

Coalition Sets Bonuses for Medical Home Providers

BY ALICIA AULT

Associate Editor, Practice Trends

One of the nation's largest health care quality coalitions is launching a program that would provide bonuses of up to \$100,000 annually to physicians who meet criteria showing that they are offering coordinated care by providing a medical home for their patients.

The Medical Home Program was announced by Bridges to Excellence in late January. So far, none of BTE's employers or payers have formally committed to the program, Mr. Francois de Brantes, CEO of the coalition, said in an interview. By late spring, however, he expects to "have a couple of exciting announcements."

Mr. de Brantes noted that the rewards won't be limited to internists and family physicians. Being a specialist is not an obstacle. Any physician who meets the performance targets—including ob.gyns., endocrinologists, cardiologists, infectious disease specialists, and neurologists—can receive a medical home designation, he said.

Dr. Michael Barr said that the program might spur physicians who are already working on practice improvement, but not documenting it, to start doing so, thereby becoming eligible for the bonuses. The "patient ultimately benefits from better coordination" of care, Dr. Barr, vice president for practice advocacy and improvement at the American College of Physicians, added in an interview.

"We feel pretty confident that the rewards are warranted and that the savings are there to match them," Mr. de Brantes said. "Our research shows that patients who are well taken care of cost less," he said, adding that "the average potential savings per covered life would be approximately \$250 a year."

The nonprofit BTE is a coalition of providers, insurers, and employers working together to advance the quality of health care. Members include Aetna, the American Board of Internal Medicine, the Blue Cross and Blue Shield Association, Cisco Systems, IBM, the Leapfrog Group, the National Business Coalition on Health, Partners Healthcare System, and Verizon Communications.

BTE has previously offered pay-for-performance incentives to physicians who use its Physician Office Link, Diabetes Care Link, Cardiac Care Link, and Spine Care Link reporting systems. Physician Office Link was developed in collaboration with the National Committee for Quality Assurance.

With the new Medical Home Program, physicians will be eligible for additional bonus payments of \$125 per patient—up to a maximum \$100,000 per provider—if they achieve certain performance levels on the Physician Office Link module and at least two of the condition-specific modules.

It's not yet clear when the medical home rewards will start flowing, but the structure is fairly well established, according to Mr. de Brantes.

The organization is requiring high performance in two conditions—not just one—because achieving that benchmark will require "fundamentally changing your practice process flows and the way you care for patients," he said. Once that shift occurs, quality improves for all patients. Physicians will receive rewards based on the total number of patients in the practice.

Most of the participants in the BTE coalition are committed to the notion of a medical home, Mr. de Brantes said. "Now it's a question of solidifying the implementation with those organizations and getting it done in various sites across the country," he said. ■

Administration Offers Plan To Shore Up Medicare

BY MARY ELLEN SCHNEIDER
New York Bureau

In response to a warning that the Medicare trust fund is in financial trouble, the Bush administration recently proposed legislation that would tie physician payments to quality, cap medical liability damages, and encourage nationwide adoption of electronic health records.

Health and Human Services Secretary Mike Leavitt submitted the proposed legislation to Congress last month, in response to the Medicare Trustees' warning for the second year in a row that general federal revenue would be needed to pay for more than 45% of program expenditures.

"The Medicare program is on an unsustainable path, driven by two principal factors: projected growth in its per-capita costs, and increases in the beneficiary population as a result of population aging," Mr. Leavitt said in a letter to House Speaker Nancy Pelosi (D-Calif.). "Excess cost growth will not be brought under control until there is comprehensive reform changing Medicare's underlying structure."

Under the proposal, the HHS secretary would design and implement a system to tie a portion of the Medicare payment to providers to performance on quality and efficiency measures. Implementation would start in areas with well-accepted measures such as hospitals, physician offices, home health agencies, skilled nursing facilities, and renal dialysis facilities.

The legislation also would limit the length of time that individuals have to sue for medical malpractice, would

cap noneconomic damages at \$250,000 and punitive damages at \$250,000 or twice the economic damages (whichever is greater), and would limit contingency fees paid to plaintiffs' attorneys. The HHS estimates that defensive medicine raises the cost of care in federal programs including Medicare, Medicaid, and Veterans Affairs, by about \$28 billion a year.

Starting in 2009, the administration's proposal would increase beneficiary premiums for Part D prescription drug coverage for single beneficiaries earning more than \$82,000 a year and couples earning more than \$164,000. The HHS estimates that the change would save nearly \$3.2 billion over 5 years.

The legislative proposal also requires the HHS secretary to develop a system to encourage the nationwide adoption and use of interoperable electronic health records.

Mr. Leavitt urged Congress to adopt the proposed changes in conjunction with the administration's fiscal year 2009 budget proposal, which includes legislative and administrative proposals that would cut \$12.8 billion from Medicare in fiscal year 2009 and about \$183 billion over the next 5 years.

Sen. Edward Kennedy (D-Mass.), chair of the Senate Health, Education, Labor, and Pensions Committee, said the administration's proposed Medicare cuts were dead on arrival. "The administration has trumped up a phony crisis in Medicare to justify proposing deep cuts in quality health care for seniors while giving massive subsidies to HMOs and other insurance companies," he said in a statement. ■

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