

'Pay for performance'

Medical care study proves successful

Tuesday, May 30, 2006

By Jim Stafford, Business Writer

Almost two years ago, Duncan urologist Dr. David Buntley was among a group of physicians asked to go where few had dared: into an area of health care management known as "pay for performance."

The Duncan physicians were part of a one-year test involving 600 or so people covered by the City of Duncan's health insurance plan and a spin-off of Oklahoma City-based CompOne Services that became known as MedEncentive.

The doctors agreed to provide "evidence-based" medical care and give their patients follow-up information therapy in exchange for a higher level of reimbursement.

Patients were instructed to go online to receive more information about their diagnosis and treatment and to confirm they followed the doctor's advice in exchange for reimbursement of their doctor's visit co-pay.

Duncan doctors weren't exactly resistant to the novel approach to health care, but...

"I think it's fair to say that there wasn't resistance, but I would describe it as venturing into the unknown and not quite knowing how all this is going to work and how much extra time would be involved for the physicians," Buntley said in a recent interview.

MedEncentive has released results of the one-year study it conducted of the Duncan experiment, and co-founder and Chief Executive Officer Jeff Greene declared it an unqualified success.

"We made four predictions at the start of this study," Greene said. "No. 1 was that we would see cost savings in the first year. Second, costs would be redistributed across the categories in favor of doctors and (health care plan) administration. Third, there would be an abatement of defensive medicine practices and finally, patients would have some sense of value received."

All were confirmed by the study, he said. For example, the City of Duncan realized first-year savings from the program of \$267,149. And that's after making \$17,500 in physician premium payments and \$9,835 patient rewards payments, as well as \$6,840 to MedEncentive based on the number of people insured by the city.

Duncan's health care costs had risen by an average of 20 percent in each of the previous three years prior to the start of the study.

"Obviously, there have been some bumps and learning curves along the way, but it has been a success," said Clyde Shaw, Duncan city manager. "We are very satisfied. We've been able to control the costs and provide benefits to our employees without any increase in health care premiums."

MedEncentive developed what it calls a "decision tree," which presents doctors with a course of treatment developed by some of the nation's top medical schools -- that's the "evidence-based medicine" part of the process. Doctors have the right to exercise their own judgment to deviate from the treatment as long as they justify it.



MedEncentive co-founder and Chief Executive Officer Jeff Greene, Shown here on the campus of the Presbyterian Health Foundation Research Park, said a study conducted with the City of Duncan confirmed expectations that the company's patented "evidenced-based" based health care program would save the City money while rewarding both patients and doctors.

"It's not 'cookbook' (medicine)," Dr. Buntley said. "There are guidelines but they are not mandatory guidelines."

All the other expectations were confirmed, as well, Greene said. The Duncan study showed that physicians received more pay for their services while the share of the city's health care budget that went to hospitals -- which takes the biggest bite of the health care dollar -- declined.

Doctors practiced less defensive medicine because their treatment is backed by solid medical evidence. They requested fewer radiology services during the study year.

As for patient satisfaction, a survey showed that Duncan participants rated the program at more than a 4 on a scale of 1 to 5 with 5 being the highest.

"The message here is if you value your employees you want to offer this benefit to them if for no other reason than this, they receive valuable information," Greene said. "The kicker is that we are saying we will help you control costs. That

should be another driving force."

Greene said the Duncan Physician Organization has signed an agreement that encourages a higher level of participation through the use of what he called a "real-time" version of the information therapy. That allows doctors to provide information therapy to their patients before they even leave the office or shortly thereafter.

In addition, MedEncentive has signed up its first commercial client in Oklahoma City-based Integris Health. That adds nearly 1,700 new plan members and 1,600 physicians enrolled in the program, Greene said.

In Duncan, Buntley has compared it with other incentive programs and declared it to be the best pay-for-performance program he has seen.

"I know there are a number of outfits that are sort of in disguise by the insurance companies, which in fact are not based so much on pay for performance as based on pay for charge," he said. "What they want to see is all the charges reduced by various tactics.

"Most, if not all, of our physicians have bought into it."

DID YOU KNOW



About MedEncentive

- **Address:** 800 Research Parkway, Suite 380.
- **Web site:** www.medencentive.com
- **Co-founders:** Jeff Greene and Drs Susan Chambers and David Parke
- **Chief Executive officer:** Jeff Greene.
- **Founded:** 2005. Before creation of MedEncentive, the program was developed at CompONE Services, the Oklahoma City-based physicians practice management company Greene founded in 1987.
- **Key product:** A patented "evidenced-based" health care program that rewards both doctors and patients for using so-called information therapy and the Internet to follow up on diagnosis and treatment.