



Quality-Based Payment for Medical Groups and Individual Physicians

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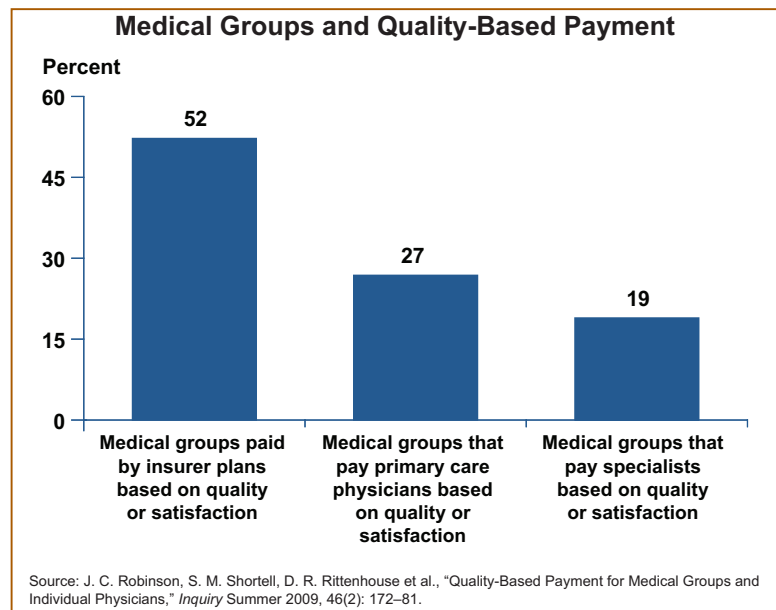
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Synopsis

Researchers surveyed large medical groups to measure the prevalence of pay-for-performance bonuses paid by health insurance plans and, subsequently, paid by groups to individual physicians. The findings show that medical groups that receive bonuses for attaining certain levels of quality and patient satisfaction were more likely than other groups to offer similar incentives to their physicians.



The Issue

Public and private insurers are increasingly using incentive programs that offer health care providers financial bonuses for improving performance, as measured by clinical quality and patient satisfaction. There is considerable debate as to whether these bonuses should be paid to individual physicians or to the physician organizations to which they belong. This study measures the extent to which large medical groups (20 or more physicians) receive pay-for performance bonuses from insurers, as well as the extent to which those groups provide similar incentives to their primary care and specialist physicians.

Key Findings

- Slightly over half of medical groups surveyed (52%) received bonus payments from health insurance plans based on quality and patient satisfaction measures. Approximately one-fourth (27%) of groups paid performance-based incentives to their primary care physicians and one-fifth (19%) to specialists.
- The size of the bonuses was modest, averaging 8 percent of earnings for primary care physicians and 6 percent for specialists.
- Physicians were paid primarily based on individual productivity, measured in terms of patient visits and charges: 61 percent of income for primary care physicians, 66 percent for specialists. Remaining earnings were not based on quality, satisfaction, or productivity, but were instead based on such factors as job tenure, specialty, partnership status, or administrative responsibilities.
- Medical groups whose pay is based on quality and patient satisfaction were more likely than other groups to offer similar incentives to their individual physicians.
- The prevalence of insurer bonuses paid to groups exceeded the prevalence of group bonuses paid to physicians.

Addressing the Problem

The extent to which medical groups pay performance bonuses to physicians is significantly associated with whether the group itself is paid by health plans based on similar measures. This suggests that medical groups involved in pay-for-performance programs deem it important to align the incentives of individuals within the group with those affecting the group as a whole. Because bonuses paid to groups are more prevalent than those paid to individual physicians, it is likely that medical groups also rely on nonfinancial incentives, such as performance feedback, the authors say.

“The extent to which a medical group decides to pay performance bonuses to its individual physicians is significantly associated with whether the group is itself paid by health plans based on analogous measures.”

About the Study

Between March 2006 and March 2007, the authors surveyed senior administrators at U.S. medical groups with 20 or more physicians about whether the organizations received bonus payments from insurance plans and how their individual physicians were paid. A total of 339 medical groups participated.

The Bottom Line

Medical groups that receive quality and patient satisfaction bonuses were more likely than other groups to offer similar incentives to their individual physicians, suggesting that such medical groups seek to align the incentives provided to individuals within the group with incentives affecting the group as a whole.

Citation

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This summary was prepared by Naomi Bloch and Deborah Lorber.