



Request for Interest

**From State Governments and Health Systems including Hospital Systems and
Multispecialty Medical Group Practices**

**To Sponsor Demonstrations of the Medical Liability Reform and Patient Safety
Attributes of the MedeNcentive Program**

in response to



**AHRQ Request for Applications (RFA) Titled:
Medical Liability Reform and Patient Safety
Demonstration Projects**

**“MedeNcentive strikes the perfect balance between frivolous lawsuits prevention and
patient safety.”**

**Jeff Segal, MD, JD
Medical Justice CEO and founder
CNN medical liability expert**

Executive Summary:

Purpose: MedeNcentive seeks responses from qualifying parties to be Sponsoring Organizations in applying for the Agency for Healthcare Research and Quality (AHRQ) Funding Opportunity Number RFA-HS-10-021 to test the medical liability reform and patient safety attributes of the MedeNcentive Program. (To review this AHRQ Funding Opportunity titled “Medical Liability Reform and Patient Safety Demonstration Projects,” click on the following link: [AHRQ RFA-HS-10-021](#).)

RFI Deadline: December 16, 2009

Budget and Project Period: The federally funded grant under this Funding Opportunity Announcement (FOA) is **\$3 million** for a three-year project period. The application may allocate the budget across the project period in accordance with its proposed work plan. AHRQ will not review an application with a project period that exceeds three years or a budget that exceeds \$3 million total.

Background: On September 9, 2009, President Barack Obama addressed a joint session of Congress to announce his proposals for health insurance reform. One component of such a plan includes investing in new ways to manage medical liability claims. The President stated:

“Now, finally, many in this chamber -- particularly on the Republican side of the aisle -- have long insisted that reforming our medical malpractice laws can help bring down the cost of health care...Now, I don't believe malpractice reform is a silver bullet, but I've talked to enough doctors to know that defensive medicine may be contributing to unnecessary costs. So I'm proposing that we move forward on a range of ideas about how to put patient safety first and let doctors focus on practicing medicine. I know that the Bush administration considered authorizing demonstration projects in individual states to

test these ideas. I think it's a good idea, and I'm directing my Secretary of Health and Human Services to move forward on this initiative today.”

As directed by President Obama, the Secretary of the Department of Health and Human Services (HHS) has launched a new demonstration initiative that will help states and health care systems test models that meet the following goals:

- put patient safety first and work to reduce preventable injuries;
- foster better communication between doctors and their patients;
- ensure that patients are compensated in a fair and timely manner for medical injuries;
- reduce the incidence of frivolous lawsuits;
- reduce liability premiums; and
- reduce the practice of defensive medicine

The MedEncentive Program’s “doctor-patient mutual accountability” process has been described by medical liability experts as striking the perfect balance between protecting doctors from malpractice lawsuits and protecting patients’ safety. Our incentive system that rewards physicians for documenting adherence to an evidence-based treatment guideline and for prescribing information therapy, plus rewards patients for demonstrating health literacy and adherence creates an ideal solution to this AHRQ Funding Opportunity Announcement (FOA).

MedEncentive seeks expressions of interest from state governments, hospital systems and multispecialty medical group practices that meet the definition of a qualifying organization according to the AHRQ Funding Opportunity Number RFA-HS-10-021 to be Sponsoring Organizations to propose and conduct a demonstration project to test the MedEncentive Program’s capabilities to protect patient safety, prevent malpractice and malpractice lawsuits, lower malpractice insurance premiums, and decrease the practice of defensive medicine.

Sponsoring Organizations must be able to attract a statistically significant number of health plan members (10,000 or more) from health insurers and self-insured employers to enroll in the MedEncentive Program by July 1, 2010 in order to conduct this demonstration. Letters of intent from health insurers and self-insured employers to participate in this demonstration must accompany the proposal application submitted by the Sponsoring Organization to AHRQ.

Sponsoring Organizations must be able to prepare a written proposal with the assistance of MedEncentive to submit to AHRQ by the January 20, 2010 deadline. Sponsoring Organization must also be able to designate a Project Leader or Principal Investigator skilled and experienced in conducting a demonstration of this nature, to include performing competent research to test relevant hypotheses.



Request for Interest (RFI) to Examine the Effects of MedEncentive on Patient Safety, Frivolous Lawsuits and Defensive Medicine

RFI Deadline:		December 16, 2009
Program Area:		Patient Safety Protection/Frivolous Lawsuit Prevention/Defensive Medicine Reduction
Purpose:		<p>Through this solicitation, we seek letters of interest from qualified organizations to be a Sponsoring Organization to solicit the AHRQ Medical Liability Reform and Patient Safety Demonstration to test the effects of the MedEncentive Information Therapy Program and other add-on applications on: 1) the frequency of medical malpractice lawsuits; 2) the level of doctor-patient communications; 3) the level of patient literacy and empowerment; and 4) the incidence of defensive medicine. Interested organizations will receive support from MedEncentive in developing a proposal and conducting the demonstration.</p>
Background:		<p>The high frequency and large monetary settlements of medical malpractice lawsuits has caused a significant rise in the cost of medical malpractice insurance over the years in most areas of the country. This situation coupled with the high frequency of frivolous lawsuits compel health care providers to order tests and perform services to prevent from being sued or from losing medical malpractice lawsuits. This practice of rendering protective care is called defensive medicine. According to a study¹ conducted by Kessler and McClellan, the cost of defensive medicine is estimated to be 5% to 9% of total health care expenditures.</p> <p>Medical liability reform is one solution to this problem. However, medical liability reform that protects providers from lawsuits implies a diminishment in patients' rights to restitution when harmed by medical errors. There is no clear consensus on how to change medical malpractice laws in ways that balance the interests of health care providers and patients.</p> <p>The MedEncentive Program provides a means to protect physicians from lawsuits while protecting patient safety that leapfrogs the issues involved in reforming medical liability laws. In effect, MedEncentive assigns financial rewards to both doctors and patients to access MedEncentive's website to document their adherence to assigned tasks that improve the standard of care, enhance doctor-patient communication, and promote patient literacy and empowerment.</p>

	<p>The financial rewards also require doctors and patients to agree to allow the other party to confirm or acknowledge each other's adherence. This process of checks and balances is called "doctor-patient mutual accountability," and it addresses many of the root causes of malpractice and lawsuits.</p> <p>Through five years of testing, MedEncentive has achieved high levels of patient and physician participation, which has led to substantial healthcare cost containment. The results of our original trial and the expanded multi-location trials can be found in following three reports:</p> <ul style="list-style-type: none"> • <i>Pay-for-Performance Success Using Doctor-Patient Interactive Rewards: An Evaluation of the Impact of the MedEncentive Program on the City of Duncan Health Plan</i>² • <i>Impact of a Pay-for-Performance Intervention: Financial Analysis of a Pilot Program Implementation and Implications for Ophthalmology</i>³ • <i>Celebrating Five Years of Success - Examining a groundbreaking solution for controlling health care costs using financial incentives to invoke doctor-patient mutual accountability</i>⁴ <p>In our original study, we were able to demonstrate that part of the cost containment was due to a reduction in defensive medicine. To test the impact of the MedEncentive Program on abating defensive medicine, we examined the net change in costs by medical specialties and found that not only did radiology costs not keep pace with increases in costs realized by the other medical specialties, it was the only specialty that experienced a net reduction in expenditures from the Baseline Year to the Intervention Year.</p> <p>To learn more about the MedEncentive Program and the results from our trial installations that support this demonstration, refer to the Description of MedEncentive, Pay-for-Performance Success Using Doctor-Patient Interactive Rewards², and Celebrating Five Years of Success⁴ online at www.medencentive.com.</p>
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<p>Why would a Qualified Organization be interested in this project?</p>	<p>Sponsoring Organization Opportunities: The opportunities for health care systems and state governments that desire to participate in the project as a Sponsoring Organization are as follows:</p> <ul style="list-style-type: none"> • The opportunity to reduce medical liability premiums; • The opportunity to sponsor a program that has demonstrated the ability to control overall healthcare costs; • The opportunity to an enhancement in overall patient safety; • The opportunity to secure up to \$3,000,000 in federal funding to
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	<p>finance this demonstration; and</p> <ul style="list-style-type: none"> • The notoriety associated with taking part in an important national evaluation to solve one of the most vexing issues confronting the health care reform movement. <p>(Refer to the FAQs for more information about participation rationale.)</p>
<p>What are the organizational eligibility and selection criteria?</p>	<p>The following are organizations that are eligible to submit an application to AHRQ for this grant:</p> <ol style="list-style-type: none"> 1. State governments, units of State governments, coalitions of State governments, established associations of State governments. 2. Established health care systems, which are defined as having capacities (e.g., hospitals, physicians), activities (e.g., health services), interconnections (e.g., financing, oversight, management), and purpose. Its components might include multiple States, localities, Tribal governments, universities, colleges, hospitals, nonprofit organizations, faith-based organization, community-based organizations, and Federal agencies. Applicants to this FOA must share a long-established, legal entity as sponsor and sufficient service volume to statistically power any proposed intervention. Organizations must also fit under AHRQ’s grant authorization under 42 USC 299c-5(c), which allows AHRQ to make grants to public and nonprofit entities. Other organizations may participate in projects only as third parties. Because the purpose of this program seeks to improve health care in the United States, foreign institutions may participate in projects only as subcontractors. Organizations described in section 501(c) 4 of the Internal Revenue Code that engage in lobbying may not participate. <p>MedEncentive will review each letter of interest and conduct telephone interviews with qualifying organizations. These interviews will focus on each organization’s ability to meet the following criteria:</p> <ul style="list-style-type: none"> • Has read and understands the AHRQ Request for Application Number RFA-HS-10-021; • Understands the MedEncentive Program and its capabilities to address the objectives of this AHRQ demonstration; • Is able to prepare, with the assistance of MedEncentive, a written proposal application for a funded demonstration of this nature, to include describing the hypotheses to be tested and the methods

		<p>for testing;</p> <ul style="list-style-type: none"> • Is able to designate a Project Leader or Principal Investigator skilled and experienced in conducting a demonstration of this nature, to include performing competent research to test relevant hypotheses with the assistance of MedEncentive; • Is able to attract a statistically significant population of 10,000 or more health plan members from employers or health plans for a June – July 2010 project launch date; • Is able to assist MedEncentive in attracting local physicians to participate in the demonstration over the term of the project; • Is able to conduct comparative analysis against a historical baseline or against a well-matched concurrent control group or both; • Is capable of systematic, accurate and unbiased collection of overall cost data (from health plan administrators), medical malpractice premium data, participant surveys, patient literacy testing, and frequency of malpractice lawsuits for comparison; • Is capable of systematic, accurate and unbiased data analysis in which variables are normalized to isolate the impact of MedEncentive.
<p>Key Dates:</p>		<ul style="list-style-type: none"> • December 16, 2009 (3 p.m. CT) - Expressions of interest due to MedEncentive. • December 23, 2009 – Letter of intent due to ARHQ. • January 20, 2010 – Proposals are due to AHRQ • June - July, 2010 – Anticipated start date
<p>Award:</p>		<p>A maximum of \$3,000,000 is available to each successful health care system or state government over the three year project.</p> <p>Additional grants and sources of revenue may be available in conjunction with the project; however health care systems and state governments should apply only on the basis of the stated award amount.</p>

Contact:	<p style="text-align: center;">Jim Dempster jdempster@medcentive.com 405-319-8454</p>
Related Materials:	<ul style="list-style-type: none"> • AHRQ Funding Opportunity – For more detailed information about the AHRQ announcement, click on the link immediately below: <p style="text-align: center;">AHRQ Funding Opportunity Number RFA-HS-10-021</p> • Frequently Asked Questions – For more detailed information about this RFI, click on the link immediately below: <p style="text-align: center;">Frequently Asked Questions</p> • Expression of Interest Form – To submit your interest in sponsoring an AHRQ Medical Liability and Patient Safety Reform Project to test the MedCentive Program, click on the link below: <p style="text-align: center;">http://www.medcentive.com/RFI_Request_Form.aspx</p> • Sample Letter of Intent – This sample LOI gives interested parties an idea of what is needed to inform AHRQ of intent to prepare a proposal to this RFA. <p style="text-align: center;">Sample Letter of Intent</p>

References

- ¹ Kessler D and McClellan M, (1996) "Do Doctors Practice Defensive Medicine?" NBER Working Paper No. 5466, February 1996, published in *Quarterly Journal of Economics*, 111, pp. 356-90.
- ² Greene J. (2006) *Pay-for-Performance Success Using Doctor-Patient Interactive Rewards: An Evaluation of the Impact of the MedCentive Program on the City of Duncan Health Plan*. A MedCentive Study. September 15, 2006. Available online: http://www.medcentive.com/Archives/P4P_Using_Interactive_Rewards.pdf
- ³ Parke D. (2007) *Impact of a Pay-for-Performance Intervention: Financial Analysis of a Pilot Program Implementation and Implications for Ophthalmology (An American Ophthalmological Society Thesis)*. Transactions of the American Ophthalmological Society. Available online: <http://www.pubmedcentral.nih.gov/picrender.fcgi?artid=2258124&blobtype=pdf>
- ⁴ Greene J. (2009) *Celebrating Five Years of Success - Examining a groundbreaking solution for controlling health care costs using financial incentives to invoke doctor-patient mutual accountability*. A MedCentive Study. October, 2009. Available online: http://www.medcentive.com/Celebrating_Five_Years_Success.pdf