Performance Measures and Pay for Performance*

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Performance measures* and *pay for performance* are terms creating considerable angst among physicians today. Understanding the driving forces behind these concepts will help practitioners to strategically plan for their impact on individual physician practices and on health care in general. Medical societies can play a vital role in assisting physicians in the identification of appropriate performance measures used to gauge physician practices and by supporting efforts to develop equitable principles driving reimbursement based on adherence to those measures. *Performance measures* and *pay for performance* are terms evoking considerable angst across all sectors of the health services industry.** ***(CHEST 2006; 129:188–191)

Key words: pay for performance; performance measures

Abbreviations: AHRQ = Agency for Healthcare Research and Quality; AMA = American Medical Association; CMS = Centers for Medicare and Medicaid Services; NQF = National Quality Forum

Where Did These Concepts Come From?

Several Web sites will be referenced, and the reader is encouraged to explore them now and frequently in the future (Table 1).

The Centers for Medicare and Medicaid Services (CMS) reported in January 2005 the first deceleration in health-care spending in 7 years.[1] Despite this deceleration, US health expenditures grew 7.7% in 2003 to $1.7 trillion. Health spending accounted for 15.3% of the gross domestic product in 2003.[1] Many groups have explored strategies to slow these continually rising costs; however, the wide variation between health-care costs and outcomes[2,3] has fueled even more intense governmental scrutiny.

In 1998, a President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry identified a need to address health-care quality throughout the United States.[4,5] The creation of a national forum was proposed as part of an integrated national quality improvement strategy.[6] As highlighted on its Web site,[5] the National Quality Forum (NQF) was developed to serve this central role, including reviewing and endorsing performance measures across all sectors of health care. This is of particular importance as the CMS appears to be selecting performance measures for field implementation primarily from NQF-endorsed measure sets.

What Is a Performance Measure?

Pay for performance, also known as *value-based performance*, is based on critical measures by which a physician's performance is compared to benchmarks (*ie*, performance measures). An individual's performance level determines the financial reimbursement. Many organizations at all levels of medical care delivery are developing performance measures. Most of these performance measures are said to be based on the best available evidence, but this evidence will require scrutiny to ensure their validity.

Nationally known performance measures include those from the National Committee for Quality Assurance[7] Health Plan Employer Data and Information Set,[8,9] from various CMS partnerships and

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initiatives,[10] and from the Joint Commission on Accreditation of Health Care Organizations.[11] Additionally, the Physician Consortium for Performance Improvement (referred to from this point as the *consortium*)[12] shepherded by the American Medical Association (AMA), and including experts from > 50 national medical societies, the Agency for Healthcare Research and Quality (AHRQ), and CMS, is developing performance measures. A recent participant in performance measures creation worth close monitoring (information located on the AHRQ Web site), is the Ambulatory Care Quality Alliance.[13] Effective in January 2006, the maintenance-of-certification process, conducted through the American Board of Medical Specialties and the American Board of Internal Medicine, will incorporate performance assessment steps that physicians must participate in to obtain recertification.[14]

But what specifically is a performance measure or performance measurement set? One performance measure of an entire ambulatory COPD patient performance measurement set may include whether a physician addresses tobacco use and cessation in patients. An entire performance measurement set would be a panel of such considerations. Composite scores derived from physician compliance with all of the measures within an entire set will be one way that physician performance can be measured. The NQF has outlined the key characteristics of a valid and functional measurement set, including its importance to the clinical setting, usefulness in improving patient outcomes, scientific acceptability, ease of use, and the feasibility of implementation.[15]

What Is Pay for Performance?

Several recent high-profile publications[9,16] have explored the concept of pay for performance. Some physicians may be familiar with pay for performance through the CMS-sponsored Premier Hospital Quality Incentive Demonstration, a pay-for-performance program tracking hospital performance for acute myocardial infarction care, coronary artery bypass graft surgery, congestive heart failure care, hip and knee replacement surgery, and pneumonia care.[17] The AMA recently produced a comprehensive yet concise white paper compilation of this topic.[18] This white paper has been complemented by an AMA Web site posting of the principles and guidelines of pay for performance.[18] Reflecting the importance of and CMS interest in these documents, the CMS has posted this information on their Web site.[19]

The underlying goal of incorporating financial incentives for quality into physician payments goes far beyond simply rewarding a "good" physician or punishing a "bad" physician.[9] Goals taken directly from the AMA white paper[18] and noted in the review by Epstein et al[9] of pay for performance, include the following: (1) reward quality by creating financial incentives large enough to motivate structural change; (2) effectuate health-care system changes that are needed to reduce error and improve quality, and to reduce cost and improve the efficiency of care; (3) encourage physicians to broaden their delivery of patient care beyond the office visit (population management); and (4) put greater direct responsibility on physician practices to "get it right the first time."

The AMA principles and guidelines for pay-for-performance programs further expand these goals.[18] "Fair and ethical pay for performance programs are patient-centered and link evidence-based performance measures to financial incentives." Programs should be in alignment with five central principles, including ensuring quality of care, fostering patient-physician relationships, offering voluntary physician participation, using accurate and fair reporting, and providing fair and equitable program incentives. Unfortunately, with a limited number health-care dollars, the payment for physicians achieving quality goals is likely to be based on lower payments to physicians not achieving these goals.[9]

What Role Can Medical Societies Play?

How might medical societies become involved in performance measurement development and pay for performance initiatives while not adding to the chaos of the many measures being promulgated? Involvement could be as comprehensive as individual societies developing performance measures that are of interest to their constituency and then lobbying for the adoption of those measures through the NQF. It is likely that individual societies will not have the economic resources or the experienced constituents with the time available for the commitment to develop and validate measures meeting the exacting standards of the NQF. What options remain realistically available? Societies can continually assess the acceptability of performance measures that have been developed by others. Societies can evaluate their evidence-based guidelines to identify recommendations that are appropriate (or inappropriate) for the development of performance measures. Societies can develop implementation tools to educate and assist their members on the implementation of endorsed performance measures. All societies should develop strategic partnerships with the AMA physician consortium or a similar group and become voting members of the NQF, thus providing societies