO context, where the IPA is at financial risk, it must monitor, profile, educate and influence its physicians' behavior
 - appropriate care in appropriate setting at appropriate cost
- Rising cost of care directly impacts an IPA
 - new technology, pharmaceuticals, aging population and patient expectations
 - adverse selection of HMO product by sicker patients

Financial Integration: Benefits

- Delivery of quality care at the most cost effective price
 - the practicing physician cannot focus on the cost vs. quality equation
- IPA pays the bill and has incentive to avoid
 - unnecessary duplication of expensive services
 - excessively high priced facilities
 - inappropriate testing or procedures

Clinical Integration: Challenges

- 5% of patients generate 60-80% of costs
- Identify the patients
 - by diagnosis, utilization, pharmacy data
- Develop and implement programs to manage the care of these patients
 - provide care management team to coordinate the episodic care provided by physicians
- Implement evidenced based clinical guidelines to reduce variation in care

Clinical Integration: Benefits

- Practice guidelines will reduce variation and improve outcomes
- Monitoring and managing chronic patients will insure high quality cost effective care
- Coordinating and authorizing care, coupled with quality improvement programs, will insure neither over nor under utilization of expensive high tech procedures, emergency rooms and hospitals

The Final Message

- The California multi-specialty IPA is a financially and clinically integrated model
- Physicians join an IPA to achieve security, efficiency, collaboration and both clinical and technology investment unattainable in a private practice

The Final Message

- Financial integration delivers quality care at the most cost effective price
- Clinical integration provides coordination throughout the health care continuum, resulting in high quality, cost effective care
- IPA's provide value to consumers and the marketplace