



## "The Best Vs. The Rest"

### PRESIDENT'S MESSAGE



By Kuldp Sandhu, MD

#### **Should payers reward providers for excellence or effort?**

THE 2005 KAISER FAMILY FOUNDATION Survey found that the average premium for family medical coverage is \$10,080 per year. According to the National Association of Realtors, with a 20 percent down and a 30-year mortgage at 6.25 percent, the cost of buying a median-priced home is \$1,040 per month.

*No wonder the issue of rising healthcare costs gets a prominent spot in the media with sensational headlines:*

*"Healthcare or a House?"*

*"Doctors, Post Your Prices"*

In a recent *Wall Street Journal* article, Charles J. Farrel, J.D., opined that there are two primary ways to address burgeoning health care costs: increase competition for services by making consumers the direct purchasers of health care; or ration care through strictly applied benefits schedules.

Interestingly, even in the consumer-directed health care model, consumers would engage in individual rationing based on the risks that they are interested in bearing or not bearing. Maybe consumers would not feel as bad rationing their own health care as allowing big brother to ration it for them.

People who use the President's favored health savings account, for instance, might try to save money by avoiding cost effective drugs or preventive treatments, while spending money on costly but ineffective procedures.

Fortunately, there is another option to control medical costs. And that option is to deliver optimal quality care. The challenge is to define and measure "quality care." Without good quality metrics, the system cannot motivate others to emulate best practices.

In God We Trust;

Everyone Else Bring Data.

"Everyone believes they are providing high-quality care. In the absence of data, they can believe it." - Mark Smith, MD

"If physicians choose not to define quality, someone else would."- The Mattson Jack Group (MJG), 1996

"Physicians chose not to define quality and someone else did." - The Mattson Jack Group (MJG), 2004

Some of the players defining quality are Leapfrog, National Voluntary Hospital Reporting Initiative (NVHRI), CMS (Centers for Medicare & Medicaid Services), JCAHO (Joint Commission on Accreditation of Healthcare Organizations), and the National Quality Forum (NQF).

Leapfrog was founded by the Business Roundtable, 150 public and private groups who provide health care benefits. NVHRI includes the American Hospital Association, the Association of American Medical Colleges, the Federation of American Hospitals, and now many supporting organizations and 90 percent participation among the 3,000 hospitals. CMS made NVHRI mandatory. And the NQF is a public-private non-profit with 212 member organizations including CMS.

It will not be long until consumers rely on "report cards" for making health care decisions. Undoubtedly, the current definition and measurement of quality is imprecise and imperfect. But physicians cannot afford to underestimate the impact of "report cards" in influencing consumers' decisions on choosing physicians ("Best Doctors in Sacramento!") and hospitals which are ranked ("Top 10% Hospitals").

We as physicians should not forget that many of us rely on rankings of other products and services in our own decision-making, i.e., *Consumer Reports*, J.D. Powers, Morningstar, and ValueLine Survey. We as consumers often take these rankings at face value and hardly concern ourselves with the methodology or validity of these lists. Patients won't behave differently.

Some confuse quality with service.

In airline parlance, quality would equate to safety, and service would be timeliness, food service (peanuts), friendly airline staff, etc. In the medical field, quality should be good outcome, and service be patient satisfaction. In other words, quality is the science of medicine and service the art of medicine.

To achieve quality, we need cultural change, teamwork, commitment, accountability, and resources. As part of the quality initiatives, CMS is vigorously exploring P4P incentives or value-based reimbursement schedule for hospitals and physicians.

In the *Wall Street Journal* article, "The Best Vs. The Rest: Companies Target Raises to Top Performers," Erin White mentioned that many companies are eschewing across-the-board increases to give top performers a bigger slice of the pay raise pie.

The bottom line is, would P4P mean "payment for performance" or "payment for participation," or both?

Stay tuned.

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