“Pay for outcomes:” The future is now.

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As healthcare spending continues to increase, consumers and payers alike are trying to find ways to cut costs. In an article in Managed Care Magazine last fall, an industry executive who surveyed health plans concluded, “Pay for performance as we know it is dying. Pay for performance is evolving into payment reform and these new models of payment reform will take the place of what was P4P in the past. That evolution is happening right now and it's happening quickly.” The article’s author adds, "Paying for improved patient outcomes may be the only way to ensure that providers are delivering what health plans and their employer clients want: greater value."

PTPN President Michael Weinper, PT, DPT, MPH, has seen this shift over the last few years from "pay for performance" to "pay for outcomes" programs, including PTPN’s own P4O programs with payers. He says, "Medicare and private payers are increasingly linking reimbursement to patient outcomes as an incentive for providers to improve quality of care."

Payers across the country like Blue Cross Blue Shield and Wellpoint are embracing a variety of pay for outcomes plans, forming goals like those of the P4O program adopted by Blue Cross Blue Shield of South Carolina:

- Improve satisfaction for individual patients
- Increase the health of populations
- Lower per-capita costs

Physical therapists and other providers may be skeptical about how such outcomes are measured, but they can most likely agree that the above goals would align with their own clinic's objectives.

Whatever PTs and other healthcare providers think of such programs, they may not have a choice when it comes to participating. The most recent incarnation of Medicare’s Physician Quality Reporting System (PQRS) offers incentives for quality reporting only until 2015, when failure to report becomes penalized. As Ben Johnson, CEO of FOTO (a PTPN preferred vendor and the software used by PTPN members in the PTPN Outcomes Program), told Eli’s Rehab Report in 2010, "The clear message from CMS and health reform legislation is that healthcare should move from paying for volume to paying for quality."

The first incarnation of PQRS, the Physician Quality Reporting Initiative (PQRI), created measures that focused on such performance measures as risk assessment for falls and follow-up care for pain assessment. But the additions made for the 2012 cycle place a new focus on outcomes, as Measure 182 rewards providers, including physical therapists, that participate in some type of functional outcomes assessment program, like our own PTPN Outcomes Program.

As is usually the case, private payers are following Medicare's lead, if only because, as one expert said in the Managed Care article, "the risks of doing nothing are too great." In fact, in recent months three of California’s
largest health plans agreed to pay from 5 to 12.5 percent more to PTPN members that meet the highest standards in getting patients better efficiently as measured by PTPN's Outcomes Program. "PTPN launched our measurement program five years ago because we foresaw this trend of reimbursement tied to outcomes and realized sooner was better than later when it came to being prepared to report results," says PTPN Vice President Nancy Rothenberg. "We're excited that payers are now recognizing and rewarding our providers who achieve excellent outcomes."

An added bonus, so to speak? Physical therapists can use the data collected by such programs to build their practice. PTPN member Richard Blum-Johnston, MPT, COMT, CEAS, CCI, owner of Rialto Physical Therapy Center in Rialto, California, uses his outcomes reports to build relationships with local physicians. He says, "Some physicians will be interested in finding PTs who are motivated to do things differently with every patient to get results, and so far we have developed steady referral sources."

So whatever the pace of the transition from "P4P" to "P4O," it's clear that measuring outcomes is an important way for therapists — and other providers — to be at the forefront of emerging reimbursement schemes and to differentiate themselves from providers who don't track results. "Measuring outcomes is something every practice should be doing," Nancy concludes. "P4O is no longer the future of reimbursement — the future is now."

For further reading:

- Payers adopt PTPN's first-of-its-kind "Pay for Outcomes" program to identify and reward high-performing rehabilitation providers. PTPN, October 18, 2012.

- Burns, Joseph. At long last... Pay for outcomes starts to replace pay for performance. Managed Care, September 2011.


- Weinper, Michael and Jerry Connolly. What will healthcare reform mean for the private practitioner? Impact, January 2010. *

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