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CMS selects 10 practices for pay-for-performance demonstration project

Ten large medical groups across the country - including five that provide family medicine residency training - will participate in a pilot program to test the efficacy of pay-for-performance reimbursement. The 10 participants were named by CMS Administrator Mark McClellan, M.D., Ph.D., in a Jan. 31 announcement that, observers say, marked the beginning of federal efforts to shift Medicare to a pay-for-performance system.

In making the announcement, McClellan hinted that President Bush would likely recommend a pay-for-performance system similar to that proposed Jan. 12 by the Medicare Payment Advisory Commission. (See <http://www.aafp.org/x31675.xml> for more coverage.) MedPAC indicated the program should be a budget-neutral system in which a percentage of current Medicare monies would be set aside in a fund from which pay-for-performance incentives would be paid.

"We are working to apply this in every setting" in which Medicare and Medicaid pay for care, McClellan said.

AAFP opposes a budget-neutral pay-for-performance program. Noting the already meager Medicare reimbursement for primary care, the Academy contends a budget-neutral program would further penalize already struggling physician practices that cannot afford electronic health records and other reforms required to meet many pay-for-performance quality measures.

Under the demonstration project, participating practices will continue to be paid on a fee-for-service basis. If they reduce Medicare costs and improve patient care, they will receive up to 5 percent in additional payment. The incentive payments are expected to derive from savings wrought by improved care management.

Participating practices will evaluate 32 ambulatory care measures that focus on common chronic illnesses and preventive services. Among them: HbA1c management and control, lipid measurement, and eye and foot exams for diabetes management; left ventricular function assessment and ejection fraction testing, blood pressure screening, beta blocker and ACE inhibitor therapy for congestive heart failure; antiplatelet therapy, blood pressure screening, lipid profiles and low-density lipoprotein cholesterol levels for coronary artery disease; and blood pressure screening and control and breast cancer and colorectal cancer screening for preventive care.

The 10 physician groups represent 5,000 physicians and more than 200,000 fee-for-service Medicare beneficiaries.

Participating providers that have family medicine residency programs are Dartmouth-Hitchcock Clinic in Bedford, N.H.; the University of Michigan Faculty Group Practice in Ann Arbor, Mich.; Park Nicollet Health Services in St. Louis Park, Minn.; Middlesex Health System in Middleton, Conn.; and Deaconess Billings Clinic in Billings, Mont.

Details about the demonstration program are at:
<http://www.cms.hhs.gov/researchers/demos/PGP.asp>.

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