Aligning Incentives For Performance Excellence: A Case Study

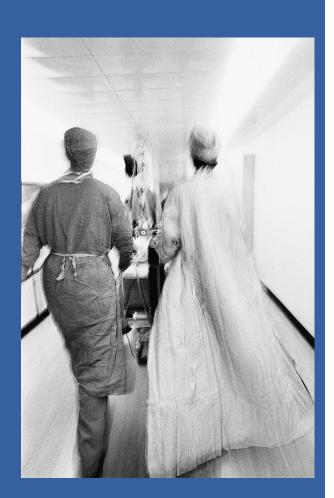
Early Results and Lessons in Memphis

Second National Pay for Performance Summit February 14-16, 2007 Los Angeles, CA

Pay for Performance Summit February 14-16, 2007

Community Collaboration for Hospital Improvement

- A National Health Plan Perspective– What's In It for Us?
- Precursor to Community Collaborative
 The Pilot Phase
- Rewards as Incentive- Early Results



CIGNA HealthCare Perspective

- Measurement of health care quality and efficiency is difficult
- Difficult tasks are best approached in a collaborative effort building on lessons and tools previously developed
- Community or national approaches to data aggregation and performance measurement result in better comparisons – multiple benchmarks versus one
- Health plan resources are best utilized in member and provider enablement to provide best care available

Provider Care Evaluation Principles



Precursor to Community Collaborative – The Pilot Phase

- Collaboration between CIGNA HealthCare and Methodist Healthcare on a hospital rewards program based on the Leapfrog measures
- Methodist Healthcare includes 5 hospitals in Memphis, TN
- CIGNA has a large amount of membership in Memphis currently over 200,000 members
- Critical mass is important in Memphis, the Methodist Hospital
 System supplies approx 70% of CIGNA's commercial hospital care
- Employer interest is paramount. (Over 80% of CIGNA's business in Memphis is ASO.)
- The Memphis Business Group on Health (MBGH) is pursuing a Leapfrog Rewards program, which prompted CIGNA to provide a solution that would support the MBGH goal but move forward while project develops

Interim Measurement Methodology

- Measurement methodology based on:
 - Leapfrog measures in following conditions:
 - Coronary Artery Bypass Graft
 - Percutaneous Coronary Intervention
 - Acute Myocardial Infarction
 - Community Acquired Pneumonia
 - Deliveries / Newborn Care
 - CMS data
 - Efficiency measures based on CIGNA modeled average cost per day per condition and publicly available cost and length of stay data

Memphis Hospital Rewards Program Overview

- In 2005, CIGNA awarded a grant to Methodist Healthcare to support reporting of the Deliveries / Newborn care measures to Leapfrog. (Methodist was capable of reporting other four condition measures to Leapfrog)
- In 2006, Methodist began reporting on the OB/Newborn component.
- In 2006, CIGNA provided rewards based on an assessment that incorporated Leapfrog results in the five Leapfrog conditions.
- In 2007, payout will be based on hospital's performance using 2006 Leapfrog Insight measures as a baseline.

Potential Reward Methodology For Methodist/ CIGNA Program under DRG Contract

	Outcome	Impact
Quality	Increase	 Results in predetermined reward based on meeting or exceeding predetermined goals in each of five quality measurement areas
	No Change or Decrease	No rewards paid
Efficiency	Increase	 Evaluate improvement in efficiency amongst five clinical conditions. From a set pool of dollars, reward hospital with a predetermined amount for improvement in each area. Under DRG reimbursement, hospital would retain savings (implied by DRG case rate).
	No Change or Decrease	 No rewards paid No change as risk to hospital in case rate

Lessons Learned

- Complicating factor: hospital contract will be changing reimbursement methodology from per diem to DRG in late 2007
 - Run baseline efficiency data based on 2006 actual claims data and with case rates applied to determine new baseline for comparison
- Allow ample time for development
 - This is an iterative process
- All constituents should approach the initiative with a collaborative view
- Each market will be unique with unique challenges
- Build on the work of previous pioneers and leaders