Using Financial Incentives to Encourage Value-Based Health Care

Anthony Scott
Using funding and financial incentives

US Medicare

“…to have 85% of all Medicare fee-for-service payments tied to quality or value by 2016”, and “90% by 2018”

“…to have 30% of Medicare payments tied to quality or value through alternative payment models by the end of 2016 and 50% of payments by 2018” (Burwell 2015).
Alternative Payment Model Framework

Category 1
Fee for Service – No Link to Quality & Value

- A: Foundational Payments for Infrastructure & Operations
- B: Pay for Reporting
- C: Rewards for Performance
- D: Rewards and Penalties for Performance

Category 2
Fee for Service – Link to Quality & Value

- A: APMs with Upside Gainsharing
- B: APMs with Upside Gainsharing/Downside Risk

Category 3
APMs Built on Fee-for-Service Architecture

- A: Condition-Specific Population-Based Payment
- B: Comprehensive Population-Based Payment

Category 4
Population-Based Payment
Key payment innovations

- Rewarding for both lower costs and higher quality
- Rewarding for quality improvements
- Linking shared savings (risk sharing) to quality
- Linking prices/DRG payments to quality
Financial Incentives to Encourage Value-Based Health Care

Anthony Scott¹, Miao Lui¹, and Jongsay Yong¹
Findings

80 studies of 44 schemes from 10 countries (since 2010)

The proportion of positive and statistically significant outcomes was close to 0.5

Design matters
many schemes poorly designed
size, frequency, who gets the payments, use of targets, unintended consequences

Stronger study designs (eg randomised trials) were associated with a lower proportion of positive effects.
What is happening in Australia?

History
P4P – Queensland Health, DVA, Diabetes Care Project, PIP

Current (potential areas of research)
MBS Review
Bundled payments – IHPA, DHHS (HealthLinks), Health Care Homes
Paying for quality
Private insurers – never events, hospital acquired complications
IHPA – never events, hospital acquired complications, re-admissions
Review of PIP
Price setting (specialist fees, medical devices, PBS)
Where can we help?

Payment design
Build partnerships in designing effective interventions

Build knowledge
Build national and local datasets to support evaluation and payment design
Develop opportunities for randomised trials and quasi-experimental study designs

National and treatment-level interventions
Work nationally but also with providers and other PC themes