

How to define pay-for-performance

First, let's make sure we're all on the same page.

We'll define P4P as the Medical Group Management Association (MGMA) does in its pay-for-performance principles: "Pay-for-performance (P4P) programs offer financial incentives to physicians for achieving specific, measurable patient safety, quality, satisfaction or efficiency objectives. P4P programs generally base a portion of physician payment on quantitative measures. These may include patient care process measures, outcomes measures or patient satisfaction scores."

Goals and objectives of P4P programs

Any P4P program should have as its central purpose to improve the quality of patient care and clinical outcomes. Patient satisfaction generally covers these four key areas:

- Communication with the doctor
- Specialty care
- Timely care and service
- Overall rating of care

Types of P4P models

Not all P4P efforts are alike, but typically when you are in a P4P program it will follow one of these models for measuring success:

- **Straight bonus:** In this model the provider receives a percentage amount of allowed charges. Medicare uses a bonus equal to 0.5 to 1.5% of allowed charges in PQRS.
- **Payment from withholds:** Payment is calculated based on withholds.
- **Added income from improvement tasks:** Here the P4P plan bases on the bonus on achieving measurable levels of improvement in specific areas.
- **Quality grants:** Specific payouts targeted to achieving specific quality goals spelled out by the payer.
- **Differential fees:** On a per-procedure basis, an upward adjustment in the amount of reimbursement for each procedure based on success in hitting measurement targets.
- **Increased capitation rates:** If you are on a capitation plan, an upward adjustment per patient based on successful performance.