News from the Government

Centers for Medicare & Medicaid Services Move Toward Pay-for-Performance

The day is coming when Medicare won't be paying just for the resources used to treat patients. Instead, payments will be tied to performance—that is, to standards of quality and efficiency, independent of what it takes to get there.

That future move was signaled by large pay-for-performance demonstration projects announced early this year by the Centers for Medicare and & Medicaid Services (CMS) and by section 501b of the Medicare Modernization Act (MMA) of 2003, which has already tied hospital payments to 10 initial quality measures.

Now, it's not a question of if, but of how and when this type of payment system will apply to all Medicare providers, according to Sean Tunis, MD, CMS's chief medical officer and director of the Office of Clinical Standards and Quality. That idea provokes a lot of anxiety for many oncologists, because treating cancer is expensive and follows fewer firm guidelines than, say, treating heart disease or diabetes.

"Our primary interest is not to lower costs and harm people, our primary interest is to try to get good value for what we spend and ensure that the beneficiaries are getting the best treatment and best outcome. If that, on net, requires higher spending, then we'll have to deal with that," said Dr. Tunis. But he predicts that providing the best care for beneficiaries, even those with cancer, will save health-care dollars. Nearly everywhere health services researchers have looked for a correlation between spending and quality, they have actually found an inverse relationship, he pointed out.

Implementing this kind of payment system, he said, will require developing an adequate set of quality measures that are reliable and broad enough to reflect the differences in quality of care and ensuring that collecting the data is feasible. "There's a lot of conceptual and methodologic work that needs to be done before we're ready to implement this on a broad scale." said Dr. Tunis.

Some of that work is being done in the CMS demonstration projects. The hospital project will score hospitals on quality measures related to some common clinical conditions, such as heart failure, and reward top-scorers with bonus payments. Later on, hospitals that don't meet a threshold score will see payment reductions. The large (more than 200 physicians) group practice demonstration will reward the groups for better-coordinated care by returning the savings that it produces. Through these projects, the sophistication of the quality measurements will grow in ways that should take them far beyond the limitations that many physicians fear—cookbook medicine and cost cutting.

For example, explained Stuart Guterman, "We have a mix of structure, process, and outcome measures that help dilute the effects of having a more serious mix of patients." Guterman has been the director of the Office of Research, Development, and Information, which developed the demonstration projects.

"The work to develop quality measures that might apply to oncology practice is just beginning," said Lisa Hines, acting director of the Quality Measurement and Health Assessment Group. The group is scanning to see what measures are already available, such as those from ASCO's own Quality Oncology Practice Initiative and its National Initiative on Cancer Care Quality, and is starting to work with stakeholders in the field, such as ASCO and the National Coalition for Cancer Survivorship. The assessment group is also working on some cancer metrics with its federal partners—the National Cancer Institute and the Agency for Healthcare Research and Quality. In addition, the group will analyze results from its own cancer care demonstration project, which started in January, and is gathering data on control of pain, nausea and vomiting, and fatigue. The first steps in oncology quality measurement are apt to be like these—measures that aren't cancer type- or stage-specific, but are applicable across the board.

Could CMS's pay-for-performance go beyond financial incentives to requirements? Dr. Tunis told the *Journal of Oncology Practice* that linking rational incentives to outcomes is a powerful combination that will lead to better care without further regulation. "I don't really see us moving aggressively in the direction of more requirements other than potential requirements for reporting results."

Clearly, the most efficient way to report and analyze results will be through electronic health records (EHRs), which are more of a challenge to implement in solo and small group practices, but CMS is also working toward making low-cost, interoperable EHRs available to those practices.

When could pay-for-performance become the standard for CMS? That depends on Congress, explained Guterman, whose office will report the results of the approaches they are testing to Congress after their 3-year run. But Congress could decide to move earlier. After all, it already mandated a kind of pay-for-performance for hospitals in the MMA. So as to when, said Guterman, "I think the word is as soon as possible."