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“Pay Doctors for Value, Not Volume,” Urges National Health Care Quality Coalition

*A new report from the Network for Regional Healthcare Improvement (NRHI)
recommends major reforms in the way primary care physicians are paid*

Pittsburgh, Pa. (February 18, 2009) – As federal and state government officials seek ways to address escalating health care costs, a national health care quality coalition today urged major reforms in the way Medicare, Medicaid and private health insurance plans pay primary care physicians. In its new report, “Pay for Innovation or Pay for Standardization: How to Best Support the Patient-Centered Medical Home,” the Network for Regional Healthcare Improvement (NRHI) also cautioned that higher payments to primary care practices should be based primarily on whether they improve outcomes for their patients, rather than whether they meet detailed accreditation standards.

Produced with support from the Robert Wood Johnson Foundation, the report said a significant cause of increasing health care costs and poor health care quality is that many primary care services with proven effectiveness are not currently paid for at all, and others receive inadequate reimbursement. The report recommends that primary care practices should be paid for services such as nurse care managers and physician phone contacts with patients, together with bonuses or penalties based on outcomes such as rates of preventable hospitalizations and emergency room visits. The report recommends that ultimately the current system of fees for individual services should be completely replaced with a single, comprehensive payment to cover all of the costs of a person’s outpatient care.

“Health care leaders from across the country agreed that better methods of paying for primary care are needed in order to prevent illnesses and unnecessary hospitalizations and to help control the growth in health care costs,” said Harold D. Miller, president and CEO of NRHI, who authored the report. “Rather than rewarding physicians for how many services they deliver, we should reward them for improving patient outcomes.”

Many health care reform proposals have recommended higher payments, but only for primary care practices designated as a “patient-centered medical home.” (The goal of the medical home is for each patient to have an ongoing relationship with a personal primary care physician and a team of other health care professionals who collectively take responsibility for providing or arranging for all of the patient’s health care needs in a coordinated way.) The report urges that before requiring physician practices to meet detailed standards in order to be designated as patient-centered medical homes, additional evaluations should be completed to determine which specific processes and structures produce better outcomes.

“No one yet knows exactly which specific changes in primary care delivery will have the biggest impacts on health care quality and control costs, so initiatives to implement the medical home should encourage innovative approaches focused on improving patient care outcomes,” said Michael W.

Painter, J.D., M.D., a senior program officer at the Robert Wood Johnson Foundation. “Moreover, we should encourage and assist small physician practices to participate in medical home initiatives, since that is where the majority of primary care physicians in the nation practice.”

The recommendations in the report were developed by more than 100 health care leaders from across the country who participated in NRHI’s 2008 national Summit on Healthcare Payment Reform. The full set of recommendations from the Summit is included in NRHI’s previously released report, “From Volume to Value: Transforming Health Care Payment and Delivery Systems to Improve Quality and Reduce Costs.”

This is the third in a series of reports from NRHI examining ways to reform payment systems in order to improve quality and reduce costs in the health care system. NRHI plans to hold another national summit on payment reform this year, and to encourage implementation of the reforms the report recommends in regions across the nation.

To download and read the report: www.nrhi.org/reports.html.

The Network for Regional Healthcare Improvement (NRHI) is a national coalition of regionally-based, multi-stakeholder organizations that are working to improve the quality and value of health care delivery. NRHI facilitates information sharing among regions and encourages national policies that support regional quality improvement efforts. NRHI’s members include the California Cooperative Healthcare Reporting Initiative, the California Quality Collaborative, the Greater Detroit Area Health Council, the Institute for Clinical Systems Improvement (ICSI) in Minnesota, the Iowa Healthcare Collaborative, the Louisiana Health Care Quality Forum, Massachusetts Health Quality Partners, Minnesota Community Measurement, the Oregon Health Care Quality Corporation, the Pacific Business Group on Health, the Pittsburgh Regional Health Initiative, the Puget Sound Health Alliance, the Utah Partnership for Value-Driven Health Care, and the Wisconsin Collaborative for Healthcare Quality. The Robert Wood Johnson Foundation, the Jewish Healthcare Foundation, and the California HealthCare Foundation are providing financial support for NRHI.

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