

New physician payment plans could benefit patients

MANAGING HEALTHCARE COSTS



With health reform accentuating the need to cut skyrocketing healthcare costs, health plans are beginning to test new payment systems that give doctors fixed budgets to care for patients — rather than paying them separate fees for each service they perform.

Several health insurers have launched such plans, commonly referred to as “global payment” systems, and the Massachusetts legislature is contemplating mandating such payments statewide. The idea is to dissuade physicians from ordering unnecessary and expensive procedures, and instead to reward them for keeping patients healthy by paying them bonuses and other financial incentives tied to the quality of the care they provide.

Regulators and insurers hope the change will save the healthcare system money, and ultimately put a lid on health insurance premiums, which continue to increase at double-digit rates.

But will this really benefit patients? **Reuters discussed this new trend with Dr. Arthur “Abbie” Leibowitz, chief medical officer and co-founder of Health Advocate, which provides wellness programs and other health services to 6,000 employers.**

The idea of global payment reminds some people of the old “capitation” systems of the 1990s, where doctors were paid a flat fee per patient, regardless of that patient’s health status. What do you think? It has some very marked similarities and some very significant differences. For the doctor, global payments offer a predictable source of income. And they eliminate the need to have to do things to generate [fee-for-service] revenue. All that is consistent with the old capitation models.

The difference here is that there isn’t any restriction for patients. Part of the reason that people became concerned about capitation was because the patient was locked into a relationship with the primary care doctor. In the models that are being contemplated today, the patient has the opportunity to go anywhere they want for care. If they don’t feel they’re getting good care that’s consistent with their expectations, they can vote with their feet.

continued on next page

Global payments are meant to discourage doctors from ordering lots of tests and expensive procedures. But could this turn off patients who think they're being denied something important?

Every doctor faces the patient (who) wants something that that's not necessarily indicated, whether it's the antibiotic for a cold, or "I have a headache, shouldn't I have a CT scan?" So physicians know how to work with patients to explain to them what their needs are.

What could theoretically be the limiting factor is the matter of the money that changes hands. Under the old capitation models, literally the dollar saved was the dollar that the physician received.

But in the models that are being contemplated today, there is a broad establishment of a financial incentive for the doctors, and it's not a dollar-for-dollar incentive. It's tied to patient satisfaction, measurement of outcomes, adherence to medical guidelines — all the things that medicine knows are good measures of what's really happening with a patient.

Are those quality incentives well defined, and will patients understand what their own quality goals are?

You raise a good point, because it does take a good deal of patient education. You have to move the mindset of the patient as well as the mindset of the doctor, from the concept of episodic, periodic, acute services, to a mindset of the care continuum.

Take the individual with diabetes, for example. He doesn't just show up at the doctor's office on a Monday, get a physical exam and then have another appointment in three months. You have to start looking at what happens during those three months. And to do that you need to take a different approach: You need to enlist social workers, pharmacists, and caregivers who can talk about diet, exercise, smoking — all the kinds of things that in the traditional healthcare system don't get emphasized.

While everybody agrees that this will result in better care, there are going to be some patients who are very resistant. They just won't understand the value of the outreach. It's going to take some time and effort to bring them up to speed.

This is a different way of delivering healthcare: a coordinated, multi-team approach. It costs money. But we think that putting the money up front in the effort will result in even greater savings on the back end.

What types of patients do you think will benefit the most from this more coordinated approach to care?

Patients that have chronic conditions are going to benefit from these kinds of programs, because they are people that have needs that extend across multiple disciplines. The patients with heart disease, emphysema, diabetes, arthritis, depression all face the risk of developing other medical problems that are associated with their underlying problem. Anything you do that can provide them with a more robust approach to healthcare is going to make a big difference in their lives.

They're also the most expensive people in the healthcare system. So the opportunity to provide them with a more effective and efficient way of getting care is going to have a big impact in the total cost of what people spend.

Will these new global payment systems allow patients to save money on their healthcare, as well?

Increasingly patients have to pay larger portions of their healthcare bills out of pocket. So if you do anything that improves the efficiency, provides them with better care, and reduces the likelihood that they're going to need services that could be avoided, then yes, patients will benefit.

I don't think these changes are going to harm the physician-patient relationship. It is a system that should benefit both parties — the physician delivery side and the patient receiving side.