Quality Improvement
Physician Group Incentive Program

I. Quality Improvement Infrastructure:

Blue Cross Blue Shield of Michigan (BCBSM), a nonprofit corporation, provides or administers health care benefits to more than 4.7 million members through a variety of plans including traditional, PPO and HMO products. BCBSM created "Value Partnerships," as a different type of initiative from industry standards to foster a quality-based approach in the delivery of health care.

The Value Partnerships umbrella currently encompasses eight separate initiatives that involve BCBSM, physicians, physician groups and hospitals. Three of the eight programs launched by BCBSM include financial incentives: the Physician Group Incentive Program (PGIP), the Physician Organization Gain Sharing Program (POGS) and the Hospital Pay-For-Performance program (HPP).

II. Environment and Levers for Quality Improvement Initiative:

The creation of Value Partnerships was spurred by the success of a partnership by BCBSM, hospitals and physicians to improve angioplasty care in the state of Michigan. BCBSM also determined that the existing structure of the traditional BCBSM fee schedule did not provide sufficient recognition or incentives for physicians to make needed investments in improving the delivery of care, especially for patients with chronic conditions. BCBSM desired to move beyond the traditional pay-for-performance model by developing a collaborative environment for improving quality.

III. Participating Stakeholders:

Primary stakeholders are BCBSM and Michigan physician groups. The physician groups currently engaged in the program span across the state of Michigan.

In PGIP, 16 physician groups (2,700 physicians treating 644,000 patients) participate. The POGS program participants, 30 physician groups in total, include all PGIP groups except the Upper Peninsula Health Plan. The addition of 15 new groups in the second quarter of 2006 added 2,000 physicians treating 545,000 patients to the program.

IV. Delivery Method:

Developed in 2005, the Physician Group Incentive Program (PGIP) was launched to promote quality by encouraging collaboration with provider groups, promoting evidence-based practice consistent with nationally-endorsed measures and rewarding quality care with financial incentives. Physician groups receive financial payments for identifying their patients with chronic conditions who are at high risk of complications and implementing improvements to the process of care.
Encouraged by results achieved in the PGIP, BCBSM initiated the Physician Organization Gain Sharing Program (POGS) in 2006. Since the participation in PGIP was limited to 15 physician groups, POGS provides an opportunity to expand the number of Michigan physician groups participating in joint BCBSM quality improvement programs. POGS enables physician groups to share in the financial value of savings from specific quality and efficiency activities. The program focuses on generic drug prescribing and treatment of patients with chronic conditions.

The PGIP and POGS programs provide an effective motivation for solo and small practices to align with other physician organizations, since eligibility for the programs’ financial incentives is limited to physician organizations. These physician organizations have an infrastructure, resources and expertise to undertake quality improvement that is lacking in small practices. Small practices can elect to align with any physician organization for purposes of the quality improvement programs. Each physician organization, not BCBSM, determines how the reward funds will be distributed to its member physicians. The PGIP and POGS programs have resulted in the formation of new physician organizations across the state.

Participating groups provide periodic reports to BCBSM on their progress on pre-determined measures. Each physician group's share of the incentive payments is based on performance in achieving program goals. BCBSM facilitates several meetings each year (usually quarterly) with the engaged physician group leadership to discuss plans for future program direction. The best practices implemented by various physician groups to achieve the goals of the program are shared at these meetings. Program goals in specific areas, such as target Generic Dispensing Rate (GDR) performance for the upcoming period are also discussed and collaboratively agreed upon with the physician groups. BCBSM always attempts to set goals collaboratively to address both absolute goal achievement, as well as improvement from the physician group’s baseline performance.

BCBSM also is providing physicians’ patients with access to the health plan’s chronic care management program. Through this program, patients have a personal nurse who telephonically provides chronic disease education.

V. Quality Improvement Content:

PGIP and POGS provide the participating physician groups with the flexibility to determine their own individual processes to improve quality. Financial incentives are designed to reward physician groups for meeting agreed-upon care improvement guidelines and goals.

Much of the work that the physician groups have undertaken is centered on aspects of the Chronic Care Model. Some examples of the initiatives that physician groups have focused on include:

- Developing all-payer registries that identify patients receiving treatment from physician group members for conditions including diabetes mellitus, persistent
asthma, congestive heart failure, coronary artery disease and/or patients with one or more of these chronic illnesses with depression as a co-morbid condition

• Developing systems for using the registries at the point-of-service to optimize quality of care and ensure it is consistent with current evidence-based standards
• Reaching out to patients with chronic illness to proactively assure timely provision of essential services
• Engaging members in self-management of their chronic health needs
• Measuring and reporting group performance in providing care using accepted measurement methods such as those available through the Michigan Quality Improvement Consortium guidelines (mqic.org) and/or Health Plan and Employer Data and Information Set (HEDIS®) measures
• Providing performance reports to physicians within the group to improve physician performance

VI. Quality Improvement Successes:

The PGIP program reports positive results. The physicians’ generic drug prescribing rate has increased by three percentage points from 2005-2006, resulting in $7 million in savings. Referral of patients to care management programs also increased in this period by 3 percent. Physician groups are making significant investments in quality with multiple initiatives to improve systems of care. Since its inception, the program has expanded to include additional physician groups. Results for the POGS program are not yet available.
Quality Improvement Spread:

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<thead>
<tr>
<th>Quality Improvement Success Initiative Reach</th>
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<tbody>
<tr>
<td>Number of Physicians in Market</td>
<td>Number of Physicians reached by QI Initiative</td>
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<tr>
<td>18,600</td>
<td>4,700</td>
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Physicians in Market

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<th>Physicians Practicing in Sites with less than 6 Physicians</th>
<th>Physicians Practicing in Sites with 6 or more Physicians</th>
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Physicians Reached by QI initiative

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<tr>
<th>Physicians Practicing in Sites with less than 6 Physicians</th>
<th>Physicians Practicing in Sites with 6 or more Physicians</th>
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<tr>
<td>Total Number:</td>
<td>Total Percent:</td>
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<tr>
<td>1,880</td>
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VII. Lessons Learned and Future Directions:

Through PGIP and POGS, BCBSM has found that physician groups highly are motivated to improve care delivery. However, the infrastructure for quality improvement needs strengthening. Through PGIP and POS, individual and small group practices were motivated to align themselves with other physician organizations to access the infrastructure needed for quality improvement initiatives.

The PGIP and POGS programs have also demonstrated that collaboration is essential to achieving improvement. The sharing of best practices and lesson learned amongst the physician groups has proven invaluable. However, data sharing among the physician organizations presents key challenges and opportunities.

Future directions for PGIP and POGS include promoting implementation of the Chronic Care Model and improving performance on evidence-based measures. Reimbursement policies to support “proactive, prepared provider teams” will also be implemented. Efforts will focus on improving performance on clinical and pharmacy measures as well as expanding performance metrics for gain-sharing in laboratory, imaging, inpatient care, and in-network referrals. Lastly, program components for specialties (e.g., Oncology, Cardiology) will be developed.
VIII. Business Model:

BCBSM, as approved by its Board, funds the quality improvement programs through its current revenue stream. The reward pool amount is calculated as a percentage of MD/DO PPO paid claims. BCBSM and its Board review this percentage annually. Currently, 1.5 percent of the paid claims amount is used for the reward pool. The reward pool was $9 million (approximately $4,000/provider) and $20 million (approximately $4,300/provider) in 2005 and 2006 respectively. The pool for 2007 is anticipated to be approximately $35 million.

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