

Providence Business News

Published online Nov 7, 2011

HEALTH CARE

Blue Cross links compensation to care quality

By **Richard Asinof**
Contributing Writer
Twitter: [@RichardAsinof](#)

PROVIDENCE – Rhode Island hospitals that provide higher-quality patient care will now receive increased financial compensation, using “evidence-based” performance metrics, Blue Cross & Blue Shield of Rhode Island announced Monday.



Under contract provisions now in place at 10 of Rhode Island’s 11 acute care hospitals, Blue Cross will link financial incentives to hospitals that meet quality measures in three broad categories: care for specific categories, including heat attacks, heart failure pneumonia and surgical infections; patient perceptions and satisfaction, including responsiveness of hospital staff, pain management and cleanliness; and best practices for hospital discharge, including medication reconciliation and schedule outpatient follow-up appointments.

RHODE Island hospitals that provide higher-quality patient care will now receive increased financial compensation, using “evidence-based” performance metrics, Blue Cross & Blue Shield of Rhode Island announced Monday.

Blue Cross also shared comparisons on how Rhode Island’s hospitals perform on quality measures, with 2011 serving as the first measurement year.

“A lot of Rhode Islanders aren’t aware that there can be differences in the quality of health care received for the same medical condition,” said Dr. Gus Manocchia, Blue Cross senior vice president and chief medical officer.

“According to the Centers for Medicare & Medicaid Services, for instance, one of our state’s hospitals [South County Hospital] scored 99 percent for the treatment of heart failure last year, which is much better than the national average of 93 percent, while other local hospitals did not fare as well.”

Blue Cross, the state’s largest health insurer, said that about 90 percent of Rhode Island hospitals have agreed to partner with its Hospital Quality Program, with only Landmark Medical Center not participating; Landmark’s contract with Blue Cross is still under negotiation.

The new quality incentives shifts health insurance reimbursements away from “fee for services” toward outcome-based measures, a direct result of the contract conditions established by R.I. Health Commissioner Christopher F. Koller in July 2010, according to Manocchia.

“Our office has clearly set provider payment reform as an essential component of health care reform,” Koller said. “Blue Cross’s quality incentive programs are

consistent with the conditions we established. This is not the last we'll be seeing [in terms of] provider payment reform," he said. "The momentum will only increase in the future."

Under the program, any future hospital base increases in reimbursement are aligned with Medicare's inflation measures – with additional financial incentives available to hospitals that successfully meet the agreed-upon quality scores. The total increase for improved quality care is 2 percent.

"Ironically, health care is one of the few industries today where financial incentives are linked to the volume of services provided, not the quality of those services," Manocchia said.

"If you own a restaurant and you serve food that tastes bad, you're going to lose customers. If you're a car manufacturer and your car doesn't perform well in crash tests, you're going to lose customers. But the United States spends more per capita on health care than most other developed nations, and we aren't any healthier."

The patient care outcomes will be benchmarked against national measurements derived from Centers for Medicare & Medicaid Services, patient satisfaction against findings from the national Hospital Care Quality Information from the Consumer Perspective survey, and the hospital discharge best practices will be benchmarked against measurements developed by Healthcentric Advisors (former known as Quality Partners of Rhode Island and the Rhode Island Quality Institute as part of the "Safe Transitions" program.

"Very few of my colleagues around the country share this type of detailed data with health insurance companies," said Dr. Mary Reich Cooper, senior vice president and chief quality officer of Lifespan. "But we've been partnering with Blue Cross for a number of years now and find that taking a more collaborative approach to improving care across the state is good for our patients' health."

There has been very little push-back from hospitals, Manocchia said, because hospitals know that this is coming, not just from health insurers, but from federal health care reform requirements for Medicare reimbursements.

The state's two largest hospital systems, Lifespan and Care New England, have some additional metrics reflecting their market positions. Care New England's Women & Infants Hospital, for instance, has metrics related to delivery of babies, while Lifespan hospitals have metrics related to its computerized system to catch potential errors and near misses, Manocchia said.

In the future, Blue Cross hopes to be able to quantify both improved health care outcomes, lives saved, and health care delivery dollars saved as a result of the new quality incentives for hospital compensation, Manocchia said. The data will not be available to do that for a number of lives.

"Over time, we plan to raise the bar, making the program more robust," he said.