

Rewarding value in health care

Physician Group Incentive Program



VALUE Partnerships
Improving Health Care in Michigan

Blue Cross Blue Shield of Michigan is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

PGIP is a collection of clinical and quality-based initiatives that improve patient care in Michigan. PGIP is part of a larger program at Blue Cross Blue Shield of Michigan called Value Partnerships. Established in 2005, PGIP embraces the IHI Triple Aim, a framework developed by the Institute for Healthcare Improvement. The goals of the IHI Triple Aim are to improve the patient experience of care (including quality and satisfaction), improve the health of populations and reduce health care costs.

How does PGIP work?

PGIP fosters teamwork among Blue Cross physician organizations and practitioners to transform how care is delivered. As part of these efforts, the program embraces fee-for-value reimbursement instead of the traditional fee-for-service model.

What is fee-for-value?

With fee-for-value reimbursement, practitioners are no longer paid solely for the volume of services they deliver. Instead, they're rewarded for delivering efficient, high-quality care to patients.

PGIP requires practitioners to join a physician organization that:

- Shares information
- Measures performance
- Assists with practice improvement
- Organizes the system of care to improve coordination and treatment outcomes

Blue Cross partners with these physician organizations and their 20,000 respective physician members, and adjusts the level of payment to reflect the level of performance.

Which PGIP programs promote fee-for-value?

While all PGIP programs are designed to reward value, two in particular stand out:

- **Patient-Centered Medical Home:** A set of 12 initiatives that promote high-quality care for all patients. The initiatives address topics such as care coordination, self-management support, extended office hours, specialist referrals and test tracking.
- **Provider-Delivered Care Management:** Care management services delivered by a health care professional who works in a PCMH office. The health care professional works within a care team to ensure patients receive the help they need to better manage their health. PDCM is a core component of the PCMH model.



Blue Cross Blue Shield of Michigan programs lead the nation in transitioning to fee-for-value.

PCMH and PDCM offer opportunities for practitioners to transform their practices and increase their reimbursement levels. As a result, our PGIP program is a national leader, and its staff regularly presents at national conferences and is published in peer-reviewed health care journals.

How effective are these programs?

PGIP programs are nationally recognized and award-winning. For example, a study published in *Health Services Research** indicates that practitioners who fully implement the PCMH model are associated with:

- Higher quality and preventive care scores
- \$26.37 lower per member per month medical costs for adults

How does fee-for-value reimbursement work?

There are two components to the fee-for-value reimbursement model:

1. Rewarding physician organizations for actively engaging in PGIP initiatives with financial incentives paid through the PGIP reward pool
2. Providing fee uplifts to PGIP primary care physicians and specialists associated with high-quality, cost-efficient care based on claims data

The reimbursements are used for building PCMH and OSC capabilities, lowering costs and improving quality performance.

Where does the money for fee-for-value transformation come from?

There are two ways fee-for-value transformation is funded:

1. Provider agreements allow Blue Cross to reserve a portion of the provider's reimbursement to create the PGIP reward pool. One hundred percent of the reward pool funds are distributed based on specific criteria. Blue Cross does not keep any of the money; all funds in the reward pool are paid out in full.
2. Prior to 2009, Blue Cross provided an inflationary fee update to all participating physicians each year. Since then, Blue Cross has channeled that money into fee uplifts for physicians based on performance. The value-based payment process was designed so that professional fees are the same as what they would have been under the previous payment model.

* Paustian et al. "Partial and Incremental PCMH Practice Transformation: Implications for Quality and Costs." *Health Services Research*. 2013 Jul 5. Epub

For more information about Value Partnerships programs, visit www.valuepartnerships.com.



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