

Study: States embrace Medicaid pay-for-performance

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More than half the states were operating Medicaid pay-for-performance programs in the middle of 2006 and nearly all will have them within five years, according to a new study.

Also, more than 70 percent of the planned new programs will start within the next two years, with a shift in emphasis from managed or primary care to environments that stress chronic-disease management even while primary care remains the focus of most Medicaid pay-for-performance programs, the study states.

The study, published by the Commonwealth Fund, was written by Kathryn Kuhmerker, president of the Kuhmerker Consulting Group and a former director of Medicaid in New York state, and Thomas Hartman, vice president for health care quality improvement for IPRO, a health care quality assessment and improvement organization.

Health information technology is a focus for many of these programs, the study's authors said. They added that several programs opted for a paying-for-participation approach rather than just for performance, in an effort to encourage providers to adopt electronic health records, electronic prescribing and other technologies.

Health IT "also has the potential to reduce data collection costs in [pay-for-performance] programs, which should allow [pay-for-performance] programs to expand into less-traditional venues," they said.

The vast majority of programs is being used to improve quality of care rather than reduce costs, with some states targeting specific aspects of care such as the overuse of emergency department services.

However, some states' Medicaid directors are also afraid that pay for performance could affect patients' access to care by forcing some providers to leave the Medicaid program or by them limiting the number of Medicaid patients they will take, the study states. That is shaping the approach some states are taking, particularly those with large rural or sparsely populated areas.

Overall, the authors said, Medicaid directors believe pay for performance is adding to the tools they can use to improve care for their Medicaid populations while, at the same time, they have mixed opinions about the cost savings that will result from the programs.

The expanded use of health IT will help provide more precise and comprehensive measurements and more efficient data collection that will make it easier to satisfy the

demands of all stakeholders, they said.

Ultimately, they said, the biggest challenge facing state Medicaid pay-for-performance programs and others, is to determine their effectiveness.