

**National Medical Association
Pay-for-Performance (P4P) and Its Potential Impact on American HealthCare
Position Statement
August 2006**

The National Medical Association (NMA) remains committed to the highest quality care for all patients, and to the optimal delivery of such care under all circumstances. As such, we remain committed to the integrity of the health care safety net, of which Medicaid and Medicare are vital components.

We are concerned therefore, that Medicare and Medicaid are now the key fronts in the battle for developing viable pay-for-performance (P4P) models. The P4P framework developed and implemented by the Centers for Medicare and Medicaid Services (CMS) is very likely to set the pace for the rest of the nation. P4P frameworks should therefore be constructed with the following considerations in mind, given the millions of providers that will be impacted:

- The scientific and clinical data that constitute the ‘evidence base’ by which performance is measured should be compiled across diverse populations. In other words, ‘case mix adjustment’ is a more efficient means of ensuring that physicians who see patients with greater disease burdens are not unfairly compensated relative to physicians who see healthier patients.
- Clinical data are probably more reliable predictors of quality improvement than are claims data. P4P frameworks should therefore rely more heavily on the former.
- An undesirable clinical outcome does not necessarily bespeak non-compliance by the provider. Reimbursement mechanisms should reflect the reality that physicians in smaller practices are more likely to be adversely impacted by larger numbers of non-compliant patients, and non-compliance should be appropriately attributed.
- The design, implementation, and evaluation of P4P frameworks should include practicing physicians with expertise in working among populations that suffer the ill effects of ethnic and racial health disparities. The NMA recommends therefore that cultural competency standards be established as a major component of any P4P framework.
- P4P frameworks and the current Sustainable Growth Rate (SGR) cannot co-exist. SGR must be repealed if P4P is to have any chance of sustained success.
- P4P reporting requirements must be voluntary in this preliminary stage. Requiring providers to report on quality measures while they are still in their infancy further compounds the challenge of systematic data collection.
- Health Information Technology is vital to this process. There must be a national commitment to providing financial and technical assistance to America’s healthcare providers, in order to facilitate their transition into the Digital Age.